

OFFERING CIRCULAR
Dated 5th December, 2003



Bradford & Bingley plc

*(Incorporated and registered in England and Wales under the Companies Act 1985 as a public limited company
with registered number 3938288)*

U.S.\$20,000,000,000
Euro Medium Term Note Programme
for the issue of Senior Notes and Subordinated Notes

On 20th June, 2003 Bradford & Bingley plc (the "Issuer" or "Bradford & Bingley") published an Offering Circular in respect of its Euro Medium Term Note Programme (the "Programme").

This Offering Circular supersedes each previous offering circular or prospectus issued in respect of the Programme and is valid for a period of one year from the date hereof. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes already in issue.

Pursuant to the Programme the Issuer may from time to time issue in one or more Tranches (as defined herein) Notes (the "Notes", which expression shall include Senior Notes, Dated Subordinated Notes and Undated Subordinated Notes (each as defined herein)). Notes to be issued under the Programme may comprise (i) listed or unlisted Notes ("Senior Notes") and/or (ii) listed Notes which are subordinated as described herein ("Subordinated Notes"). The maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed U.S.\$20,000,000,000 (or its equivalent in other currencies calculated at the time of agreement to issue as described herein and subject to increase as provided herein).

Save as further described herein, Notes issued under the Programme may (i) be denominated in Australian dollars, Canadian dollars, Czech Koruna, Danish Kroner, euro, Hong Kong dollars, New Zealand dollars, South African Rand, Sterling, Swedish Kronor, Swiss francs, U.S. dollars, Yen or such other currency as may be agreed, (ii) be issued at par or at a premium or discount to par, (iii) be issued on a fully-paid or partly-paid basis, (iv) bear interest at a fixed or floating rate or on an index- or formula-linked basis or be issued on a non-interest bearing fully-discounted basis, (v) provide that the amount payable upon redemption is fixed or index- or formula-linked, (vi) provide that they will be redeemed in one amount or instalments and/or (vii) provide that payments of principal and/or interest should be made in a currency or currencies other than the original currency of issue.

The Notes may be issued from time to time to one or more of the Dealers specified on page 6 (each a "Dealer" and together the "Dealers", which expression shall include any additional Dealer appointed under the Programme from time to time and which appointment may be for a specific issue or on an ongoing basis).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "U.K. Listing Authority") for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the official list of the U.K. Listing Authority (the "Official List") and to London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's market for listed securities. Admission to the Official List together with admission to the London Stock Exchange's market for listed securities constitute official listing on the London Stock Exchange. Notice of the aggregate nominal amount of, interest (if any) payable in respect of, the issue price of, the issue date and maturity date of, and any other terms and conditions not contained herein which are applicable to, each Tranche of Notes will be set forth in a pricing supplement (the "Pricing Supplement") applicable to such Tranche which, with respect to Notes to be admitted to the Official List and admitted to trading on the London Stock Exchange will be delivered to the U.K. Listing Authority and the London Stock Exchange prior to the date of issue of such Tranche. A copy of this Offering Circular, which comprises the listing particulars approved by the U.K. Listing Authority as required by the Financial Services and Markets Act 2000 (the "Listing Particulars") in relation to Notes admitted to the Official List and admitted to trading on the London Stock Exchange and issued during the period of 12 months from the date of this Offering Circular have been delivered for registration to the Registrar of Companies in England and Wales as required by Section 83 of that Act. Copies of each Pricing Supplement (in the case of Notes admitted to the Official List) will be available from FT Business Research Centre, operated by FT Interactive Data at Fitzroy House, 13-15 Epworth Street, London EC2A 4DL and available for inspection at the specified office set out below of the Trustee (as defined herein) and each of the Paying Agents.

Copies of each Pricing Supplement in the case of unlisted Notes will be available for inspection at the specified office set out below of the Trustee and each of the Paying Agents by any holder of such Note upon production of evidence satisfactory to the Trustee or relevant Paying Agent as to the identity of such holder.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s) in relation to each issue. The Issuer may also issue unlisted Senior Notes under the Programme.

The Issuer may agree with any Dealer(s) and the Trustee that Notes may be issued in a form not contemplated by the "Terms and Conditions of the Notes" herein, in which event (in the case of Notes admitted to the Official List only) supplementary listing particulars or further listing particulars, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Notes of each Tranche will initially be represented by a temporary global Note which will be deposited on or about the relevant issue date with a common depository on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and/or any other agreed clearing system which will be exchangeable, upon request, for either a permanent global Note or Notes in definitive form ("Definitive Notes"), in each case, upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and thereafter any permanent global Note may be exchangeable, in whole but not in part, for Definitive Notes all as further described in "Form of the Notes" on page 11.

The Programme has been rated by Moody's Investors Service Limited.

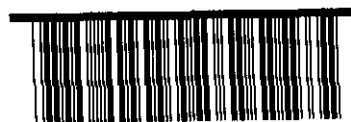
Notes issued under the Programme may be rated or unrated. When an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Arranger
Merrill Lynch International

Dealers

ABN AMRO
BNP PARIBAS
Goldman Sachs International
JPMorgan
Merrill Lynch International
UBS Investment Bank

Barclays Capital
Deutsche Bank
HSBC
Lehman Brothers
The Royal Bank of Scotland



EDX
COMPANIES HOUSE

EQUAT00P

0500

S 12403

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. Any reference in this document to listing particulars means this document excluding all information incorporated by reference. The Issuer has confirmed that any information incorporated by reference, including any such information to which readers of this Offering Circular are expressly referred, has not been and does not need to be included in the Listing Particulars to satisfy the requirements of the Financial Services and Markets Act 2000 or the listing rules of the U.K. Listing Authority. The Issuer believes that none of the information incorporated in this Offering Circular by reference conflicts in any material respect with the information included in the Listing Particulars.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference" on page 4) (provided, however, that such incorporated documents do not form part of the Listing Particulars). This Offering Circular shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular but not part of the Listing Particulars.

Neither the Dealers nor the Trustee have separately verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted, by the Dealers or the Trustee as to the accuracy or completeness of the information contained in this Offering Circular, or any other financial statement or any further information supplied by the Issuer in connection with the Programme or the Notes. Neither the Dealers nor the Trustee accept any liability in relation to the information contained in this Offering Circular or any other information supplied by the Issuer in connection with the Programme.

No person is or has been authorised to give any information or to make any representation in connection with the offering, distribution or sale of the Notes other than as contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any Dealer or the Trustee.

None of this Offering Circular and any financial statements and any further information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation or constituting an offer or invitation by or on behalf of the Issuer, any of the Dealers or the Trustee that any recipient of this Offering Circular or any financial statements or any further information supplied in connection with the Notes should subscribe for or purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The delivery of this Offering Circular does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other financial statements or any further 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 Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer and its subsidiaries during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recent Annual Report and Accounts of the Issuer when deciding whether or not to purchase any of the Notes.

The distribution of this Offering Circular and the offer, distribution or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Dealers and the Trustee do not represent that this document may be lawfully distributed, or that the 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 Dealers or the Trustee (save for the approval of this document as listing particulars by the U.K. Listing Authority and delivery of copies of this document to the Registrar of Companies in England and Wales) which would permit a public offering of the Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular 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 and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the United Kingdom, Japan, Germany and The Netherlands (see "Subscription and Sale" on page 58).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered, directly or indirectly, within the United States or to U.S. persons as defined herein (see "Subscription and Sale").

In this Offering Circular, references to "£", "pounds" and "Sterling" are to pounds sterling, references to "U.S.\$" and "U.S. dollars" are to United States dollars, references to "Yen" are to Japanese Yen and references to "€" and "euro" are references to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam.

In connection with the issue of any Tranche of Notes, the Dealer (if any) disclosed as stabilising manager in the applicable Pricing Supplement or any person acting for such Dealer may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series (as defined herein) of which such Tranche forms part at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the stabilising manager or its agent to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all relevant laws and regulations.

TABLE OF CONTENTS

	Page
Documents Incorporated by Reference	4
Supplementary Listing Particulars	4
Description of the Programme	4
Summary of the Programme and Terms and Conditions of the	6
Form of the Notes	11
Terms and Conditions of the Notes	21
Use of Proceeds	48
Bradford & Bingley plc	49
Board of Directors	51
Financial Information	53
Capitalisation and Indebtedness Statement	54
United Kingdom Taxation	56
Subscription and Sale	58
General Information	61

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular (provided, however, that such incorporated documents do not form a part of the Listing Particulars):—

- (1) the most recently published Annual Report and Accounts of the Issuer from time to time; and
- (2) all supplements to this Offering Circular circulated by the Issuer from time to time in accordance with the provisions of the Programme Agreement described below,

provided also that any statement contained herein or in a document all or the relative portion of which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular (but not the Listing Particulars) to the extent that a statement contained in any subsequent document all or the relative portion of which is deemed to be incorporated by reference 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 part of this Offering Circular.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the written request of any such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Written requests for such documents should be directed to the Issuer at its registered office set out at the end of this Offering Circular and marked for the attention of the Director of Treasury & Balance Sheet Management. In addition such documents will be available from the principal office in England of Merrill Lynch International in its capacity as authorised adviser (the “Authorised Adviser”) for Notes admitted to the Official List.

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared.

SUPPLEMENTARY LISTING PARTICULARS

The Issuer has undertaken to the Dealers in the Programme Agreement (as defined in “Subscription and Sale”) to comply with Sections 81 and 83 of the Financial Services and Markets Act 2000 and the listing rules of the U.K. Listing Authority (the “Listing Rules”) in that regard. In the event that supplementary listing particulars are produced pursuant to such undertaking, a copy of such supplementary listing particulars will accompany this Offering Circular.

DESCRIPTION OF THE PROGRAMME

The Issuer may, from time to time, issue Notes denominated in such currencies as may be agreed with the relevant Dealer(s) subject as set out herein.

The issue price, issue date, maturity date, nominal amount and interest rate (if any) applicable to any Note and any other relevant provisions of such Note will be agreed between the Issuer and the relevant Dealer(s) at the time of agreement to issue and will be specified in the applicable Pricing Supplement, as more fully described under “Form of the Notes” below.

Subject as set out herein, this Offering Circular and any supplement hereto will only be valid for listing Notes on the Official List during the period of 12 months from the date of this Offering Circular in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.\$20,000,000,000 or its equivalent in the other currencies.

For the purpose of calculating the U.S. dollar equivalent of the nominal amount of Notes outstanding under the Programme from time to time, the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the Notes, described under "Form of the Notes") shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of such Notes (the "Agreement Date") or on the preceding day on which commercial banks and foreign exchange markets are open for general business in London, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on such date.

Such U.S. dollar equivalent of any Dual Currency Notes, Index Linked Notes and Partly Paid Notes (as specified in the applicable Pricing Supplement in relation to the Notes, described under "Form of the Notes") shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the amount of the subscription price paid). The U.S. dollar equivalent of any Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the Notes, described under "Form of the Notes") and any other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

SUMMARY OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES

The following summary does not purport to be complete and is taken from, and is qualified by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Notes may also be issued in such other form and on such other terms as the Issuer may from time to time agree with the relevant Dealer(s) and the Trustee, in which case supplementary listing particulars or further listing particulars, if appropriate, may be made available which will describe the effect of the agreement reached in relation to such Notes, all as described on page 11. Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" below shall have the same meanings in this summary.

Issuer: Bradford & Bingley plc

Arranger: Merrill Lynch International

Dealers: ABN AMRO Bank N.V.
Barclays Bank PLC
BNP PARIBAS
Deutsche Bank AG London
Goldman Sachs International
HSBC Bank plc
J.P. Morgan Securities Ltd.
Lehman Brothers International (Europe)
Merrill Lynch International
The Royal Bank of Scotland plc
UBS Limited

and any other Dealers appointed in accordance with the Programme Agreement.

Restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale").

Issues of Notes denominated in Swiss francs or carrying a Swiss franc related element with a maturity of more than one year (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 8th November, 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading of 2nd December, 1996. Under the said regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager (the "Swiss Dealer"), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer duly licensed by the Swiss Federal Banking Commission pursuant to the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the Issue Date of the relevant Notes.

Issues of Notes denominated in Sterling shall comply with all applicable laws and regulations (as amended from time to time) of United Kingdom authorities.

Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Trustee:	The Law Debenture Trust Corporation p.l.c.
Issuing and Principal Paying Agent and Agent Bank:	Citibank, N.A.
Amount:	Up to U.S.\$20,000,000,000 or its equivalent in other currencies as described herein outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Currencies:	Australian dollars, Canadian dollars, Czech Koruna, Danish Kroner, euro, Hong Kong dollars, New Zealand dollars, South African Rand, Sterling, Swedish Kronor, Swiss francs, U.S. dollars, Yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.
Redenomination:	If the Specified Currency of an Issue of Notes is a currency of one of the countries that may subsequently participate in the third stage of European economic and monetary union or may otherwise participate in European economic and monetary union in a manner with similar effect to such third stage, the Issuer may specify in the applicable Pricing Supplement that such Notes will include provisions for the redenomination of the Specified Currency in euro.
Maturities:	Except in the case of Undated Subordinated Notes which will have no final maturity date, a minimum maturity of one month, save that (i) in the case of Dated Subordinated Notes, the minimum maturity will be five years and one day and (ii) notwithstanding (i) above, in the case of Senior Notes and Dated Subordinated Notes, such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued at par or at a premium over or discount to par and may be issued on a fully-paid or partly-paid basis.
Form:	Each Tranche of Notes will initially be represented by a temporary global Note in bearer form which will be deposited on or about the relevant issue date with a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and which will be exchangeable upon request as described therein for either a permanent global Note in bearer form or Definitive Notes in bearer form (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Notes, to such notice period as is specified in the applicable Pricing Supplement), in each case on and after the date which is the later of (i) 40 days after the temporary global Note is issued and (ii) 40 days after the completion of the distribution of the relevant Tranche, as

certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue) and upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. Unless otherwise specified in the applicable Pricing Supplement, a permanent global Note may only be exchanged for Definitive Notes upon an Exchange Event as described in "Form of the Notes" on page 11. Any interest in a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or any other agreed clearing system, as appropriate.

Notes to be issued under the Programme will be Senior Notes, Dated Subordinated Notes or Undated Subordinated Notes.

Fixed Rate Notes:

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and, on redemption, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement).

Floating Rate Notes:

Floating Rate Notes will bear interest either at a rate determined on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series) or on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service or on such other basis as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Pricing Supplement).

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Notes.

Index Linked Notes:

Payments in respect of interest on Index Linked Interest Notes or in respect of principal on Index Linked Redemption Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement).

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both (as indicated in the applicable Pricing Supplement).

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as selected prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in

such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Pricing Supplement).

Zero Coupon Notes:

Zero Coupon Notes will not bear interest and will be offered and sold at a discount to their nominal amount unless otherwise specified in the applicable Pricing Supplement.

Redemption:

The applicable Pricing Supplement relating to each Tranche of Notes will indicate either that (except for Undated Subordinated Notes which will not have a stated maturity) the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons (subject, in the case of Subordinated Notes only, to having obtained prior Relevant Consent (as defined in Condition 6(b)) or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer (subject, in the case of Subordinated Notes only, to having obtained prior Relevant Consent) and/or (subject as provided below) the Noteholders upon giving not more than 60 nor less than 30 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Pricing Supplement) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement.

The applicable Pricing Supplement may provide that Notes may be redeemed in two or more instalments of such amounts and on such dates as are indicated in such Pricing Supplement.

Subordinated Notes may never be redeemed prior to their stated maturity at the option of the holders of any such Notes and only by the Issuer with Relevant Consent. Subordinated Notes may be declared immediately due and repayable in the event of non-payment or (subject as provided herein) upon commencement of winding-up or dissolution.

Subordinated Notes may not be redeemed prior to five years and one day from the Issue Date thereof except as described in "Terms and Conditions of the Notes" below.

Denominations of Notes:

Such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Pricing Supplement save that Notes will have such minimum denomination as may be required from time to time by the relevant monetary authority or any laws or regulations applicable to the relevant Specified Currency.

Taxation:

All payments in respect of the Notes will be made without deduction for or on account of United Kingdom withholding taxes, subject to certain exceptions as are described in Condition 10 — Taxation. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 10 — Taxation, be required to pay additional amounts to cover the amounts so deducted.

Status of the Senior Notes:

The Senior Notes will be direct, unconditional and (subject to the provisions of Condition 4 — Negative Pledge) unsecured obligations of the Issuer and will rank *pari passu* without any preference among

themselves and equally with all other unsecured and unsubordinated obligations of the Issuer.

Status of the Subordinated Notes:

The Dated Subordinated Notes will be direct and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves and senior to Undated Subordinated Notes. The Undated Subordinated Notes will be direct, subordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves but junior to Dated Subordinated Notes. The rights of holders of Subordinated Notes will, in the event of the winding-up of the Issuer, be subordinated in right of payment in the manner provided in the Trust Deed and as specified in Condition 3 — Status and Subordination of Subordinated Notes.

Cross Default:

The Senior Notes will contain a cross default clause in respect of indebtedness in respect of monies borrowed, or guaranteed, by the Issuer or any Principal Subsidiary having an outstanding amount equal to or exceeding the Specified Amount as more fully described in Condition 11 — Events of Default and Enforcement relating only to Senior Notes.

Negative Pledge:

The Senior Notes will contain a negative pledge provision as more fully described in Condition 4 — Negative Pledge.

Rating:

The Programme has been rated by Moody's Investors Service Limited. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Listing:

Application has been made for the Notes to be admitted to the Official List and to trading on the London Stock Exchange. Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s) in relation to each issue.

Unlisted Senior Notes may also be issued under the Programme.

The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).

Governing Law:

The Notes will be governed by, and construed in accordance with, English law.

Selling Restrictions:

There are restrictions on the offering and sale of Notes and the distribution of offering material. See "Subscription and Sale".

FORM OF THE NOTES

Each Tranche of Notes will initially be represented by a temporary global Note without receipts, interest coupons or talons, which will be delivered to a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system. Upon delivery of such temporary global Note, Euroclear and/or Clearstream, Luxembourg and/or such other agreed clearing system will credit purchasers with nominal amounts of Notes of the relevant Tranche equal to the nominal amounts thereof for which they have paid. Whilst any Note is represented by a temporary global Note, payments of principal, premium (if any) and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the temporary global Note only to the extent that certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations (in the form set out in the temporary global Note) has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certificate (based on the certifications it has received) to the Agent.

On and after the date (the "Exchange Date") which is the later of (i) 40 days after the temporary global Note is issued and (ii) 40 days after the completion of the distribution of the relevant Tranche, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue) (the "Distribution Compliance Period"), interests in the temporary global Note will be exchangeable (free of charge), upon request being made by Euroclear and/or Clearstream, Luxembourg acting on the instructions of the holders of interests in the temporary global Note, either for interests in a permanent global Note without receipts, interest coupons or talons or for Definitive Notes (as indicated in the applicable Pricing Supplement and subject, in the case of Definitive Notes, to such notice period as is specified in the applicable Pricing Supplement) in each case against certification as to non-U.S. beneficial ownership as described in the third sentence of the preceding paragraph unless such certification has already been given. The holder of a temporary global Note will not be entitled to receive any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the temporary global Note for an interest in a permanent global Note or for definitive Notes is improperly withheld or refused. Pursuant to the Agency Agreement, the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a common code and an ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Notes of such first-mentioned Tranche.

Payments of principal and interest (if any) on a permanent global Note will be made through Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system against presentation or surrender (as the case may be) of the permanent global Note without any requirement for certification. A permanent global Note will be exchangeable, in whole but not in part, for security printed Definitive Notes (at the expense of the Issuer, unless otherwise specified in the applicable Pricing Supplement) with, where applicable, receipts, interest coupons and talons attached upon not less than 60 days' written notice (expiring at least 30 days after the Exchange Date) to the Agent from Euroclear or Clearstream, Luxembourg (as the case may be) acting on instructions of the holders of interests in the permanent global Note. Unless otherwise provided in the applicable Pricing Supplement a notice requiring exchange as aforesaid may only be given if an Exchange Event has occurred. "Exchange Event" means (i) an Event of Default has occurred and is continuing or (ii) the Issuer has been notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) after the Issue Date (as defined in the Trust Deed) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system satisfactory to the Trustee is available or (iii) the Issuer has been notified that the Trustee is satisfied that the Issuer or any Paying Agent has or will become obliged to pay additional amounts as provided or referred to in Condition 10 which would not be required were the Notes represented by the permanent global Note in definitive form. The Issuer will give notice to the Noteholders in accordance with the Conditions if an Exchange Event occurs. Temporary and permanent global Notes and Definitive Notes will be authenticated (if applicable) and delivered by the Agent on behalf of the Issuer.

The following legend will appear on all global Notes, Definitive Notes, receipts and interest coupons:—

“Any United States person (as defined in the Internal Revenue Code of the United States) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

Notes which are represented by a global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Set forth below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[Date]

BRADFORD & BINGLEY PLC

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes (specifying type of Notes)]
under the U.S.\$20,000,000,000
Euro Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated []. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

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

1. Issuer: Bradford & Bingley plc
2. Series Number: []
[Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
— Series: []
[— Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount
[plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
[Net Proceeds: { }
(Required only for listed issues)]
6. Specified Denomination(s): []
[]

7. [(i)] Issue Date [and Interest Commencement Date]: []
- [(ii)] Interest Commencement Date (if different from the Issue Date): []
8. Maturity Date: *[Fixed rate—specify date]*
Floating rate—Interest Payment Date falling in or nearest to [specify month]
9. Interest Basis: [[] per cent. Fixed Rate]
 [[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
 [Zero Coupon]
 [Index Linked Interest]
 [Dual Currency Interest]
[specify other]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Index Linked Redemption]
 [Dual Currency Redemption]
 [Partly Paid]
 [Instalment]
[specify other]
11. Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]*
12. Put/Call Options: [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]
13. Status of the Notes: [Senior/[Dated/Undated] Subordinated]
14. Listing: [Official List of the U.K. Listing Authority and trading on the London Stock Exchange/specify other/None]
(N.B. Only Senior Notes may be unlisted)
15. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear] *(If payable other than annually, consider amending Condition 5)*
- (ii) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[Specify other]

(N.B. This will need to be amended in the case of long or short coupons)

- (iii) Fixed Coupon Amount(s): [] per [] in nominal amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]*
- (v) Day Count Fraction: *[Actual/Actual (ISMA) or 30/360 or specify other]*
- (vi) Determination Date(s): [] in each year
[Insert regular interest payment dates, ignoring issue date and maturity date in the case of a long or short first or last coupon]
(N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration)
(N.B. Only relevant where Day Count Fraction is Actual/Actual (ISMA))
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: *[None/Give details]*

17. Floating Rate Note Provisions

[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) Business Day Convention: *[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ specify other]*
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: *[Screen Rate Determination/ISDA Determination/ specify other]*
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (vi) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other—including fallback provisions in the Agency Agreement)
- Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than sterling or

euro LIBOR), first day of each Interest Period if sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)

