

deposits evidenced by a certificate of deposit or other negotiable instrument and deposits which, on a winding-up, would fall to be repaid only after repayment in full had been made to the holders of shares in the society other than deferred shares). Joint accounts (other than partnership accounts) are divided equally between account holders for this purpose, whilst special provisions apply to trustee, nominee and client accounts. The IPB may decline to make any payment where, in its opinion, the investor has responsibility for, or may have profited directly or indirectly from, the circumstances giving rise to the society's financial difficulties. Both the percentage mentioned above and the £20,000 limit may be changed by order of HM Treasury.

Where the IPB has determined to levy contributions for the purpose of making insolvency payments to investors with an insolvent society, those payments are made out of the IPF as soon as practicable. However, an investor will be ineligible for any payment until he has made an appropriate claim under the IPS and has lodged a proof of debt or claim in relation to his protected investment with the liquidator of the society. Where a compensation payment falls to be made to the investor by the IPB, the society becomes liable to the IPB for an amount equal to that payment (and the liability of the society to the investor is reduced accordingly).

Upon implementation of the Directive, HM Treasury will not be able to reduce the proportion of the protected deposit to be paid by the IPB nor will it be able to reduce the £20,000 limit to below the minimum proportion and level (referred to in Part 3.7 on page 44) required under the Directive. In accordance with the terms of the Directive, deposit-guarantee schemes are required to be in a position to pay duly verified claims by depositors within three months (subject to limited extensions in certain special cases) of a determination by a supervisory authority or a judicial ruling that deposits are unavailable. Accordingly, the definition of an insolvent building society will be replaced. Upon implementation of the Directive, claims for compensation will be considered if a deposit is due and payable but unpaid under the legal and contractual conditions applicable to it and there has been either a ruling by a court made for reasons which are directly related to an institution's financial circumstances and which has the effect of suspending a depositor's ability to make claims against such institution, or a determination by the Building Societies Commission that an institution has failed to repay a deposit that is due and payable, that it is unable to repay the deposit for reasons which are directly related to its financial circumstances, and has no current prospect of being able to do so. The right, referred to in the preceding paragraph, of the IPB to recover a compensation payment made to a depositor from an institution with which the deposit was held is preserved.

7.3 Terms and conditions of the Perpetual Subordinated Bonds

The following are the terms and conditions in, or substantially in, the form which will be endorsed on each Perpetual Subordinated Bond:

The £100,000,000 11¾ per cent Perpetual Subordinated Bonds (the 'Bonds') of Cheltenham & Gloucester plc (the 'Issuer') are constituted by a trust deed dated no later than the Vesting Date (the 'Trust Deed') between (1) the Issuer and (2) The Law Debenture Corporation p.l.c., as trustee, (the 'Trustee' which expression shall include its successors). The Trustee acts as trustee for the Holders (as defined below) of the Bonds in accordance with the provisions of the Trust Deed. The Bondholders (as defined below) are bound by, and are deemed to have notice of, all the provisions contained in a registrar's agreement dated no later than the Vesting Date (the 'Registrar's Agreement') between the Issuer, Lloyds Bank Registrars, as registrar, (the 'Registrar' which expression shall include its successors) and the Trustee. Copies of the Trust Deed and the Registrar's Agreement are available for inspection at the registered office for the time being of the Trustee (presently at Princes House, 95 Gresham Street, London EC2V 7LY) and at the specified office of the Registrar. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions contained in the Trust Deed.

1 August 1995 is referred to in these Terms and Conditions as the 'Vesting Date'.

1. Title and Denomination

- (a) *The Bonds are in registered form in principal amounts of £50,000 or integral multiples thereof ('authorised denominations').*
- (b) *Title to the Bonds passes by registration in the register (the 'Register') which the Issuer shall procure to be kept by the Registrar.*

In these Terms and Conditions 'Bondholder' and, in relation to a Bond, 'Holder' mean the person in whose name a Bond is registered. The Holder of any Bond shall be deemed to be, and shall be treated as, the absolute owner thereof for the purpose of receiving payment thereof or payment or delivery on account thereof (notwithstanding any writing thereon or notice of ownership) and for all other purposes whether or not such Bond shall be overdue.

