



Old Mutual plc

(incorporated in England and Wales under the
Companies Act 1985 with registered number 3591559)

£450,000,000 7.875 per cent. Subordinated Notes due 3 November 2025

issued pursuant to the £5,000,000,000 Euro Note Programme

This document (including the information incorporated by reference herein) constitutes a prospectus (the “**Prospectus**”) in respect of the £450,000,000 7.875 per cent. Subordinated Notes due 3 November 2025 (the “**Notes**”) to be issued by Old Mutual 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**”) in its capacity as competent authority under the Financial Services and Markets Act 2000 (“**FSMA**”) (the “**UK Listing Authority**”). Application has been made to the UK Listing Authority for the 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 such Notes to be admitted to trading on the London Stock Exchange’s Regulated Market (the “**Market**”). References in this Prospectus to Notes being “listed” (and all related references) shall, unless the context otherwise requires, mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”).

Unless otherwise defined, capitalised terms used in this Prospectus have the meanings set out in the terms and conditions of the Notes contained herein (the “**Terms and Conditions**”).

The 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 30 October 2015 (the “**Supplemental Trust Deed**”) to the trust deed dated 31 August 2000 (as amended and restated pursuant to an amending and restating trust deed dated 27 November 2014) relating to the Programme (the “**Trust Deed**”).

The Notes will be issued in registered form in principal amounts of £100,000 and integral multiples of £1,000 in excess thereof. The Notes will be represented by a global note in registered form without coupons (the “**Registered Global Note**”) registered in the name of a nominee of, and shall be deposited on or about the Issue Date with a common depositary for, Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”). Individual notes (“**Registered Notes**”) evidencing holdings of Notes will be available only in certain limited circumstances - see “*Form of the Notes*” in the Base Prospectus which is incorporated by reference into this Prospectus.

The Notes are expected to be assigned a rating of BB+ by Fitch Ratings Limited (“**Fitch**”) and Ba1 by Moody’s Investors Services Limited (“**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. The credit ratings included or referred to in this Prospectus will be treated for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies (the “**CRA Regulation**”) as having been issued by Fitch and Moody’s, each of which is established in the European Union and is registered under the CRA Regulation (as amended).

Prospective investors should have regard to the factors described under the section headed “*Risk Factors*” herein.

The offer and sale of Notes may, in certain circumstances, be restricted by the law. For a further description of certain restrictions on the offer and sale of the Notes, see the section headed “*Subscription and Sale - Selling Restrictions*” in the Base Prospectus incorporated by reference in this Prospectus.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any state securities laws and may not be offered or sold within the United States or to, or for the benefit of, U.S. persons except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Notes will be offered and sold outside the United States to persons that are not U.S. persons in reliance on Regulation S under the Securities Act (“**Regulation S**”).

JOINT LEAD MANAGERS

Citigroup

Deutsche Bank

HSBC

**Nedbank Limited,
London Branch**

The Royal Bank of Scotland

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 is to be read in conjunction with all documents which are incorporated herein by reference (see “Information Incorporated by Reference” below). This Prospectus shall be read and construed on the basis that such documents are so incorporated in and form part of this Prospectus.

To the fullest extent permitted by law, none of the Joint Lead Managers or the Trustee accepts any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Trustee or a Joint Lead Manager or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Trustee and each Joint Lead Manager accordingly disclaims all and any liability 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. No Joint Lead Manager or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus.

No person is or has been authorised by the Issuer, the Joint Lead Managers or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Joint Lead Managers or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, any of the Joint Lead Managers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, any of the Joint Lead Managers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct as of any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published audited annual financial statements and, if published later, the most recently published interim financial statements of the Issuer when deciding whether or not to purchase any Notes.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Joint Lead Managers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Joint Lead Managers or the Trustee which would permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and France) and Japan.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

None of the Issuer, the Joint Lead Managers and the Trustee makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws or regulations.

The Notes have not been and will not be registered under the Securities Act. Notes may not be offered or sold within the United States or to, or for the benefit of, U.S. persons except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities law.

This Prospectus, and any documents and/or materials prepared and/or issued by or on behalf of the Issuer in relation to or in connection with the Notes, do not and shall not constitute "advice" or otherwise fall within the ambit of section 7(1) of the South African Financial Advisory and Intermediary Services Act, No. 37 of 2002.

Presentation of Financial and other Information

All references in this Prospectus to "U.S. dollars", "U.S.\$" or "\$" refer to the currency of the United States of America; references to "South African Rand", "Rand" or "R" refer to the currency of the Republic of South Africa; references to "Sterling" or "£" refer to the currency of the United Kingdom; and references to "euro" or "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

Stabilisation

In connection with the issue of the Notes, the Joint Lead Manager(s) (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the Final Terms) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) 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 offer of the 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 of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the

relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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RISK FACTORS

Purchase of the Notes may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Investment in the Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes. Prior to making an investment decision, prospective purchasers should consider carefully, in light of their own financial circumstances and investment objectives, all the information set forth in the Base Prospectus (as defined under “Information Incorporation by Reference” below) and in this Prospectus, particularly under the heading “Risk Factors” on pages 7 to 20 of the Base Prospectus, and the additional investment considerations set forth below. The Issuer believes that the factors set out under the heading Risk Factors in the Base Prospectus and in this Prospectus represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest or principal in connection with the Notes may occur for other reasons, and the Issuer does not represent that such risk factors are exhaustive. Prospective purchasers should make such enquiries as they deem necessary and consult with their own legal, regulatory, tax, business, investment, financial and accounting advisers as they deem necessary without relying on the Issuer or the Joint Lead Managers or any of their affiliates.

Terms used in this section and not defined herein shall have the meanings given to them elsewhere in this Prospectus or in the Base Prospectus.

Certain Risks relating to the Notes

Occurrence of a Capital Disqualification Event

Upon the occurrence of a Capital Disqualification Event, the Notes may, subject to the requisite notice being given to the Relevant Regulator and in compliance with Condition 7(f), (i) be redeemed at the Capital Disqualification Event Price specified in the Final Terms, together with interest accrued to but excluding the date of redemption and all Arrears of Interest or, as the case may be, Deferred Interest Payments (if any), or (ii) be substituted for, or have their terms varied so that they become, Qualifying Dated Tier 2 Securities, all as more particularly described in “*Terms and Conditions of the Notes — Redemption and Purchase — Redemption, Substitution or Variation at the option of the Issuer on a Capital Disqualification Event*”.

Deferral of Interest Payments on the Notes

The Issuer is required to defer any payment of interest on the 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 the relevant interest were to be paid) or if the payment of the relevant interest would give rise to a breach of the Solvency Condition.

The circumstances in which a Regulatory Deficiency Interest Deferral Event or a Regulatory Deficiency Redemption Deferral Event may occur are dependent upon the solvency position of the Issuer under the requirements of Solvency II and/or the Relevant Rules, which are themselves subject to finalisation and subsequent amendment. Events which constitute a Regulatory Deficiency Interest Deferral Event could include, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement to be breached, where such event is an event which under Solvency II and/or the Relevant Rules means that the Issuer must defer payments on the Notes on the basis that the Notes are intended to qualify as Tier 2 Capital under Solvency II.

Any actual or anticipated deferral of interest can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such

circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes. In addition, as a result of the deferral provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other securities or instruments that do not require deferral of interest, and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Any interest in respect of the Notes not paid on an Interest Payment Date, together with any other interest in respect thereof not paid on any earlier Interest Payment Date, may (subject to Condition 3(b)) be paid in whole or in part at any time (provided that at such time a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur if payment of such Arrears of Interest were made) and in any event will automatically become immediately due and payable in whole upon the earlier of:

- (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;
- (ii) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (except in the circumstances described in Condition 5(h)(iii)(b)) or an administrator of the Issuer has been appointed and given 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.

Arrears of Interest and any other amount, payment of which is so deferred, shall not themselves bear interest. Without prejudice to Condition 3(b), 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 in respect of the Notes unless and until such time as the Issuer could make such payment and still be solvent (as contemplated by the Terms and Conditions) immediately thereafter.

Deferral of redemption

The Issuer is required to defer any redemption of Notes on the Maturity Date or on any date fixed for redemption pursuant to Conditions 7(b), 7(c), 7(d) or 7(e) if (i) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed, (ii) if the redemption would give rise to a breach of the Solvency Condition or (iii) if the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules) or because such redemption otherwise cannot be effected in compliance with the Relevant Rules. If redemption of the Notes is deferred, the Notes will only become due for redemption in the circumstances described in Conditions 7(a)(iii) and 7(a)(iv). Events which constitute a Regulatory Deficiency Redemption Deferral Event include any event, including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing and any event which causes any Solvency Capital Requirement or Minimum Capital Requirement to be breached, where the continuation of such Insolvent Insurer Winding-up or, as the case may be, such breach, is an event which under Solvency II and/or the Relevant Rules means that the Issuer must defer repayment of the Notes on the basis that the Notes are intended to qualify, as Tier 2 Capital under Solvency II and any other Relevant Rules.

Any actual or anticipated deferral of redemption can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes. In addition, as a result of the deferral provisions of the Notes, the

market price of the Notes may be more volatile than the market prices of other securities or instruments that do not require deferral of principal payments, and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Redemption and Exchange Risk

Upon the occurrence of a Tax Event, a Capital Disqualification Event or a Rating Methodology Event (if Rating Methodology Call is specified), the Notes may be (i) substituted for, or their terms varied so that they become, Qualifying Dated Tier 2 Securities or, in the case of Rating Methodology Event, Rating Agency Compliant Securities; or (ii) redeemed in the case of (x) a Tax Event, at their outstanding principal amount, (y) a Capital Disqualification Event, at the Capital Disqualification Redemption Price or (z) in the case of a Rating Methodology Event, at the Rating Event Redemption Price, together in each case with Arrears of Interest, all as more particularly described in "*Terms and Conditions of the Notes — Redemption, Substitution, Variation, Purchase and Options*".

Qualifying Dated Tier 2 Securities and Rating Agency Compliant Securities must, among other things, have terms not materially less favourable to an investor than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank or financial adviser of international standing (which in either case is independent of the Issuer). In respect of the Rating Agency Compliant Securities, the Notes must also be 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 Ratings Methodology Event) as that which was assigned to the Notes on or around the Issue Date. However, there can be no assurance that, due to the particular circumstances of a holder of Notes, such Qualifying Dated Tier 2 Securities or Rating Agency Compliant Securities will be as favourable to a particular investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Qualifying Dated Tier 2 Securities or Rating Agency Compliant Securities are not materially less favourable to holders than the terms of the Notes.

No limitation on issuing series or pari passu securities

There is no restriction on the amount of securities which the Issuer may issue and which may rank senior to, or *pari passu* with, the Notes. The issue of any such securities may reduce the amount recoverable by holders of the Notes on a winding-up of the Issuer and/or may increase the likelihood of a deferral of payments under the Notes.

The European Union Directive on the Taxation of Savings Income may prevent some Noteholders from receiving interest on the Notes in full

European Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") requires EU Member States to provide to the tax authorities of other EU Member States details of certain payments of interest and other similar income paid or secured by a person established within its jurisdiction to (or secured by such a person for the benefit of) an individual resident, or to (or secured for) certain other types of entity established, in that other Member State, except that Austria will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise.

On 24 March 2014, the Council of the European Union adopted a Directive (the "**Amending Savings Directive**") which would, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Savings Directive would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to

withholding. For example, payments made to (or secured for) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation; or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Savings Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

The Council of the European Union has also adopted a Directive (the “**Amending Cooperation Directive**”) amending Council Directive 2011/16/EU on administrative cooperation in the field of taxation so as to introduce an extended automatic exchange of information regime in accordance with the Global Standard released by the OECD Council in July 2014. The Amending Cooperation Directive requires EU Member States to adopt national legislation necessary to comply with it by 31 December 2015, which legislation must apply from 1 January 2016 (1 January 2017 in the case of Austria). The Amending Cooperation Directive is generally broader in scope than the Savings Directive, although it does not impose withholding taxes, and provides that to the extent there is overlap of scope, the Amending Cooperation Directive prevails. The European Commission has therefore published a proposal for a Council Directive repealing the Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to transitional arrangements). The proposal also provides that, if it is adopted, EU Member States will not be required to implement the Amending Savings Directive. Information reporting and exchange will however still be required under Council Directive 2011/16/EU (as amended).