— Relevant Screen Page:

[]

(In the case of EURIBOR, if not Telerate page 248 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

(vii) ISDA Determination:

— Floating Rate Option:

[]

— Designated Maturity:

[]

— Reset Date:

[]

(viii) Margin(s):

[+/-] [] per cent. per annum

(ix) Minimum Rate of Interest:

[] per cent. per annum

(x) Maximum Rate of Interest:

[] per cent. per annum

(xi) Day Count Fraction:

[Actual/365
Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
Other]
(See Condition 5 for alternatives)

(xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:

[]

18. Zero Coupon Note Provisions

[Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) Accrual Yield:

[] per cent. per annum

(ii) Reference Price:

[]

(iii) Any other formula/basis of determining amount payable:

[]

(Consider applicable day count fraction if euro denominated)

(iv) Day Count Fraction in relation to Early Redemption Amounts and late payment:

[Conditions 6(h)(iii) and 6(g) apply/specify other]

19. Index Linked Interest Note Provisions

[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: []
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or []
- (iv) Specified Period(s)/Specified Interest Payment Dates: []
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (vi) Additional Business Centre(s): []
- (vii) Minimum Rate of Interest: [] per cent. per annum
- (viii) Maximum Rate of Interest: [] per cent. per annum
- (ix) Day Count Fraction: []

20. Dual Currency Interest Note Provisions

[Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Calculation Agent, if any, responsible for calculating the interest payable: []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

21. Issuer Call:

[Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s): []

- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [] per Note of [] Specified Denomination
- (iii) If redeemable in part: []
- (a) Minimum Redemption Amount []
- (b) Higher Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []
22. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [] per note of [] Specified Denomination
- (iii) Notice period (if other than as set out in the Conditions): []
23. Final Redemption Amount: [[] per Note of [] Specified Denomination/specify other/see Appendix]
24. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(h)): []

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
[Other]
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]
(Note that this item relates to the place of payment and not Interest Period end dates to which items 17(iii) and 19 (vi) relate)
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]

28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]
29. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
30. Redenomination applicable (Condition 19): [Yes/No] (If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate calculation (including alternative reference rates))
31. Other terms or special conditions: [Not Applicable/give details]

DISTRIBUTION

32. (i) If syndicated, names of Managers: [Not Applicable/give names]
- (ii) Stabilising Manager (if any): [Not Applicable/give name]
33. If non-syndicated, name of relevant Dealer: []
34. Whether TEFRA D rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA not applicable]
35. Additional selling restrictions: [Not Applicable/give details]

OPERATIONAL INFORMATION

36. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
37. Delivery: Delivery [against/free of] payment
38. Additional Paying Agent(s) (if any): []
- ISIN: []
- Common Code: []

LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.\$20,000,000,000 Euro Medium Term Note Programme of Bradford & Bingley plc.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of

BRADFORD & BINGLEY PLC:

By: _____

Duly authorised

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification (not being significant for the purposes of Section 81 of the Financial Services and Markets Act 2000) relates only to Conditions 1, 5, 6 (except 6(b)), 7, 8, 9, 16, 17 and 20 (insofar as such Notes are not listed or are not admitted to trade on any stock exchange or other relevant authority) they will not necessitate the preparation and issue of supplementary listing particulars. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, supplementary listing particulars will be prepared, if appropriate.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each global Note and each Definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but if not so permitted and agreed, such Definitive Note will have endorsed upon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with such Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each global Note and Definitive Note. Reference should be made to "Form of the Notes" above for a description of the content of Pricing Supplements which will include the definitions of certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series of Notes issued by Bradford & Bingley plc (the "Issuer") and constituted by a Trust Deed (such Trust Deed as modified or supplemented and/or restated from time to time the "Trust Deed") dated 15th December, 1994 made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the "Trustee" which expression shall include any successor as Trustee). Notes of such Series will hereinafter be called the "Notes", which expression shall mean (i) in relation to Notes represented by a Global Note, units equal to the lowest Specified Denomination in the Specified Currency, (ii) Definitive Notes issued in exchange (or part exchange) for a Temporary or Permanent Global Note and (iii) any Global Note constituted by the Trust Deed.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement dated 5th December, 2003 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "Agency Agreement") made between the Issuer, Citibank, N.A. as issuing agent, principal paying agent and paying agent (the "Agent", which expression shall include any successor as agent), the other paying agents named therein (together with the Agent, the "Paying Agents", which expression shall include any additional or successor paying agents) and the Trustee.

Interest-bearing Definitive Notes (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons ("Coupons") and, if indicated in the applicable Pricing Supplement, talons for further Coupons ("Talons") attached on issue. Any reference in these Terms and Conditions to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes redeemable in instalments will have instalment receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached hereto or endorsed hereon and supplements 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 these Terms and Conditions for the purposes of this Note. References herein to the "applicable Pricing Supplement" are to the Pricing Supplement (or the relevant provisions thereof) attached hereto or endorsed hereon.

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

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, the Agency Agreement and each Pricing Supplement are available for inspection during normal business hours at the registered office of the Trustee, being at 5th December, 2003 at Fifth Floor, 100 Wood Street, London EC2V 7EX and at the specified office of each of the Agent and the other Paying Agent save that, in the case of any Pricing Supplement where the Note or Notes to which such Pricing Supplement relates are not listed on a stock exchange, such Pricing Supplement shall be available for inspection only, upon proof satisfactory to the Trustee or the relevant Paying Agent as to identity, by the holder of any Note to which such Pricing Supplement relates. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement, which are binding on them. Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Pricing Supplement 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 Agency Agreement and the Trust Deed, the Trust Deed will prevail and, in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. Form, Denomination and Transfer

The Notes are in bearer form in the Specified Currency or Currencies and the Specified Denomination(s) and Definitive Notes are serially numbered. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note or a Partly Paid Note or a combination of any of the foregoing depending on the Redemption/Payment Basis shown in the applicable Pricing Supplement.

This Note is a Senior Note or a Subordinated Note, as indicated in the applicable Pricing Supplement. If the Note is a Subordinated Note, it is either a Dated Subordinated Note or an Undated Subordinated Note, as indicated in the applicable Pricing Supplement.

If it is a Definitive Note, it is issued with Coupons and, if applicable, Receipts and Talons attached, unless it is a Zero Coupon Note in which case references to interest and Coupons in these Terms and Conditions are not applicable.

Without prejudice to the provisions relating to Global Notes set out below, title to the Notes, the Receipts and the Coupons will pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law the Issuer, the Trustee, the Agent and any other Paying Agent shall (subject as set out below) be entitled to deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not such Note, Receipt or Coupon shall be overdue and notwithstanding any notice to the contrary or any notation of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of making payment thereon and for all other purposes.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("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 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, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal and interest on such Notes, the right to which shall be vested, as against the Issuer, solely in the bearer of the Global Note in accordance with and subject to its terms (or in the Trustee in accordance with the Trust Deed) (and the expressions "Noteholder", "holder of Notes" and related expressions shall be construed accordingly). Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be.

Any references herein 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 approved by the Issuer, the Agent and the Trustee or specified in the applicable Pricing Supplement.

2. Status of Senior Notes

If the Notes are specified as Senior Notes in the applicable Pricing Supplement, the Notes and the relative Receipts and Coupons are direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and equally with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

3. Status and Subordination of Subordinated Notes

- (a) If the Notes are specified as Dated Subordinated Notes in the applicable Pricing Supplement, the Dated Subordinated Notes and the relative Receipts and Coupons are direct and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and *pari passu* with its £125,000,000 7.625 per cent. Subordinated Notes due February 2010, £125,000,000 Step-Up Subordinated Notes due 2011 and £125,000,000 6.625 per cent. Subordinated Notes due 16th June, 2023 and any further subordinated issues (whether such issues are made under the Programme or otherwise) which rank or are expressed to rank *pari passu* with the Dated Subordinated Notes and the rights of the holders of Dated Subordinated Notes (and any rights in respect of Receipts and Coupons) will, in the event of the winding-up of the Issuer, be subordinated in right of payment in the manner provided in the Trust Deed to the claims of depositors and other unsubordinated creditors of the Issuer in respect of their respective Senior Claims (as defined below).

Accordingly, if the Issuer is at any time in winding-up then no principal or interest in respect of the Dated Subordinated Notes and the relative Receipts and Coupons (whether or not already due or accrued prior to the commencement of such winding-up) shall be payable by, nor any claim in respect thereof be provable against, the Issuer in such winding-up unless and until and except to the extent that the Issuer could make such payment in whole or in part and still be solvent immediately thereafter. For the purposes of this Condition 3(a), the Issuer shall be deemed to be solvent if it is able to pay its debts in full, or the liquidator of the Issuer determines that it will be able to do so within a period not exceeding six months and in determining whether the Issuer is deemed to be solvent for the purposes of this Condition 3(a) there shall be disregarded obligations which are not provable in the winding-up or which are themselves subordinated to the claims of all or any of the unsecured creditors of the Issuer.

- (b) If the Notes are specified as Undated Subordinated Notes in the applicable Pricing Supplement, the Undated Subordinated Notes and the relative Coupons (if any) are direct and unsecured obligations of the Issuer and rank (A) *pari passu* without any preference among themselves and (B) *pari passu* with its 11⁵/₈ per cent. Perpetual Subordinated Bonds, 13 per cent. Perpetual Subordinated Bonds, £150,000,000 6.462 per cent. Undated Subordinated Notes and £250,000,000 5.625 per cent. Undated Subordinated Notes and any further subordinated issues (whether such issues are made under the Programme or otherwise) which rank or are expressed to rank *pari passu* with the Undated Subordinated Notes and the rights of the holders of Undated Subordinated Notes (and any rights in respect of Coupons) will, in the

respect of Coupons) will, in the event of the winding-up of the Issuer, be subordinated in right of payment in the manner provided in the Trust Deed to the claims of Senior Creditors.

In the case of Undated Subordinated Notes, payments of principal and interest in respect of the Undated Subordinated Notes are conditional upon the Issuer being solvent at the time of payment by the Issuer, and no such principal or interest shall be payable unless and until and except to the extent that the Issuer could make such payment in whole or in part and still be solvent immediately thereafter. For the purposes of this Condition 3(b), the Issuer shall be deemed to be solvent if (i) to the extent that any determination as to solvency falls to be made prior to the commencement of winding-up of the Issuer, it is able to pay its debts owed to Senior Creditors (as defined below) as they fall due and (ii) its Assets (as defined below) exceed its Liabilities (as defined below) (other than its Liabilities to persons who are not Senior Creditors). A report as to the solvency of the Issuer by two Authorised Signatories (as defined in the Trust Deed) or, in certain circumstances as provided in the Trust Deed, the auditors of the Issuer or, if the Issuer is in winding-up, its liquidator, shall, in the absence of manifest error be treated and accepted by the Issuer, the Trustee, the Noteholders and the Couponholders as correct and sufficient evidence thereof.

In the case of Undated Subordinated Notes, if at any time an order is made or an effective resolution is passed for the winding-up in England of the Issuer (except in any such case a solvent winding-up solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business (as defined in the Trust Deed), the terms of which reconstruction or amalgamation or substitution (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders and (ii) do not provide that the Undated Subordinated Notes shall thereby become payable), there shall be payable on each Undated Subordinated Note (in lieu of any other payment, but subject as provided in this Condition), such amount, if any, as would have been payable to the holder thereof if, on the date prior to the commencement of the windingup and thereafter, such Noteholder were the holder of a preference share in the capital of the Issuer having a preferential right to a return of assets in the winding-up over the holders of all issued shares for the time being in the capital of the Issuer on the assumption that such preference share was entitled to receive on a return of assets in such winding-up an amount equal to the principal amount of such Undated Subordinated Note together with Arrears of Interest (as defined in Condition 5(f)(i)), if any, and any interest (other than Arrears of Interest) which has accrued up to, but excluding, the date of repayment (as provided in the Trust Deed) in respect thereof.

