

Prospectus  
4 July 2013



**AVIVA** plc

*(incorporated in England with limited liability, registered number 2468686)*

## **€50,000,000 Dated Tier 2 Reset Notes**

### **issued pursuant to the €5,000,000,000 Euro Note Programme**

This document (including all documents which are deemed to be incorporated herein by reference) constitutes a prospectus (the "**Prospectus**") in respect of the €50,000,000 Dated Tier 2 Reset Notes (the "**Dated Tier 2 Notes**") to be issued by Aviva plc (the "**Issuer**") for the purposes of Article 5 of Directive 2003/71/EC (as amended) (the "**Prospectus Directive**") and the relevant implementing measures in the United Kingdom.

This Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the United Kingdom competent authority under the Financial Services and Markets Act 2000 (in such capacity, the "**UK Listing Authority**") and provides information with regard to the Issuer and its subsidiaries (each a "**Subsidiary**" and, the Issuer together with its Subsidiaries, the "**Group**") and the Dated Tier 2 Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to the Dated Tier 2 Notes.

Applications have been made to the UK Listing Authority for the Dated Tier 2 Notes to be admitted to the official list of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for the Dated Tier 2 Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "**Market**"). The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and Council on markets in financial instruments.

The Dated Tier 2 Notes will be issued pursuant to the Issuer's €5,000,000,000 Euro Note Programme (the "**Programme**") and will be constituted by a supplemental trust deed dated 4 July 2013 (the "**Supplemental Trust Deed**") to the trust deed dated 20 November 2012 relating to the Programme (the "**Trust Deed**").

The Dated Tier 2 Notes will initially be represented by a temporary global note (the "**Temporary Global Note**"), without interest coupons, and will be deposited on or about 5 July 2013 with a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable for interests recorded in the records of Euroclear and Clearstream, Luxembourg in a permanent global note (the "**Permanent Global Note**"), without interest coupons, on or after a date which is expected to be 14 August 2013 upon certification as to non-US beneficial ownership. The Permanent Global Note will be exchangeable for definitive Dated Tier 2 Notes in bearer form in the denominations of €100,000 and higher integral multiples of €1,000 up to and including €99,000 not less than 60 days following the request of the Issuer or the holder in the limited circumstances set out in it. See "Overview of Provisions Relating to the Notes while in Global Form" in the Base Prospectus (as defined herein) which is incorporated by reference into this Prospectus.

The Dated Tier 2 Notes are expected to be assigned a rating of Baa1 by Moody's Investors Service Ltd. ("**Moody's**") and BBB by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"). This Prospectus also contains other credit ratings and financial strength ratings from Moody's, S&P and A.M. Best Europe Rating Services Limited ("**AM Best**"). Each of Moody's, S&P and AM Best is established in the European Union and registered under Regulation 1060/2009/EC of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the section headed "**Risk Factors**" on page 11 of this Prospectus for a discussion of factors which may affect the Issuer's ability to fulfil its obligations in respect of the Dated Tier 2 Notes, factors which are material for the purpose of assessing the rights attaching to the Dated Tier 2 Notes and the market risks associated with the Dated Tier 2 Notes.

The Dated Tier 2 Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") or with any securities regulatory authority of any State or other jurisdiction of the United States and the Dated Tier 2 Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Dated Tier 2 Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

#### *Joint Lead Managers*

**Barclays**

**Citigroup**

**HSBC**

**Société Générale  
Corporate & Investment  
Banking**

**The Royal Bank of  
Scotland**

*Co-Manager*

**DBS Bank Ltd.**

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

This Prospectus has been prepared on the basis that the offer of Dated Tier 2 Notes in any Member State of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Dated Tier 2 Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Dated Tier 2 Notes may only do so in circumstances in which no obligation arises for the Issuer or any of the Managers (as defined in “Overview of the Dated Tier 2 Notes”) to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any of the Managers have authorised, nor do they authorise, the making of any offer of Dated Tier 2 Notes in circumstances in which an obligation arises for the Issuer or any of the Managers to publish or supplement a prospectus for such offer. The expression “Prospectus Directive” means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in the Relevant Member State.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference” below).

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Dated Tier 2 Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Managers. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Dated Tier 2 Notes made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof, or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented, or that any other information supplied in connection with the Dated Tier 2 Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering or sale of the Dated Tier 2 Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restriction. The Dated Tier 2 Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, Dated Tier 2 Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Dated Tier 2 Notes and on distribution of this Prospectus, see the section headed “Subscription and Sale” incorporated by reference herein.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or any of the Managers to subscribe for, or purchase, any Dated Tier 2 Notes.

To the fullest extent permitted by law, none of the Managers accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by any of the Managers or on its behalf in connection with the Issuer or the issue and offering of the Dated Tier 2 Notes. Each Manager disclaims all and any liability to any investor whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other information supplied in connection with the Dated Tier 2 Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or any of the Managers that any recipient of this Prospectus or any other information supplied in connection with the Dated Tier 2 Notes should purchase the Dated Tier 2 Notes. Each potential purchaser of Dated Tier 2 Notes should determine for itself the relevance of the information contained in this Prospectus or any other information supplied in connection with the Dated Tier 2 Notes and its purchase of Dated Tier 2 Notes should be based upon such investigation as it deems necessary. None of the Managers undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Dated Tier 2 Notes of any information coming to the attention of any of the Managers.

**The Manager(s) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or any person acting on behalf of any Stabilising Manager(s)) may over-allot Dated Tier 2 Notes or effect transactions with a view to supporting the market price of the Dated Tier 2 Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the Final Terms of the Dated Tier 2 Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date (as defined in the Final Terms of the Dated Tier 2 Notes) and 60 days after the date of the allotment of the Dated Tier 2 Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

**In this Prospectus, unless otherwise specified or the context otherwise requires, all references to “sterling” and “£” are to the currency of the United Kingdom of Great Britain and Northern Ireland (the “United Kingdom” or “UK”) and all references to “€” and “euro” are to the single currency which was introduced at the start of the third stage of European Economic and Monetary Union, pursuant to the Treaty establishing the European Community (as amended from time to time).**

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with this Prospectus and which have been approved by the FCA or filed with it:

- (1) the audited consolidated financial statements of the Issuer for the year ended 31 December 2011 (together with the audit report prepared in connection therewith), which appear on pages 165 to 320 of the Issuer's Annual Report and Accounts for the year ended 31 December 2011;
- (2) the audited consolidated financial statements of the Issuer for the year ended 31 December 2012 (together with the audit report prepared in connection therewith), which appear on pages 145 to 272 of the Issuer's Annual Report and Accounts for the year ended 31 December 2012;
- (3) the interim management statement of the Issuer for the three months to 31 March 2013 (the "**Interim Management Statement**"), except that the following statements in the Interim Management Statement shall not be deemed to be incorporated in, and shall not be deemed to form part of this Prospectus:
  - (a) the first bullet "IFRS net asset value<sup>3</sup> increased 9% to 302p (FY12:278p<sup>4</sup>)" and the second bullet "Pro forma economic capital surplus<sup>6</sup> £7.3 billion, 173% (FY12: £7.1 billion, 172%)" under the heading entitled 'Balance sheet' on the first cover page of the Interim Management Statement;
  - (b) the words "Net asset value has increased by 9% to 302 pence and" in the penultimate paragraph on the first cover page of the Interim Management Statement;
  - (c) The words "Pro forma estimated economical capital surplus<sup>5</sup>" and "Pro forma IFRS net asset value per share<sup>5</sup>" and the figures relating thereto under the heading entitled "Capital position" under the section entitled "Key financial metrics" on the second cover page of the Interim Management Statement;
  - (d) the first bullet "Pro forma IFRS NAV<sup>1</sup> 9% higher at 302p" and the first paragraph starting "IFRS net asset value<sup>1</sup> per share increased 9% ..." under the heading entitled 'Balance sheet strength' on the second page of the Interim Management Statement; and
  - (e) the second bullet "Pro forma economic capital surplus<sup>3</sup> £7.3 billion" and the second paragraph starting "Maintaining an economic capital surplus ratio..." under the heading entitled 'Balance sheet strength' on the second page of the Interim Management Statement.
- (4) the following sections of the base prospectus approved by the UK Listing Authority on 20 November 2012 relating to the Issuer's £5,000,000,000 Euro Note Programme (the "**Base Prospectus**"):
  - (a) the section entitled "Factors that may affect the Issuer's and the Guarantor's ability to fulfil their obligations (as appropriate) under Notes issued under the Programme and the Guarantee" as set out in the "Risk Factors" on pages 14 to 28 thereof, save for the risk factors headed "*The Group may face increased compliance costs as a result of recent legislation passed in the United States*" and the risk factors headed "*Guarantor Company*";
  - (b) the section headed "Risks related to Notes generally" as set out in the "Risk Factors" on pages 28 to 30 thereof, save for the risk factor headed "*United States withholding tax may apply to payments on Notes, including as a result of the failure of a holder or a holder's bank or broker to provide information to taxing authorities*";
  - (c) the section headed "Risks relating to the Dated Tier 2 Notes" as set out in the "Risk Factors" on pages 35 to 36 thereof;
  - (d) the section headed "Risks related to the market generally" as set out in the "Risk Factors" on page 37 thereof, save for the risk factor headed "*Interest rate risks*";
  - (e) the section headed "Overview of Provisions Relating to the Notes while in Global Form" as set out on pages 158 to 162 thereof;

- (f) the section headed “Description of the Group” as set out on pages 164 to 171 thereof;
- (g) the section headed “United Kingdom Taxation” as set out on pages 173 to 174 thereof; and
- (h) the section headed “Subscription and Sale” as set out on pages 175 to 179 thereof;
- (5) the paragraph entitled “Changes in short or long term inflation may cause policyholders to surrender their contracts, increase the size of our claims payments and expenses and reduce the value of our investments, which could adversely affect our results of operations and financial condition” as set out on page 136 of the Issuer’s Annual Report and Accounts for the year ended 31 December 2012;
- (6) paragraph 3 headed “Credit Ratings of the Issuer and the Issuer’s core operating Subsidiaries” as set out on page 3 of the supplemental prospectus approved by the UK Listing Authority on 19 June 2013 to the Base Prospectus (the “**Supplemental Prospectus**”);
- (7) paragraph 5 headed “Recent Developments – Issuer” as set out on page 3 of the Supplemental Prospectus; and
- (8) paragraph 7 headed “Recent Developments” as set out on page 4 of the Supplemental Prospectus.

