



Lloyds TSB

# LLOYDS TSB GROUP plc

(Incorporated in Scotland with limited liability under the Companies Acts  
with registered number 95,000)

**£500,000,000**

**6 per cent. Undated Subordinated Guaranteed Bonds callable 2032  
guaranteed on a subordinated basis by**

# LLOYDS TSB BANK plc

(Incorporated in England with limited liability under the Companies Act 1862  
and the Companies Act 1985 with registered number 2065)

**Issue Price: 99.879 per cent.**

The £500,000,000 6 per cent. Undated Subordinated Guaranteed Bonds callable 2032 of Lloyds TSB Group plc (the "**Issuer**") guaranteed on a subordinated basis by Lloyds TSB Bank plc (the "**Guarantor**") are proposed to be issued on 28 March 2002 (the "**Closing Date**"). The Bonds will bear interest calculated from, and including 28 March 2002 to, but excluding, 7 June 2032 at a rate of 6 per cent. per annum, payable annually in arrear on 7 June in each year starting on 7 June 2002. There will be a short first coupon payable on the first Interest Payment Date (as defined in Condition 4 – "Interest"). From, and including, 7 June 2032, the Bonds will bear interest at a rate, reset every five years, of 2.02 per cent. per annum above the gross redemption yield on a specified United Kingdom government security, payable annually in arrear on 7 June in each year, all as more particularly described in Condition 4 – "Interest".

The Bonds will be perpetual securities and not subject to any mandatory redemption provisions. The Bonds will be redeemable on any Reset Date (as defined in Condition 4(d)) in whole, but not in part at the option of the Issuer, at their principal amount, together with interest accrued to, but excluding, the date of redemption and all Arrears of Interest (as defined herein), if any. The Bonds will also be redeemable, subject to the satisfaction of certain conditions, in whole but not in part, at any time prior to the Reset Date and, thereafter, on any Interest Payment Date as a result of certain taxation reasons (all as more fully described in Condition 5(b) – "Redemption for Taxation Reasons"). Under existing requirements, the Issuer may not redeem or purchase any Bonds unless the Financial Services Authority has given its prior written consent.

The Bonds and the obligations of the Guarantor under the guarantee in respect thereof will constitute unsecured obligations of the Issuer and the Guarantor respectively, subordinated to the claims of Senior Creditors (as defined in Conditions 2 and 3 – "Status and Subordination" and "Subordinated Guarantee", respectively).

The Bonds have been assigned a rating of A+ by Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. ("**Standard & Poor's**") and a rating of Aa1 by Moody's Investors Service, Inc. ("**Moody's**"). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

The Bonds will be represented initially by a temporary global Bond (the "**Temporary Global Bond**"), without interest coupons and talons, which will be deposited with a common depository for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") on or about 28 March 2002.

The Temporary Global Bond will be exchangeable for a permanent global Bond (the "**Permanent Global Bond**"), without interest coupons and talons, on or after a date which is expected to be 7 May 2002 upon certification as to non-US beneficial ownership. Definitive Bonds will be available only in the limited circumstances set out in the Permanent Global Bond.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "**UK Listing Authority**") for the Bonds to be admitted to the official list of the UK Listing Authority (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for the Bonds to be admitted to trading on the London Stock Exchange's market for listed securities. Admission to the Official List of the UK Listing Authority, together with admission to trading on the London Stock Exchange's market for listed securities, constitutes official listing on a stock exchange.

**Credit Suisse First Boston**

**UBS Warburg**

**Goldman Sachs International**

**Lehman Brothers**

This document comprises listing particulars relating to the issue of the Bonds by the Issuer in accordance with the listing rules (the “**Listing Rules**”) made by the UK Listing Authority under Section 74 of the Financial Services and Markets Act 2000 for the purpose of giving information with regard to the issue by the Issuer of the Bonds, the Issuer and the Guarantor. Copies of this document have been delivered for registration to the Registrar of Companies both in England and Wales and Scotland as required by Section 83 of the Financial Services and Markets Act 2000. The Issuer and the Guarantor accept responsibility for the information contained in this document. To the best of the knowledge and belief of each of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is authorised to give any information or to make any representation not contained herein in connection with the offering or sale of the Bonds and any information or representation not contained herein must not be relied upon as having been authorised by the Issuer, the Guarantor or the Managers (as defined under “**Subscription and Sale**” below). Neither the delivery of this document nor any sale or purchase made in connection herewith shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof.