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to any law implementing the Savings Directive or any other directive implementing the conclusions of the Economic and Financial Affairs Council (the “**ECOFIN Council**”) meeting of 26-27 November 2000, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Furthermore, if the Amending Savings Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

The Issuer is required to maintain a Paying Agent in a Member State of the European Union (other than the United Kingdom in circumstances where a withholding tax is imposed in the United Kingdom) that will not be obliged to withhold or deduct tax pursuant to the Savings Directive or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. However, investors should be aware that any custodians or intermediaries through which they hold their interest in the Notes may nonetheless be obliged to withhold or deduct tax pursuant to such laws unless the investor meets certain conditions, including providing any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

Investors who are in any doubt as to their position or would like to know more should consult their professional advisers.

Business Risks

Regulatory Risk

The Issuer is subject to regulatory capital requirements in the UK and, for certain entities within the Group, is also subject to capital requirements of other regulatory regimes. Changes to these regulatory capital requirements could adversely impact the Group. Insurance regulation in the UK is largely based upon the requirements of EU directives and the EU is currently implementing a new solvency

framework, known as ‘Solvency II’. Solvency II is expected to come into force on 1 January 2016. This will be followed by the implementation of a new regulatory regime in South Africa, Solvency Assessment and Management (“SAM”). Both Solvency II and SAM will create step changes in insurance prudential regulation. Changes in government policy, legislation or regulatory interpretation applying to the financial services industry in the markets in which the Group operates may adversely affect the Group’s product range, distribution channels, capital requirements and, consequently, reported results and financing requirements.

In South Africa, the transition to SAM and to a “Twin Peaks” model of prudential supervision, whereby prudential supervision will be separated from market conduct supervision, during 2016 will have implications for the regulatory oversight of the Group’s major businesses in the country, given that the Group’s South African life and banking operations are both categorised as domestically significant financial institutions (“D-SIFIs”). Among other things, risk will need to be monitored on an aggregated basis and contingent recovery and resolution plans are likely to be required to be maintained. The full implications of local Twin Peaks regulation are not yet certain.

In preparing for Solvency II, the Group is engaged in on-going dialogue with the Prudential Regulation Authority (the “PRA”). However formal PRA approval for Solvency II applications particular to the Group is not expected to be received until towards the end of 2015 at the earliest. As such, the Group is expected to continue to operate in a period of uncertainty in respect of the ultimate basis for Group solvency until early 2016, when the outcome of the calculation methodology is expected to be known.

In addition to Solvency II, there are a number of other further regulatory changes expected to come into force in the next few years, including the EU Packaged Retail Investment Product regulation and Markets in Financial Instrument Directive 2. The way in which the Group transitions to these requirements may result in a reduction in the Group’s earnings and profits.

It is possible that the implementation of Solvency II will lead to lower levels of reported regulatory surplus and could lead to a significant increase in the capital required to support the Group’s business.

Market Risk

Since the financial crisis in 2008, government and central bank actions have sought to restore confidence in financial markets. However, in the current environment, investment markets have limited resilience to shocks, with the potential for significant falls in asset values should markets reassess returns. Factors that may result in shocks to financial markets include: a deterioration in geo-political stability, for example as a consequence of tensions in Eastern Europe and the Middle East; an abrupt change in the monetary policies of one or more of the leading economies or a significant increase in long term interest rates; and a sovereign default event or a further financial crisis. Financial markets may also reappraise asset valuations as a result of changes in the outlook for the global economy, including, for example, a projected period of low or negative growth amongst the leading economies, a period of prolonged deflation and in response to outcomes from elections in Europe and the US.

INFORMATION INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

Old Mutual plc financial statements:

(i) The audited consolidated and non-consolidated annual financial statements of the Issuer for the financial years ended 31 December 2013 and 31 December 2014 (including the audit reports issued in respect thereof), and (ii) the unaudited consolidated financial statements for the six months ended 30 June 2015 (including the review report issued in respect thereof as set out on pages 45 to 107 but excluding the section entitled “outlook” on page 10) both of which have previously been published and have been approved by the FCA or filed with it shall be incorporated in, and form part of, this Prospectus.

Other documents incorporated by reference:

The base prospectus approved by the UK Listing Authority on 27 November 2014 relating to the Issuer’s £5,000,000,000 Euro Note Programme (the “**Base Prospectus**”) except for the documents incorporated by reference therein and the sections entitled “Documents Incorporated by Reference”, “Risk Factors - Occurrence of a Regulatory Redemption Event”, “Risk Factors - Interest payments under Dated Tier 2 Notes, Undated Tier 2 Notes and Tier 1 Notes may be deferred”, the third paragraph under “Risk Factors - Regulatory and Tax Environment”, “Risk Factors - The European Union Directive on the Taxation of Savings Income may prevent some Noteholders from receiving interest on the Notes in full”, “Form of Final Terms”, “Terms and Conditions of the Senior Notes”, “Terms and Conditions of the Dated Tier 2 Notes”, “Terms and Conditions of the Undated Tier 2 Notes”, “Terms and Conditions of the Tier 1 Notes”, “The Old Mutual Group”, “Financial Information relating to the Old Mutual Group”, “Taxation” and “General Information”, which shall not be deemed to be incorporated into this Prospectus.

All of the documents mentioned above have been previously published and filed with the FCA and shall be deemed to be incorporated in, and form part of, this Prospectus, 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 documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus. In each case, where only certain sections of a document referred to above are incorporated by reference in the Prospectus, the parts of the document which are not incorporated by reference are either not relevant to prospective investors in the Notes or are covered elsewhere in this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from (i) the registered office of the Issuer at 5th Floor, Millennium Bridge House, 2 Lambeth Hill, London EC4V 4GG and from the specified office of the Paying Agent for the time being in London which, as at the date of this Prospectus, is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and (ii) the website of the National Storage Mechanism at <http://www.morningstar.co.uk/uk/NSM>.

The table below sets out the relevant page references for all of the information contained within the Base Prospectus and incorporated by reference herein:

Section	Page Reference
Base Prospectus	
Risk Factors (except that the sections entitled “Occurrence of a Regulatory Redemption Event”, “Interest payments under Dated Tier 2 Notes, Undated Tier 2 Notes and Tier 1 Notes may be deferred”, the third paragraph under “Regulatory and Tax Environment” and “The European Union Directive on the Taxation of Savings Income may prevent some Noteholders from receiving interest on the Notes in full” shall not be deemed to be incorporated into this Prospectus)	7 - 20
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The Issuer has applied International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (“**IFRS**”) in the financial statements incorporated by reference above, which each include a summary of the significant accounting policies for the Issuer.

TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by Old Mutual plc (the "**Issuer**") constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 31 August 2000 and deemed made between, *inter alios*, the Issuer and Citicorp Trustee Company Limited as trustee (the "**Trustee**", which expression shall include any successor trustee) for the holders of the Notes (the "**Noteholders**" or "**holders**" which expression shall mean, in relation to Notes in definitive bearer form, the bearers thereof, and, in relation to Notes in definitive registered form, the persons in whose name such Notes are registered and shall, in relation to Notes represented by a Global Note, be construed as provided below).

References in these Terms and Conditions to the "**Notes**" shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) definitive Notes in bearer form ("**Bearer Notes**") issued in exchange for a Global Note in bearer form (a "**Bearer Global Note**"); and
- (iv) definitive Notes in registered form ("**Registered Notes**") (whether or not issued in exchange for a Global Note in registered form (a "**Registered Global Note**")).

The Notes and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 7 November 2012 and deemed made between, *inter alios*, the Issuer, Citibank, N.A., London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent) and a transfer agent, the other paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), Citibank, N.A., London Branch as registrar (the "**Registrar**", which expression shall include any successor registrar), the other transfer agents named therein (together with the Principal Paying Agent, in its capacity as a transfer agent, the "**Transfer Agents**", which expression shall include any additional or successor transfer agents) and the Trustee. Certain determinations, calculations, quotations and/or decisions required under these Terms and Conditions in respect of interest bearing Notes will be made by the Principal Paying Agent pursuant to the Agency Agreement or by such other person specified in the Final Terms or, failing which, an investment bank or other suitable entity of international repute appointed by the Issuer in its sole discretion pursuant to a calculation agency agreement dated on or before the date of issue of the

Notes (such person acting in that capacity, the “**Calculation Agent**”, which expression shall include any additional or successor calculation agents).

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

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify the Conditions for the purposes of this Note. References to the “**applicable Final Terms**” are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference herein to “**Couponholders**” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

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

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the London office of the Principal Paying Agent (being at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and at the specified office of each of the Registrar and the other Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the “**Agents**”). Copies of the applicable Final Terms are available for viewing during normal business hours at the registered office of the Issuer at 5th Floor, Millennium Bridge House, 2 Lambeth Hill, London EC4V 4GG and copies may be obtained from the specified office of the Principal Paying Agent for the time being in London save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (Directive 2003/71/EC, as amended), the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed and the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

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

1 Form, Denomination and Title

The Notes are in bearer form or in registered form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified

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

This Note may (i) bear interest calculated by reference to a fixed rate of interest (“**Fixed Rate Notes**”), (ii) bear interest calculated by reference to a fixed rate of interest for an initial period and thereafter by reference to a fixed rate of interest recalculated on one or more dates specified in the applicable Final Terms and by reference to a mid-market swap rate for the Specified Currency or, where the Specified Currency is Sterling, either a Sterling mid-market swap rate or a rate determined by reference to a benchmark gilt (“**Fixed Rate Reset Notes**”), (iii) bear interest by reference to a floating rate of interest (“**Floating Rate Notes**”), (iv) be issued on a non-interest bearing basis (“**Zero Coupon Notes**”) or (v) contain a combination of two or more of (i) to (iii) of the foregoing, as specified in the applicable Final Terms.

In the case of definitive Bearer Notes which are Zero Coupon Notes, references to Coupons and Couponholders in these Terms and Conditions are not applicable. References in these Terms and Conditions to Coupons and Talons do not apply to any Notes represented by a Global Note or in registered form.

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

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

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

2 Transfers of Registered Notes

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

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if

appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

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

Upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer, the transferor must surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing.

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

(c) *Registration of transfer upon partial redemption*

In the event of a partial redemption of Notes under Condition 7, neither the Issuer nor the Registrar will be required to register the transfer of any Registered Note (or part of a Registered Note) called for partial redemption.

(d) *Costs of registration*

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

(e) *Register*

The Issuer will cause to be kept at the specified office of the Registrar outside the United Kingdom for the time being a register (the “**Register**”) on which shall be entered the names and addresses of the holders from time to time of the Registered Notes, together with the particulars of the Registered Notes held by them respectively and of all transfers of Registered Notes. The

Issuer will procure that, as soon as practicable after the Issue Date, the Register is duly made up in respect of the subscribers of the Registered Notes.

3 Status of the Notes and Subordination

(a) Status

The Notes and any relative Coupons are direct, unsecured and (save as to subordination) unconditional obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the 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 or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction or amalgamation or substitution (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 repayable) or the appointment of an administrator of the Issuer where the administrator has given notice that the administrator intends to declare and distribute a dividend, the rights and claims of the Noteholders and the Couponholders against the Issuer in respect of or arising under the Notes and the relative Coupons and the Trust Deed, including any damages awarded for breach of obligation of the Issuer which have not been satisfied and including any Arrears of Interest, will be subordinated in the manner provided in this Condition 3(a) and in the Trust Deed to the claims of all Senior Creditors of the Issuer but shall rank at least *pari passu* with all other obligations of the Issuer with a specified maturity date which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital (“**Pari Passu Securities**”) and shall rank in priority to the claims of holders of all obligations of the Issuer with no specified maturity date which constitute, or would but for any applicable limit on the amount of such capital constitute, Upper Tier 2 Capital (issued prior to Solvency II Implementation) or Tier 1 Capital including, without limitation, Tier 1 Capital (issued prior to Solvency II Implementation) which following Solvency II Implementation is grandfathered as Tier 2 Capital and in priority to the claims of holders of all classes of share capital of the Issuer (together, the “**Junior Securities**”).