Such documents shall be deemed to be incorporated in, and form part of, this Prospectus, approved by the FCA for the purpose of the Prospectus Directive, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Any information contained in a document incorporated by reference in this Prospectus which is not incorporated in, and does not form part of, this Prospectus is not relevant for investors or is contained elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not constitute part of this Prospectus. Items (1) and (2) listed above were prepared in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union.

Copies of documents deemed to be incorporated by reference in this Prospectus may be obtained from the specified offices of each of the Paying Agents.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.

## TABLE OF CONTENTS

	<u>Page</u>
OVERVIEW OF THE DATED TIER 2 NOTES.....	7
RISK FACTORS.....	11
TERMS AND CONDITIONS OF THE DATED TIER 2 NOTES.....	13
FINAL TERMS OF THE DATED TIER 2 NOTES.....	41
GENERAL INFORMATION .....	44

## OVERVIEW OF THE DATED TIER 2 NOTES

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and the Final Terms of the Dated Tier 2 Notes. Words and expressions defined in “Terms and Conditions of the Dated Tier 2 Notes” below shall, as appropriate, have the same meanings in this overview.*

<b>Issuer:</b>	Aviva plc
<b>Dated Tier 2 Notes:</b>	€650,000,000 Dated Tier 2 Reset Notes
<b>Joint Lead Managers:</b>	Barclays Bank PLC Citigroup Global Markets Limited HSBC Bank plc Société Générale The Royal Bank of Scotland plc
<b>Co-Manager:</b>	DBS Bank Ltd. (together with the Joint Lead Managers, the “ <b>Managers</b> ”)
<b>Trustee:</b>	The Law Debenture Trust Corporation p.l.c.
<b>Issuing and Paying Agent:</b>	HSBC Bank plc
<b>Method of Issue:</b>	Syndicated basis
<b>Issue Price:</b>	100 per cent.
<b>Form of Dated Tier 2 Notes:</b>	Bearer Notes, represented on issue by a Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.
<b>Maturity Date:</b>	5 July 2043
<b>Clearing Systems:</b>	Euroclear and Clearstream, Luxembourg
<b>Initial Delivery of Dated Tier 2 Notes:</b>	On or before the Issue Date, the Temporary Global Note will be deposited with a common depository for Euroclear and Clearstream, Luxembourg.
<b>Currency:</b>	Euro
<b>Specified Denomination:</b>	The Dated Tier 2 Notes will be issued in denominations of €100,000 each and integral multiples of €1,000 in excess thereof up to (and including) €99,000.
<b>Interest:</b>	Fixed interest will be payable at the Initial Rate of Interest in arrear on the Interest Payment Date in each year for an initial period as specified in the Final Terms of the Dated Tier 2 Notes. Thereafter, the interest rate may be recalculated on the First Reset Note Reset Date and each Reset Note Reset Date specified by reference to a Mid-Market Swap Rate for euros, and for a period equal to the Reset Period, of the Dated Tier 2 Notes, as adjusted for any applicable margin, in each case as specified in the Final Terms of the Dated Tier 2 Notes.
<b>Interest Deferral:</b>	<p>The Issuer may on any Optional Interest Payment Date defer payments of interest on Dated Tier 2 Notes.</p> <p>The Issuer is required to defer any payment of interest on Dated Tier 2 Notes on each Mandatory Interest Deferral Date, being an Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made on such Interest Payment Date, and a “<b>Regulatory Deficiency Interest Deferral Event</b>” is any event which under Solvency II and/or under the Relevant Rules (each as defined in Condition 18 of the “Terms and Conditions of the Dated Tier 2 Notes”) requires the Issuer to</p>

defer payment of interest in respect of the Notes (on the basis that the Notes are intended to qualify as Tier 2 Capital under Solvency II without the operation of any grandfathering provisions).

**Arrears of Interest:**

Any interest in respect of the Notes not paid on an Interest Payment Date as a result of the election by the Issuer to defer payment of interest or as a result of the occurrence of a Mandatory Interest Deferral Date together with any other interest in respect thereof not paid on an earlier Interest Payment Date will, so long as the same remains unpaid, constitute “**Arrears of Interest**”.

Any Arrears of Interest and any other amount, payment of which is deferred in accordance with Conditions 5(a) or (b), will (subject to the Solvency Condition), be paid in whole or in part at any time at the option of the Issuer upon notice to the Noteholders, and in any event will become due and payable (subject, in the case of (i) and (iii) below, to the Solvency Condition) in whole (and not in part) upon the earliest of the following dates:

- (i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date on which payment of interest in respect of the Notes is made; or
- (ii) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than a solvent winding-up solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (A) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) and (B) do not provide that the Notes shall thereby become payable) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend; or
- (iii) the date fixed for any redemption or purchase of Notes by or on behalf of the Issuer pursuant to Condition 6 or Condition 10(a).

No interest will accrue on Arrears of Interest. See “*Terms and Conditions of the Dated Tier 2 Notes – Arrears of Interest.*”

**Optional Redemption:**

The Dated Tier 2 Notes may, subject as provided in Condition 6 of the “Terms and Conditions of the Dated Tier 2 Notes”, be redeemed in whole but not in part on any Optional Redemption Date at their Optional Redemption Amount together with any interest accrued to (but excluding) the date fixed for redemption in accordance with the Conditions and any Arrears of Interest.

The Dated Tier 2 Notes may not be redeemed at the option of the holders.

**Early Redemption, Variation or Substitution for Taxation Reasons or a Capital Disqualification Event:**

Upon the occurrence of a Tax Event or a Capital Disqualification Event the Dated Tier 2 Notes may be (i) substituted in whole but not in part for, or their terms varied so that they become, Qualifying Lower Tier 2 Securities; or (ii) redeemed in whole but not in part in the case of (x) a Tax Event, at their outstanding principal amount or (y) a Capital Disqualification Event, at the Special Redemption Price, together in each case with any interest accrued to (but excluding) the date of redemption and any Arrears of Interest, all as more particularly described in Condition 6 of the “Terms and Conditions of the Dated Tier 2 Notes — Redemption, Substitution, Variation, Purchase and Options”.

**Early Redemption for a Rating**

Upon the occurrence of a Rating Methodology Event after the Rating



<b>Methodology Event:</b>	Methodology Commencement Date the Dated Tier 2 Notes may be (i) substituted in whole but not in part for, or their terms varied so that they become, Rating Agency Compliant Securities; or (ii) redeemed in whole but not in part at the Special Redemption Price with any interest accrued to (but excluding) the date of redemption and any Arrears of Interest, all as more particularly described in Condition 6 of the “Terms and Conditions of the Dated Tier 2 Notes — Redemption, Substitution, Variation, Purchase and Options”.
<b>Conditions to Redemption, Variation or Substitution:</b>	Any redemption of the Dated Tier 2 Notes is subject to the proviso that no Regulatory Deficiency Redemption Deferral Event has occurred which is continuing, or would occur as a result of any such redemption. Any redemption, substitution, variation or purchase of the Dated Tier 2 Notes is subject to the Issuer having complied with regulatory rules on notification to or consent from (in each case, if and to the extent applicable) the Relevant Regulator (as defined in “Terms and Conditions of the Dated Tier 2 Notes”) and other conditions, as more particularly described in Condition 6(b) of the “Terms and Conditions of the Dated Tier 2 Notes”.
<b>Status of the Dated Tier 2 Notes:</b>	The Dated Tier 2 Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank pari passu and without any preference among themselves. In the event of the winding-up or administration of the Issuer, the payment obligations of the Issuer under the Dated Tier 2 Notes shall be subordinated to the claims of all Senior Creditors (as defined in “Terms and Conditions of the Dated Tier 2 Notes”) of the Issuer but shall rank at least pari passu with all other obligations of the Issuer which constitute Lower Tier 2 Capital (issued prior to Solvency II Implementation (as defined in “Terms and Conditions of the Dated Tier 2 Notes”)) or Tier 2 Capital (issued on or after Solvency II Implementation (as defined in “Terms and Conditions of the Dated Tier 2 Notes”)) and shall rank in priority to Existing Undated Tier 2 Securities (as defined in “Terms and Conditions of the Dated Tier 2 Notes”), all obligations of the Issuer which constitute Tier 1 Capital (including, without limitation, by virtue of the operation of any grandfathering provisions) and all classes of share capital of the Issuer.
<b>Solvency Condition:</b>	Except as provided in Condition 3(b) of the Dated Tier 2 Notes, all payments in respect of the Dated Tier 2 Notes shall be conditional upon the Issuer being solvent as contemplated under “Terms and Conditions of the Dated Tier 2 Notes — Status” at the time for payment by the Issuer, and no amount shall be payable under or arising from the Dated Tier 2 Notes unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter, as more particularly described in Condition 3 of the “Terms and Conditions of the Dated Tier 2 Notes”.
<b>Withholding Tax:</b>	All payments of principal and interest in respect of the Notes will be made free and clear of, and without withholding or deduction for or on account of, taxes of the United Kingdom unless required by law, in which case, subject to the exceptions set out in Condition 8 of the “Terms and Conditions of the Dated Tier 2 Notes”, such additional amounts will also be paid as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no withholding or deduction been required as more particularly described in Condition 8 of the “Terms and Conditions of the Dated Tier 2 Notes”.
<b>Governing Law of the Dated Tier 2 Notes:</b>	English
<b>Listing:</b>	Applications have been made to list the Dated Tier 2 Notes on the Official List and to admit them to trading on the Market.
<b>Ratings:</b>	The Dated Tier 2 Notes are expected to be assigned ratings of BBB by

Standard & Poor's and Baa1 by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Selling Restrictions:**

United States, EEA, United Kingdom, Republic of Italy, Hong Kong, Japan, Singapore, Switzerland and Australia. See the section of the Base Prospectus headed "Subscription and Sale" incorporated by reference herein.