- (c) Bonds may, subject to the terms of the Registrar's Agreement and to paragraph (f) of this Condition, be transferred in whole or in part in an authorised denomination by lodging the relevant Bond (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar. No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).
- (d) The Registrar will within seven London business days (not including any day during which neither the Issuer nor the Registrar is required to register the transfer of any Bond pursuant to paragraph (f) of this Condition) of any duly made application for the transfer of a Bond or a part thereof in an authorised denomination deliver a Bond in the relevant denomination to the transferee (and, in the case of a transfer of part only of a Bond, deliver a Bond for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Bond by ordinary mail to such address, other than an address in the United States, as the transferee or, as the case may be, the transferor may request.
- (e) Any such transfer referred to in paragraph (c) of this Condition will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges payable in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Trustee and the Registrar.
- (f) Neither the Issuer nor the Registrar will be required to register the transfer of any Bond during the period of seven London business days immediately prior to any date fixed for payment in respect of the Bonds.

2. Status and Subordination

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

The rights of the Bondholders are subordinated to the claims of Senior Creditors (as defined below) and accordingly payments of principal and interest (including the PIBS Interest Payment, as defined in Condition 3(b)) are conditional upon the Issuer being solvent at the time for payment by the Issuer and no principal or interest (including the PIBS Interest Payment) shall be payable in respect of the Bonds except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For the purpose of this Condition the Issuer shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its Assets exceed its Liabilities (other than its Liabilities to persons who are not Senior Creditors). A report as to the solvency of the Issuer by two Directors of the Issuer 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 Bondholders and all other interested parties as correct and sufficient evidence thereof.

If at any time an order is made or an effective resolution is passed for the winding-up in England of the Issuer, there shall be payable on each Bond (in lieu of any other payment), but subject as provided in this Condition, such amount, if any, as would have been payable to the Holder thereof if, on the day prior to the commencement of the winding-up and thereafter, such Bondholder 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 Bond together with Arrears of Interest (as defined in Condition 3(d)), 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.

For the purposes of these Terms and Conditions: 'Senior Creditors' means creditors of the Issuer (i) who are 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 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 Bondholders; 'Assets' means the unconsolidated gross assets of the Issuer; and 'Liabilities' means the unconsolidated gross liabilities of the Issuer, all as shown by 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 such Directors, the auditors or the liquidator (as the case may be) may determine.

Subject to applicable law, no Bondholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Bonds and each Bondholder shall, by virtue of being the Holder of any Bond, be deemed to have waived all such rights of set-off.