(b) Solvency Condition

Without prejudice to Condition 3(a), all payments under or arising from the Notes, the Coupons relating to them and the Trust Deed in respect thereof 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 and any relative Coupons and the Trust Deed in respect thereof unless and until such time as the Issuer could make such payment and 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. A certificate as to solvency of the Issuer, signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) 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 sufficient and correct 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 (except in any such case, a solvent winding-up, solely for the purpose of a reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction or amalgamation or substitution (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 repayable) 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 the breach of any obligations, in respect of which the conditions referred to in this 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.

4 Set-off, etc.

Subject to applicable law, no Noteholder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Notes or the relative Coupons and each Noteholder or Couponholder shall, by virtue of being the holder of any Note or related 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 Noteholder or Couponholder by the Issuer under or in connection with the Notes or the relative Coupons is discharged by set-off, such Noteholder or Couponholder 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 applicable, of the Issuer and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer, or the liquidator or administrator of the Issuer (as the case may be), and accordingly any such discharge shall be deemed not to have taken place. *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.*

5 Interest

Payments of interest may be deferred in accordance with Condition 5(h) and Condition 3(b).

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

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

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

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note;
or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

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

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

(i) if “**Actual/Actual (ICMA)**” is specified in the applicable Final Terms:

(a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period (as defined below) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if “**30/360**” is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

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

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

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

(b) Interest on Fixed Rate Reset Notes

Each Fixed Rate Reset Note bears interest on its outstanding nominal amount:

- (i) from and including the Interest Commencement Date specified in the applicable Final Terms up to but excluding the First Reset Date at the Initial Rate of Interest;
- (ii) in the First Reset Period, 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, subject as provided herein, in arrear on each Interest Payment Date specified in the applicable Final Terms. The amount of interest payable shall be determined in accordance with this Condition 5(b).

Save as otherwise provided herein, the provisions applicable to Fixed Rate Notes shall apply to Fixed Rate Reset Notes.

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine a Reset Rate of Interest in accordance with this Condition 5(b) or as otherwise specified in the applicable Final Terms, the Trustee shall determine the Reset Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 5 and to any terms specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Calculation Agent.

In these Conditions:

“**Anniversary Date(s)**” means each date specified as such in the applicable Final Terms;

“**Benchmark Gilt**” means, in respect of a Reset Period, such United Kingdom government security having a maturity date on or about the last day of such Reset Period as the Calculation Agent, with the advice of one Reset Reference Bank, may determine to be appropriate;

“**Benchmark Gilt Rate**” means, in respect of a Reset Period, (i) the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period based on the mid price for the Benchmark Gilt as reported on the Gilt Screen Page at 11.00 a.m. (London time) on the Relevant Reset Determination Date (which rate, if the relevant Interest Payment Dates are other than semi-annual or annual Interest Payment Dates, shall be adjusted by, and in the manner determined by, the Calculation Agent) or (ii) if such rate is not displayed on the Gilt Screen Page at such time and date, the relevant Gilt Reset Reference Bank Rate or (iii) if the Benchmark Gilt Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Benchmark Gilt Rate shall be determined as at the last

preceding Reset Date (though substituting, where a different Margin is to be applied to the relevant Reset Period from that which applied to the last preceding Reset Period, the Margin relating to the relevant Reset Period in place of the Margin relating to that last preceding Reset Period) or if such no such preceding Reset Date has occurred, the Benchmark Gilt Rate shall be the interest rate specified in the applicable Final Terms plus the Margin;

“dealing day” means a day, other than a Saturday or Sunday, on which the London Stock Exchange (or such other stock exchange on which the Benchmark Gilt is at the relevant time listed) is ordinarily open for the trading of securities;

“First Reset Date” means the date specified as such in the applicable Final Terms;

“First Reset Period” means the period from and including the First Reset Date up to but excluding the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the date fixed for redemption of the Fixed Rate Reset Notes (if any);

“First Reset Rate of Interest” means the rate of interest as determined by the Calculation Agent on the relevant Reset Determination Date corresponding to the First Reset Period as the sum of the relevant Reset Rate plus the relevant Reset Margin;

“Gilt Reset Reference Bank Rate” means, in respect of a Reset Period, the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reset Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. If at least four quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided;

“Gilt Screen Page” means Bloomberg screen page “DMO2” as specified in the applicable Final Terms, or such other screen page as may replace it on Bloomberg or, as the case may be, or such other information service that may replace Bloomberg, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates;

“Initial Rate of Interest” means the initial rate of interest per annum specified in the applicable Final Terms;

“Mid-Swap Quotations” means the arithmetic mean of the bid and offered rates:

- (i) if the Specified Currency is Sterling, for a semi-annual fixed leg (calculated on an Actual/365 day count basis) of a fixed for floating interest rate swap transaction in Sterling which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 6-month LIBOR rate (calculated on an Actual/365 day count basis);

- (ii) if the Specified Currency is euro, for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis); and
- (iii) if the Specified Currency is US dollars, for the semi-annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in US dollars which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 3-month LIBOR rate (calculated on an Actual/360 day count basis);

“Mid-Swap Rate” means in respect of a Reset Period, (i) the applicable semi-annual or annualised (as specified in the applicable Final Terms) mid swap rate for swap transactions in the Specified Currency (with a maturity equal to that of the relevant Swap Rate Period specified in the Final Terms) as displayed on the Mid-Swap Screen Page at 11.00 a.m. (in the principal financial centre of the Specified Currency) on the relevant Reset Determination Date (which rate, if the relevant Interest Payment Dates are other than semi-annual or annual Interest Payment Dates, shall be adjusted by, and in the manner determined by, the Calculation Agent) or (ii) if such rate is not displayed on the Mid-Swap Screen Page at such time and date, the relevant Mid-Swap Reset Reference Bank Rate or (iii) if the Mid-Swap Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Mid-Swap Rate shall be determined as at the last preceding Reset Date (though substituting, where a different Margin is to be applied to the relevant Reset Period from that which applied to the last preceding Reset Period, the Margin relating to the relevant Reset Period in place of the Margin relating to that last preceding Reset Period) or if such no such preceding Reset Date has occurred, the Mid-Swap Rate shall be the interest rate specified in the applicable Final Terms plus the Margin;

“Mid-Swap Reset Reference Bank Rate” means the percentage rate determined on the basis of the Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at or around 11.00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date and, rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Mid-Swap Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Mid-Swap Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Mid-Swap Reset Reference Bank Rate will be the rounded quotation provided;

“Mid-Swap Screen Page” means Reuters screen page “ISDAFIX1”, “ISDAFIX2”, “ISDAFIX3”, “ISDAFIX4”, “ISDAFIX5” or “ISDAFIX6” as specified in the applicable Final Terms, or such other screen page as may replace it on Reuters or, as the case may be, on such other information service that may replace Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates;

“**Reset Date**” means each of the First Reset Date, the Second Reset Date and each of the Anniversary Dates (if any) as is specified in the applicable Final Terms;

“**Reset Determination Date**” means, in respect of a Reset Period, (a) each date specified as such in the applicable Final Terms or, if none is so specified, (b) (i) if the Specified Currency is Sterling, the first Business Day of such Reset Period, (ii) if the Specified Currency is euro, the day falling two TARGET Business Days prior to the first day of such Reset Period, (iii) if the Specified Currency is US dollars, the day falling two U.S. Government Securities Business Days prior to the first day of such Reset Period and (iv) for any other Specified Currency, the day falling two Business Days in the principal financial centre for such Specified Currency prior to the first day of such Reset Period;

“**Reset Margin**” means the margin (expressed as a percentage) in relation to the relevant Reset Period specified as such in the applicable Final Terms;

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

“**Reset Rate**” means (a) if ‘Mid-Swap Rate’ is specified in the applicable Final Terms, the relevant Mid-Swap Rate or (b) if ‘Benchmark Gilt Rate’ is specified in the applicable Final Terms, the relevant Benchmark Gilt Rate;

“**Reset Reference Banks**” means (i) in the case of the calculation of a Mid-Swap Reset Reference Bank Rate, five leading swap dealers in the principal interbank market relating to the Specified Currency selected by the Calculation Agent in its discretion after consultation with the Issuer or (ii) in the case of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers selected by the Calculation Agent in its discretion after consultation with the Issuer;

“**Second Reset Date**” means the date specified as such in the applicable Final Terms;

“**Subsequent Reset Period**” means the period from and including the Second Reset Date to but excluding the next Reset Date, and each successive period from and including a Reset Date to but excluding the next succeeding Reset Date;

“**Subsequent Reset Rate of Interest**” means, in respect of any Subsequent Reset Period, the rate of interest determined by the Calculation Agent on the Reset Determination Date corresponding to such Subsequent Reset Period as the sum of the relevant Reset Rate plus the relevant Reset Margin and together with the First Reset Rate of Interest, each a “Reset Rate of Interest”;

“**Swap Rate Period**” means the period or periods specified as such in the applicable Final Terms; and

“**U.S. Government Securities Business Day**” means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(c) ***Interest on Floating Rate Notes***

(i) **Interest Payment Dates**

Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date and such interest will be payable in arrear on either:

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

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to but excluding the next (or first) Interest Payment Date).

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

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

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

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and

foreign currency deposits) in the principal financial centre of the country of the relevant Specified

Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (known as TARGET2) which was launched on 19 November 2007 System (the “**TARGET System**”) is open.

(ii) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

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

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (a), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as “**Calculation Agent**” for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “**ISDA Definitions**”) and under which:

- (i) the Floating Rate Option is as specified in the applicable Final Terms;
- (ii) the Designated Maturity is a period specified in the applicable Final Terms; and
- (iii) the relevant Reset Date is the first day of that Interest Period unless otherwise specified in the applicable Final Terms.

For the purposes of this subparagraph (a), “**Floating Rate**”, “**Calculation Agent**” (as the context permits), “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

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

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

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (local time in the Relevant Financial Centre (as specified in the applicable Final Terms))

on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all 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 (rounded as provided above) of such offered quotations.

In respect of any such determination:

- (A) if the Relevant Screen Page is not available or if, in the case of (i) above, no offered quotation appears or, in the case of (ii) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request the principal London 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 approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations, all as determined by the Calculation Agent, plus or minus (as appropriate) the Margin (if any); or
- (B) if on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, 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, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the relevant currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the relevant currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the relevant currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest

cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period),

Where:

“**Reference Banks**” means the institutions specified as such in the applicable Final Terms or, if none are so specified, four major banks selected by the Calculation Agent (after prior consultation with the Issuer) in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR); and

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

(c) **Linear Interpolation**

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Period, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

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

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

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

Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

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

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

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

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

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

- (i) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is specified in the applicable Final Terms, 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 in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/365 (Sterling)**” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the 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:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” 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 D1 is greater than 29, in which case D2 will be 30;

- (vi) if “**30E/360**”, “**30/360 (ISMA)**” or “**Eurobond Basis**” is specified in the applicable Final Terms, 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:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” 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 D2 will be 30.

- (vii) if “**30E/360 (ISDA)**” is specified in the applicable Final Terms, 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:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” 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 D1 will be 30; and

“**D2**” 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 D2 will be 30.

(d) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will (i) in relation to Floating Rate Notes, cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date or (ii) in relation to Fixed Rate Reset Notes, determine and cause the Reset Rate of Interest and the amount of interest payable for each Determination Period falling within the relevant Reset Period, to be notified to the Issuer and any stock exchange or other relevant authority on which the relevant Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter.

In relation to Floating Rate Notes, each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression “**London Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(e) Determination or Calculation by Trustee

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Rate of Interest or to calculate any Interest Amount in accordance with Condition 5(c)(ii)(b)(A) or (B) above or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with Condition 5(c)(iv) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 5, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the

circumstances. In making any such determination or calculation, the Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute) provided, however, that if the Trustee is unable to determine a rate or an arithmetic mean (as the case may be) in accordance with this provision in relation to any Interest Period, the Rate of Interest applicable to the Floating Rate Notes during such Interest Period will be the sum of the Margin and the rate or the arithmetic mean (as the case may be) last determined in relation to the Floating Rate Notes in respect of a preceding Interest Period. Each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(f) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, whether by the Principal Paying Agent, the Calculation Agent or, if applicable, the Trustee shall (save in the case of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent, the other Agents, the Trustee and all Noteholders and Couponholders and (save in the case of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent or (if applicable) the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(g) *Accrual of interest*

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption (or, as the case may be, substitution or variation pursuant to Condition 7(c)) unless, upon due presentation thereof, payment and performance of all amounts and obligations due in respect of the Notes is not properly and duly made or is not made by reason of Condition 3. In such event, interest will continue to accrue as provided in the Trust Deed.