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act.

The Dated Tier 2 Notes will be issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**D Rules**").

**Use of proceeds:**

The net proceeds of the issue of the Dated Tier 2 Notes will be used for the general corporate purposes of the Group, and to strengthen further its capital base.

**Regulatory treatment of the Dated Tier 2 Notes:**

As of the Issue Date, the Dated Tier 2 Notes are intended to qualify (but for any applicable limitation on the amount of such capital) as Tier 2 Capital pursuant to the Relevant Rules applicable to the Issuer. For more information on the expected regulatory treatment of the Dated Tier 2 Notes, see the risk factor entitled "*Redemption and Exchange Risk*" incorporated by reference herein.

**ISIN Code:**

XS0951553592

**Common Code:**

095155359

## **RISK FACTORS**

*The Issuer believes that the following factors (including those incorporated by reference below) may affect its ability to fulfil its obligations under Notes issued under the Dated Tier 2 Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the rights attaching to the Dated Tier 2 Notes and the market risks associated with Dated Tier 2 Notes are also described, or as referred to, below.*

*The Issuer believes that the factors described below represent the material risks inherent in investing in Dated Tier 2 Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Dated Tier 2 Notes for other reasons and the Issuer does not represent that the statements above regarding the risks of holding the Dated Tier 2 Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.*

The “Risk Factors” section incorporated by reference from pages 14 to 30, pages 35 to 36 and page 37 of the Base Prospectus (as detailed on page 4 of this Prospectus), the paragraph entitled “Changes in short or long term inflation may cause policyholders to surrender their contracts, increase the size of our claims payments and expenses and reduce the value of our investments, which could adversely affect our results of operations and financial condition” as set out on page 136 of the Issuer’s Annual Report and Accounts for the year ended 31 December 2012 and paragraph 3 of the Supplemental Prospectus headed “Credit Ratings of the Issuer and the Issuer’s core operating Subsidiaries”, shall be read together with the following:

### ***Factors that may affect the Issuer’s ability to fulfil its obligations under the Dated Tier 2 Notes***

*The Group may face increased compliance costs as a result of recent legislation passed in the United States*

In March 2010, the United States passed legislation that would require non-United States financial institutions to enter into agreements to provide information on United States account holders beginning in 2015. If this information is not provided in a form and with contents satisfactory to the United States tax authorities, a non-United States financial institution will have a 30 per cent. withholding tax applied to certain amounts derived from United States sources. Under the final United States Treasury regulations, no such withholding tax will be imposed on any payments made prior to 1 January 2014.

### ***Risks relating to the execution of disposals***

Execution risk is inherent in the completion of all strategic transactions, including the pending disposal of the Group’s US business. Such risks include uncertainty in relation to obtaining the required regulatory approvals on satisfactory terms for the change of control envisaged by such transactions. Such execution risk gives rise to a corresponding potential impact on capital requirements and liquidity.

### ***Risk related to Dated Tier 2 Notes generally***

*United States withholding tax may apply to payments on Dated Tier 2 Notes, including as a result of the failure of a holder or a holder’s bank or broker to provide information to taxing authorities*

The United States may impose a withholding tax of as high as 30 per cent. on payments made with respect to the Dated Tier 2 Notes. According to the final regulations released by the United States Treasury Department on 17 January 2013, this withholding tax generally would only apply to payments on the Dated Tier 2 Notes made on or after 1 January 2017, at the earliest. The withholding tax, when it applies, may be imposed at any point in a series of payments unless the relevant payee (including a bank, broker or individual) at each point complies with any information reporting, certification and related requirements. Accordingly, a holder that holds Dated Tier 2 Notes through a bank or broker could be subject to withholding if, for example, its bank or broker is subject to withholding because it fails to comply with these requirements even though the holder itself might not otherwise have been subject to withholding. If a

payment on the Dated Tier 2 Notes is subject to this withholding tax, no additional amounts will be paid, and a holder of Dated Tier 2 Notes will receive less than the amount of the expected payment.

***Risks related to the market generally***

***Interest Rate Risks***

Investments in Fixed Rate Notes and Reset Notes involves the risk that changes in market interest rates after the issue date and, in the case of Reset Notes only, after the First Reset Note Reset Date or each Reset Note Reset Date (as applicable), may adversely affect the value of Fixed Rate Notes and, as the case may be, Reset Notes.

## TERMS AND CONDITIONS OF THE DATED TIER 2 NOTES

*The following is the text of the terms and conditions that, subject to completion and as supplemented in accordance with the provisions of Part A of the Final Terms of the Dated Tier 2 Notes shall be applicable to the Dated Tier 2 Notes in definitive form (if any) issued in exchange for the Global Note(s). The full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms of the Dated Tier 2 Notes shall be endorsed on such Bearer Notes. Accordingly, references in these terms and conditions to provisions specified hereon shall be to the provisions endorsed on the face of the relevant Dated Tier 2 Note or set out in Part A of the relevant Final Terms of the Dated Tier 2 Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes.*

The €50,000,000 Dated Tier 2 Reset Notes (in these Terms and Conditions of the Dated Tier 2 Notes, the “**Notes**”) are constituted by a trust deed (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), (the “**Principal Trust Deed**”) dated 20 November 2012 as supplemented, amended or modified by a supplemental trust deed dated 4 July 2013 between Aviva plc (the “**Issuer**”), Aviva Insurance Limited and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below) (the “**Supplemental Trust Deed**”). The Principal Trust Deed as so amended and supplemented by the Supplemental Trust Deed is referred to as the “**Trust Deed**”. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement dated 20 November 2012 (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) has been entered into in relation to the Notes between the Issuer, Aviva Insurance Limited, the Trustee, HSBC Bank plc as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. Copies of the Principal Trust Deed, the Supplemental Trust Deed and the Agency Agreement are available for inspection during usual business hours and upon reasonable notice at the principal office of the Trustee (presently at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents.

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

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects.

### 1. Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Directive (Directive 2003/71/EC, as amended), the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

This Note is a Fixed Rate Note, a Reset Note or a Floating Rate Note or a combination of the foregoing, depending upon the Interest Basis and Redemption Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached.

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

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass upon registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an

interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

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

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

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

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (as set out in Schedule 1 of the Trust Deed) endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request

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

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

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

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

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

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

(e) **Closed Periods**

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

**3. Status**

(a) **General**

The Notes and the Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) and (ii) do not provide that the Notes shall thereby become payable) or the appointment of an administrator of the Issuer where the administrator has given notice that it intends to declare and distribute a dividend, the payment obligations of the Issuer under or arising from the Notes and the Coupons relating to them and the Trust Deed, including any Arrears of Interest, shall be subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors (as defined in Condition 18) of the Issuer, but shall rank at least *pari passu* with all other obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Lower Tier 2 Capital (issued prior to Solvency II Implementation) or Tier 2 Capital (issued on or after Solvency II Implementation) (“**Pari Passu Securities**”) and shall rank in priority to the claims of holders of: (i) Existing Undated Tier 2 Securities; (ii) all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules; and (iii) all classes of share capital of the Issuer (together, the “**Junior Securities**”).

(b) **Solvency Condition**

Without prejudice to Condition 3(a) above, all payments under or arising from the Notes, the Coupons relating to them and the Trust Deed shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable under or arising from the Notes, the Coupons relating to them and the Trust Deed unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter (the “**Solvency Condition**”). For the purposes of this Condition 3(b), the Issuer will be solvent if (i) it is able to pay its debts owed to Senior Creditors and Pari Passu Creditors as they fall due and (ii) its Assets exceed its Liabilities (other than Liabilities to persons who are Junior Creditors). A certificate as to solvency of the Issuer signed by two Directors or, if there is a winding-up or administration of the Issuer, the liquidator or, as the case may be, the administrator of the Issuer shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the holders of the Notes and the Coupons relating to them and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person. In a winding-up of the Issuer or in an administration of the Issuer if the administrator has given notice of his intention to declare and distribute a dividend, the amount payable in respect of the Notes and the Coupons relating to them shall be, an amount equal to the principal amount of such Notes, together with Arrears of Interest, if any, and any interest (other than Arrears of Interest) which has accrued up to, but excluding, the date of repayment and will be subordinated in the manner described in Condition 3(a) above.

Without prejudice to any other provision in these Conditions, amounts representing any payments of principal, premium or interest or any other amount including any damages awarded for breach of any obligations in respect of which the conditions referred to in Condition 3(b) are not satisfied on the date upon which the same would otherwise be due and payable (“**Solvency Claims**”) will be payable by the Issuer in a winding-up of the Issuer as provided in Condition 3(a). A Solvency Claim shall not bear interest.

(c) *Set-off, etc.*

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

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

*On a winding-up of the Issuer, there may be no surplus assets available to meet the claims of the Noteholders after the claims of the parties ranking senior to the Noteholders (as provided in Condition 3) have been satisfied.*

#### 4. Interest and other Calculations

(a) *Interest on Fixed Rate Notes*

Subject to Condition 3(b) and Condition 5, each Fixed Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest shall be payable in arrear on each Interest Payment Date specified hereon. The amount of interest payable shall be determined in accordance with Condition 4(e).