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

3. Interest

- (a) The Bonds bear interest from and including the Vesting Date at the rate of $11\frac{3}{4}$ per cent per annum, payable, subject as provided in these Terms and Conditions, in arrear in equal semi-annual instalments on 28 April and 28 October in each year (each an 'Interest Payment Date'), save that the first such payment, to be made on 28 October 1995 (the 'First Interest Payment Date') shall be in respect of the period from and including the Vesting Date to but excluding the First Interest Payment Date and shall amount to £1412.57 (subject to any deduction pursuant to Condition 6) in respect of each £50,000 principal amount of Bonds.
- (b) The Issuer shall, subject as provided in these Terms and Conditions, pay to each Bondholder on the First Interest Payment Date £1524.93 (subject to any deduction pursuant to Condition 6) in respect of each £50,000 principal amount of Bonds held by such Bondholder (the 'PIBS Interest Payment'). The PIBS Interest Payment shall be in respect of interest accrued (from and including 28 April 1995 to but excluding the Vesting Date) on the £100,000,000 $11\frac{3}{4}$ per cent Permanent Interest Bearing Shares of Cheltenham & Gloucester Building Society issued on 28 October 1992 and in replacement for which the Bonds have been issued.
- (c) Subject as provided in these Terms and Conditions, the aggregate amount payable by the Issuer to each Bondholder pursuant to Condition 3(a) and (b) on the First Interest Payment Date shall be £2937.50 (subject to any deduction pursuant to Condition 6) in respect of each £50,000 principal amount of Bonds held by such Bondholder. Interest payments (including the PIBS Interest Payment) will be made in accordance with and subject to the provisions of Condition 5. Interest accruing on each Bond shall cease to accrue from the date for redemption thereof unless, upon due presentation, payment of principal is improperly withheld or refused or is not made by reason of Condition 2.
- (d) Interest payments (including the PIBS Interest Payment) on the Bonds shall (subject to Condition 2) be payable on each Compulsory Interest Payment Date (as defined below). On any Optional Interest Payment Date (as defined below) there may be paid (if the Issuer so elects and gives notice of such election to the Bondholders in accordance with paragraph (e) of this Condition 3) the interest (including the PIBS Interest Payment) payable on such Optional Interest Payment 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 (including the PIBS Interest Payment) not paid on an Interest Payment Date together with any other interest (including the PIBS Interest Payment) not paid on any other Interest Payment Date shall, so long as the same remains unpaid, constitute 'Arrears of Interest'. Arrears of Interest may, at the option of the Issuer, 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 Bondholders in accordance with Condition 12, but all Arrears of Interest on all Bonds outstanding shall (subject to Condition 2) become due in full on whichever is the earliest of (i) the date upon which a dividend is next paid on any class of share capital of the Issuer, (ii) the date set for any redemption pursuant to Condition 4(a) or (iii) the commencement of winding-up 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 Condition 2) to do so upon the expiration of such notice. Arrears of Interest shall not themselves bear interest.
- (e) The Issuer shall give not less than 30 days' notice prior to any Interest Payment Date to the Bondholders in accordance with Condition 12:
- (i) if such Interest Payment Date will be an Optional Interest Payment Date; and
 - (ii) whether the Issuer elects to pay the interest due on such Optional Interest Payment Date.
- (f) For the purposes of this Condition the following expressions have the following meanings:

'Compulsory Interest Payment Date' means any Interest Payment Date unless (i) in the immediately preceding six calendar months the Issuer has not paid any dividend on any class of share capital of the Issuer and (ii) the Directors of the Issuer have determined that prudent capital ratios would not have been maintained if payment of any such dividend had been made.

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

If interest is required to be calculated for a period of less than one year (other than a semi-annual period), it will be calculated on the basis of the actual number of days elapsed and a 365-day year.

All references in these Terms and Conditions to interest shall, unless the context otherwise requires, include Arrears of Interest.

4. Redemption

The Issuer shall not be at liberty to redeem or purchase the Bonds except in accordance with the following provisions of this Condition and any such redemption or purchase is subject to the prior consent of the Bank of England (so long as the Issuer is required to obtain such consent):

(a) Redemption for Taxation Reasons

If the Issuer satisfies the Trustee, immediately prior to the giving of the notice referred to below, that on the next Interest Payment Date the payment of interest (including, if applicable, the PIBS Interest Payment) in respect of the Bonds would be treated as a 'distribution' within the meaning of the Taxes Acts for the time being of the United Kingdom, the Issuer may at its option (subject to Condition 2), having given not less than 30 nor more than 45 days' notice to the Bondholders, redeem all, but not some only, of the Bonds at their principal amount and shall also pay Arrears of Interest (if any) and any interest (other than Arrears of Interest) up to (but excluding) the date of redemption.

(b) Purchase

The Issuer or any member of the Group (as defined in the Trust Deed) may at any time purchase Bonds at any price in the open market or by tender (available to all Bondholders alike) or by private treaty.

(c) Cancellation

All Bonds which are (i) redeemed or (ii) purchased (otherwise than in the ordinary course of a business of dealing in securities) by or on behalf of the Issuer or any member of the Group may not be reissued or resold and shall in due course be cancelled.

5. Payments

- (a) Payments of principal on the Bonds or accrued interest pursuant to Condition 3(a) payable other than on an Interest Payment Date will be made to the persons shown in the Register at the close of business seven London business days prior to the relevant payment date (the 'Record Date') and subject to surrender of the Bonds at the specified office of the Registrar.