(h) *Deferral of interest*

(i) *Optional Deferral of Interest*

If “Optional Deferral of Interest” is specified in the applicable Final Terms in respect of the Notes, the Issuer may elect in respect of any Interest Payment Date that is not a Mandatory Interest Deferral Date by notice to the Noteholders given pursuant to Condition 14 and the Trustee as described in paragraph (iv) below to defer payment of all (but not some only) of the interest accrued to that date on all such Notes and the Issuer shall not have any obligation to make such payment on that date.

(ii) *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 pursuant to Condition 14 and the Trustee as described in paragraph (iv) below of any Mandatory Interest Deferral Date.

A certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) certifying 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.

(iii) **Arrears of Interest**

Any interest not paid on an Interest Payment Date together with any other interest not paid on any other Interest Payment Date, in each case as a result of a deferral pursuant to this Condition 5(h) or as a result of the Solvency Condition not being met, shall (without double-counting), so long as the same remains unpaid, constitute “Arrears of Interest”.

Arrears of Interest shall not themselves bear interest.

Arrears of Interest and any other amount in respect of or arising under the Notes and the Trust Deed, in respect thereof, may, subject to the Solvency Condition and to any notifications to, or consent or non-objection from (in either case if and to the extent then required by the Relevant Regulator or the Relevant Rules) the Relevant Regulator and to any other requirements under Solvency II and/or any other Relevant Rules, at the election of the Issuer, be paid in whole or in part at any time (provided that at such time a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur if payment of such Arrears of Interest was made) upon the expiration of not less than 14 days' notice to such effect (which notice shall be irrevocable) given to the Trustee and to the Noteholders (in accordance with Condition 14), but all Arrears of Interest on all Notes outstanding shall become due and payable in full subject, in the case of (a) and (c) below, to the Solvency Condition and any notification to, or consent or non-objection from (in either case if and to the extent then required by the Relevant Regulator or the Relevant Rules) the Relevant Regulator and to any other requirements under Solvency II and/or any other Relevant Rules on whichever is the earliest of:

- (a) the next Interest Payment Date which is not a Mandatory Interest Deferral Date (taking into account for this purpose the payment of Arrears of Interest on such Interest Payment Date) and (if “Optional Deferral of Interest” is specified in the applicable Final Terms in respect of the Notes) on which payment of interest in respect of the Notes is made; or;
- (b) 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 purpose of a reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction or amalgamation or substitution (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 repayable) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend; or
- (c) the date fixed for any redemption or purchase of the Notes by or on behalf of the Issuer pursuant to Condition 7.

Where Arrears of Interest are paid in part, each part payment shall be applied in payment of the Arrears of Interest accrued due in respect of the relative Interest Payment Date (or consecutive Interest Payment Dates) furthest from the date of payment.

(iv) **Notice of Deferral**

The Issuer shall notify the Noteholders in accordance with Condition 14 and the Trustee in a certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) not less than five Business Days prior to an Interest Payment Date:

- (a) (if “Optional Deferral of Interest” is specified in the applicable Final Terms in respect of the Notes) if that Interest Payment Date is an Interest Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 5(h)(i); or
 - (b) 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 five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral as soon as reasonably practicable following the occurrence of such event; or
 - (c) if interest will not be paid on that Interest Payment Date by virtue of the Solvency Condition.
- (v) **No Event of Default**

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of payment of interest on an Interest Payment Date in accordance with this Condition 5(h) or the deferral or non payment of any amount by virtue of the Solvency Condition not being met will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate or demand repayment of the Notes.

6 Payments

(a) *Method of payment*

Subject as provided below:

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

Payments will be subject in all cases to (i) any fiscal or other laws, regulations and directives applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

(b) *Presentation of Definitive Bearer Notes and Coupons*

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used in this Condition 6, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

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

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

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

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

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

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

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

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

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

(d) Payments in respect of Registered Notes

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be (i) in respect of Registered Notes in definitive form, made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date or (ii) in respect of Notes represented by a Registered Global Note, made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January (such due date or Clearing System Business Day, as the case may be, being the “**Record Date**”). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the nominal amount of the Notes held by a holder is less than US\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, “**Designated Account**” means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “**Designated Bank**” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January (such due date or Clearing System Business Day, as the case may be, being the “**Record Date**”) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of

the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition 6(d) arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

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

(e) *General provisions applicable to payments*

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

Notwithstanding the foregoing provisions of this Condition 6(e), if any amount of principal and/or interest in respect of Bearer Notes is payable in US dollars, such US dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

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

(f) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, “**Payment Day**” means any day which (subject to Condition 9) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (a) the relevant place of presentation; and
 - (b) any Additional Financial Centre specified in the applicable Final Terms; and

- (ii) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (and any Additional Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the TARGET System is open.

Save that, for the purpose of any payments made in respect of a Global Note, Conditions 6(f)(i)(a) and 6(f)(i)(b) shall be disregarded for the purpose of the definition of “Payment Day”.

(g) Interpretation of principal and interest

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

- (i) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking given in addition thereto or in substitution thereof or pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(g));
- (vi) the nominal amount of the Notes;
- (vii) the Other Tax Event Redemption Price of the Notes;
- (viii) the Capital Disqualification Event Price of the Notes;
- (ix) the Rating Event Redemption Price of the Notes; and
- (x) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking given in addition thereto or in substitution thereof or pursuant to the Trust Deed.

7 Redemption, Substitution, Variation and Purchase

(a) Redemption at maturity

- (i) Subject to the Solvency Condition being met, to Condition 7(a)(ii) and to compliance by the Issuer with regulatory rules on notification to, or consent from (in either case, if and to the extent required) the Relevant Regulator, unless previously redeemed or purchased and cancelled as specified below, the Notes will be redeemed by the Issuer at their Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date.
- (ii) No Notes shall be due for redemption, nor shall they be redeemed, on the Maturity Date pursuant to Condition 7(a)(i) or prior to the Maturity Date pursuant to Condition 7(b),

Condition 7(c), Condition 7(d) or Condition 7(e) below, if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption is made on, if Condition 7(a)(i) applies, the Maturity Date or, if Condition 7(b), Condition 7(c), Condition 7(d) or Condition 7(e) 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 7(b), Condition 7(c), Condition 7(d) or Condition 7(e) as a result of Condition 7(a)(ii) above, then subject to the Solvency Condition (in the case of (A) and (B) below only) and to any notifications to, or consent from, (in each case if and to the extent required) the Relevant Regulator, such Notes shall be redeemed at their applicable Final Redemption Amount or, as applicable, the relevant price specified in Conditions 7(b), (c), (d) or (e) 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 repayable) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend.
- (iv) If Condition 7(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 7(b), Condition 7(c), Condition 7(d) or Condition 7(e) as a result of the Solvency Condition not being met, then subject to any notifications to, or consent from, (in each case if and to the extent required) the Relevant Regulator, such Notes shall be redeemed at their applicable Final Redemption Amount or, as applicable, the relevant price specified in Conditions 7(b), (c), (d) or (e) 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 7(a)(iii) shall apply mutatis mutandis to determine the date of the redemption of the Notes.
- (v) A certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) 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 this Condition 7 or as a result of the Solvency Condition not being met will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate or demand repayment of the Notes.

(b) *Redemption, substitution or variation for tax reasons*

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

- (i)
 - (x) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided in Condition 8 as a result of any Tax Law Change; and
 - (y) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (ii) as a result of a Tax Law Change, in respect of the Issuer's obligation to make payment in respect of interest on the next 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, or (y) the Issuer would not to any material extent be entitled to have such deduction set against the profits of the companies with which it is grouped for applicable United Kingdom tax purposes (under the applicable relief or similar system in operation at the relevant time) or (z) the Issuer would otherwise suffer adverse tax consequences and, in each case, such consequences cannot be avoided by the Issuer taking reasonable measures available to it; or
- (iii) other than as a result of a Tax Law Change, in respect of the Issuer's obligation to make payment in respect of interest on the next Interest Payment Date, (w) 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, or (x) the Issuer would not to any material extent be entitled to have such deduction set against the profits of the companies with which it is grouped for applicable United Kingdom tax purposes (under the applicable relief or similar system in operation at the relevant time) and in either case the above cannot be avoided by the Issuer taking reasonable measures available to it, or (y) the Issuer would otherwise suffer adverse tax consequences, or (z) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts pursuant to Condition 8, and in each case such consequences cannot be avoided by the Issuer taking reasonable measures available to it,

then the Issuer may subject to Condition 7(f) and, in the case of (I) below, subject to the Solvency Condition and Condition 7(a)(ii), and having given not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable):

- (I) redeem all but not some only of the Notes then outstanding at any time (if the Notes are not Floating Rate Notes) or on any Interest Payment Date (if the Notes are Floating Rate Notes) at their nominal amount (in the case of a Par Tax Event) or at their Other Tax Event Redemption Price as specified in the applicable Final Terms (in the case of an Other Tax Event), unless otherwise specified in the applicable Final Terms, together, in each case, with interest accrued to but excluding the date of redemption and all Arrears of Interest (if any) as provided in Condition 5(h); provided that no such notice of redemption shall be given earlier than 90 days prior to (in the case of paragraph (b)(i) above) the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due or (in the case of paragraph (b)(ii) or (iii) above) the next Interest Payment Date; or
- (II) substitute (without any requirement for the consent or approval of the Noteholders or Couponholders) at any time all but not some only of the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying Dated Tier 2 Securities, and the Trustee shall (subject to the following provisions of this Condition 7(b)(II) and subject to the receipt by it of the certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) referred to below and in the definition of Qualifying Dated Tier 2 Securities) agree to such substitution or variation. The Trustee shall (at the expense of the Issuer) use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Dated Tier 2 Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if 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 redemption, substitution or variation pursuant to this Condition 7(b), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) stating that the Issuer is entitled to effect such redemption, substitution or variation and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and, where applicable, that the relevant obligation, the relevant event or, as the case may be, the relevant consequences as described above, cannot be avoided by the Issuer taking reasonable measures available to it. The Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders. Upon expiry of the relevant notice, the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

The Issuer may redeem the Notes pursuant to this Condition 7(b) prior to the fifth anniversary of the Issue Date of the Notes only as a result of a Tax Law Change.

In connection with any substitution or variation in accordance with this Condition 7(b), 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.

(c) *Redemption, substitution or variation on a Capital Disqualification Event*

If “Capital Disqualification Call” is specified in the applicable Final Terms in respect of the Notes, 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 shortened period as may be set out in the relevant Final Terms in respect of the Notes), the Issuer gives the notice referred to below and if, on the date of such notice, a Capital Disqualification Event is continuing, the Issuer may, subject to Condition 7(f) and, in the case of (1) below, subject to the Solvency Condition and Condition 7(a)(ii), having given not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable):

- (I) redeem all but not some only of the Notes then outstanding at any time (if the Notes are not Floating Rate Notes) or on any Interest Payment Date (if the Notes are Floating Rate Notes), at the Capital Disqualification Event Price specified in the applicable Final Terms, together with interest accrued to but excluding the date of redemption and all Arrears of Interest (if any) as provided in Condition 5(h); or
- (II) substitute (without any requirement for the consent or approval of the Noteholders or Couponholders) at any time all but not some only of the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying Dated Tier 2 Securities, and the Trustee shall (subject to the following provisions of this Condition 7(c)(II) and subject to the receipt by it of the certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) referred to below and in the definition of Qualifying Dated Tier 2 Securities) agree to such substitution or variation. The Trustee shall (at the expense of the Issuer) use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Dated Tier 2 Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if 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 7(c) the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) stating that a Capital Disqualification Event has occurred and is continuing as at the date of the certificate. The Trustee shall be entitled to accept such certificate as sufficient evidence of the occurrence and continuation of a Capital Disqualification Event, in which event it shall be conclusive and binding on the Noteholders and the Couponholders. Upon expiry of the relevant 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 7(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.