(b) *Interest on Reset Notes*

Subject to Condition 3(b) and Condition 5, each Reset Note bears interest on its outstanding principal amount:

- (i) from (and including) the Issue Date until (but excluding) the First Reset Note Reset Date at the Initial Rate of Interest;
- (ii) from (and including) the First Reset Note Reset Date until (but excluding) the first Anniversary Date at the First Reset Rate of Interest; and
- (iii) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on the Interest Payment Dates specified hereon. The amount of interest payable shall be determined in accordance with Condition 4(e).

(c) *Interest on Floating Rate Notes*

(i) *Interest Payment Dates*

Subject to Condition 3(b) and Condition 5, each Floating Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest shall be payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(e). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.



(ii) *Business Day Convention*

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

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

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

(A) ISDA Determination for Floating Rate Notes

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

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

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

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:
  - (1) the offered quotation; or
  - (2) the arithmetic mean of the offered quotations

(expressed as a percentage rate per annum), for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such

quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) If the Relevant Screen Page is not available, or if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at, if the Reference Rate is LIBOR, approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.
- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels 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, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the rate of interest shall be the offered rate 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 of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, 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 determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

**(d) Margin, Maximum/Minimum Rates of Interest and Final Redemption Amount and Rounding**

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Final Redemption Amount is specified hereon, then any Rate of Interest or Final Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall

be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country[ies] of such currency.

**(e) Calculations**

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated. Where the Specified Denomination comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination specified hereon.

**(f) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amount, Optional Redemption Amount and Special Redemption Price**

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

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

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

(h) *Definitions*

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

“**Anniversary Date**” means the date specified hereon;

“**Business Day**” means:

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

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

- (i) if “**Actual/Actual**” or “**Actual/Actual – ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation 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 Calculation Period falls;

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

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

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

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation 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 Calculation 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;

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation 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 Calculation Period falls;

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

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

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

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vi) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation 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 Calculation Period falls;

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

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

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

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation 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 Calculation 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; and

- (vii) if “**Actual/Actual-ICMA**” is specified hereon,

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

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

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

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

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

**“First Reset Note Reset Date”** means the date specified hereon.

**“First Reset Period”** means the period from (and including) the First Reset Note Reset Date until (but excluding) the first Anniversary Date.

**“First Reset Rate of Interest”** means the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the Mid-Swap Rate plus the Reset Margin.

**“Initial Rate of Interest”** means the initial rate of interest per annum specified hereon.

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

**“Interest Amount”** means, in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes and Reset Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and, in respect of any other period, the amount of interest payable per Calculation Amount for that period.

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

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

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

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

**“ISDAFIX Rate”** means “ISDAFIX1”, “ISDAFIX2”, “ISDAFIX3”, “ISDAFIX4”, “ISDAFIX5” or “ISDAFIX6” as may be specified hereon.

**“ISDA Definitions”** means the 2006 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc. unless otherwise specified hereon.

**“Mid-Market Swap Rate”** means the mid-market swap rate specified hereon.

**“Mid-Swap Rate”** means the Mid-Market Swap Rate for the Specified Currency calculated for a period equal to the relevant Reset Period at the Reuters Screen Page Rates at 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date.

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

“**Reference Banks**” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“**Reference Rate**” means LIBOR or EURIBOR, in each case for the relevant period, as specified hereon.

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“**Reset Determination Date**” means, in respect of the First Reset Period, the second Business Day prior to the First Reset Note Reset Date and, in respect of each Reset Period thereafter, the second Business Day prior to the first day of each such Reset Period.

“**Reset Margin**” means the margin specified as such hereon.

“**Reset Note Reset Date**” means every date which falls on each Anniversary Date as may be specified hereon.

“**Reset Period**” means the First Reset Period or a Subsequent Reset Period.

“**Reuters Screen Page Rates**” means the relevant ISDAFIX Rate for the Specified Currency for transactions with a maturity equal to the relevant Reset Period which are displayed on the Reuters screen page (or such other page as may replace that page on Reuters, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates).

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

“**Subsequent Reset Period**” means each successive period from (and including) a Reset Note Reset Date to (but excluding) the next succeeding Reset Note Reset Date.

“**Subsequent Reset Rate of Interest**” means, in respect of any Subsequent Reset Period, the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the Mid-Swap Rate plus the Reset Margin.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto.

(i) **Calculation Agent**

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

**5. Deferral of Payments**

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

The Issuer may elect in respect of any Optional Interest Payment Date by notice to the Noteholders and the Trustee pursuant to Condition 5(d) below, to defer payment of all (but not some only) of the interest accrued to that date and the Issuer shall not have any obligation to make such payment on that date.

Notwithstanding any other provision in these Conditions or the Trust Deed, the deferral of any payment of interest on an Optional Interest Payment Date in accordance with this Condition 5(a) or in accordance with Condition 3(b) will not constitute a default by the Issuer and will not give the Noteholders or the Trustee any right to accelerate the Notes.

**(b) *Mandatory Deferral of Interest***

Payment of interest on the Notes will be mandatorily deferred on each Mandatory Interest Deferral Date. The Issuer shall notify the Noteholders and the Trustee of any Mandatory Interest Deferral Date in accordance with Condition 5(d).

A certificate signed by two Directors confirming that (a) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made or (b) a Regulatory Deficiency Interest Deferral Event has ceased to occur and/or payment of interest on the Notes would not result in a Regulatory Deficiency Interest Deferral Event occurring, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the holders of the Notes and the Coupons relating to them and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person.

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest on a Mandatory Interest Deferral Date in accordance with this Condition 5(b) or in accordance with Condition 3(b) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes.

**(c) *Arrears of Interest***

Any interest in respect of the Notes not paid on an Interest Payment Date as a result of the exercise by the Issuer of its discretion pursuant to Condition 5(a) or the obligation on the Issuer to defer pursuant to Condition 5(b), together with any other interest in respect thereof not paid on an earlier Interest Payment Date shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”. Arrears of Interest shall not themselves bear interest.

Any Arrears of Interest and any other amount, payment of which is deferred in accordance with Conditions 5(a) or (b), may (subject to Condition 3(b) and to any notifications to, or consent from, (in either case if and to the extent applicable) the Relevant Regulator), be paid in whole or in part at any time upon the expiry of not less than 14 days’ notice to such effect given by the Issuer to the Trustee and the Noteholders in accordance with Condition 16, and in any event will become due and payable (subject, in the case of (i) and (iii) below, to Condition 3(b) and any notifications to, or consent from, (in either case if and to the extent applicable) the Relevant Regulator,) in whole (and not in part) upon the earliest of the following dates:

- (i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date on which payment of interest in respect of the Notes is made; or
- (ii) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than a solvent winding-up solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (A) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) and (B) do not provide that the Notes shall thereby become payable) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend; or
- (iii) the date fixed for any redemption or purchase of Notes by or on behalf of the Issuer pursuant to Condition 6 or Condition 10(a).

**(d) *Notice of Deferral***



The Issuer shall notify the Trustee and the Noteholders in writing in accordance with Condition 16 not less than 5 Business Days prior to an Interest Payment Date:

- (i) if that Interest Payment Date is an Optional Interest Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 5(a) above; and
- (ii) if that Interest Payment Date is a Mandatory Interest Deferral Date and specifying that interest will not be paid because a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made on such Interest Payment Date, provided that if a Regulatory Deficiency Interest Deferral Event occurs less than 5 Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 16 as soon as reasonably practicable following the occurrence of such event.

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

### **(a) Redemption**

- (i) Subject to Condition 3(b), Condition 6(a)(ii) below and to compliance by the Issuer with regulatory rules on notification to, or consent from (in either case, if and to the extent applicable), the Relevant Regulator and provided that, in the case of redemption, such redemption is permitted under the Regulatory Capital Requirements applicable from time to time to the Issuer (on the basis that the Notes are intended to qualify as Tier 2 Capital under Solvency II without the operation of any grandfathering provisions), unless previously redeemed or purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's option each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its principal amount), together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest. If so specified hereon, the Issuer may give notice to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable) not less than 30 days prior to the Maturity Date of the Extended Maturity Date and thereafter all references herein to the Maturity Date shall be deemed to be to such Extended Maturity Date.
- (ii) No Notes shall be redeemed on the Maturity Date pursuant to Condition 6(a)(i) or prior to the Maturity Date pursuant to Condition 6(c), Condition 6(d), Condition 6(e) or Condition 6(f) if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption is made on, if Condition 6(a)(i) applies, the Maturity Date or, if Condition 6(c), Condition 6(d), Condition 6(e) or Condition 6(f) applies, any date specified for redemption in accordance with such Conditions.
- (iii) If redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 6(c), Condition 6(d), Condition 6(e) or Condition 6(f) as a result of Condition 6(a)(ii) above subject to Condition 3(b) (in the case of (A) and (B) only) and to any notifications to, or consent from, (in each case if and to the extent applicable) the Relevant Regulator, such Notes shall be redeemed at their principal amount or, as applicable, the relevant price specified in Conditions 6, (c), (d), (e) or (f) together with accrued interest and any Arrears of Interest, upon the earliest of:
  - (A) the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased provided that redemption of the Notes on such date would not result in a Regulatory Deficiency Redemption Deferral Event occurring; or
  - (B) the date falling 10 Business Days after the Relevant Regulator has agreed to the repayment or redemption of the Notes; or
  - (C) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than a solvent winding-up solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (x) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (y) do not provide that the Notes shall thereby become payable) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend.
- (iv) If Condition 6(a)(ii) does not apply, but redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 6(c), Condition 6(d), Condition 6(e) or Condition 6(f) as a result of the Solvency Condition not being satisfied at such time and immediately after such payment, subject to any notifications to, or consent from, (in each case if and to the extent applicable) the Relevant Regulator, such Notes shall be redeemed at their principal amount or, as applicable, the relevant price specified in Conditions 6(c), (d), (e) or (f) together with accrued interest and any

Arrears of Interest on the 10th Business Day immediately following the day that (A) the Issuer is solvent for the purposes of Condition 3(b) and (B) that redemption of the Notes would not result in the Issuer ceasing to be solvent for the purposes of Condition 3(b), provided that if on such Business Day specified for redemption a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if the Notes were to be redeemed, then the Notes shall not be redeemed on such date and Condition 3(b) and 6(a)(iii) shall apply *mutatis mutandis* to determine the date of the redemption of the Notes.