- (c) Subject to applicable law, no Noteholder, Receiptholder 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, the Receipts or the Coupons and each Noteholder, Receiptholder and Couponholder shall, by virtue of being the holder of any Note, Receipt or Coupon (as the case may be), be deemed to have waived all such rights of set-off, compensation or retention.
- (d) For the purposes of this Condition:

“Assets” means the unconsolidated gross assets of the Issuer and “Liabilities” means the unconsolidated gross liabilities of the Issuer, all as shown in the latest published audited balance sheet of the Issuer, but adjusted for contingent assets and contingent liabilities and for subsequent events, all in such manner as the directors, the auditors of the Issuer or the liquidator (as the case may be) may determine;

“Senior Claims” means the aggregate amount of all claims, which are admitted in the winding-up of the Issuer, of all creditors of the Issuer (including, without limitation to the generality of the foregoing, all contingent and prospective claims, all claims in respect of deposits with or loans to the Issuer and all claims to interest thereon or in respect thereof) but excluding all claims in respect of indebtedness of the Issuer, the right to repayment of which by its terms is subordinated to (or otherwise ranks after) the

claims of depositors and other unsubordinated creditors of the Issuer in the event of a winding-up of the Issuer; and

“Senior Creditors” means creditors of the Issuer (i) who are unsubordinated depositors or other unsubordinated creditors of the Issuer, or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up of the Issuer or otherwise) to the claims of unsubordinated depositors and other unsubordinated creditors of the Issuer but not further or otherwise, or (iii) who are subordinated creditors of the Issuer other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the holders of the Undated Subordinated Notes.

N.B. The obligations of the Issuer in respect of the Undated Subordinated Notes and the related Coupons are conditional upon the Issuer being solvent for the purpose of Condition 3(b) immediately before and after payment by the Issuer. If Condition 3(b) is not satisfied, any amounts which might otherwise have been allocated in or towards payment of principal and interest in respect of the Undated Subordinated Notes may be used to absorb the losses of the Issuer.

4. Negative Pledge (Senior Notes only)

If the Notes are specified as Senior Notes in the applicable Pricing Supplement, so long as any of the Notes remains outstanding (as defined in the Trust Deed) the Issuer will not create or have outstanding any mortgage, lien (not being a lien arising by operation of law), pledge or other charge (“Security”) upon the whole or any part of its undertaking, assets or revenues, present or future (including any uncalled capital), secure any Loan Stock of any person or any obligation of the Issuer under any guarantee of or indemnity in respect of any Loan Stock of any person without at the same time or prior thereto securing the Notes and the relative Receipts and Coupons, equally and rateably therewith to the satisfaction of the Trustee or providing such other Security for the Notes and the relative Receipts and Coupons as the Trustee in its absolute discretion deems to be not materially less beneficial to the holders of the Notes or which has been approved by an Extraordinary Resolution (as defined in the Trust Deed) of the holders of the Notes.

For the purposes of these Terms and Conditions, “Loan Stock” means indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be, quoted, listed, ordinarily dealt in or traded on any stock exchange, over-the-counter or other established securities market but excluding any such indebtedness which has a stated maturity not exceeding one year.

5. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up in accordance with Condition 5(d)) from and including the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date.

Except as provided in the applicable Pricing Supplement, 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 Pricing Supplement, amount to the Broken Amount so specified.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, 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.

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

In these Terms and Conditions:

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

“Fixed Interest Period” means the period from and including an Interest Payment Date (or, if none, 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, means one cent.

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

(i) *Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) 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 Pricing Supplement; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each an "Interest Payment Date") which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement 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, if none, the Interest Commencement Date) to but excluding the next (or first) Interest Payment Date).

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

- (1) in any case where Specified Periods are specified in accordance with Condition 5(b)(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 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.

In these Terms and Conditions, "Business Day" means a day which is both:—

- (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 London and any Additional Business Centre specified in the applicable Pricing Supplement; and
- (II) 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 (TARGET) 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 and Index Linked Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Pricing Supplement 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 Pricing Supplement) the Margin (if any).

For the purposes of this sub-sub-paragraph (A), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Pricing Supplement under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions (as defined below) and under which:—

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is the period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("LIBOR") or on the Euro-zone inter-bank offered rate ("EURIBOR") for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purpose of this sub-sub-paragraph (A), (1) "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity" and "Reset Date" are as defined in the 2000 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "ISDA Definitions") and (2) "Euro-zone" means the region comprised of Member States of the European Union that adopt or have adopted the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

When this sub-sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 5(b)(iv) below in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-sub-paragraph (A).

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

Where Screen Rate Determination is specified in the applicable Pricing Supplement 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:—

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) 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. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the 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 Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of the Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

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

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (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 Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (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 Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, 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. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes or Index Linked Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall, unless otherwise specified in the applicable Pricing Supplement, be calculated by applying the Rate of Interest to each Specified Denomination, 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 subunit being rounded upwards or otherwise in accordance with applicable market convention.

"Day Count Fraction" means, in respect of the calculation of an amount of interest for any Interest Period:

- (A) if "Actual/365" or "Actual/Actual (ISDA)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days

in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (B) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (C) if "Actual/365 (sterling)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (E) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (1) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (2) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (F) if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(v) *Notification of Rate of Interest and Interest Amount*

The Issuer will cause the Rate of Interest and each Interest Amount for each Interest Period and the relative Interest Payment Date to be notified to the Trustee and to any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 20 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 20. For the purposes of this paragraph the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for general business in London.

(vi) *Determination or calculation by Trustee*

If for any reason at any time after the Issue Date, the Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Agent defaults in its obligation to calculate any Interest Amount in accordance with sub-paragraph (ii) or (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, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable

Pricing Supplement), 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 and each such determination or calculation shall be deemed to have been made by the Agent or the Calculation Agent, as applicable.

(vii) *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(b), whether by the Agent or the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent, the Trustee, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to such provisions.

(c) *Interest on Dual Currency Interest Notes*

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

(d) *Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(e) *Accrual of Interest*

Each Note (or, in the case of redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

(f) *Interest on Undated Subordinated Notes*

- (i) In the case of Undated Subordinated Notes, interest payments (excluding Arrears of Interest) on the Notes shall (subject to the provisions of Condition 3) be payable on each Compulsory Interest Payment Date (as defined below) in respect of the Interest Accrual Period (as defined below) ending on the day immediately preceding such date. On any Optional Interest Payment Date (as defined below) there may (subject to the provisions of Condition 3) be paid (if the Issuer so elects and gives notice of such election to the Noteholders in accordance with sub-paragraph (ii) of this Condition 5(f)) the interest payable on such Optional Interest Payment Date accrued in the Interest Accrual Period ending on the day immediately preceding such date, but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose. Any interest not paid on an Interest Date (as defined below) together with any other interest not paid on any other Interest Date shall, so long as the same remains unpaid, constitute "Arrears of Interest". Arrears of Interest may, at the option of the Issuer (subject to the provisions of Condition 3), be paid in whole or in part at any time upon the expiration of not less than seven days' notice to such effect given to the Trustee and to the Noteholders in accordance with Condition 20, but all Arrears of Interest on all Undated Subordinated Notes outstanding shall (subject only to the provisions of Condition 3(b)) become due in full on whichever is the earliest of (i) the date upon which a dividend is next paid on any

class of share capital of the Issuer, (ii) the date set for any redemption pursuant to the provisions of Condition 6, or (iii) the commencement of winding up in England of the Issuer.

Notwithstanding the foregoing, if notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall be obliged (subject to the provisions of Condition 3) to do so upon the expiration of such notice. 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 Date (or consecutive Interest Dates) furthest from the date of payment. Arrears of Interest shall not themselves bear interest.

- (ii) The Issuer shall give not less than 30 days' notice prior to any Interest Date to the Noteholders in accordance with Condition 20:—
 - (i) if such Interest Date will be an Optional Interest Payment Date; and
 - (ii) whether or not the Issuer elects to pay the interest due on such Optional Interest Payment Date.
- (iii) For the purposes of these Terms and Conditions, the following expressions have the following meanings:—

“Compulsory Interest Payment Date” means any Interest Date if, in the six calendar months immediately preceding such Interest Date, any dividend has been declared or paid on any class of share capital of the Issuer;

“Interest Accrual Period” means the period from and including the Interest Commencement Date up to but excluding the first Interest Date or, as the case may be, the period from and including one Interest Date up to but excluding the next Interest Date;

“Interest Date” means any date on which interest is, or (but for this paragraph (f)) would be, payable pursuant to this Condition 5; and

“Optional Interest Payment Date” means any Interest Date other than a Compulsory Interest Payment Date.

6. Redemption and Purchase

(a) Redemption at maturity

Unless previously redeemed or purchased and cancelled as provided below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) which is not an Undated Subordinated Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date. If this Note is an Undated Subordinated Note, it has no final maturity and is only redeemable in accordance with the following provisions of this Condition 6 or Condition 12.

(b) Redemption for taxation reasons

If the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that (1) the Issuer will be required either (i) to pay additional amounts as provided under Condition 10 or (ii) to account to any taxing authority in the United Kingdom for any amount (other than any tax withheld or deducted from interest payable on the Notes) calculated by reference to any amount payable in respect of the Notes, Receipts or Coupons or (2) (in the case of Undated Subordinated Notes only) on the next Interest Date the payment of interest in respect of the Notes would be treated as a “distribution” within the meaning of the Income and Corporation Taxes Act 1988 for the time being of the United Kingdom, then the Issuer may

(subject, if this Note is a Subordinated Note, to obtaining Relevant Consent (as defined below)) having given not less than 30 nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 20, the Noteholders (which notice shall be irrevocable) redeem at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on the next Interest Payment Date (if this Note is a Floating Rate Note or an Index Linked Interest Note) all, but not some only, of the Notes at their Early Redemption Amount referred to in Condition 6(h) below together, if applicable, with interest accrued to (but excluding) the date fixed for redemption and, in the case of Undated Subordinated Notes, all Arrears of Interest (if any) as provided in Condition 5(f). Upon the expiry of such notice, the Issuer shall be bound to redeem the Notes accordingly.

For the purposes of these Terms and Conditions "Relevant Consent" means the prior consent to the relevant redemption, payment or purchase, as the case may be, of the Financial Services Authority (or if the Financial Services Authority ceases to be the relevant regulator, the successor, if any, to the Financial Services Authority as the relevant regulator of banks operating in the United Kingdom).

(c) Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having (unless otherwise specified in the applicable Pricing Supplement) given not less than 30 nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 20, the Noteholders (which notice shall be irrevocable) and having obtained, if this Note is a Subordinated Note, Relevant Consent, redeem all or some only (as specified in the applicable Pricing Supplement) of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) as specified in, or determined in the manner specified in, the applicable Pricing Supplement, together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date(s) and, in the case of Undated Subordinated Notes, all Arrears of Interest (if any) as provided in Condition 5(f). Upon expiry of such notice the Issuer shall be bound to redeem the Notes accordingly. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Higher Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. 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 60 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 20 not less than 30 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by Definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of Definitive Notes outstanding bears to the aggregate nominal amount of all Notes outstanding, in each case on the Selection Date, provided that any such nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the lowest Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. 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 paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 20 at least 30 days prior to the Selection Date.