Payments of interest (including the PIBS Interest Payment) due on an Interest Payment Date will be made to the persons shown in the Register at the close of business on the Record Date.

Each such payment will be made by sterling cheque drawn on a town clearing branch of a bank in London and mailed not later than the London business day preceding the due date for payment (at the risk and, if mailed at the request of the Holder otherwise than by ordinary mail, expense of the Holder) to the Holder or to the first-named of joint Holders of the relevant Bonds at his registered address or in accordance with mandate instructions acceptable to the Registrar. In no event will interest payments be mailed to an address in the United States. Payments will be subject in all cases to any applicable fiscal and other laws and regulations.

Without prejudice to the generality of the foregoing, the Issuer reserves the right to require a Bondholder to provide such certification or information as may be required to enable the Issuer to comply with the requirements of the United States federal income tax laws.

- (b) Details of the initial Registrar and its initial specified office are set out below. The Issuer reserves the right, subject to the approval of the Trustee (such approval not to be unreasonably withheld), at any time to vary or terminate the appointment of the Registrar and to appoint another Registrar, provided that it will at all times maintain a Registrar with a specified office in London. Notice of any such termination or appointment and of any changes in the specified office of the Registrar will be given to the Bondholders in accordance with Condition 12.

6. Taxation

All payments of principal and/or interest (including the PIBS Interest Payment) in respect of Bonds shall be made subject to deduction of any United Kingdom tax required to be withheld at source.

7. Events of Default and Enforcement

- (a) If the Issuer shall not make any payment of principal in respect of the Bonds for a period of 14 days or more after the due date for the same or shall not make payment of interest (including the PIBS Interest Payment) for a period of 14 days or more after a Compulsory Interest Payment Date or any other date upon which the payment of interest (including the PIBS Interest Payment) is compulsory, the Trustee may institute proceedings in England (but not elsewhere) for the winding-up of the Issuer, Provided that it shall not have the right to institute such proceedings if the Issuer withholds or refuses any such payment (i) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment, or (ii) (subject as provided in the Trust Deed) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given as to such validity or applicability at any time during the said period of 14 days by independent legal advisers acceptable to the Trustee. For the purpose of this paragraph a payment otherwise due (in the case of principal) or compulsory (in the case of interest (including the PIBS Interest Payment)) shall be deemed so due or compulsory notwithstanding that the condition set out in Condition 2 is not satisfied.
- (b) The Trustee shall not be bound to take the action referred to in paragraph (a) of this Condition to enforce the obligations of the Issuer in respect of the Bonds unless (i) it shall have been so requested by Extraordinary Resolution of the Bondholders or in writing by the Holders of at least one-fifth in principal amount of the Bonds then outstanding and (ii) it shall have been indemnified to its satisfaction.
- (c) No Bondholder shall be entitled to proceed against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure shall be continuing, in which case the Bondholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. No Bondholder shall be entitled to institute proceedings for the winding-up of the Issuer, or to prove in such winding-up, except that if the Trustee, having become bound to proceed against the Issuer as aforesaid, fails to do so, or, being able to prove in such winding-up, fails to do so, in either case within a reasonable period and such failure shall be continuing, then any such Holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute proceedings for the winding-up in England (but not elsewhere) of the Issuer and/or prove in such winding-up to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do. No remedy against the Issuer, other than the institution of proceedings for the winding-up of

the Issuer in England, shall be available to the Trustee or the Bondholders, whether for the recovery of amounts owing in respect of the Bonds or under the Trust Deed or in respect of any breach by the Issuer of any of its obligations under the Trust Deed or the Bonds (other than for recovery of the Trustee's remuneration or expenses). The Issuer has undertaken in the Trust Deed to pay English stamp and other duties (if any) on or in connection with the execution of the Trust Deed and English stamp and other duties or taxes (if any) on the original issue and constitution of Bonds (provided such stamp and other duties or taxes result from laws applicable on the Vesting Date) and stamp or other duties or taxes payable in England (but not elsewhere) solely by virtue of and in connection with any permissible proceedings under the Trust Deed or the Bonds but will not be otherwise responsible for stamp or other duties or taxes otherwise imposed and in particular but without prejudice to the generality of the foregoing for any penalties arising on account of late payment where due by the Holder at the relevant time.