- (v) A certificate signed by two Directors confirming that (A) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if redemption of the Notes were to be made or (B) a Regulatory Deficiency Redemption Deferral Event has ceased to occur and/or redemption of the Notes would not result in a Regulatory Deficiency Redemption Deferral Event occurring, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the holders of the Notes and the Coupons relating to them and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person.
- (vi) Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of redemption of the Notes in accordance with Condition 3(b) or this Condition 6 will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate the Notes.

**(b) *Conditions to Redemption, Substitution, Variation or Purchase***

Prior to any notice of redemption before the Maturity Date or any substitution, variation or purchase of the Notes, the Issuer will be required to have complied with regulatory rules on notification to, or consent from, (in each case, if and to the extent applicable), the Relevant Regulator and be in continued compliance with the Regulatory Capital Requirements applicable to it from time to time. A certificate from any two Directors confirming such compliance shall be conclusive evidence of such compliance.

In the case of a redemption or purchase that is within five years of the Issue Date of the Notes:

- (i) the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that it would have been reasonable for the Issuer to conclude, judged at the time of the issue of the Notes, that the circumstance entitling the Issuer to exercise the right of redemption was unlikely to occur. Such certificate shall be conclusive evidence of the matters stated herein and the Trustee shall rely on such certificate without liability to any person; and
- (ii) such redemption or purchase shall be funded out of the proceeds of a new issuance of capital of at least the same quality as the Notes, provided that such redemption or purchase shall not be required to be so funded if, on or after Solvency II Implementation, Solvency II does not require such redemption or purchase to be so funded (on the basis that the Notes are intended to qualify as Tier 2 Capital without the operation of any grandfathering provisions).

**(c) *Redemption, Substitution or Variation Due to Taxation***

If immediately prior to the giving of the notice referred to below:

- (i) as a result of 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 authority therein or thereof having the power to tax, including any treaty to which the United Kingdom is a party, or any change in the application of official or generally published interpretation of such laws, 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 that differs from the previously generally accepted position in relation to similar transactions (in respect of securities similar to the Notes and which are capable of constituting Lower Tier 2 Capital) or which differs from any specific written confirmation given by a tax authority in respect of the Notes, which change or amendment becomes, or would become, effective, or in the case of a change or proposed change in law if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by United Kingdom Act of Parliament or by Statutory Instrument, on or after the Issue Date of the Notes (each a “**Tax Law Change**”), in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts (as defined in Condition 8) on the Notes and the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it; or

(ii) as a result of a Tax Law Change in respect of the Issuer's obligation to make any payment of Interest on the next following Interest Payment Date, (x) the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in the United Kingdom, or such entitlement is materially reduced; (y) the Issuer would not to any material extent be entitled to have 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 date of the Tax Law Change or any similar system or systems having like effect as may from time to time exist); or (z) the Issuer would otherwise suffer adverse tax consequences, and in each such case the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it, then:

- (A) the Issuer may, subject to Condition 3(b), Condition 6(a)(ii) and Condition 6(b) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable), redeem in accordance with these Conditions (unless otherwise specified hereon) at any time (if and for so long as this Note is not a Floating Rate Note) or on any Interest Payment Date (if and for so long as this Note is a Floating Rate Note) all, but not some only, of the Notes at their principal amount, together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest;
- (B) the Issuer may, subject to Condition 6(b) (without any requirement for the consent or approval of the Noteholders or the Couponholders) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable), substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become, Qualifying Lower Tier 2 Securities, and the Trustee shall (subject to the following provisions of this paragraph (B) and subject to the receipt by it of the certificates of the Directors referred to below and in the definition of Qualifying Lower Tier 2 Securities) agree to such substitution or variation. The Trustee shall use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Lower Tier 2 Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation of the terms of the securities into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6(c) the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the relevant requirement or circumstance referred to in paragraph (i) or (ii) above applies and the Trustee shall accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out in such paragraphs (without liability to any person) in which event it shall be conclusive and binding on the Trustee and the Noteholders and the Couponholders. Upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

In connection with any substitution or variation in accordance with this Condition 6(c), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading, and (for so long as the Notes are listed on the Official List of the UK Listing Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "FSMA") and admitted to trading on the London Stock Exchange's EEA Regulated Market) shall publish a supplement in connection therewith if the Issuer is required to do so in order to comply with Section 87 of the FSMA.

**(d) *Redemption at the Option of the Issuer***

Unless the Issuer shall have given notice to redeem the Notes under Condition 6(c) or Condition 6(e) or Condition 6(f) on or prior to the expiration of the notice referred to below, and if Call Option is specified hereon, the Issuer may at its option, subject to Condition 3(b), Condition 6(a)(ii) and Condition 6(b), and having given not less than 30 nor more than 60 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date specified hereon. Any such redemption of Notes shall be at their Optional Redemption Amount (as may be provided for hereon) together with any interest accrued to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest. Any such redemption or exercise must relate to Notes of a principal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

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

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

**(e) *Redemption, Substitution or Variation at the Option of the Issuer due to Capital Disqualification Event***

If Capital Disqualification Call is specified hereon and within the period from and including the date of the occurrence of a Capital Disqualification Event to and including the date which is the first anniversary of such occurrence (or such shorter period as may be set out hereon), the Issuer gives the notice referred to below and if on the date of such notice a Capital Disqualification Event is continuing, then:

- (i) the Issuer may, subject to Condition 3(b), Condition 6(a)(ii) and Condition 6(b) and having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16, the Trustee and the Issuing and Paying Agent (which notice shall be irrevocable), redeem in accordance with these Conditions all, but not some only, of the Notes (unless otherwise specified hereon) at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date. The Notes will be redeemed at their Special Redemption Price, in each case together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest; or
- (ii) the Issuer may, subject to Condition 6(b) (without any requirement for the consent or approval of the Noteholders or the Couponholders) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable), substitute at any time all (and not some only) of the Notes for, or vary the terms of the Notes so that they become, Qualifying Lower Tier 2 Securities, and the Trustee shall (subject to the following provisions of this paragraph (ii) and subject to the receipt by it of the certificates of the Directors of the Issuer referred to below and in the definition of Qualifying Lower Tier 2 Securities) agree to such substitution or variation. The Trustee shall use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Lower Tier 2 Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation of the terms of the securities into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it, If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6(e) the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that a Capital Disqualification Event has occurred and is continuing as at the date of the certificate, and the Trustee shall accept such certificate as sufficient evidence of the occurrence and continuation of a Capital Disqualification Event (without liability to any person) in which event it shall be conclusive and binding on the Trustee and the Noteholders and the Couponholders. Upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

In connection with any substitution or variation in accordance with this Condition 6(e), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

**(f) *Optional redemption for Rating Reasons***

If a Rating Methodology Call is specified hereon, and if after a date (the "**Rating Methodology Event Commencement Date**") specified as such hereon a Rating Methodology Event occurs and within the period from and including the date of the occurrence of such Rating Methodology Event to and including the date which is the later of (i) the first anniversary of such occurrence and (ii) the fifth anniversary of the Issue Date, the Issuer gives the notice referred to below and if on the date of such notice the Rating Methodology Event is continuing, then:

- (i) the Issuer may, subject to Condition 3(b), Condition 6(a)(ii) and Condition 6(b) and provided it is on or after the fifth anniversary of the Issue Date and having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16, the Trustee and the Issuing and Paying Agent (which notice

shall be irrevocable), redeem in accordance with these Conditions all, but not some only, of the Notes (unless otherwise specified hereon) at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date. The Notes will be redeemed at their Special Redemption Price, in each case together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest; or

- (ii) the Issuer may, subject to Condition 6(b) (without any requirement for the consent or approval of the Noteholders or the Couponholders) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable), substitute at any time all (and not some only) of the Notes for, or vary the terms of the Notes so that they become Rating Agency Compliant Securities, and the Trustee shall (subject to the following provisions of this paragraph (ii) and subject to the receipt by it of certificates of Directors of the Issuer referred to below and in the definition of Qualifying Lower Tier 2 Securities and Rating Agency Compliant Securities) agree to such substitution or variation. The Trustee shall use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Rating Agency Compliant Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation of the terms of the securities into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it, If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6(f) the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that a Rating Methodology Event has occurred and is continuing as at the date of the certificate, and the Trustee shall accept such certificate as sufficient evidence of the occurrence and continuation of a Rating Methodology Event (without liability to any person) in which event it shall be conclusive and binding on the Trustee and the Noteholders and the Couponholders. Upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

In connection with any substitution or variation in accordance with this Condition 6(f), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

**(g) Purchases**

The Issuer and any of its Subsidiaries for the time being may, subject to the Issuer having complied with regulatory rules on notification to, or consent from, (in each case if and to the extent applicable), the Relevant Regulator, at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

**(h) Cancellation**

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

**(i) Trustee Not Obligated to Monitor**

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 6 and will not be responsible to Noteholders for any loss arising from any failure by the Trustee to do so. Unless and until the Trustee has actual knowledge of the occurrence of any event or circumstance within this Condition 6, it shall be entitled to assume that no such event or circumstance exists.

**7. Payments and Talons**

**(a) Bearer Notes**

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest,

as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

**(b) Registered Notes**

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register (i) where all or any of the Registered Notes are represented by a Global Certificate, at the close of the business day (being for this purpose a day on which DTC, Euroclear and/or Clearstream, Luxembourg, as applicable, are open for business) before the due date for payment thereof, and (ii) where none of the Registered Notes are represented by a Global Certificate at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

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

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

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

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer or its agents or in connection with any intergovernmental agreement with the United States (including any laws, directives, official guidance or regulations implementing such an agreement)) and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by or pursuant to such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

**(e) Appointment of Agents**

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. Subject as provided in the Agency Agreement, the Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent having a specified office in a European Union member state (so long as there is such a member state) that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such directive and (vi) a Paying Agent having specified offices in London so long as the Notes are admitted to the Official List of the UK Listing Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 and admitted to trading on the London Stock Exchange's EEA Regulated Market.