(d) Redemption at the option of the Noteholders other than holders of Subordinated Notes (Investor Put)

If this Note is a Senior Note and Investor Put is specified in the applicable Pricing Supplement, then, if and to the extent specified in the applicable Pricing Supplement, upon the holder of this Note giving to the Issuer, in accordance with Condition 20, not less than 30 nor more than 60 days' notice (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem subject to, and in accordance with, the terms specified in the applicable Pricing Supplement in whole (but not in part) such Note on the Optional Redemption Date and at the relevant Optional Redemption Amount as specified in, or determined in the

manner specified in, the applicable Pricing Supplement, together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note, on any Business Day (as defined in Condition 5(b)(i)) falling within the notice period at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

(e) *Partly Paid Notes*

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

(f) *Purchases*

The Issuer or any of its Subsidiaries may, having obtained, in the case of Subordinated Notes, Relevant Consent, at any time purchase Notes (provided that, in the case of Definitive Notes, all unmatured Receipts and Coupons appertaining thereto are attached thereto or surrendered therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

(g) *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 paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 11 (if this Note is not a Subordinated Note) or Condition 12 (if this Note is a Subordinated Note) 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 paragraph (h)(iii) below as though the references therein to the date fixed for 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 the Zero Coupon Note have been paid; and
- (ii) the day after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders either in accordance with Condition 20 or individually.

(h) *Early Redemption Amounts*

For the purposes of paragraph (b) above and Condition 11 (if this Note is not a Subordinated Note) or Condition 12 (if this Note is a Subordinated Note), the Notes will be redeemed at the Early Redemption Amount calculated as follows:—

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Notes (other than Zero Coupon Notes but including Instalment Notes and Partly Paid Notes) 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 set out in, or determined in the manner set out in, the applicable Pricing Supplement, or, if no such amount or manner is so set out, at their nominal amount; or

- (iii) in the case of Zero Coupon Notes, at an amount (the "Accrued Face Amount") calculated in accordance with the following formula:—

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

"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 Pricing Supplement.

(i) Instalments

Instalment Notes will be repaid in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (h) above. In the case of Definitive Notes, all instalments (other than the final instalment) will be paid against surrender of the relevant Receipt (which must be presented with the Note to which it appertains) and in the case of the final instalment against surrender of the relevant Note, all as more fully described in Condition 7.

(j) Cancellation

All Notes which are redeemed in full will forthwith be cancelled (together with, in the case of Definitive Notes, all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (f) above (together with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

7. 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 maintained by the payee with, or, at the option of the holder, 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.

All payments of interest will be made to accounts located outside the United States except as may be permitted by United States tax law in effect at the time of such payment without detriment to the Issuer. Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10.

(b) *Presentation of Definitive Notes, Receipts and Coupons*

Subject as provided below, payments of principal and interest (if any) in respect of Definitive Notes (if issued) will 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 Notes or Coupons, as the case may be, at any specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments (if any) of principal in respect of Definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt. Payment of the final instalment will 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 the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Note to which it appertains. If any Definitive Note is redeemed or becomes repayable prior to the stated maturity thereof, principal will be payable only on surrender of such Note together with all unmatured Receipts appertaining thereto. Receipts presented without the Definitive Note to which they appertain and unmatured Receipts do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to Definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note, at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

The holder of the relevant Global Note (or, as provided in the Trust Deed, the Trustee) 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 (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the 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 the relevant Global Note (or the Trustee, as the case may be). No person other than the holder of the relevant Global Note (or, as provided in the Trust Deed, the Trustee) shall have any claim against the Issuer in respect of any payments due on that Global Note.

Notwithstanding the foregoing:—

- (i) the Issuer reserves the right to require Couponholders who do not make a declaration (such declaration being to the satisfaction of the United Kingdom Inland Revenue) that they are not resident in the United Kingdom to present their Coupons at a specified office of a Paying Agent situated outside the United Kingdom if the Issuer would otherwise be obliged to account to any taxing authority in the United Kingdom for any amount in respect of tax calculated by reference to the interest represented by the relevant Coupon; and
- (ii) payments of principal and/or interest in respect of Notes in U.S. dollars will only be made at the specified office of any Paying Agent in the United States if (A) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided

above when due, (B) payment of the full amount of such principal and interest at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars and (C) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall include Coupons falling to be issued on exchange of matured Talons), failing which an amount equal to the face value 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 total amount due) will be deducted from the amount due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of ten years after the relevant date (as defined in Condition 10) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 13) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

Upon the due date for redemption of any Floating Rate Note, Dual Currency Note or Index Linked Note or (unless otherwise specified in the applicable Pricing Supplement) Long Maturity Note in definitive form, all unmatured Coupons and Talons (if any), relating to such Note (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 interest-bearing Note in definitive form 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 paid only against surrender of the relevant Definitive Note.

In relation to any Undated Subordinated Note in definitive form, if any payment is to be made in respect of interest the Interest Date for which falls on or after the date on which the winding up in England of the Issuer is deemed to have commenced, such payment shall be made only against presentation of the relevant Note and the Coupon for any such Interest Date shall be void. In addition, any Undated Subordinated Note in definitive form presented for payment after an order is made or an effective resolution is passed for the winding up in England of the Issuer must be presented together with all Coupons in respect of Arrears of Interest relating to Interest Dates falling prior to such commencement of the winding up of the Issuer, failing which there shall be withheld from any payment otherwise due to the holder of such Undated Subordinated Note such proportion thereof as the Arrears of Interest due in respect of any such missing Coupon bears to the total of the principal amount of the relevant Undated Subordinated Note, all Arrears of Interest in respect thereof and interest (other than Arrears of Interest) accrued on such Undated Subordinated Note in respect of the Interest Accrual Period current at the date of the commencement of the winding up.

(c) Payment Day

If any date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day (as defined below), then the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay.

In this Condition (unless otherwise specified in the applicable Pricing Supplement), "Payment Day" means any day which (subject to Condition 13) 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) London; and
 - (C) any Additional Financial Centre specified in the applicable Pricing Supplement; and
- (ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London 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 (B) in relation to any sum payable in euro, a day on which the TARGET System is open.

(d) Interpretation of Principal and Interest

Any reference in these Terms and 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 10 or pursuant to any undertakings given in addition thereto or in substitution therefor 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 Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Accrued Face Amount (as defined in Condition 6(h)(iii));
- (vii) any premium and any other amounts (other than interest) which may be payable under or in respect of the Notes; and
- (viii) in relation to Dual Currency Notes, the principal payable in any relevant Specified Currency.

Any reference in these Terms and 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 10 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

8. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 13. Each Talon shall,

for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

9. Agent and Paying Agents

The names of the initial Agent and the other initial Paying Agent and their initial specified offices are set out below. In the event of the appointed office of any such bank being unable or unwilling to continue to act as the Agent, or failing duly to determine the Rate of Interest (if applicable) or to calculate the Interest Amounts for any Interest Period, the Issuer shall appoint the London office of such other bank as may be approved by the Trustee to act as such in its place. The Agent may not resign its duties or be removed from office without a successor having been appointed as aforesaid. The Issuer may, with the prior approval of the Trustee, vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts provided that:

- (a) there will at all times be a Paying Agent (which may be the Agent) with a specified office in a city approved by the Trustee in western continental Europe;
- (b) so long as any of the Notes are listed on any stock exchange or admitted to listing by any other relevant listing authority, there will at all times be a Paying Agent (which may be the Agent) having a specified office in each location required by the rules and regulations of the relevant stock exchange or other relevant listing authority which, so long as the Notes are admitted to official listing on the London Stock Exchange and the listing rules so require, shall be London; and
- (c) if any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 is introduced, the Issuer will ensure (so long as there is such a Member State) that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to any such Directive or law.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in sub-paragraph (ii) of the fifth paragraph of Condition 7(b). Notice of any such variation, termination, appointment or change will be given by the Issuer to the Noteholders in accordance with Condition 20.

10. Taxation

All payments of principal and interest (if any) in respect of the Notes, Receipts and Coupons by the Issuer shall be made without withholding of, or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by the United Kingdom or any political sub-division thereof or by any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by the Noteholders, Receiptholders and Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest (if any) which would have been receivable in respect of the Notes, Receipts or Coupons (as the case may be) in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:—

- (a) presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon (as the case may be) by reason of having some connection with the United Kingdom other than merely by the holding of such Note, Receipt or Coupon; or

- (b) presented for payment at the specified office of a Paying Agent in the United Kingdom; 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 such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (d) presented for payment by or on behalf of a holder who is able to avoid such deduction or withholding by satisfying any statutory requirements or by making a declaration of non-residence or other claim for exemption to the relevant tax authority but fails to do so; or
- (e) presented for payment by or on behalf of a holder who would have been able to avoid such deduction or withholding by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (f) *where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000.*

For this purpose, the "relevant date" means the date on which the payment in respect of the Note, Receipt or Coupon first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Agent or the Trustee on or prior to such date, the "relevant date" means the date on which, such moneys having been so received, notice to that effect shall have been given to the Noteholders in accordance with Condition 20.

11. Events of Default and Enforcement relating only to Senior Notes

- (a) This Condition shall apply only to Senior Notes.
- (b) The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter of the nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject to being indemnified to its satisfaction), (but, in the case of the happening of any of the events mentioned in sub-paragraphs (ii), (iii), (iv), (v) and (vi) below, only if the Trustee shall have certified that, in its opinion, such event is materially prejudicial to the interests of the Noteholders), give notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount, together with accrued interest (if any) as provided in the Trust Deed, if any of the following events shall occur and be continuing:—
 - (i) *default is made for a period of seven or more days in the payment of any principal due in respect of the Notes or any of them or 14 or more days in the payment of any interest due in respect of the Notes or any of them; or*
 - (ii) the Issuer defaults in performance or observance of or compliance with any of its other undertakings set out in the Notes or the Trust Deed which default is, in the opinion of the Trustee, incapable of remedy or which, if capable of remedy, is not in the opinion of the Trustee remedied within 30 days (or such longer period as the Trustee may permit) after notice requiring remedy of such default, and indicating that this provision may be invoked if it is not remedied, shall have been given to the Issuer by the Trustee; or
 - (iii) (A) any other present or future indebtedness in respect of moneys borrowed or raised which *indebtedness has an outstanding principal amount equal to or exceeding the Specified Amount of the Issuer or any Principal Subsidiary (as defined below) becomes due and payable prior to its stated maturity pursuant to a default by the Issuer or such Principal Subsidiary; or*

- (B) any such indebtedness is not paid when due or (as the case may be) within any applicable grace period therefor; or
 - (C) the Issuer or any Principal Subsidiary fails to pay when due or (as the case may be) within any applicable grace period thereafter any amount payable by it under any present or future guarantee or indemnity in an amount equal to or exceeding the Specified Amount (other than any guarantee or indemnity given in the ordinary course of its business) for any indebtedness in respect of moneys borrowed or raised; or
 - (D) any mortgage, charge, pledge, lien or other encumbrance present or future securing an amount equal to or exceeding the Specified Amount and created or assumed by the Issuer or any Principal Subsidiary becomes enforceable and the holder thereof takes any steps to enforce the same; or
- (iv) if the Issuer or any Principal Subsidiary ceases to carry on the whole or (in the case of the Issuer) a substantial part or (in the case of a Principal Subsidiary) substantially the whole of its business (except for the purposes of a reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or, in the case of a Principal Subsidiary, where such cessation results from a solvent winding up of such Principal Subsidiary or is in connection with the transfer of the whole or substantially the whole of the business or assets of such Principal Subsidiary to another wholly-owned Subsidiary of the Issuer or to the Issuer) or the Issuer or any Principal Subsidiary stops payment of, or admits inability to pay, its debts as they fall due; or
 - (v) if an administrative or other receiver or an administrator or other similar official is appointed or an administration order is made in relation to the Issuer or any Principal Subsidiary or in relation to the whole or a material part of the assets of any of them or an encumbrancer takes possession of the whole or a material part of the assets of any of them, or a distress, execution or other process is levied or enforced upon or sued out against the whole or a material part of the assets of any of them, and, in any case, is not discharged within 30 days; or
 - (vi) if an order is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or any Principal Subsidiary, except for the purposes of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, or for a resolution for the solvent winding-up of such Principal Subsidiary.