8. Prescription

Claims against the Issuer for the payment of principal and interest (including the PIBS Interest Payment) shall be prescribed unless made within 12 years (in the case of principal) and six years (in the case of interest (including the PIBS Interest Payment)) from the Relevant Date.

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

9. Indemnification of the Trustee

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

10. Meetings of Bondholders, Modifications, Waiver and Substitution of Principal Debtor

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

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

The Trustee may also agree, subject to such amendment of the Trust Deed, the consent of the Bank of England and such other conditions as the Trustee may require, but without the consent of the Bondholders, to the substitution, subject to the Bonds being unconditionally and irrevocably guaranteed on a subordinated basis equivalent to that mentioned in Condition 2 by the Issuer and otherwise to the satisfaction of the Trustee, of any subsidiary of the Issuer or of any company of which the Issuer is a subsidiary or any other subsidiary of any such company in place of the Issuer as principal debtor under the Trust Deed and the Bonds and so that the claims of the Bondholders may, in the case of the substitution of a banking subsidiary (as defined in the Trust Deed) in the place of the Issuer, be subordinated to the rights of Senior Creditors (as defined in Condition 2, but with the substitution of references to that subsidiary in place of references to 'the Issuer').

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

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the interests of the Bondholders as a class and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities or discretions for individual Bondholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

11. Replacement of Bonds

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

12. Notices

Notices to Bondholders under Condition 4 will be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday after the date of mailing. Other notices to Bondholders will be valid if published in one leading London daily newspaper or, if, in the opinion of the Trustee, this is not practicable, in one other leading English language daily newspaper which is approved by the Trustee and having circulation in Europe. Any notice published in a newspaper as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication. If publication is not practicable in any such newspaper as is mentioned above, notice will be valid if given in such other manner, and shall be deemed to have been given on such date, as the Trustee shall determine.

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

13. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further securities shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Terms and Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

14. Governing Law

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

The initial Registrar is Lloyds Bank Registrars and its initial specified office is The Causeway, Worthing, West Sussex BN99 6DA.

Summary of the Transfer Agreement

Introduction

The terms on which the business of the Society is to be transferred to Cheltenham & Gloucester plc are required, by the Act, to be set out in a transfer agreement. The Transfer Agreement was entered into by the Society, Chambers & Remington plc, Lloyds Bank Financial Services (Holdings) Limited and Lloyds Bank on 10 February 1995 and a copy of it is available for inspection as described in Part 13 on page 103. The Transfer Agreement may be amended, as directed by the Building Societies Commission in the circumstances referred to in section 98 (5) and (6) of the Act or, to the extent that any such amendments are not material, by agreement between the parties to it. The approvals of the Transfer Agreement sought by the Investors Resolution and the Borrowers Resolution will apply to such amendments. A summary of certain of the provisions of the Transfer Agreement is set out below.

Procedural steps

Under the Transfer Agreement, the Society is obliged, amongst other matters, to convene the SGM and despatch this document and, if the Investors Resolution and the Borrowers Resolution are duly passed, to apply to the Building Societies Commission for confirmation of the transfer.

Authorisation of Cheltenham & Gloucester plc

Lloyds Bank has undertaken to use all reasonable endeavours to obtain authorisation of Cheltenham & Gloucester plc under the Banking Act 1987 on or prior to the Vesting Date.

Conditions

The transfer is conditional upon:

- (i) the Investors Resolution and the Borrowers Resolution being duly passed in compliance with the requirements of the Act on or before 30 April 1995;
- (ii) the Building Societies Commission confirming the transfer on or before 31 December 1995;
- (iii) the Bank of England authorising Cheltenham & Gloucester plc to accept deposits under the Banking Act 1987 on or before the Vesting Date;
- (iv) the articles of association of Cheltenham & Gloucester plc being in the agreed form on or before the Vesting Date;
- (v) Lloyds Bank Financial Services (Holdings) Limited having credited a designated bank account with the amount of £1,800,000,000 on or before the Vesting Date;