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

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

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

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

**(g) *Talons***

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

**(h) *Non-Business Days***

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

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

## 8. Taxation

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

(a) *Other connection*

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

(b) *Lawful avoidance of withholding*

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

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

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

(d) *Payment to individuals*

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such directive or any agreement between the European Union and any jurisdiction providing for equivalent measures; or

(e) *Payment by another Paying Agent*

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

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



## **9. Prescription**

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

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

### **(a) *Rights to institute winding up***

Notwithstanding any of the provisions below in this Condition 10, the right to institute winding-up proceedings is limited to circumstances where payment has become due. Pursuant to Condition 3(b), no principal, interest or any other amount will be due on the relevant payment date if the Solvency Condition is not satisfied, at the time of and immediately after any such payment. In the case of any payment of interest in respect of the Notes, such payment may be deferred pursuant to Condition 5(a) and if so deferred will not be due and will be deferred and not be due if Condition 5(b) applies and in the case of payment of principal, such payment will be deferred and will not be due if Condition 6(a)(ii) applies.

If:

- (i) default is made for a period of seven days or more in the payment of any interest due in respect of the Notes or any of them ; or
- (ii) default is made for a period of seven days or more in payment of the principal due in respect of the Notes or any of them,

the Trustee may at its discretion institute proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer for such payment, but may take no further or other action to enforce, prove or claim for any such payment. No payment in respect of the Notes, the Coupons or the Trust Deed may be made by the Issuer pursuant to Condition 10(a), nor will the Trustee accept the same, otherwise than during or after a winding-up of the Issuer or after an administrator of the Issuer has given notice that it intends to declare and distribute a dividend, unless the Issuer has given prior written notice (with a copy to the Trustee) to, and received consent (if required) from, the Relevant Regulator which the Issuer shall confirm in writing to the Trustee.

### **(b) *Amount payable on winding-up***

If an order is made by the competent court or resolution passed for the winding-up of the Issuer, (except, in any such case, a solvent winding-up, solely for the purpose of a reconstruction or amalgamation of the Issuer, the terms of which reconstruction or amalgamation (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become payable) or an administrator of the Issuer gives notice that it intends to declare and distribute a dividend, the Trustee at its discretion may, and if so requested by Noteholders of at least one quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to Condition 10(d)), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at the amount equal to their principal amount together with accrued interest and any Arrears of Interest.

### **(c) *Enforcement***

Without prejudice to Condition 10(a) or (b) above, the Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed, the Notes or the Coupons (other than any payment obligation of the Issuer under or arising from the Notes, the Coupons or the Trust Deed including, without limitation, payment of any principal, premium or interest in respect of the Notes or the Coupons and any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums (in cash or otherwise) sooner than the same would otherwise have been payable by it. Nothing in this Condition 10(c) shall, subject to Condition 10(a), prevent the Trustee instituting proceedings for the winding-up of the Issuer, proving in any winding-up of the Issuer and/or claiming in any liquidation of the Issuer in

respect of any payment obligations of the Issuer arising from the Notes, the Coupons or the Trust Deed (including without limitation, payment of any principal, premiums, or interest in respect of the Notes or the Coupons and any damages awarded for any breach of any obligations).

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

The Trustee shall not be bound to take any of the actions referred to in Condition 10(a), (b) or (c) above to enforce the obligations of the Issuer under the Trust Deed, the Notes or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

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

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or claim in the liquidation of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 10. Any such proceedings brought by any Noteholder or Couponholder shall be brought in the name of the Trustee, subject to such Noteholder or Couponholder indemnifying the Trustee to its satisfaction.

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

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

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

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

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts or Arrears of Interest on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest or Arrears of Interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Optional Redemption Amount or the Special Redemption Price, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (ix) to modify Condition 3, in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Conditions 6(c) or 6(e) in connection with the substitution or variation of the Notes so that they become Qualifying Lower Tier 2 Securities or in the circumstances described in Condition 6(f) in connection with the substitution or variation of the Notes so that they become Rating Agency Compliant

Securities, and to which the Trustee has agreed pursuant to the relevant provisions of Conditions 6(c) or 6(e) or 6(f), as the case may be. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

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

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

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

**(c) *Notice to Relevant Regulator***

No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless the Issuer shall have given at least one month's prior written notice to, and received no objection from, the Relevant Regulator (or such other period of notice as the Relevant Regulator may from time to time require or accept and, in any event, provided that there is a requirement to give such notice).

**(d) *Substitution***

The Trustee, if it is satisfied that so to do would not be materially prejudicial to the interests of the Noteholders or Couponholders, may agree with the Issuer, without the consent of the Noteholders or Couponholders, to the substitution on a subordinated basis equivalent to that referred to in Condition 3 of any person or persons incorporated in any country in the world (other than the United States) (the "Substitute Obligor") in place of the Issuer (or any previous Substitute Obligor under this Condition) as a new principal debtor under the Trust Deed, the Notes and the Coupons provided that:

- (i) a trust deed is executed or some other form of undertaking is given by the Substitute Obligor in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of the Trust Deed, the Notes, the Coupons and the Talons, with any consequential amendments which the Trustee may deem appropriate, as fully as if the Substitute Obligor had been named in the Trust Deed and on the Notes, the Coupons and the Talons, as the principal debtor in place of the Issuer (or of any previous Substitute Obligor, as the case may be);
- (ii) (unless the successor in business of the Issuer is the Substitute Obligor) the obligations of the Substitute Obligor under the Trust Deed, the Notes, the Coupons and the Talons are guaranteed by the Issuer (or the successor in business of the Issuer) on a subordinated basis equivalent to that referred to in Condition 3 and in the Trust Deed and in a form and manner satisfactory to the Trustee;
- (iii) if the directors of the Substitute Obligor or other officers acceptable to the Trustee shall certify that the Substitute Obligor is solvent at the time at which the said substitution is proposed to be effected, 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 Substitute Obligor or to compare the same with those of the Issuer;
- (iv) (without prejudice to the rights of reliance of the Trustee under sub-paragraph (iii) above) the Trustee is satisfied that the said substitution is not materially prejudicial to the interests of the Noteholders;
- (v) (without prejudice to the generality of sub-paragraph (i) above) the Trustee may in the event of such substitution agree, without the consent of the Noteholders or Couponholders, to a change in the law governing the Trust Deed and/or the Notes and/or the Coupons and/or the Talons, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders;

- (vi) if the Substitute Obligor is, or becomes, subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the “Substituted Territory”) other than the territory of the taxing jurisdiction of which (or to any such authority of or in which) the Issuer is subject generally (the “Issuer’s Territory”), the Substitute Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to

Condition 8 with the substitution for the references in that Condition and in Condition 6(c) to the Issuer’s Territory of references to the Substituted Territory whereupon the Trust Deed, the Notes, the Coupons and the Talons, will be read accordingly; and

- (vii) the Issuer and the Substitute Obligor comply with such other requirements as are reasonable in the interests of the Noteholders, as the Trustee may direct.

In connection with any proposed substitution as aforesaid, the Trustee shall have regard to the interests of the Noteholders as a class and the Trustee shall not have regard to the consequences of such substitution or such exercise for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with any substitution or such exercise as aforesaid, no Noteholder or Couponholder shall be entitled to claim, whether from the Issuer, the Substitute Obligor or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Noteholders or Couponholders except to the extent already provided in Condition 8 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

## **12. Entitlement of the Trustee**

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

## **13. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

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

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

## **15. Further Issues**

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

securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

## 16. Notices

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

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

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

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

## 18. Definitions

As used herein:

“**Arrears of Interest**” has the meaning given to it in Condition 5;

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

“**Capital Disqualification Event**” is deemed to have occurred if as a result of any change to (or change to the interpretation by any court or authority entitled to do so) the Directive or its Relevant Rules; the implementation of (or the interpretation by any court or authority entitled to do so) Solvency II or its Relevant Rules; or any change to (or a change to the interpretation by any court or authority entitled to do so) Solvency II or its Relevant Rules following their implementation:

- (i) the Notes are no longer capable of counting; or
- (ii) in the circumstances where such capability derives only from transitional or grandfathering provisions under the Directive, Solvency II or the Relevant Rules, as appropriate, less than 100 per cent. of the principal amount of the Notes outstanding at such time are capable of counting as Tier 2 Capital for the purposes of the Issuer or the Group, whether on a solo, group or consolidated basis,

except where such non qualification is only as a result of any applicable limitation on the amount of such capital (other than the limitation set out in (ii) above);

“**Compulsory Interest Payment Date**” means any Interest Payment Date in respect of which during the immediately preceding 6 months a Compulsory Interest Payment Event has occurred and is not a Mandatory Interest Deferral Date and on which the Solvency Condition is satisfied;

“**Compulsory Interest Payment Event**” means:

- (i) any declaration, payment or making of a dividend or distribution by the Issuer to its ordinary shareholders; or

- (ii) any repurchase by the Issuer of its ordinary shares for cash, provided such repurchase is not made in the ordinary course of business of the Issuer in connection with any share option scheme or share ownership scheme for management or employees of the Issuer or management or employees of affiliates of the Issuer.