For the purposes of this Condition:—

- (I) a "Principal Subsidiary" at any time shall mean a Subsidiary of the Issuer whose total assets (consolidated in the case of a Subsidiary which itself has subsidiaries) (attributable to the Issuer) represent not less than 10 per cent. of the consolidated total assets of the Issuer and its Subsidiaries, all as more particularly described in the Trust Deed;
- (II) a "Specified Amount" shall mean the greater of (1) £20,000,000 or its equivalent in any other currency or currencies and (2) such amount in Sterling as is equal to one per cent. of the aggregate of (I) the nominal amount of the share capital of the Issuer for the time being issued and paid up or credited as paid up, (II) the amounts standing to the credit of the reserves (including any share premium account and profit and loss account) of the Issuer and its Subsidiaries and (III) any amounts attributable to minority interests in Subsidiaries, all as shown in the latest audited consolidated balance sheet of the Issuer and its Subsidiaries prepared in accordance with generally accepted accounting principles in the United Kingdom less (IV) any amounts, determined in accordance with generally accepted accounting principles in the United Kingdom, representing distribution of cash or tangible assets declared, recommended or made by the Issuer or any of its Subsidiaries (other than any distribution attributable to the Issuer or

another Subsidiary) out of profits accrued prior to the date of, and not provided for in, the latest audited consolidated balance sheet of the Issuer and its Subsidiaries and less (V) any amounts shown in such latest audited consolidated balance sheet (y) attributable to intangible assets and (z) of any debit on profit and loss account.

A certificate of the Auditors (as defined in the Trust Deed) as to the Specified Amount shall, in the absence of manifest error, be conclusive and binding on all parties.

- (c) At any time after the Notes become due and are repayable pursuant to this Condition, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, but it shall not be bound to take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes outstanding and (ii) it shall have been indemnified to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound to proceed, fails to do so within a reasonable period of time and such failure is continuing.

12. Events of Default and Enforcement relating only to Subordinated Notes

- (a) This Condition shall apply only to Subordinated Notes.
- (b) In the case of Dated Subordinated Notes, the Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter of the nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject to being indemnified to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount, together with accrued interest (if any) as provided in the Trust Deed if any of the following events shall occur and be continuing:—
 - (i) default is made for a period of seven or more days in the payment of any principal due in respect of the Notes or any of them or 14 or more days in the payment of any interest due in respect of the Notes or any of them; or
 - (ii) the winding-up or dissolution of the Issuer is commenced (other than a winding-up or dissolution which has been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders).

If the Notes become immediately due and repayable, the Trustee may, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer in England (but not elsewhere) to enforce the obligations of the Issuer in respect of the Notes, the Receipts, the Coupons and the Trust Deed, provided that no repayment of principal in respect of the Notes may be made by the Issuer pursuant to this Condition, nor will the Trustee accept the same, otherwise than during or after a winding-up or dissolution of the Issuer, save with Relevant Consent.

- (c) In the case of Undated Subordinated Notes, if the Issuer shall not make any payment of principal in respect of the Notes for a period of seven days or more after the due date for the same or shall not make payment of interest for a period of 14 days or more after a Compulsory Interest Payment Date or any other date upon which the payment of interest is compulsory, the Trustee may institute proceedings in England (but not elsewhere) for the winding-up of the Issuer and prove in such winding-up. For the purposes of this paragraph (c), a payment otherwise due (in the case of principal) or compulsory (in the case of interest) shall be deemed so due or compulsory notwithstanding that the condition set out in Condition 3 is not satisfied.
- (d) Without prejudice to the rights above, the Trustee may, at its discretion, and without further notice, institute such proceedings (other than proceedings for the winding-up of the Issuer) against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust

Deed, the Notes, the Receipts or the Coupons (other than any obligations for the payment of any principal or interest in respect of the Notes), provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal in respect of the Notes sooner than the same would otherwise be payable by it.

- (e) The Trustee shall not be bound to take any of the actions referred to above to enforce the obligations of the Issuer under the Trust Deed and the Notes, Receipts and Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes outstanding and (ii) it shall have been indemnified to its satisfaction.

No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound to proceed, fails to do so within a reasonable period of time and such failure is continuing, in which case the Noteholder, Receiptholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. No Noteholder, Receiptholder or Couponholder shall be entitled to institute proceedings for the winding-up of the Issuer, or to prove in any winding-up of the Issuer, unless the Trustee, having become bound to proceed against the Issuer as aforesaid, fails to do so within a reasonable period of time, or, being able to prove in any winding-up of the Issuer, fails to do so within a reasonable period of time, in which event any such holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute proceedings for the winding-up in England (but not elsewhere) of the Issuer and/or prove in any winding-up of the Issuer to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do in respect of the Notes, Receipts and Coupons held by him. No remedy against the Issuer, other than the institution of proceedings for the winding-up in England of the Issuer or the proving or claiming in the winding-up of the Issuer, shall be available to the Trustee or the Noteholders, Receiptholders or Couponholders for the recovery of amounts owing in respect of the Notes, Receipts or Coupons or under the Trust Deed.

13. Prescription

Notes, Receipts and Coupons (which for this purpose shall not include the Talons) shall become void unless presented for payment within ten years (in the case of Notes and Receipts) and five years (in the case of Coupons), in each case from the relevant date (as defined in Condition 10) therefor, subject to the provisions of Condition 7. 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 or Condition 7 or any Talon which would be void pursuant to Condition 7.

14. Meetings of Noteholders, Modification and Waiver

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Terms and Conditions or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear majority of the nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present being or representing Noteholders whatever the nominal amount of the Notes for the time being outstanding so held or represented, except that, at any meeting, the business of which includes the modification of certain of these Terms and Conditions or of certain of the provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the nominal amount of the Notes for the time being outstanding.

An Extraordinary Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trust Deed provides that the Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification (subject as provided above) of, or to any 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 which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or to any modification thereof which is of a formal, minor or technical nature or for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein. Any such modification, waiver or authorisation shall be binding on the Noteholders, Receiptholders and Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 20.

In connection with the exercise by it of any of its trusts, powers or discretions (including, but without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the interests of the Noteholders as a class and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 10 and/or any undertaking given in addition to, or in substitution for, Condition 10 pursuant to the Trust Deed.

15. Substitution

- (a) Subject as provided in the Trust Deed, the Trustee, if it is satisfied that so to do would not be materially prejudicial to the interests of the Noteholders, may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to the substitution of any successor in business to the Issuer or of a Subsidiary either of the Issuer or of any successor in business to the Issuer in place of the Issuer or any successor in business to the Issuer as principal debtor under the Trust Deed, the Notes, the Receipts and the Coupons, provided in the case of a Subsidiary either of the Issuer or of any successor in business to the Issuer the obligations of such Subsidiary in respect of the Trust Deed, the Notes, the Receipts and the Coupons shall be guaranteed by the Issuer or such successor in business in a form satisfactory to the Trustee and provided further that (in the case of the Subordinated Notes) the obligations of such successor in business or such Subsidiary and any such guarantee shall be subordinated on a basis considered by the Trustee to be equivalent to that in respect of the Issuer's obligations in respect of the Notes, Receipts and Coupons.
- (b) Any such substitution shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee agrees otherwise, any such substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 20.

16. Further Issues

The Issuer is at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes ranking *pari passu* in all respects (or in all respects save for the date for, and the amount of, the first payment of interest thereon) with the outstanding Notes and so that the same shall be consolidated and form a single series with the outstanding Notes.

17. Replacement of Notes, Receipts, Coupons and Talons

If a Note (including any Global Note), Receipt, Coupon or Talon is mutilated, defaced, destroyed, stolen or lost it may be replaced at the specified office of the Agent in London, or any other place approved by the Trustee of which notice shall have been published in accordance with Condition 20, on payment of such costs 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, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

18. Indemnification

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances including provisions relieving it from instituting proceedings to enforce repayment unless indemnified to its satisfaction.

19. Redenomination

(a) Redenomination

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, the Trustee, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 20, elect that, with effect from the Redenomination Date (as defined below) specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:—

- (i) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, after consultation with the Agent and with the approval of the Trustee (such approval not to be unreasonably withheld or delayed), that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed, the Trustee and the Paying Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (iii) if Definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of euro 0.01, euro 1,000, euro 10,000, euro 100,000 and such other denominations as the Agent shall determine and notify to the Noteholders and the Trustee;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "Exchange Notice") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

- (v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro 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;
- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period of less than one year, it will be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (A) the number of those days falling in a leap year divided by 366 and (B) the number of those days falling in a non-leap year divided by 365); and
- (vii) if the Notes are Floating Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest.

(b) Definitions

In these Terms and Conditions, the following expressions have the following meanings:

“Established Rate” means the rate for the conversion of the Specified Currency (including compliance with the rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123(4) of the Treaty; and

“Redenomination Date” means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above which falls on or after a date on which a country of a Specified Currency not previously participating in the third stage of European Economic and Monetary Union does so participate and which falls before the date on which the Specified Currency ceases to be a sub-division of the euro.

20. Notices

All notices regarding the Notes will be valid if published in the *Financial Times* or any other daily newspaper in London approved by the Trustee or, if this is not possible, in one other English language daily newspaper approved by the Trustee with general circulation in the United Kingdom. The Issuer shall also ensure that all 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 Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first publication or, if required to be published in more than one newspaper, on the date of the first publication in all the required newspapers.

Until such time as any Definitive Notes are issued, there may (provided that, in the case of Notes listed on a stock exchange or other relevant authority, the stock exchange or other relevant authority agrees), so long as any Global Note is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication as aforesaid the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg, as appropriate.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Agent via Euroclear and/or Clearstream, Luxembourg, as the

case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

21. Rights of Third Parties

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

22. Governing Law

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

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used for the general purposes of the Issuer.

BRADFORD & BINGLEY PLC

1. Introduction and Constitution

The Issuer is an authorised institution under the Financial Services and Markets Act 2000 and has its registered office at Croft Road, Crossflatts, Bingley, West Yorkshire BD16 2UA. It is the successor to Bradford & Bingley Building Society (the "Society"), which was a "building society" within the meaning given to that term in the Building Societies Act 1986 (as amended by the Building Societies Act 1997).

2. History and Business Activities

The Society was formed in 1964 as a result of the merger of the Bradford Equitable Building Society and the Bingley Building Society which were both established in 1851. At a Special General Meeting held on 17th July, 2000, the Society's voting members overwhelmingly endorsed a proposal from the Board of Directors to convert to a PLC. Following the latter's flotation on the London Stock Exchange on 4th December, 2000, the business, property and liabilities of the Society were transferred to the Issuer.

The principal activities of the Issuer are (i) to lend on residential and commercial property, (ii) to offer a range of retail savings services, (iii) to operate as an independent retailer of mortgage, investment and insurance products (including products regulated under the Financial Services and Markets Act 2000) provided by a range of companies and (iv) to offer residential estate agency and selected other property related services. The Issuer also has a number of subsidiaries which are engaged in the activity of insurance, offshore deposit taking and treasury activity.