(d) *Redemption at the option of the Issuer (Issuer Call)*

If "Issuer Call" is specified in the applicable Final Terms in respect of the Notes, the Issuer may, subject to Conditions 7(a)(ii), 7(f) and the Solvency Condition and having given not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and to the Noteholders in accordance with Condition 14 (which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date and all Arrears of Interest (if any) as provided in Condition 5(h). Any such redemption must be of a nominal amount not less than the Minimum Redemption

Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes or represented by a Global Note shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding and Notes outstanding represented by such Global Note, respectively, bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amounts to ensure that each represents an integral multiple of the Specified Denomination. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7(d) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

Unless otherwise specified in the applicable Final Terms, the Optional Redemption Amount in respect of Fixed Rate Notes denominated in Sterling shall be the higher of the following:

- (i) the nominal amount of the Notes to be redeemed; and
- (ii) that price per Note (the “**Redemption Price**”), expressed as a percentage (rounded to three decimal places, 0.0005 being rounded down), at which the Gross Redemption Yield on the Notes, if they were to be purchased at such price on the third dealing day prior to the date of publication of the notice of redemption, would be equal to the Gross Redemption Yield on such dealing day of the Reference Stock (or, if such stock is no longer in issue, of such other United Kingdom government stock as the Trustee, with the advice of three leading brokers operating in the gilt-edged market and/or gilt-edged market makers or such other three persons operating in the gilt-edged market as the Trustee may approve, shall determine to be appropriate (the “**Alternative Reference Stock**”)) on the basis of the middle market price of the Reference Stock or the Alternative Reference Stock, as the case may be, prevailing at 11.00 a.m. on such dealing day as determined by the Principal Paying Agent (or such other person as the Trustee may approve).

References in the Trust Deed and in these Conditions to “principal” shall, unless the context otherwise requires, be deemed to include a reference to the Redemption Price.

The “**Gross Redemption Yield**” on the Notes and on the Reference Stock or the Alternative Reference Stock, as the case may be, will be expressed as a percentage and will be calculated on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields” page 4, Section One: Price/Yield Formulae “Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8 June 1998 and updated on 15 January 2002 and as further updated or amended from time to time) or on such other basis as the Trustee may approve.

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

If “Rating Methodology Call” is specified in the applicable Final Terms in respect of the Notes, and if after a date (the “**Rating Methodology Event Commencement Date**”) specified as such in such Final Terms 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 (or such shorter period as may be set out in the relevant Final Terms in respect of the Notes), the Issuer may, subject to Condition 7(f) and in the case of (I) below, subject to the Solvency Condition and Condition 7(a) (ii), having given not less than 30 nor more than 60 days’ notice to the Trustee and the Principal Paying Agent and to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), and provided that on the date of such notice the Rating Methodology Event is continuing:

- (I) redeem all, but not some only, of the Notes (unless otherwise specified in the applicable Final Terms) at any time (if the Notes are not Floating Rate Notes) or on any Interest Payment Date (if the Notes are Floating Rate Notes), at their Rating Event Redemption Price, together with interest accrued to but excluding the date of redemption and all Arrears of Interest (if any) as provided in Condition 5(h); or
- (II) substitute (without any requirement for the consent or approval of the Noteholders or the Couponholders) at any time all but not some only of the Notes for, or vary the terms of the Notes so that they remain or become, Rating Agency Compliant Securities, and the Trustee shall (subject to the following provisions of this Condition 7(e) (II) and subject to the receipt by it of the certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) referred to below and in the definition of Qualifying Dated Tier 2 Securities and Rating Agency Compliant Securities) agree to such substitution or variation. The Trustee shall (at the expense of the Issuer) 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 if 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 7(e) the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) stating that a Rating Methodology Event has occurred and is continuing as at the date of the certificate. The Trustee shall be entitled to accept such certificate as sufficient evidence of the occurrence and continuation of a Rating Methodology Event, in which event it shall be conclusive and binding on the Trustee and the Noteholders and the Couponholders. Upon expiry of the relevant 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 7(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) ***Condition 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 such redemption, substitution, variation or purchase shall be otherwise permitted under the Relevant Rules applicable to it from time to time. A certificate from any two Authorised Signatories of the Issuer confirming such compliance shall be conclusive evidence of such compliance.

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

- (i) pursuant to Conditions 7(b), (c) or (e) only, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories 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 shall 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 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 and shall be otherwise permitted under the Relevant Rules.

(g) *Early Redemption Amounts*

For the purpose of Condition 10 and if specified in respect of any other Condition of the Notes in the applicable Final Terms, each Note will be redeemed at its Early Redemption Amount calculated as follows:

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

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

Where:

“**RP**” means the Reference Price;

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

“**y**” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

(h) Purchases

The Issuer or any of its Subsidiaries or Subsidiary Undertakings (as defined in the Trust Deed) may (subject to Condition 7(f)) at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

(i) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7(h) (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(j) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7 (a), (b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7(g)(iii) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8 Taxation

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

- (a) to, or to a third party on behalf of, a holder (or beneficial owner) who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (b) to, or to a third party on behalf of, a holder (or beneficial owner) who could lawfully avoid (but has not so avoided) such withholding or deduction by making or procuring that any third

- party makes a declaration of non-residence or other similar claim for exemption or relief to any tax authority in a place where the relevant Note or Coupon is presented for payment; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a Payment Day (as defined in Condition 6(f)); or
 - (d) presented for payment in the United Kingdom; or
 - (e) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; or
 - (f) 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 in a Member State of the European Union; or
 - (g) for any combination of the items listed in paragraphs (a) to (f) above.

9 Prescription

The Notes (whether in bearer or registered form) and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 9 or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

10 Events of Default

(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 in respect of the Notes 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. Any payment of interest in respect of the Notes may be deferred pursuant to Condition 5 in its entirety and if so deferred will not be due. In addition, in the case of payment of principal, such payment will be deferred and will not be due if Condition 7(a)(ii) applies.

If the Issuer shall default in making any payment in respect of any interest or principal due in respect of the Notes for a period of seven days or more after the date on which such payment is due, the Trustee may institute proceedings for the winding-up of the Issuer in England and Wales and/or prove in any winding up or administration of the Issuer and/or claim in the liquidation of the Issuer for such payment.

No payment in respect of the Notes, the Coupons or the Trust Deed may be made by the Issuer pursuant to this Condition 10, 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 a competent court or a resolution is 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 or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction or amalgamation or substitution (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 repayable) 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 the provisions of 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 Early Redemption Amount together with accrued interest and any Arrears of Interest.

(c) *Enforcement*

Without prejudice to Conditions 10(a) and 10(b), the Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Notes or the relative Coupons (other than for the payment of any amount in respect of or arising under the Notes or the relative Coupons or the Trust Deed, including any damages awarded for breach of any obligations of the Issuer) if the Issuer is in default of such term or condition and fails to remedy such default within 14 days after notice of the same has been given to the Issuer provided that the Issuer shall not 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 and/or proving in any winding-up or administration of the Issuer and/or claiming in any liquidation of the Issuer in respect of any payment due from the Issuer in respect of or arising under the Notes or the relative Coupons or the Trust Deed (including without limitation payment of any principal, premium or interest in respect of the Notes, damages awarded for any breach of any obligations of the Issuer).

(d) *Entitlement to the Trustee*

The Trustee shall not be bound to take any of the actions referred to in Condition 10(a), (b) or (c) against the Issuer to enforce the terms of the Trust Deed, the Notes or the relative Coupons, or to take any other action under these Terms and Conditions or the Trust Deed, 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 nominal 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 etc.*

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer in England and Wales or to prove in any winding-up or administration of the Issuer and/or claim in any liquidation of the Issuer unless the Trustee, having become bound so to proceed or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the

Noteholder or Couponholder shall only have such rights against the Issuer as those which the Trustee is entitled to exercise.

(f) *Extent of remedies*

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee or any Noteholder or Couponholder (i) for the recovery of amounts owing in respect of or arising under the Notes or the relative Coupons or the Trust Deed or (ii) for the breach of any other term or condition binding on the Issuer under the Trust Deed, the Notes or the relative Coupons or in respect of any breach by the Issuer of any of its obligations under or in respect of the Notes or the relative Coupons or the Trust Deed, provided that nothing in this Condition 10 shall affect or prejudice the payment of costs, charges, expenses, liabilities or remuneration of the Trustee or rights and remedies of the Trustee in respect thereof.

11 Replacement of Notes, Coupons and Talons

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

12 Agents

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

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

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or have been admitted to listing and/or trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Paying Agent and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (c) there will at all times be a Paying Agent in a place approved by the Trustee (such approval not to be unreasonably withheld or delayed) in continental Europe, for the avoidance of doubt excluding the UK; and
- (d) there will at all times be a Paying Agent in a Member State of the European Union (other than the United Kingdom in circumstances where a withholding tax is imposed in the United Kingdom) that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

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

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain circumstances described therein, the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders.

13 Exchange of Talons

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

14 Notices

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to listing and/or trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or have been admitted to listing and/or trading by any other relevant authority and the rules of that stock exchange or other relevant authority so require, such notices will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or other relevant authority. It is expected that such publication will be made in the Financial Times in London.

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

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

15 Meetings of Noteholders, Modification and Waiver

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer at the request of Noteholders holding not less than 5 per cent. in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of, or the amount payable on redemption of, the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders. The 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 Condition 7(b) or 7(c) in connection with the substitution or variation of the Notes so that they become Qualifying Dated Tier 2 Securities or in the circumstances described in Condition 7(e) 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 Condition 7(b), 7(c) or 7(e), as the case may be.

The Trustee may (subject as provided below) agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification of any of the provisions of these Terms and Conditions, the Notes, the Coupons or the Trust Deed which is not in the opinion of the Trustee materially prejudicial to the interests of the Noteholders; or
- (b) any modification of any of the provisions of these Terms and Conditions, the Notes, the Coupons or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

The Trustee may also agree, without the consent of the Noteholders or Couponholders, to the waiver or authorisation of any breach or proposed breach of any of these Terms and Conditions or any of the provisions of the Trust Deed or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders.

No modification to these Terms and Conditions or any other provisions of the Trust Deed appertaining to the Notes 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).

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

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

16 Substitution

The Trustee may agree, without the consent of the Noteholders or the Couponholders, to the substitution at any time or times of any Subsidiary of the Issuer in place of the Issuer as principal debtor, subject to the irrevocable and unconditional guarantee of the Issuer.

Any such substitution shall also be subject to the relevant provisions of the Trust Deed, including a provision to the effect that the Trustee shall have received confirmation in writing from any rating agency which, at the request of the Issuer, shall have assigned a credit rating to the Notes that such substitution by itself and the circumstances pertaining to the substitution will not result in a downgrading of the then current credit rating assigned to the Notes by such rating agency.

17 Further Issues

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

18 Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, Coupons or Talons, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

19 Definitions

“**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;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London.