“**Directive**” means Directive 98/78/EC of the European Union as amended (from time to time);

“**Directors**” means the directors of the Issuer;

“**EEA Regulated Subsidiaries**” means the subsidiaries of the Issuer which are regulated within the EEA by a Relevant Supervisory Authority;

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

“**Existing Undated Tier 2 Securities**” means Upper Tier 2 Capital issued prior to the Solvency II Implementation;

“**Group**” means the Issuer and its Subsidiaries;

“**Group Supervisor**” means the regulatory authority exercising group supervision over the Group in accordance with the Solvency II Directive;

“**insurance undertaking**” has the meaning given to it in the Solvency II Directive;

“**Junior Creditors**” means creditors of the Issuer whose claims rank, or are expressed to rank junior to, the claims of the Noteholders including holders of Junior Securities;

“**Junior Securities**” has the meaning given to it in Condition 3(a);

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

“**Lower Tier 2 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time and shall, following the implementation of Solvency II or any other change in law or any Relevant Rules such that Lower Tier 2 Capital ceases to be a separately recognised tier of capital resources, be deemed to be a reference to any Tier 2 Capital;

“**Mandatory Interest Deferral Date**” means each Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made on such Interest Payment Date;

“**Optional Interest Payment Date**” means any Interest Payment Date other than a Compulsory Interest Payment Date or a Mandatory Interest Deferral Date;

“**Pari Passu Creditors**” means creditors of the Issuer whose claims rank, or are expressed to rank pari passu with, the claims of the Noteholders including holders of Pari Passu Securities;

“**Pari Passu Securities**” has the meaning given to it in Condition 3(a);

“**Qualifying Lower Tier 2 Securities**” means securities issued directly or indirectly by the Issuer that:

- (i) have terms not materially less favourable to a holder than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank of international standing, and provided that a certification to such effect (including as to the consultation with the independent investment bank and in respect of the matters specified in (1) to (7) below) signed by two Directors shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without liability to any person) prior to the issue of the relevant securities, provided that they shall (1) contain terms which comply with the then current requirements of the Relevant Regulator in relation to Lower Tier 2 Capital (prior to Solvency II Implementation) or Tier 2 Capital (on or after Solvency II Implementation); (2) bear the same rate of interest from time to time applying to the Notes and

preserve the Interest Payment Dates; (3) contain terms providing for mandatory deferral of payments of interest and/or principal only if such terms are not materially less favourable to a holder thereof than the mandatory interest deferral provisions contained in these Conditions; (4) rank senior to, or pari passu with, the Notes; (5) provide for the same Maturity Date and 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, but provide that such Qualifying Lower Tier 2 Securities may not be redeemed by the Issuer prior to the first Optional Redemption Date specified hereon (save for redemption, substitution or variation on terms analogous with the terms of Condition 6(c) or Condition 6(e) and subject to the same conditions as those set out in Condition 6(b)); (6) do not contain any term which provides for, requires or entitles the Issuer to effect any loss absorption through the write-down of the nominal amount of Qualifying Lower Tier 2 Securities or conversion of such Qualifying Lower Tier 2 Securities into Ordinary Shares; and (7) preserve any existing rights under these Conditions to any Arrears of Interest and any other amounts payable under the Notes which, in each case, has accrued to Noteholders and not been paid; and

- (ii) are listed or admitted to trading on the London Stock Exchange, the Luxembourg Stock Exchange or such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer and approved by the Trustee;

**“Rating Agency”** means Standard & Poor’s Rating Services or any successor;

**“Rating Agency Compliant Securities”** means securities issued directly or indirectly by the Issuer that are:

- (i) Qualifying Lower Tier 2 Securities; and
- (ii) assigned substantially the same equity content or at the absolute discretion of the Issuer a lower equity content (provided such equity content is still higher than the equity content assigned to the Notes after the occurrence of the Rating Methodology Event) that was assigned by the Rating Agency to the Notes on or around the Issue Date and provided that a certification to such effect of two Directors shall have been delivered to the Trustee prior to the issue of the relevant securities;

**“Rating Methodology Event”** will be deemed to occur upon a change in methodology of the Rating Agency (or in the interpretation of such methodology) as a result of which the equity content assigned by the Rating Agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the equity content assigned by the Rating Agency to the Notes on or around the Issue Date;

**“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;

**“Regulatory Capital Requirements”** means any applicable capital resources requirement or applicable overall financial adequacy rule required by the Relevant Regulator, as such requirements or rule are in force from time to time;

**“Regulatory Deficiency Interest Deferral Event”** means any event which under Solvency II and/or under the Relevant Rules requires the Issuer to defer payment of interest in respect of the Notes (on the basis that the Notes are intended to qualify as Tier 2 Capital under Solvency II without the operation of any grandfathering provisions);

**“Regulatory Deficiency Redemption Deferral Event”** means any event which under Solvency II and/or under the Relevant Rules requires the Issuer to defer or suspend repayment or redemption of the Notes (on the basis that the Notes are intended to qualify as Tier 2 Capital under Solvency II without the operation of any grandfathering provisions);

**“Relevant Regulator”** means the UK Regulator or, if the UK Regulator at any time ceases to be the Group Supervisor or Supplementary Supervisor, such other regulator as becomes the Group Supervisor for the purposes of Solvency II or the Supplementary Supervisor for the purposes of the Directive (as applicable);

**“Relevant Rules”** means any legislation, rules or regulations (whether having the force of law or otherwise) in the jurisdiction of the Relevant Regulator, implementing the Directive or, as applicable, Solvency II and includes any relevant prudential rules for insurers applied by the Relevant Regulator and any amendment, supplement or replacement thereof from time to time relating to the characteristics, features or criteria of own funds or capital resources;

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

“**Senior Creditors**” means (a) creditors of the Issuer who are unsubordinated creditors of the Issuer and (b) other creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer (other than those whose claims constitute, or would but for any applicable limitation on the amount of any such capital, constitute Tier 1 Capital, Existing Undated Tier 2 Securities or Lower Tier 2 Capital issued prior to the Solvency II Implementation or Tier 2 Capital issued on or after the Solvency II Implementation or whose claims otherwise rank, or are expressed to rank, pari passu with, or junior to, the claims of the Noteholders);

“**Solvency Capital Requirement**” means the Solvency Capital Requirement or the group Solvency Capital Requirement referred to in, or any other capital requirement howsoever described in, the Solvency II or the Relevant Rules;

“**Solvency II**” means the Solvency II Directive and any additional measures adopted to give effect to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of regulation, directives or otherwise);

“**Solvency II Directive**” means Directive 2009/138/EC of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) and which must be transposed by member states of the European Economic Area pursuant to Article 309 of Directive 2009/138/EC;

“**Solvency II Implementation**” means the date from which legislation, rules or other measures implementing Solvency II in the UK (or, if the UK Regulator ceases to be the Supplementary Supervisor or ceases to be the Group Supervisor, in the jurisdiction of the replacement Supplementary Supervisor or of the replacement Group Supervisor, as applicable) are applied to the Issuer and/or the Group;

“**Special Redemption Price**” has the meaning given to it in the relevant Final Terms;

“**Subsidiary**” has the meaning given to it under Section 1159 of the Companies Act 2006 (as amended from time to time);

“**subsidiary undertaking**” has the meaning given to subsidiary undertaking under section 1162 of the Companies Act 2006 (as amended from time to time);

“**Supplementary Supervisor**” means the regulatory authority exercising supplementary supervision over the Group in accordance with the Directive ;

“**Tax Event**” means an event of the type described in Condition 6(c)(i) or (ii);

“**Tier 1 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time;

“**Tier 2 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time;

“**UK Listing Authority**” means the UK Financial Conduct Authority in its capacity as UK listing authority for the purposes of the Financial Services and Markets Act 2000 (“FSMA”) or any successor authority or authorities appointed as the competent UK listing authority for the purposes of Part VI (Official Listing) of FSMA or otherwise;

“**UK Regulator**” means the UK Prudential Regulation Authority or any successor UK regulatory authority having prudential supervisory responsibilities with respect to the Issuer and/or the Group;

“**United Kingdom**” or “**UK**” means the United Kingdom of Great Britain and Northern Ireland; and

“**Upper Tier 2 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time and shall, following the implementation of Solvency II or any other change in law or any Relevant Rules such that Upper Tier 2 Capital ceases to be a separately recognised tier of capital resources, be deemed to be a reference to any Tier 2 Capital.

## 19. Governing Law

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



## FINAL TERMS OF THE DATED TIER 2 NOTES

Final Terms dated 4 July 2013

Aviva plc

Issue of €650,000,000 Dated Tier 2 Reset Notes (the “**Dated Tier 2 Notes**”)

under the £5,000,000,000

Euro Note Programme

### PART A – CONTRACTUAL TERMS FOR DATED TIER 2 NOTES

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Dated Tier 2 Notes (the “**Conditions**”) set forth in the prospectus dated 4 July 2013 relating to the Dated Tier 2 Notes. References in the Conditions to the “**Final Terms**” shall be deemed to refer to the final terms set out below.