The Issuer's lending business, which contributed 37 per cent. of the Issuer's revenues, is responsible for the development and manufacture of the mortgage lending product range. It only offers loans secured on property. Residential lending products are distributed through the Issuer's branch network, directly via the telephone and online. Specialist mortgages are sold through intermediaries under the Mortgage Express brand. In March 2003, the Issuer, through its subsidiary, Mortgage Express, acquired a loan portfolio with a value of £470 million from GMAC-RFC Limited. In April 2003, a further agreement was concluded with GMAC-RFC which will allow Mortgage Express to acquire up to £1.05 billion of mortgages in three tranches over the following seven months. These loan portfolio acquisitions will increase the Issuer's managed assets, which stood at £26.6 billion at the year-end by around 4 per cent. The Issuer's commercial lending operation focuses on property-related lending to corporate customers and to housing associations.

The Issuer's savings business, which provides 16 per cent. of the Issuer's revenues, is responsible for the development and manufacture of the Issuer's range of convenience and value savings products. These products are distributed exclusively through the Issuer's retail network, and are managed very closely with the distribution business. In addition to introducing a large customer base to the Issuer's retail financial services business, the savings business supports the Issuer's retail distribution strategy by offering good value savings products, which both meet the needs of existing customers and attract new ones.

The Issuer's distribution business, accounting for 36 per cent. of the Issuer's revenues, develops and manages the distribution network. The network offers a wide range of services online and offline, including estate agency and property related services, mortgage and insurance broking and financial advice on a wide range of investment products. In March 2001, the Issuer launched "The MarketPlace at Bradford & Bingley", an innovative customer proposition offering a wide range of financial services products from an extensive range of manufacturers. Built around the Issuer's bank and estate agency network, and its online channel, The MarketPlace has become the country's leading mortgage broker employing over 1,000 financial advisors who are able to help customers get the best mortgage, repayment and protection solutions. It also offers insurance broking together with independent financial advice on pensions and investments.

Charcol, a leading specialist mortgage and insurance broker, acquired by the Issuer in 2000, is built around a network of independent financial advisers and a market leading online mortgage site. In 2001,

Charcol's history of innovation continued with the launch of its online funds supermarket and the addition of insurance broking to its online site. In April 2003 the Issuer acquired Holden Meehan Ltd, one of the UK's leading fee-based IFA businesses which has been integrated into the Charcol brand as Charcol Holden Meehan. In September 2003, the Issuer also acquired Aitchison & Colegrave, giving it a significant presence in the Scottish Market as Charcol Aitchison & Colegrave.

The Issuer is also one of Britain's largest estate agencies with a network of over 240 branches. The flow of customers into the estate agency outlets acts as an important lead generator for the Issuer's mortgage broking and wealth management business.

The Issuer is also active in the wholesale money markets raising funds principally through time deposits, certificates of deposit, commercial paper, bank loans, bond issues and subordinated liabilities. Further funding diversification has been achieved by the use of securitisation: approximately £1 billion of mortgages were securitised in the name of Aire Valley Finance plc in 1997 and a further £1 billion of mortgages were securitised in the name of Aire Valley Finance (No 2) plc in 2000.

3. Results for the Year Ended 31st December 2002

The Issuer group achieved a profit before tax and exceptional items of £273.2 million, being an increase of 8 per cent. on the previous year. Assets (including the assets of wholly owned subsidiaries) also increased by 8 per cent. to £25.4 billion as a result of the growth in lending assets. Lower yielding treasury assets led to a decrease of 4 per cent. in liquid assets, compared to the previous year. By the year-end, the target of reducing costs by £30 million on a like-for-like basis with the year-end 2000 had been achieved.

The Issuer's residential loan book grew by £800 million, thus contributing to a total managed residential book of £16.8 billion. Commercial and housing association lending increased the size of its book by almost £1 billion to £3.7 billion.

On the funding side of the business, retail savings balances grew £300 million to £13 billion. Wholesale deposits increased to £2.1 billion during the year in support of lending growth, while debt securities in issue increased by £1 billion to £5.7 billion.

The distribution business doubled its profit before tax to £28 million, while income from financial services grew by 5 per cent. to £144 million and property services by 7 per cent. to £115 million.

Shareholders' equity, reserves and subordinated loan capital stood at £174 million, £1,087 million and £677 million respectively.

BOARD OF DIRECTORS

The composition of the Board of Directors of the Issuer is as follows:

<u>Directors</u>		<u>Other Directorships</u>
Roderick D. Kent	Chairman, Non-Executive Director	Close Brothers Group Plc Close Brothers Holdings Limited Grosvenor Group Holdings Limited Grosvenor Limited Grosvenor UK Finance Limited Whitbread Group PLC
Derek T. Lewis	Vice-Chairman, Non-Executive Director	Arts and Business Yorkshire Limited Bradford City Centre URC Limited Herbert Roberts Limited Little Germany Urban Village Company Limited Yearahead Limited
Ian M. Cheshire	Non-Executive Director	Castorama France S.A. e-Kingfisher Limited Eijsvogel S.A.R.L. Immobiliere de l'Epinoy SAS Kingfisher PLC Lorlan SA Medicinema Enterprises Limited Screwfix Direct Limited The Baby Fund Trading Limited
Nicholas J. Cosh	Non-Executive Director	Computacentre plc Hornby Industries Limited Hornby plc ICAP plc JPMorgan Fleming American Investment Trust plc SBA Underwriting Limited Sportev Limited Stace Barr Angerstein plc
George E. Cox	Non-Executive Director	Enterprise Insight Limited Euronext N.V. Institute of Directors IOD.COM Limited IOD Management Limited Short Brothers PLC The Director Publications Limited
Steven J. Crawshaw	Managing Director Lending	No External Directorships
Ian S. Darby	Group Commercial Director	Association of Independent Financial Advisers
Robert S. Dickie	Group Operations Director	No External Directorships

Directors

Christopher J. Rodrigues

Group Chief Executive

Mark A. Smith

Non-Executive Director

Rosemary P. Thorne

Group Finance Director

Royal Mail Group PLC

Stephen P. Webster

Non-Executive Director

Other DirectorshipsThe Financial Services Authority
P to M Limited
Hilton Group PLCRenold plc
The Laird Group plcBurra Limited
Ellerton House (Bryanston Square)
Management Company LimitedRoyal Mail Holdings PLC
The Financial Reporting Council Limited

Wolseley plc

The business address of the Directors is c/o Bradford & Bingley plc, Croft Road, Crossflatts, Bingley, West Yorkshire BD16 2UA.

FINANCIAL INFORMATION

Financial Summary

The following is a summary of the audited consolidated profit and loss accounts of the Society and its subsidiaries for the two years ended 31st December, 1999 and of the Issuer and its subsidiaries for the three years ended 31st December, 2002:—

	1998 ⁽²⁾⁽³⁾	1999 ⁽²⁾⁽³⁾	2000	2001	2002
Interest Receivable and similar income arising from					
debt securities	—	239	259	231	142
Other interest receivable and similar income	—	1,206	1,417	1,305	1,235
Total interest receivable	1,534	1,445	1,676	1,536	1,377
Interest payable	(1,259)	(1,105)	(1,250)	(1,093)	(936)
Net interest receivable	275	—	—	—	—
Net interest income	—	340	426	443	441
Fees and commissions receivable	188	253	255	273	290
Fees and commissions payable	(11)	(8)	(9)	(12)	(18)
Other operating income	14	22	24	10	15
Total income	466				
Operating income		607	696	714	728
Administrative expenses:					
On-going	(283)	(379)	(411)	(418)	(416)
Exceptional	—	(30)	(78)	(19)	(33)
Depreciation and amortisation	(31)	(28)	(32)	(34)	(30)
Other operating charges	(28)	—	—	—	—
Provisions for bad and doubtful debts	4	4	(7)	(6)	(6)
Provision for pension review	—	(19)	(13)	—	—
Operating profit	128	155	155	237	243
Share of loss in joint ventures	—	—	(1)	(3)	(3)
Profit on disposal of subsidiary	—	—	5	—	—
Profit on ordinary activities before tax	128	155	159	234	240
Tax on profit on ordinary activities	(45)	(60)	(82)	(71)	(63)
Minority Interest (non-equity)	—	—	—	—	(6)
Profit for the financial year	83	—	—	—	—
Profit attributable to shareholders	—	95	77	163	171
Dividends	—	—	(24)	(88)	(96)
Profit retained for the financial year	83	95	53	75	75

Notes:—

- (1) These figures are extracted without material adjustment from the Group Income and Expenditure Account set out in the Society's annual accounts for the years 1998 and 1999 and from the Consolidated Profit and Loss Account set out in the Issuer's annual accounts for the years 2000, 2001 and 2002.
- (2) The 1998 and 1999 accounts were drawn up in compliance with the Building Societies (Accounts and Related Provisions) Regulations 1998.
- (3) The Directors have taken the view that "Other operating charges" and certain deductions from operating income reported in 1999 are more appropriately included within administrative expenses, and for greater clarity the provision for pension review is now reported separately from 1999. Greater clarity is also apparent by splitting "Total interest receivable" into its component parts of "Interest receivable and similar income arising from debt securities" and "Other interest receivable and similar income" from 1999.

CAPITALISATION AND INDEBTEDNESS STATEMENT

The following is a summary of the unaudited consolidated shareholders' funds, subordinated liabilities and unsubordinated indebtedness of the Issuer and its subsidiaries (together the "Group") as at 30th June, 2003.

	30th June, 2003 (Unaudited) (in millions of pounds)
SHAREHOLDERS' FUNDS	
Equity shareholders' funds:	
Called up share capital ⁽¹⁾	160.0
Share premium account	3.9
Capital Redemption Reserve	10.5
Profit and loss account	1,103.2
Total Shareholders' Funds	1,277.6
MINORITY INTEREST (NON-EQUITY)⁽²⁾	148.5
UNDATED SUBORDINATED LIABILITIES⁽⁴⁾⁽⁵⁾	
13 per cent. Perpetual Subordinated Bonds (Sterling)	55.0
11 ⁵ / ₈ per cent. Perpetual Subordinated Bonds (Sterling)	50.0
5 ⁵ / ₈ per cent. Callable Perpetual Subordinated Notes (Sterling)	246.1
Total Undated Subordinated Liabilities	351.1
DATED SUBORDINATED LIABILITIES ISSUED UNDER THE PROGRAMME	
Sterling Subordinated Notes due 2010	125.0
Step-up Sterling Subordinated Notes due 2011.. .. .	125.0
Sterling Fixed rate Step-up Subordinated Notes due 2022	197.4
Sterling Subordinated Notes due 2023	125.0
Total Dated Subordinated Liabilities⁽³⁾	572.4
UNSUBORDINATED INDEBTEDNESS⁽⁶⁾	
Certificates of deposit	2,048.7
Commercial paper.. .. .	426.9
Medium term notes	5,173.2
Deposits and loans.. .. .	2,893.0
Total Unsubordinated Indebtedness	10,541.8

Notes:—

- (1) The authorised share capital of the Issuer is £220,500,000 being 882,000,000 shares of 25p each. At 30th June, 2003 there were 653,800,000 ordinary shares issued at a paid up amount of £160,045,874, with the remaining shares being unissued and unclassified. Since this date the company has repurchased 6,000,000 shares as at 21st November, 2003.
- (2) On 29th May, 2002 £150 million, 6.462% guaranteed, non-voting, non-cumulative, perpetual preferred securities, Series A were issued through Bradford & Bingley Capital Funding L.P. (£148.5m net of expenses), a Jersey based Limited Partnership. These securities are guaranteed on a subordinated basis by the Issuer. These securities are not subject to any mandatory redemption provisions and qualify as tier 1 regulatory capital; they are redeemable by the Issuer at its option on 2nd June, 2032 and on each 5th anniversary thereafter. They have a fixed coupon and, if not redeemed in 2032, the coupon will be reset at a rate equal to the sum of the relevant 5 year benchmark "gilt rate" plus a margin of 2.3% per annum.
- (3) As at 30th June, 2003, all liabilities and indebtedness were unsecured and unguaranteed save as disclosed in Note (7).
- (4) The Permanent Interest Bearing Shares ("PIBS") issued by Bradford & Bingley Building Society were replaced by Perpetual Subordinated Bonds ("PSB's") of Bradford and Bingley plc on conversion. These PSB's had a principal amount equal to the principal amount of the PIBS they replaced and carry the same rate of interest of those as the PIBS.