“**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 either:
 - (a) the Notes outstanding at such time; or
 - (b) any indebtedness outstanding at such time and classified in the same category as the Notes by the Supplementary Supervisor or the Group Supervisor, as appropriate, for the purposes of any transitional or grandfathering provisions under the Directive, Solvency II or the Relevant Rules, as appropriate,

are capable of counting:

- (A) as cover for capital requirements or treated as own funds (however such terms might be described in the Directive, Solvency II or their Relevant Rules) applicable to the Issuer or the Group, whether on a solo, group or consolidated basis; or
- (B) as Tier 2 Capital for the purposes of the Issuer or the Group, whether on a solo, group or consolidated basis,

except where in either case of (A) or (B) above 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);

“**Capital Disqualification Event Price**” has the meaning given to it in the relevant Final Terms;

“**Companies Act**” means the Companies Act 2006 (as amended);

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

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

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

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

“**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;

“**Insolvent Insurer Winding-Up**” means:

- (i) the winding-up of any insurance undertaking within the Group; or
- (ii) the appointment of an administrator of any insurance undertaking within the Group,

in each case, where the assets of that insurance undertaking within the Group may or will be insufficient to meet all the claims of the policyholders pursuant to a contract of insurance of that insurance undertaking which is in winding-up or administration (and for these purposes, the claims of policyholders pursuant to a contract of insurance shall include all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-up of insurance companies to reflect any right to receive or expectation of receiving benefits which policyholders may have);

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

“**Interest Commencement Date**” has the meaning given to it in the relevant Final Terms;

“**Issue Date**” has the meaning given to it in the relevant Final Terms;

“**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 such term by the Relevant Regulator, and shall, following the implementation of Solvency II or any other change in law of any Relevant Rules such that Lower Tier 2 Capital ceases to be a 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;

“**Maturity Date**” has the meaning given to it in the relevant Final Terms and, if specified, will be at least ten years from the Issue Date;

“**Minimum Capital Requirement**” means the Minimum Capital Requirement, the minimum group Solvency Capital Requirement or other minimum capital requirements (as applicable) referred to in Solvency II or the Relevant Rules;

“**Other Tax Event**” means an event of the type described in Condition 7(b)(iii);

“**Par Tax Event**” means an event of the type described in Condition 7(b)(i) and/or 7(b)(ii);

“**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 Dated 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 conclusively evidenced by a certificate to such effect (including as to the consultation with the independent investment bank and to each of the matters specified in (1) to (7) below) signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) 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 such securities shall (1) contain terms which comply with the then current requirements of the

Relevant Regulator in relation to Tier 2 Capital, (2) bear at least the same rate of interest as from time to time applying to the Notes and preserve the same 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 an investor than the mandatory deferral provisions contained in these Terms and Conditions, (4) rank senior to, or pari passu with, the Notes, (5) 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, (6) not contain any term which provides for, requires or entitles the Issuer to effect any loss absorption through a write-down of the principal of such securities or conversion of such securities into ordinary shares of the Issuer, (7) have the same Maturity Date and (8) preserve any existing rights under these Conditions to any accrued interest, any Arrears of Interest and any other amounts payable under the Notes (if applicable) which, in each case, has accrued to Noteholders and has not been paid; and

- (ii) are listed or admitted to trading on the London Stock Exchange's Regulated Market, the Luxembourg Stock Exchange or such other stock exchange as is a Recognised Stock Exchange (as defined in section 1005 of the Income Tax Act 2007, as amended from time to time, and any provision, statute or statutory instrument replacing the same from time to time) at that time as selected by the Issuer and approved by the Trustee;

“Rating Agency” has the meaning given to it in the Final Terms in respect of the Notes;

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

- (i) Qualifying Dated 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 Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) shall have been delivered to the Trustee prior to the issue of the relevant securities;

“Rating Event Redemption Price” has the meaning given to it in the relevant Final Terms;

“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;

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

“Regulatory Deficiency Interest Deferral Event” means any event (including, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement to be breached and such breach is an event) which under Solvency II and/or under the Relevant Rules means that the Issuer must defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital under Solvency II and any other Relevant Rules without the operation of any grandfathering provisions);

“Regulatory Deficiency Redemption Deferral Event” means any event (including, without limitation, where an Insolvent Insurer Winding-Up has occurred and is continuing and any event which causes any Solvency Capital Requirement or Minimum Capital Requirement to be breached and such breach is an event) which under Solvency II and/or under the Relevant Rules means that the Issuer must defer or suspend repayment or redemption of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital under Solvency II and any other Relevant Rules without the operation of any grandfathering provisions);

“Relevant Date” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14;

“Relevant Regulator” means the UK Prudential Regulation Authority or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Issuer, or if the UK Prudential Regulation Authority 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) or any other regulator which has prudential supervisory authority with respect to the Issuer from time to time;

“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 any relevant prudential rules for insurers applied by the Relevant Regulator and any amendment, supplement or replacement of either thereof from time to time relating to the characteristics, features or criteria of own funds or capital resources;

“Senior Creditors” means (a) policyholders (if any) of the Issuer (and, for the avoidance of doubt, the claims of Senior Creditors who are policyholders shall include all amounts to which they would be entitled under applicable legislation or rules relating to the winding-up of insurance companies to reflect any right to receive or expectation of receiving benefits which policyholders may have), (b) creditors of the Issuer who are unsubordinated creditors of the Issuer and (c) 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 including, without limitation, by virtue of the operation of any grandfathering provisions by the Relevant Regulator, Tier 1 Capital (issued prior to Solvency II Implementation) which following Solvency II Implementation is grandfathered as Tier 2 Capital, Upper Tier 2 Capital (issued prior to Solvency II Implementation), 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 Directive or the Relevant Rules;

“Solvency II” means the Solvency II Directive and any implementing measures adopted pursuant to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of regulation or by further 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 implementation by the Relevant Regulator of Solvency II or any other change in law or any Relevant Rules only if such implementation or other changes result in Upper Tier 2 Capital and Lower Tier 2 Capital ceasing to be recognised tiers of capital;

“**Subsidiary**” means any company which is for the time being a subsidiary of the Issuer (within the meaning of section 1159 of the Companies Act 2006 or section 736 of the Companies Act 1985);

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

“**Tax Jurisdiction**” means the United Kingdom (or, if a Subsidiary has been substituted for the Issuer (pursuant to Condition 16), such Subsidiary's jurisdiction of incorporation) or any political subdivision or authority therein or thereof having the power to tax;

“**Tax Law Change**” means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of the United Kingdom or any political subdivision or 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 (x) (subject to (y)) becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes (or, if a Subsidiary has been substituted for the Issuer (pursuant to Condition 16 or otherwise) which is subject to one or more additional Tax Jurisdictions, then, in relation to such additional Tax Jurisdictions only, after the date of such substitution) (the “**Tax Law Change Date**”), or (y) 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 Tax Law Change Date;

“**Tier 1 Capital**” has the meaning given to it by the Relevant Regulator from time to time;

“**Tier 2 Capital**” has the meaning given to it by the Relevant Regulator from time to time;

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

“**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 by the Relevant Regulator from time to time.

20 Governing Law and Submission to Jurisdiction

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

The Issuer irrevocably agrees, for the benefit of the Trustee, the Noteholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Talons, the Coupons and any non-contractual

obligations arising out of or in connection with them and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders and the Couponholders, may take any suit, action or proceedings arising out of or in connection with the Trust Deed, the Notes, the Talons, the Coupons and any non-contractual obligations arising out of or in connection with them, against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

FINAL TERMS APPLICABLE TO THE NOTES

References in the Terms and Conditions to Final Terms shall be deemed to refer to the final terms set out below.

Final Terms dated 30 October 2015

Old Mutual plc
Issue of
£450,000,000 7.875 per cent. Subordinated Notes due 3 November 2025
under the
£5,000,000,000 Euro Note Programme

Part A – Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of, and must be read in conjunction with, the Terms and Conditions set forth in the Prospectus dated 30 October 2015 relating to the Notes (the “**Prospectus**”).

1	Issuer:	Old Mutual plc
2	(a) Series Number:	29
	(b) Tranche Number:	1
	(c) Date on which the Notes will be consolidated and form a single Series:	Not Applicable
3	Specified Currency or Currencies:	Sterling (“£”)
4	Aggregate Nominal Amount	
	(a) Series:	£450,000,000
	(b) Tranche:	£450,000,000
5	Issue Price:	100 per cent. of the Aggregate Nominal Amount
6	(a) Specified Denominations:	£100,000 and integral multiples of £1,000 in excess thereof
	(b) Calculation Amount:	£1,000
7	(a) Issue Date:	3 November 2015
	(a) Interest Commencement Date:	Issue Date
8	Maturity Date:	3 November 2025
9	Interest Basis:	7.875 per cent. Fixed Rate (see paragraph 13 below)
10	Redemption Basis:	Subject to any purchase and cancellation or early redemption in accordance with the Conditions, the Notes will be redeemed on the Maturity Date at the Final Redemption Amount (See paragraph 22 below)
11	Put/Call Options:	Not Applicable

12	(a) Status of the Notes:	Dated Tier 2
	(b) Date Board/Committee approval for issuance of Notes obtained:	29 January 2015, 17 September 2015 and 21 October 2015 respectively

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13	(a) Fixed Rate Note Provisions	Applicable
	(b) Rate(s) of Interest:	7.875 per cent. per annum payable semi-annually in arrear on each Interest Payment Date
	(c) Interest Payment Date(s):	3 November and 3 May in each year up to and including the Maturity Date
	(d) Fixed Coupon Amount(s):	£39.375 per Calculation Amount
	(e) Broken Amount(s):	Not Applicable
	(f) Day Count Fraction:	Actual/Actual (ICMA)
	(g) Determination Date(s):	3 November and 3 May in each year
14	Fixed Rate Reset Note Provisions	Not Applicable
15	Floating Rate Note Provisions	Not Applicable
16	Zero Coupon Note Provisions	Not Applicable
17	Optional Deferral of Interest:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

18	Capital Disqualification Call:	Applicable
	(i) Capital Disqualification Event Price:	£1,000 per Calculation Amount
19	Rating Methodology Call:	Not Applicable
20	Issuer Call:	Not Applicable
21	Investor Put:	Not Applicable
22	Final Redemption Amount:	Redemption at par
23	Early Redemption Amount payable on event of default:	Condition 7(g)(i) applies
24	Amount of each Note payable if a Par Tax Event occurs:	Nominal amount
25	Other Tax Event Redemption Price of each Note payable if an Other Tax Event occurs:	Nominal amount
26	Regulatory Redemption Event:	Not Applicable
27	Specified Currency Unit if Specified Currency is other than sterling (Tier 1 Notes):	Not Applicable
28	Specified Date:	Not Applicable
29	Suspension Redemption Price:	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

30	Form of Notes:	
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Registered Notes: Regulation S Global Note
(£450,000,000 nominal amount) registered in the
name of a nominee for a common depository for
Euroclear and Clearstream, Luxembourg

New Safekeeping Structure: No

- | | | |
|-----------|---|----------------|
| 31 | Additional Financial Centre(s): | Not Applicable |
| 32 | Talons for future Coupons to be
attached to Definitive Notes (and
dates on which such Talons mature): | No |

Signed on behalf of the Issuer:

By:

Duly authorised

Part B – Other Information

1 Listing and Admission to trading

- | | |
|---|---|
| (a) Listing: | London Stock Exchange |
| (a) Admission to trading: | Application has been made for the Notes to be admitted to trading on the Regulated Market of the London Stock Exchange with effect from 3 November 2015 |
| (c) Estimate of total expenses related to admission to trading: | £4,320 |

2 Ratings

- | | |
|----------|---|
| Ratings: | The Notes to be issued are expected to be assigned the following ratings:
Fitch Ratings Limited: BB+
Moody's Investors Service Limited: Ba1 |
|----------|---|

3 Interests of Natural and Legal Persons involved in the Issue

Save for any fees payable to the Joint Lead Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. See "General Information – Joint Lead Managers transacting with the Issuer" on page 72 of the Base Prospectus.

4 Fixed Rate Notes only - Yield

- | | |
|----------------------|---------------------------|
| Indication of yield: | 7.875 per cent. per annum |
|----------------------|---------------------------|

5 Operational Information

- | | |
|---|--------------------------|
| (a) ISIN Code: | XS1312138750 |
| (b) Common Code: | 131213875 |
| (c) 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 |
| (d) Delivery: | Delivery against payment |
| (e) Names and addresses of additional Paying Agent(s) (if any): | Not Applicable |
| (f) In the case of Registered Notes, specify the location of the Registrar if other than Jersey: | London |
| (g) Name and address of Calculation Agent: | Not Applicable |
| (h) Name and address of AISM Calculation Agent: | Not Applicable |

6 Distribution

- | | |
|--------------------------|---|
| US Selling Restrictions: | Reg. S. Compliance category: Category 2; TEFRA not applicable |
|--------------------------|---|

THE OLD MUTUAL GROUP

The Issuer was incorporated and registered in England and Wales on 26 June 1998 as a private company limited by shares under the Companies Act 1985 with the name Laudum (No. 1) Limited. Its name changed to Old Mutual Group Limited on 3 November 1998 and to Old Mutual Group plc on 6 November 1998 when it was re-registered as a public limited company. It changed to Old Mutual plc on 19 November 1998.

The Issuer is the parent company of Old Mutual Group, which is an international investment, savings, insurance and banking group. It is headquartered in the United Kingdom and the Issuer is primarily listed on the London Stock Exchange. It also has its shares listed on the Malawi, Namibia and Zimbabwe Stock Exchanges and on the JSE. As at 31 December 2014 it had a market capitalisation of £9.3 billion.

Based on the Issuer's published audited consolidated financial statements for the financial year ended 31 December 2014 and the unaudited financial statements for the half year ended 30 June 2015, the Issuer's adjusted operating profit on an IFRS basis (including minority interests) was £1,605 million for the full year ended 2014 and £904 million for the 6 months ended 30 June 2015. As at 30 June 2015, the Group had funds under management of £335.7 billion (excluding non-core operations), of which £283.4 billion were managed outside South Africa. Old Mutual operates in North America, Europe, Africa, Asia and Latin America and its principal businesses comprise life assurance, asset management, banking and general insurance.