1	<b>Issuer:</b>	Aviva plc
2	(i) Series Number:	8
	(ii) Tranche Number:	1
3	<b>Specified Currency or Currencies:</b>	Euro (“€”)
4	<b>Aggregate Nominal Amount of Notes admitted to trading:</b>	€650,000,000
	(i) Series:	€650,000,000
	(ii) Tranche:	€650,000,000
5	<b>Issue Price:</b>	100 per cent. of the Aggregate Nominal Amount
6	(i) Specified Denominations:	€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000
	(ii) Calculation Amount (Definitive Notes only):	€1,000
7	(i) Issue Date:	5 July 2013
	(ii) Interest Commencement Date	Issue Date
8	<b>Maturity Date:</b>	5 July 2043
9	<b>Interest Basis:</b>	Reset Notes (further particulars below)
10	<b>Redemption Basis:</b>	Redemption at par
11	<b>Change of Interest Basis:</b>	Reset Notes (further particulars below)
12	<b>Put/Call Options:</b>	Issuer Call – see Condition 6(d) and paragraphs 18 to 20 below
13	(i) Status of the Notes:	Dated Tier 2
	(ii) Date of Board and committee of the Board approvals for issuance of Notes obtained:	6 March 2013, 19 June 2013 and 27 June 2013
<b>PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE</b>		
14	<b>Fixed Rate Note Provisions:</b>	Not Applicable
15	<b>Reset Note Provisions:</b>	Applicable
	(i) Initial Rate of Interest:	6.125 per cent. per annum payable annually in arrear
	(ii) Reset Margin:	5.13 per cent. per annum
	(iii) Interest Payment Date(s):	5 July in each year
	(iv) Fixed Coupon Amount(s):	For the period from (and including) the Issue Date to (but excluding) the First Reset Note Reset Date, €1.25 per Calculation Amount
	(v) Broken Amount(s):	Not Applicable
	(vi) First Reset Note Reset Date:	5 July 2023
	(vii) Anniversary Date(s):	5 July 2028 and each corresponding day and month

	(viii) Mid-Market Swap Rate:	falling 5 years thereafter
	(ix) ISDAFIX Rate:	5 year mid-swap rate
	(x) Day Count Fraction:	"ISDAFIX4"
16	<b>Floating Rate Note Provisions:</b>	"Actual/Actual - ICMA"
	<b>PROVISIONS RELATING TO REDEMPTION</b>	Not Applicable
17	<b>Right to Extend Maturity Date:</b>	Not Applicable
		This is without prejudice to the mandatory redemption deferral provisions and other provisions contained in Condition 6, which shall apply to this issue of Notes.
18	<b>Call Option:</b>	Applicable
	(i) Optional Redemption Date(s):	5 July 2023 and each Interest Payment Date thereafter
	(ii) Optional Redemption Amount(s) of each Note:	€1,000 per Calculation Amount
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	Not Applicable
	(b) Maximum Redemption Amount:	Not Applicable
	(iv) Notice period:	Not less than 30 nor more than 60 days
19	<b>Capital Disqualification Call:</b>	Applicable
20	<b>Rating Methodology Call:</b>	Applicable
	Rating Methodology Event Commencement Date:	Issue Date
21	<b>Final Redemption Amount of each Note:</b>	€1,000 per Calculation Amount
22	<b>Special Redemption Price:</b>	
	(i) in respect of a Capital Disqualification Event redemption:	€1,000 per Calculation Amount
	(ii) in respect of a Rating Methodology Event redemption:	€1,000 per Calculation Amount
23	<b>Unmatured Coupons to become void upon Early Redemption:</b>	Not Applicable
	<b>GENERAL PROVISIONS APPLICABLE TO THE NOTES</b>	
24	<b>Form of Notes:</b>	<b>Bearer Notes:</b>
		Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note
25	<b>Global Certificates (Registered Notes):</b>	No
26	<b>Additional Financial Centre(s) or other special provisions relating to Payment Dates:</b>	Not Applicable
27	<b>Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):</b>	No
	<b>DISTRIBUTION</b>	
28	<b>U.S. selling restrictions:</b>	Reg. S Compliance Category 2; TEFRA D
29	<b>Additional selling restrictions:</b>	Not Applicable

Signed on behalf of the Issuer:

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

## PART B – OTHER INFORMATION

### 1 LISTING

- |       |   |   |
|-------|---|---|
| (i)   | Listing:  | London  |
| (ii)  | Admission to trading:                                       | Application has been made for the Notes to be admitted to trading on the London Stock Exchange's EEA Regulated Market with effect from 5 July 2013. |
| (iii) | Estimate of total expenses related to admission to trading: | £5,205  |

### 2 RATINGS

- |          |  |
|----------|--|
| Ratings: | The Notes to be issued have been rated:<br>S&P: BBB<br>Moody's: Baa1 |
|----------|--|

### 3 ESTIMATED NET PROCEEDS

€646,815,000

### 4 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

### 5 Fixed Rate Notes only – YIELD

- |                      |   |
|----------------------|---|
| Indication of yield: | 6.125 per cent. per annum<br>The yield is calculated at the Issue Date on the basis of the Issue Price for the period from (and including) the Issue Date to (but excluding) the First Reset Note Reset Date. Thereafter it will depend on the amount of the First Reset Rate of Interest and Subsequent Reset Rate of Interest. It is not an indication of future yield. |
|----------------------|---|

### 6 OPERATIONAL INFORMATION

- |   |                |
|---|----------------|
| ISIN Code:  | XS0951553592   |
| Common Code:  | 095155359      |
| Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking société anonyme and the relevant identification number(s): | Not Applicable |
| Names and addresses of additional Paying Agent(s) (if any):   | Not Applicable |

## GENERAL INFORMATION

- (1) The listing of the Dated Tier 2 Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that the Dated Tier 2 Notes will be admitted to listing on the Official List and to trading on the Market, subject only to the issue of the Global Note initially representing the Dated Tier 2 Notes. The listing of the Programme on the Official List was granted on or about 22 November 2012. Prior to official listing and admission to trading of the Dated Tier 2 Notes, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the London Stock Exchange will normally be effected for delivery on the third working day after the day of the transaction.
- (2) The Issuer has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment and update of the Programme and the issue of the Dated Tier 2 Notes. The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 9 November 2005 and the update of the Programme was authorised by a resolution of a committee of the Board of Directors of the Issuer passed on 26 October 2012, such committee of the Board of Directors, having been constituted in accordance with a meeting of the Board of Directors of the Issuer held on 7 November 2007. The issue of the Dated Tier 2 Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 6 March 2013 and by resolutions of a committee of the Board of Directors of the Issuer passed on 19 June 2013 and 27 June 2013.
- (3) There has been no significant change in the financial or trading position of the Issuer or of the Group since 31 March 2013, being the end of the last financial period for which interim financial information has been published, and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 December 2012, being the date to which the last published audited financial statements of the Issuer were made up.
- (4) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.
- (5) The Dated Tier 2 Notes, related Coupons and Talons will bear the following legend: “*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code*”.
- (6) The Dated Tier 2 Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system is set out in the Final Terms of the Dated Tier 2 Notes. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.
- (7) The Issuer does not intend to provide any post-issuance information in relation to the Dated Tier 2 Notes.
- (8) For so long as any of the Dated Tier 2 Notes are outstanding, the following documents will be available, during usual business hours and upon reasonable notice on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the specified office of each of the Paying Agents:
  - (i) the Supplemental Trust Deed relating to the Dated Tier 2 Notes and the Trust Deed relating to the Programme;
  - (ii) the Agency Agreement relating to the Programme;
  - (iii) the Memorandum and Articles of Association of the Issuer;
  - (iv) the published Annual Report and Accounts of the Issuer in respect of each of the financial years ended 31 December 2011 and 31 December 2012;
  - (v) the interim management statement of the Issuer for the three months to 31 March 2013; and

(vi) a copy of this Prospectus, together with all documents deemed to be incorporated by reference herein.

(9) The annual accounts of the Issuer for the last two financial years have been audited.

The consolidated accounts of the Issuer for the year ended 31 December 2011 were audited by Ernst & Young LLP, Registered Auditor (authorised and regulated by the Relevant Regulator (as defined in “Terms and Conditions of the Dated Tier 2 Notes”) for designated investment business), in accordance with auditing standards and have been reported on without qualification. The reports of the Issuer’s auditors for the year ended 31 December 2011 contained a statement that to the fullest extent permitted by law, the Issuer’s auditors do not accept or assume responsibility to anyone other than the Issuer and the Issuer’s members as a body for their audit work, for their report, or for the opinions they have formed. The address of Ernst & Young LLP is 1 More London Place, London SE1 2AF, United Kingdom.

The consolidated accounts of the Issuer for the year ended 31 December 2012 were audited by PricewaterhouseCoopers LLP (authorised and regulated by the Relevant Regulator (as defined in “Terms and Conditions of the Dated Tier 2 Notes”) for designated investment business), in accordance with auditing standards and have been reported on without qualification. The reports of the Issuer’s auditors for the year ended 31 December 2012 contained a statement that to the fullest extent permitted by law, the Issuer’s auditors do not accept or assume responsibility to anyone other than the Issuer’s directors as a body and the Issuer for their work or for their report except where terms are expressly agreed in writing. The address of PricewaterhouseCoopers LLP is 7 More London Riverside, London SE1 2RT, United Kingdom.

(10) The consolidated accounts of the Issuer for the years ended 31 December 2011 and 31 December 2012 which are incorporated into this Prospectus by reference do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 (the “Act”). Statutory accounts for such years have been delivered to the Registrar of Companies in England and Wales. The Issuer’s auditors have made a report under Section 495 of the Act on the last statutory accounts that was not qualified within the meaning of Section 539 of the Act and did not contain a statement made under Section 498(2) or Section 498(3) of the Act.

(11) Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and/or its affiliates in the ordinary course of business.

**REGISTERED AND HEAD OFFICE OF THE ISSUER**

**Aviva plc**  
St Helen's  
1 Undershaft  
London EC3P 3DQ  
United Kingdom

**JOINT LEAD MANAGERS**

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

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

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**Société Générale**  
29 boulevard Haussmann  
75009 Paris  
France

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

**CO-MANAGER**

**DBS Bank Ltd.**  
12 Marina Boulevard  
Level 42, Marina Bay Financial Centre Tower 3  
Singapore 018982

**TRUSTEE**

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

**ISSUING AND PAYING AGENT AND PAYING AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**AUDITORS**

*Until 22 March 2012*  
**Ernst & Young LLP**  
1 More London Place  
London SE1 2AF  
United Kingdom

*Since 22 March 2012*  
**PricewaterhouseCoopers LLP**  
7 More London Riverside  
London SE1 2RT  
United Kingdom

**LEGAL ADVISERS**

*to the Issuer*  
**Slaughter and May**  
One Bunhill Row  
London EC1Y 8YY  
United Kingdom

*to the Managers and the Trustee*  
**Linklaters LLP**  
One Silk Street  
London EC2Y 8HQ  
United Kingdom



**AVIVA**