- (5) On 29th April, 2003 the Group issued £250 million of undated subordinated notes under the Programme, qualifying as upper tier 2 regulatory capital. Under the terms of the issue the Group has the option to call the notes at par on 20th December 2013 and every five years thereafter. The notes have a fixed coupon of 5.625% but if the Group does not call the notes on this date (or subsequent call dates), the coupon on the notes will be reset for the period following the issuer call date at a rate equal to the sum of the then prevailing 5 year benchmark "gilt rate" plus a margin of 2.23%.
- (6) Since 30th June, 2003 there have been approximate increases of £1,127 million in medium term notes and £621 million in commercial paper and approximate decreases of £115 million in deposits and loans and £259 million in certificates of deposit. The increase in medium term notes and commercial paper since 30th June, 2003 was unsecured and unguaranteed.
- (7) As at 30th June, 2003 the Group had contingent liabilities consisting of guarantees of £5 million and commitments of £1,098 million. Since that date there has been an approximate increase of £86 million (none of which consists of guarantees).
- (8) Save as disclosed above, there has been no material change in the consolidated shareholders' funds, undated subordinated liabilities, dated subordinated liabilities, unsubordinated indebtedness or contingent liabilities and guarantees of the Issuer and its subsidiaries since 30th June, 2003.

UNITED KINGDOM TAXATION

The comments below, which are of a general nature and are based on the Issuer's understanding of current United Kingdom law and Inland Revenue practice, describe only the United Kingdom withholding tax treatment of payments of principal and interest in respect of the Notes. They do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. Prospective holders 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.

1. The Issuer, provided that it continues to be a bank within the meaning of section 349 of the *Income and Corporation Taxes Act 1988* (the "Act"), and provided that the interest on the Notes is paid in the ordinary course of its business within the meaning of section 349 of the Act, is entitled to make payments of interest without withholding or deduction for or on account of United Kingdom income tax.

2. Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes are listed on a "recognised stock exchange" within the meaning of section 841 of the Act (the London Stock Exchange is a recognised stock exchange for these purposes). Under an Inland Revenue published practice, securities will be treated as listed on the London Stock Exchange if they are admitted to the Official List of the U.K. Listing Authority and admitted to trading on the London Stock Exchange. Provided therefore that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax whether or not the Issuer carries on a banking business in the United Kingdom and whether or not the interest is paid in the ordinary course of its business.

3. Where interest is payable on Notes which have a maturity of less than one year (and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more), the interest will not be "yearly interest" for the purposes of the Act and accordingly payments of interest on such Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

4. Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid to a person who belongs in the United Kingdom and the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest at the time the payment is made, provided that the Inland Revenue has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the beneficial owner is not within the charge to United Kingdom corporation tax in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

5. In other cases, income tax may have to be withheld from payments of interest on the Notes on account of United Kingdom income tax at the lower rate (currently 20 per cent.), subject to any direction to the contrary by the Inland Revenue under an applicable double taxation treaty. Holders who are individuals may wish to note that the Inland Revenue has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual. The Inland Revenue also has power to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Notes which are relevant discounted securities for the purposes of the Finance Act 1996 to, or receives such amounts for the benefit of, an individual. Such information may include the name and address of the beneficial owner of the amount payable on redemption. However, in relation to the redemption proceeds of Notes which are relevant discounted securities, Inland Revenue published practice indicates that the Inland Revenue will not exercise its power to obtain information where such amounts are paid or received on or before 5th April, 2004. Any

information obtained may, in certain circumstances, be exchanged by the Inland Revenue with the tax authorities of other jurisdictions.

6. The references to "interest" in 1 to 5 above mean "interest" as understood in United Kingdom tax law. The statements in 1 to 5 above do not take any account of any different definitions of "interest" or "principal" which may be created by the terms and conditions of the Notes or any related documentation (e.g. see Condition 7(d) of the Notes).

7. Where Notes are issued on terms that a premium is or may be payable on redemption, as opposed to being issued at a discount, then it is possible that any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.

SUBSCRIPTION AND SALE

The Dealers have in an amended and restated Programme Agreement dated 5th December, 2003 (such Programme Agreement as further amended, supplemented or restated from time to time, the "Programme Agreement") agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement for any particular purchase by a Dealer will extend to those matters stated under "Terms and Conditions of the Notes" and "Form of the Notes" above. The Issuer may pay the Dealers commissions from time to time in connection with the sale of any Notes. In the Programme Agreement the Issuer has agreed to reimburse and indemnify the Dealers for certain of their expenses and liabilities in connection with the establishment and any future update of the Programme and the issue of the Notes. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to issue and purchase Notes under the Programme Agreement in certain circumstances prior to payment to the Issuer.

(a) United States

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "Securities Act") and may not be offered, sold or delivered directly or indirectly within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, it will not offer, sell or deliver Notes of any Series (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer or Dealers may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

(b) United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:—

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

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

- (ii) in relation to Notes which have a maturity of one year or more and which are not to be admitted to the Official List, it has not offered or sold and, prior to the expiry of the period of six months from the Issue Date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);
- (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not apply to the Issuer; and
- (iv) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

(c) Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law") and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and any other applicable laws and regulations of Japan.

(d) Germany

In connection with the initial placement of any Notes in Germany, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will offer and sell such Notes (i) unless otherwise provided in the relevant subscription agreement or the applicable Pricing Supplement in the case of an issue made on a syndicated basis, only for an aggregate purchase price per purchaser of at least €40,000 (or its equivalent in other currencies) or such other amount as may be stipulated from time to time by applicable German law or (ii) as may otherwise be permitted in accordance with applicable German law.

(e) The Netherlands

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell in The Netherlands any Notes with a denomination of less than €50,000 (or its foreign currency equivalent) other than to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises) unless one of the other exemptions from or exceptions to the prohibition contained in article 3 of the Dutch Securities Transactions Supervision Act

1995 (*Wet toezicht effectenverkeer 1995*) is applicable and the conditions attached to such exemption or exception are complied with.

(f) General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree to comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have responsibility therefor. In accordance with the foregoing, each Dealer has warranted to and undertaken with, and each further Dealer appointed under the Programme will be required to warrant to and undertake with, the Issuer that any Notes purchased by it which it wishes to offer for sale or resale shall not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction. Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with any other additional restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the relevant Pricing Supplement.

GENERAL INFORMATION

Listing of Notes

1. The admission of 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 which is to be admitted to the Official List and to trading on the London Stock Exchange will be admitted separately as and when issued, subject only to the issue of a temporary global Note initially representing the Notes of such Tranche. The listing of the Programme in respect of Notes is expected to be granted on or about 10th December, 2003.

Authorisation

2. The Programme was authorised by the resolution of the Board of Directors of the Society passed on 24th May, 1994. Amendments to the Programme were authorised by resolutions of the Board of Directors of the Society passed on 24th October, 1995, 26th November, 1996, 25th November, 1997, 24th November, 1998 and 23rd November, 1999 and by resolutions of the Board of Directors of the Issuer passed on 28th November, 2000, 30th October, 2001, 29th October, 2002, 27th May, 2003 and 28th October, 2003.

Clearing Systems

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and ISIN allocated by Euroclear and Clearstream, Luxembourg in respect of each Tranche of Notes will be contained in the relevant Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Pricing Supplement.

Auditors

4. The consolidated accounts of the Society and the Issuer (as applicable) for the three years ended 31st December, 2002 have been audited, without qualification, in accordance with Auditing Standards issued by the Auditing Practices Board by KPMG Audit Plc, Chartered Accountants of 1 The Embankment, Neville Street, Leeds LS1 4DW.

The audit report in respect of the financial year ended 31st December, 2002 stated that the report, including the opinion, was prepared for and only for the Issuer's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose and that the auditors did not, in giving the audit opinion, accept or assume responsibility for any other purpose or to any other person to whom the report was shown or into whose hands the report came except when expressly agreed with the auditor's prior consent in writing.

The above was recommended in recent guidance issued by the Institute of Chartered Accountants in England and Wales for inclusion in all Section 235 audit reports produced by audit firms.

Significant or Material Change

5. Except as disclosed herein there has been no significant change in the financial or trading position of the Issuer and its subsidiaries taken as a whole since 30th June, 2003 and no material adverse change in the financial position or prospects of the Issuer and its subsidiaries taken as a whole since 31st December, 2002.

Litigation

6. Neither the Issuer nor any of its subsidiaries, is or has been involved in nor are there so far as the Issuer is aware any pending or threatened legal or arbitration proceedings which may have or have had during

the previous 12 months a significant effect on the Issuer's financial position or that of the Issuer and its subsidiaries taken as a whole.

Documents Available

7. From the date hereof so long as any Notes are outstanding and throughout the duration of the Programme, copies of the following documents will, when published, be available for inspection at the principal office of the Issuer and from the specified office in London of the Agent:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) the consolidated audited annual report and accounts of the Issuer and their respective subsidiaries for each of the years ended 31st December, 2001 and 2002;
- (c) the most recently available consolidated audited annual report and accounts and the most recently available interim statements of the Issuer and its subsidiaries;
- (d) the Programme Agreement, the Trust Deed (which contains the forms of the temporary and permanent global Notes, the Definitive Notes, the Receipts, the Talons and the Coupons) and the Agency Agreement and all amendments thereto and restatements thereof;
- (e) this Offering Circular;
- (f) any future prospectuses, offering circulars, supplementary listing particulars, information memoranda and supplements (including Pricing Supplements save that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note on production of evidence satisfactory to the Agent as to the identity of such holder) to this Offering Circular and the documents incorporated herein and therein by reference; and
- (g) in the case of listed Notes subscribed pursuant to a subscription agreement (or equivalent document), the subscription agreement (or equivalent document).

8. Any certificate or report of the Auditors (as defined in the Trust Deed) or any other expert called for by or provided 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 whether or not such certificate or report and/or any arrangement letter or other document entered by the Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors or such other expert in respect thereof.

REGISTERED OFFICE OF THE ISSUER

Croft Road
Crossflatts Bingley
West Yorkshire BD16 2UA

DEALERS

ABN AMRO Bank N.V.
250 Bishopsgate
London EC2M 4AA

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

BNP PARIBAS
10 Harewood Avenue
London NW1 6AA

Deutsche Bank AG London
Winchester House
1 Great Winchester Street
London EC2N 2DB

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

HSBC Bank plc
Level 4
8 Canada Square
London E14 5HQ

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

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

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ

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

UBS Limited
1 Finsbury Avenue
London EC2M 2PP

TRUSTEE

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

ISSUING AND PRINCIPAL PAYING AGENT AND AGENT BANK

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

PAYING AGENT

The Bank of New York
Avenue des Arts 35
Kunstlaan B-1040 Brussels

LEGAL ADVISERS

To the Dealers and Trustee
Allen & Overy
One New Change
London EC4M 9QQ

To the Issuer
Slaughter and May
One Bunhill Row
London EC1Y 8YY

STATUTORY AUDITORS OF THE ISSUER

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds LS1 4DW

AUTHORISED ADVISER

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