Emerging Markets

The "Emerging Markets" business segment of the Issuer operates in 19 countries across Africa, Latin America and Asia. It provides individuals, businesses, corporates and institutions with long-term savings, protection, general insurance (or property & casualty insurance), banking & lending and investment solutions.

South Africa

The Group's business in South Africa is one of the largest and longest-established financial services providers in the country. It operates through five business segments:

- Retail Affluent offers a wide range of wealth creation and protection products, as well as asset management, products and services to customers in the middle-income bracket and to high net worth customers.
- Mass Foundation offers a wide range of savings and protection products to customers in the lower income and foundation market, as well as loans through its subsidiary, Old Mutual Finance.
- Corporate caters for the needs of institutional and corporate investors through retirement and group risk products.
- Old Mutual Investment Group is a multi-boutique asset management and investment business that offers clients access to a full range of investment offerings, styles and asset classes.
- The P&C business in South Africa primarily operates under the Mutual & Federal brand. It provides a full range of short-term insurance products to commercial and domestic customers in four principal portfolios: Personal, Commercial, Corporate & Niche and Credit Insurance, underwritten by a subsidiary of Mutual & Federal. It also provides a direct insurance offering, iWYZE, in partnership with Mass Foundation and Nedbank's retail business.

Rest of Africa

The Group's business operates predominately in sub-Saharan Africa across a broad range of countries including Swaziland, Namibia, Zimbabwe, Malawi, Kenya, Ghana, Botswana and Nigeria. The recent completion of the acquisition of UAP Holdings provides access to 5 new markets for the Group (South Sudan, Democratic Republic of Congo, Rwanda, Tanzania and Uganda) in addition to its Kenyan operations. It offers various corporate and retail solutions in the areas of life and savings, property & casualty, asset management and banking and lending.

Asia and Latin America

In Latin America, the Group's business has operations in Mexico and Colombia and AIVA, a distribution platform based in Uruguay, spanning the Latin American region, serving both the OMEM and OM Wealth business. In Asia, the Group's business operates joint ventures with Kotak Mahindra Bank in India and China Guodian Corporation in the People's Republic of China.

Old Mutual Wealth

Old Mutual Wealth is one of the UK's largest investment and asset management businesses. As a vertically integrated wealth management business, it provides advice-led investment solutions to customers in the UK, Italy, and a number of international cross-border markets – including the Far East, Middle East, Europe, Latin America and South Africa.

Old Mutual Wealth acquired the Intrinsic adviser network in July 2014 and Quilter Cheviot, a discretionary fund manager, in February 2015. It also sold six of its European businesses in 2014 and early 2015, and announced the sale of its Swiss business in May 2015, aiming to simplify its operations to focus on a select number of core growth markets while reducing operational and regulatory risk exposure.

The business operates through the following segments:

- In the UK Old Mutual Wealth is a leading provider of platform-based retail investments, offering solutions for wealth building and management. It serves a largely affluent and high net-worth customer base through multi-channel distribution.
- Old Mutual Global Investors (OMGI) is a leading UK-based investment manager, with experienced portfolio managers and a long-term track record. It distributes products through wholesale channels and other Group businesses, and is committed to providing responsible investment options that meet customers' needs.
- The International cross-border business focuses on high-net worth and affluent local customers and expatriates in key markets across the world. Advice-led product ranges serves its needs from a number of international jurisdictions.
- Intrinsic is the UK's largest distribution network with over 3,000 financial advisers, offering expert individual advice to help its customers plan for their financial future.
- Quilter Cheviot a UK based discretionary investment manager, building and actively managing investment portfolios tailored to the individual needs of an affluent and high net-worth client base.
- Old Mutual Wealth Italy offers saving and investment solutions for affluent and high net-worth customers, distributed through private banking partners.

The project to build a best-in-class platform and outsource various administration functions to International Financial Data Systems (IFDS) is currently underway. The system is expected to go live at the start of 2017, with the timing dependent on minimising customer disruption and the outcome of detailed testing.

Banking: Nedbank

Old Mutual's banking business is conducted primarily through Nedbank. Nedbank services multiple market segments. It provides a wide range of wholesale and retail banking services and a growing insurance, asset management and wealth management offering through three main business clusters: Nedbank Retail & Business Banking, Nedbank Corporate & Investment Bank and Nedbank Wealth. Nedbank Group is listed on the Johannesburg and Namibian Stock Exchanges, with a market capitalisation of over Rand120 billion at the end of 2014. The Issuer is the majority shareholder of Nedbank, with a 54% stake as at 31 December 2014.

Headquartered in Sandton, Johannesburg, Nedbank has a regional branch network of over 1,050 staffed outlets across South Africa, banking subsidiaries in six African countries – Namibia, Lesotho, Malawi, Swaziland and Zimbabwe – and an initial shareholding of 36.4% in Banco Único in Mozambique. In addition, Nedbank has representative offices in Kenya and Angola and a presence in key financial centres including London, the Isle of Man, Guernsey, Toronto and Dubai. Since 2008 Nedbank has had a strategic alliance with Ecobank Transnational International (ETI), a banking group based in Togo, West Africa. This has enabled Nedbank to service its customers in 39 countries across Africa. During 2014 it became a 20% shareholder in ETI.

Nedbank business clusters:

- Nedbank Corporate and Investment Bank provides the full spectrum of transactional, corporate, investment banking and markets solutions, including lending products, advisory services, leverage financing, trading, broking, structuring, hedging and client coverage. Solutions are characterised by an integrated partnership approach with expertise in a broad spectrum of product and relationship-based solutions including:
 - Specialist corporate finance advice – the foundation of end-to-end solutions;
 - Innovative products and services - particularly foreign exchange, fixed income, commodities and credit solutions;
 - Customised transactional banking – tailored to suit specific business needs; and
 - Commercial property finance – development solutions for the commercial, industrial, retail and residential property sectors.
- Nedbank Retail and Business Banking provides (i) services to cater for the financial needs of individuals and small businesses with less than Rand10 million turnover per annum, including transactional, card, lending, deposit-taking, risk management and investment products/services, as well as card-acquiring services for business and (ii) commercial banking solutions for small-to-medium-sized businesses with a turnover of Rand10 million to Rand700 million per annum, as well as to business owners, households and employees.
- Nedbank Wealth provides broad-based financial services and solutions of wealth management, asset management and insurance to clients of Nedbank Group. It has offices in South Africa, London, the Isle of Man, Jersey, Guernsey and the United Arab Emirates.
- Rest of Africa has operations in Lesotho, Malawi, Namibia, Swaziland and Zimbabwe (MBCA) and operates representative office in Kenya and Angola. The division has investments in Banco Unico

(Mozambique) and Ecobank Transnational Incorporated (Togo). Rest of Africa is the custodian of the Ecobank–Nedbank Alliance.

Institutional Asset Management

Institutional Asset Management comprises the US-based affiliates of the Issuer, whose intermediate parent company is OM Asset Management Plc (“**OMAM**”), and Rogge Global Partners Plc. OMAM is a global multi-boutique investment organisation based in Boston. It serves institutional investors around the world. OMAM’s boutique firms offer a diverse set of products to a wide range of institutions around the globe. Most of the boutiques have profit-sharing arrangements in which they earn a percentage of operating profit. Most also have long-term equity plans in place for management and staff. This ensures that each boutique’s interests are closely aligned with OMAM’s shareholders and customers. OMAM’s focus continues to be on generating growth in the portfolio, primarily through organic growth of its boutique firms, collaborative growth generated through new product and channel initiatives and seed capital, and complementary global distribution. Selective non-organic growth opportunities which are additive to the portfolio are also being considered.

On 15 October 2014, the Issuer announced the closing of the initial public offering of OMAM and shares began trading on the New York Stock Exchange on 9 October 2014. Additionally, on 22 June 2015, the Issuer announced the closing of its secondary public offering of OMAM at \$17.50 per share. Rogge Global Partners Plc is a global fixed income specialist providing institutional investors with sophisticated global fixed income strategies and reports directly to the Issuer.

Bermuda

Old Mutual’s Bermuda operations (“**Bermuda**”) were closed to new business in March 2009. The business continues to implement its run-off strategy of risk reduction while managing for value. Ongoing business service improvements, enhancements to liability management and further de-risking initiatives, targeted specifically at contracts that have elected the Guaranteed Minimum Accumulation Benefits (“**GMAB**”), are designed to accelerate the run-off of the in-force book.

- Given the slower run-off of the book after the fifth year policy anniversaries which completed in 2013, subsequent lower overall business levels and the significant release of capital in 2013-2014, sizeable capital releases are not anticipated in the run-up to the 10-year policy anniversaries in 2017 and 2018.
- The business has established a reinsurance entity in Bermuda, Old Mutual (Bermuda) Re Ltd (OMBRE). OMBRE has been licensed in Bermuda for the sole purpose of accepting the GMAB risk of Bermuda. OMBRE has been capitalised with existing Bermuda capital and has assumed Bermuda's hedging programmes with effect from 1 July 2015.
- The remaining guarantee reserve was \$74 million at 30 June 2015 (30 June 2014: \$56 million).

Bermuda remains a non-core business. Its results are excluded from the Group’s IFRS adjusted operating profit (“**AOP**”), although the interest charged on internal loans from Bermuda to the Group’s Head Office is charged to AOP.

Directors of Old Mutual plc

At the date of this Prospectus, the Directors of Old Mutual plc, their functions and their outside activities (if any) are as follows:

Name	Function within Old Mutual plc	Outside Activities
Patrick Henry Pierce O'Sullivan	Non-executive Chairman and Chairman of the Nomination and Governance Committee	Chairman of Equity Syndicate Management at Lloyd's of London.
Julian Victor Frow Roberts ¹	Group Chief Executive	Non-executive Director of Nedbank Group Limited and Nedbank Limited and Chairman of OM Asset Management plc.
Ingrid Gail Johnson	Group Finance Director	None.
Paul Brendan Hanratty	Chief Operating Officer	Non-executive Director of Nedbank Group Limited and Nedbank Limited.
Michael Arnold	Non-executive Director and Chairman of the Board Risk Committee	Non-executive Director of Financial Information Technology Limited and Scottish Equitable Policyholders Trust Limited.
Zoe Cruz	Non-executive Director	Founder and CEO of EOZ Global.
Alan Raymond Gillespie	Non-executive Director	Senior Independent Director of United Business Media plc, Chairman of the Economic & Social Research Council.
Danuta Gray	Non-executive Director and Chairman of the Remuneration Committee	Non-executive Director of Paddy Power PLC, Michael Page International Plc, Aldermore Group plc and Aldermore Bank plc.
Adiba Ighodaro	Non-executive Director	Partner, Investor Development, at Actis LLP.
Roger Michael James Marshall	Non-executive Director and Chairman of the Group Audit Committee	Chairman of the Accounting Council and a Director of the Financial Reporting Council. Non-executive Director of Genworth Financial's European insurance companies, Non-executive director of Pension Insurance Corporation plc.
Nkosana Donald Moyo	Non-executive Director	Executive Chairman of the

¹ On 15 April 2015, the Issuer announced that Bruce Hemphill was expected to replace Julian Roberts as Group Chief Executive by the end of 2015. This has now been confirmed, with an effective starting date for Mr. Hemphill of 1 November 2015. Julian Roberts will accordingly step down as a Director of the Issuer from 31 October 2015.

Vassi Naidoo	Non-executive Director	Mandela Institute for Development Studies. Member of the board of the African Leadership Institute. Chairman of Nedbank Group Limited and Nedbank Limited.
Nonkululeko Nyembezi-Heita	Non-executive Director	Chief Executive Officer of Ichor Coal N.V., Non-executive Director of Macsteel Global S.a.r.l BV and Non-executive Chairman of JSE Limited.

The business address of the Directors is 5th Floor, Millennium Bridge House, 2 Lambeth Hill, London EC4V 4GG.

Save for Mr Naidoo's Chairmanship of Nedbank Group Limited (which has caused the company to classify him as non-independent), the Issuer believes that there are no existing or potential conflicts of interest between any duties to the Issuer of the Directors and their private interests and other duties.

TAXATION

The comments below, which are of a general nature and are based on the Issuer's understanding of current United Kingdom tax law as applied in England and Wales and HM Revenue and Customs published practice (which may not be binding on HM Revenue and Customs), describe only the United Kingdom withholding tax and certain limited income tax implications of acquiring, holding or disposing of Notes and do not address the consequences following any substitution under the terms of the Notes (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). The comments are not intended to be exhaustive. The comments relate only to persons who are the beneficial owners of Notes. Certain aspects do not apply to certain classes of person (such as Joint Lead Managers) to whom special rules may apply. Prospective purchasers of Notes who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly advised to consult their own professional advisers.

The Notes issued will constitute "quoted Eurobonds" provided they carry a right to interest and are and continue to be listed on a recognised stock exchange. Interest payable on Notes which carry a right to interest and are listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 may be paid without withholding or deduction for or on account of United Kingdom income tax provided that the Notes remain so listed. The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part VI of the Financial Services and Markets Acts 2000) by the United Kingdom Listing Authority and admitted to trading on the London Stock Exchange.

If the Notes are not or cease to be listed on a recognised stock exchange, interest will generally be paid by the Issuer under deduction of United Kingdom income tax at the basic rate, which is currently 20 per cent., subject to the availability of other reliefs (including those described below) or any direction from HM Revenue and Customs in respect of any relief that may be available pursuant to the provisions of any applicable double taxation treaty.

Interest on the Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax where the Issuer, at the time the payment is made, reasonably believes (and any person by or through whom interest on the Notes is paid, at the time the payment is made, reasonably believes) that the person beneficially entitled to the income is a UK resident company or a non UK resident company and is within the charge to United Kingdom corporation tax as regards the payment of interest or falls within a list of specified entities and bodies, provided that HM Revenue and Customs has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the beneficial owner is not such a company or specified entity or body at the time the payment is made) that the interest should be paid under withholding or deduction of tax.

Interest on Notes which has a United Kingdom source may be chargeable to United Kingdom income tax by direct assessment. However, the interest is not chargeable to United Kingdom income tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a branch, agency or a permanent establishment in the United Kingdom in connection with which the interest is received or to which those Notes are attributable. There are certain exemptions for interest received by certain specified categories of agent (such as some brokers and investment managers). Noteholders should note that the provisions relating to additional amounts referred to in the "Taxation" provisions under each relevant "Terms and Conditions" section above would not apply if HM Revenue and Customs sought to assess directly the person entitled to the relevant interest to United Kingdom tax. However, exemption from, or reduction of, such United Kingdom tax liability might be available under an applicable double taxation treaty.

References to “interest” in the immediately preceding paragraphs are to interest as that term is understood for United Kingdom tax purposes, which may not be the same as the meaning given to the term “interest” for other purposes, including under the relevant Terms and Conditions.

Information relating to securities may be required to be provided to HM Revenue and Customs in certain circumstances. This may include the value of the Notes, amounts paid or credited with respect to the Notes, details of the holders or beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons who exercise control over entities that are, or are treated as, holders of the Notes, details of the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes. Information may be required to be provided by, amongst others, the Issuer, the holders of the Notes, persons by (or via) whom payments derived from the Notes are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Notes on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HM Revenue and Customs may be provided to tax authorities in other countries.

EU Directive on the Taxation of savings Income

The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of certain payments of interest and other similar income paid or secured by a person established within its jurisdiction to (or secured by such a person for the benefit of) an individual resident, or to (or secured for) certain other types of entity established, in that other EU Member State, except that Austria will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise.

On 24 March 2014, the Council of the European Union adopted the Amending Savings Directive which would, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Savings Directive would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or secured for) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation; or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Savings Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

The Council of the European Union has also adopted a Directive (the “**Amending Cooperation Directive**”) amending Council Directive 2011/16/EU on administrative cooperation in the field of taxation so as to introduce an extended automatic exchange of information regime in accordance with the Global Standard released by the OECD Council in July 2014. The Amending Cooperation Directive requires EU Member States to adopt national legislation necessary to comply with it by 31 December 2015, which legislation must apply from 1 January 2016 (1 January 2017 in the case of Austria). The Amending Cooperation Directive is generally broader in scope than the Savings Directive, although it does not impose withholding taxes, and provides that to the extent there is overlap of scope, the Amending Cooperation Directive prevails. The European Commission has therefore published a proposal for a Council Directive repealing the Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to transitional

arrangements). The proposal also provides that, if it is adopted, EU Member States will not be required to implement the Amending Savings Directive. Information reporting and exchange will however still be required under Council Directive 2011/16/EU (as amended).

Investors who are in any doubt as to their position or would like to know more should consult their professional advisers.

U.S. Foreign Account Tax Compliance Act

Pursuant to certain provisions of U.S. law, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer believes that it is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions.

Certain aspects of the application of these rules to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, is not clear at this time. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

The Proposed Financial Transactions Tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016. However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate. The proposed FTT remains subject to negotiation between the participating Member States and the timing and scope remain unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of notes under the Programme have been duly authorised by resolutions of the Board of Directors of the Issuer dated 25 November 1999, 7 March 2000 and 5 July 2000 and by resolutions of the Executive Committee (now known as the Approvals Committee) of the Board of Directors of the Issuer dated 11 July 2000.

The update of the Programme was duly authorised by resolutions of the Board of Directors of the Issuer dated 18 September 2014 and by resolutions of the Approvals Committee of the Board of Directors of the Issuer dated 26 November 2014.

The issue of the Notes was duly authorised by resolutions of the Board of Directors of the Issuer dated 29 January 2015 and 17 September 2015 and by resolutions of the Approval Committee of the Board of Directors of the Issuer dated 21 October 2015.

Listing of Notes

Application has been made to the UK Listing Authority for notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such notes to be admitted to trading on the London Stock Exchange's Regulated Market. The admission of the Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes (if more than one) which is to be admitted to the Official List and to trading on the London Stock Exchange's Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. The listing of the Programme was granted on or around 1 December 2014.

Documents Available

For so long as any of the Notes are outstanding, copies of the following documents will, when published, be available for inspection at the registered office of the Issuer and at the specified office of the Paying Agent for the time being in London, during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays):

- (i) the memorandum and articles of association of the Issuer;
- (ii) the consolidated and non-consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2013 and 31 December 2014;
- (iii) the unaudited consolidated financial statements of the Issuer for the six months ended 30 June 2015;
- (iv) the Agency Agreement, the Trust Deed, the Supplemental Trust Deed and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons; and
- (v) a copy of this Prospectus and the documents incorporated by reference herein.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg are specified in the Final Terms.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-855 Luxembourg.

Share Capital

The Issuer has a single class of share capital, which is divided into ordinary shares of 11 3/7 pence each. The Issuer's issued share capital at 31 December 2014 was £560,756,596.46 divided into 4,906,620,219 ordinary shares of 11 3/7 pence each. The total number of voting rights in the Issuer's issued share capital at 31 December 2014 was 4,906,620,219.

The Issuer is able to issue additional shares as and when required, subject to its shareholders having granted authority to allot. The Issuer seeks such authority from its shareholders on an annual basis. It currently has authorities: (i) to allot up to 246,295,000 new ordinary shares of 11 3/7 pence (which represents 5 per cent. of its issued share capital at 26 February 2015 rounded down to the nearest £1,000 nominal); and (ii) to allot equity securities up to a maximum limit of 246,295,000 ordinary shares of 11 3/7 pence, without observing pre-emption rights (which represents 5 per cent. of its issued share capital at 26 February 2015 rounded down to the nearest £1,000 nominal). The Issuer's existing authorities to issue shares and to do so without observing pre-emption rights are due to expire at the end of its annual general meeting in 2016. Authorities from the shareholders for the Issuer to make market purchases of, and/or to purchase pursuant to contingent purchase contracts relating to each of the overseas exchanges on which the Issuer's shares are listed, up to an aggregate of 492,590,000 of its own shares are currently in force.

In the period 1 January 2015 to the date of this Prospectus, 4,928,510,189 ordinary shares of 11 3/7 pence have been issued by the Issuer and none have been bought back. At the date of this Prospectus, 4,928,510,189 ordinary shares of 11 3/7 pence were issued and fully paid up. The total number of voting rights in the Issuer's issued share capital as at the date of this Prospectus was 4,928,510,189.

Major Shareholders

At 31 December 2014, the following substantial interests in voting rights had been declared to the Issuer in accordance with the Disclosure and Transparency Rules: (i) Public Investment Corporation of the Republic of South Africa (5.48 per cent.), (ii) Blackrock Inc. (5.09 per cent.) and (iii) Sanlam Investment Management (Pty) Limited (4.41 per cent.). Since that date, the Issuer has been notified of the following changes: (i) on 8 May 2015, the Issuer was advised that Coronation Asset Management (Pty) Limited had increased its holding to 3.03%, and (ii) on 1 July 2015, the Issuer was advised that Public Investment Corporation of the Republic of South Africa had increased its holding to 11% and, on 28 October 2015, the Issuer was subsequently advised that Public Investment Corporation of the Republic of South Africa had decreased its holding to 10.882%.

Material Contracts

The following is a material contract (not being a contract entered into in the ordinary course of business) that has been entered into by the Issuer and its Subsidiaries which is or may be, material to the Issuer's ability to meet its obligations to Noteholders:

- (i) In August 2014, the Issuer entered into an £800 million five-year multi-currency revolving facility for the Group. The facility is to be used for the general corporate purposes of the Issuer and its Subsidiaries and for refinancing the Issuer's previous £800 million. In 2015, the facility was extended by a further year, but only in respect of £727 million out of the original £800 million.

Corporate Governance

The Issuer's Group Audit Committee consists of four independent non-executive directors: R M J Marshall (Chairman), M Arnold, A Ighodaro and N D Moyo. The Group Audit Committee's duties include monitoring the integrity of the financial statements, reviewing the Issuer's internal financial controls, monitoring and reviewing the independence and effectiveness of the Issuer's internal audit function and its activities, compliance with the annual audit plan, the audit process and external auditors and reviewing the Group's "whistleblowing" arrangements.

The Issuer's Board Risk Committee consists of five non-executive directors: M Arnold (Chairman), Z Cruz, R M J Marshall, V Naidoo and N Nyembezi-Heita. As at the date of this Prospectus, the Issuer is in full compliance with the provisions of the UK Corporate Governance Code issued by the Financial Reporting Council in September 2012.

Significant or Material Change

Since 30 June 2015, there has been no significant change in the financial or trading position of the Issuer or the Group and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2014.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any 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 Issuer's and/or the Group's (taken as a whole) financial position or profitability.

Auditors

The auditors of the Issuer are KPMG LLP (the "**Auditors**"), Chartered Accountants (and members of the Institute of Chartered Accountants in England and Wales), of 15 Canada Square, London E14 5GL.

KPMG Audit Plc has audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for each of the financial years ended 31 December 2012 and 2013. KPMG LLP has done so for the financial year ended 31 December 2014. The Auditors of the Issuer have no material interest in the Issuer or the Group.

Trustee's reliance on certificates

The Trust Deed provides that any certificate of any person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of such person in respect thereof.

Post-issuance information The Issuer does not intend to provide any post-issuance information in relation to the Notes.

Joint Lead Managers transacting with the Issuer

Certain of the Joint Lead 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 its affiliates in the ordinary course of business. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk or other trading activities.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

REGISTERED OFFICE OF THE ISSUER

Old Mutual

5th Floor
Millennium Bridge House
2 Lambeth Hill
London EC4V 4GG
Tel: +44 20 7002 7000

JOINT LEAD MANAGERS

Citigroup Global Markets Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

HSBC Bank plc

8 Canada Square
London E14 5HQ
United Kingdom

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Nedbank Limited, London Branch

1st Floor, Millennium Bridge House
2 Lambeth Hill
London EC4V 4GG

The Royal Bank of Scotland plc

135 Bishopsgate
London EC2M 3UR
United Kingdom

TRUSTEE

Citicorp Trustee Company Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

ISSUING AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT

Citibank, N.A., London Branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

PAYING AGENT AND TRANSFER AGENT

Dexia Banque Internationale à Luxembourg société anonyme

69 route d'Esch
L-2953 Luxembourg

AUDITORS

KPMG LLP

15 Canada Square
London E14 5GL

LEGAL ADVISERS

To the Issuer

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

To the Joint Lead Managers

Allen & Overy LLP
1 Bishops Square
London E1 6AD
United Kingdom