This document does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Managers to subscribe for or purchase, any of the Bonds. The distribution of this document and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer, the Guarantor and the Managers to inform themselves about, and to observe, any such restrictions. A further description of certain restrictions on the offering and sale of the Bonds and on the distribution of this document is given under “**Subscription and Sale**” below.

The Bonds have not been and will not be registered under the US Securities Act of 1933, as amended, and are subject to US tax law requirements. Subject to certain exceptions, Bonds may not be offered, sold or delivered, directly or indirectly, within the United States or to US Persons.

References herein to the “**Group**” are to Lloyds TSB Group plc and its subsidiaries taken as a whole.

References herein to “**pounds**”, “**sterling**” and “**£**” are to the currency of the United Kingdom of Great Britain and Northern Ireland (the “**United Kingdom**” or the “**UK**”).

**In connection with this issue, Credit Suisse First Boston (Europe) Limited (“CSFB”) may over-allot or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on CSFB to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.**

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### DOCUMENTS INCORPORATED BY REFERENCE

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 document 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. The Issuer believes that none of the information incorporated herein by reference conflicts in any material respect with the information included in the listing particulars.

## TERMS AND CONDITIONS OF THE BONDS

**Neither the Trust Deed constituting the Bonds nor the Conditions of the Bonds will contain any negative pledge covenant by the Issuer or the Guarantor or any events of default other than those set out in Condition 9 below (which do not include, *inter alia*, a cross default provision).**

*The terms and conditions to be endorsed on each of the Bonds in definitive form (if issued) will be substantially in the following form:*

The £500,000,000 6 per cent. Undated Subordinated Guaranteed Bonds callable 2032 (the “**Bonds**”, which expression shall in these Conditions, unless the context otherwise requires, include any further bonds issued pursuant to Condition 13 and forming a single series with the Bonds) of Lloyds TSB Group plc (the “**Issuer**”) are constituted by a trust deed dated 28 March 2002 (the “**Trust Deed**”) between the Issuer, Lloyds TSB Bank plc (the “**Guarantor**”) as guarantor and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Bondholders and the Couponholders (both as defined below). The issue of the Bonds was authorised by a resolution of a duly constituted committee of the Board of Directors of the Issuer passed on 7 February 2002. The giving of the guarantee in respect of the Bonds (the “**Guarantee**”) was authorised by a resolution of the Chairman’s Committee of the Board of Directors of the Guarantor passed on 7 February 2002 and a resolution of the shareholders of the Guarantor passed on 26 March 2002. These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. An Agency Agreement dated 28 March 2002 (the “**Agency Agreement**”) has been entered into in relation to the Bonds between the Issuer, the Trustee, Citibank, N.A., London office, as principal paying agent and the other paying agent named in it. The principal paying agent and the other paying agent are referred to below respectively as the “**Principal Paying Agent**” and the “**Paying Agents**” (which expression shall, where the context so permits, include the Principal Paying Agent and any other paying agents appointed from time to time under the Agency Agreement). Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the registered office for the time being of the Trustee (being at the date of issue of the Bonds at Fifth Floor, 100 Wood Street, London EC2V 7EX) and at the specified offices of the Paying Agents.

The holders of the Bonds (the “**Bondholders**”), the holders (the “**Couponholders**”) of the interest coupons (the “**Coupons**”) appertaining to the Bonds and the talons for further Coupons (the “**Talons**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

### **1. Form, Denomination and Title**

The Bonds are issued in bearer form in denominations of £1,000, £10,000 and £100,000. Bonds are serially numbered and are issued with Coupons (and a Talon) attached and title will pass by delivery. Bonds of one denomination are not exchangeable for Bonds of any other denomination.

Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Bond, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

### **2. Status and Subordination of the Bonds**

(a) *No Set-off*: Subject to applicable law, no Bondholder 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 or the Guarantor arising under or in connection with the Bonds or Coupons and each Bondholder and Couponholder shall, by virtue of being the holder of any Bond or Coupon (as the case may be), be deemed to have waived all such rights of set-off, compensation or retention.

(b) *Status*: The Bonds and the Coupons relating to them constitute unsecured, subordinated obligations of the Issuer, conditional as described below, and rank *pari passu* without any preference among themselves.

(c) *Subordination*: The rights of the Bondholders and the Couponholders are subordinated to the claims of Senior Creditors (as defined below) and accordingly payments of principal and interest are conditional upon the Issuer being solvent at the time of payment by the Issuer and no principal or interest 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 3(c), 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 proven error be treated and accepted by the Issuer, the Trustee, the Bondholders and the Couponholders as correct and sufficient evidence thereof.

If at any time an order is made or an effective resolution is passed for the winding-up in Scotland of the Issuer, there shall be payable in respect of the Bonds (in lieu of any other payment), but subject as provided in this Condition 2(c), such amount, if any, as would have been payable to a Bondholder if, on the day prior to the commencement of the winding-up and thereafter, such holder of such Bond 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 4(c)), if any, and any accrued interest (other than Arrears of Interest) up to, but excluding, the date of repayment (as provided in the Trust Deed) in respect thereof.

For the purposes of this Condition 2(c), “**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.

*N.B. The obligations of the Issuer in respect of the Bonds and the Coupons are conditional upon the Issuer being solvent for the purpose of this Condition 2(c) immediately before and after payment by the Issuer. If this Condition 2(c) 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. Status and Subordination of the Guarantee**

The payment of principal and interest in respect of the Bonds and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been irrevocably and (save as to subordination) unconditionally guaranteed by the Guarantor, as provided in the Trust Deed. The obligations of the Guarantor under the Guarantee constitute unsecured obligations of the Guarantor. The obligations of the Guarantor under the Guarantee are subordinated to the claims of Senior Creditors (as defined below) and accordingly payments of principal and interest are conditional upon the Guarantor being solvent at the time of payment by the Guarantor and no principal or interest shall be payable in respect of the Bonds except to the extent that the Guarantor could make such payment and still be solvent immediately thereafter. For the purpose of this Condition 3, the Guarantor 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 Guarantor by two Directors of the Guarantor or, in certain circumstances as provided in the Trust Deed, the auditors of the Guarantor or, if the Guarantor is in winding-up, its liquidator, shall in the absence of proven error be treated and accepted by the Guarantor, the Trustee, the Bondholders and the Couponholders as correct and sufficient evidence thereof. For the purpose of this Condition 3, amounts (whether by way of principal, interest or otherwise) otherwise payable by the Issuer shall be deemed so payable notwithstanding that the solvency condition set out in Condition 2(c) is not satisfied.

If at any time an order is made or an effective resolution is passed for the winding-up in England of the Guarantor, there shall be payable under the Guarantee in respect of each Bond (in lieu of any other payment), but subject as provided in this Condition 3, such amount, if any, as would have been payable to a Bondholder if, on the day prior to the commencement of the winding-up and thereafter, such holder of such Bond were the holder of a preference share in the capital of the Guarantor (ranking *pari passu* with the Cumulative Floating Rate Preference Share of £1 in the capital of the Guarantor) 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 Guarantor 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 4(c)), if any, and any accrued interest (other than Arrears of Interest) up to, but excluding, the date of repayment (as provided in the Trust Deed) in respect thereof.

For the purposes of this Condition 3, “**Senior Creditors**” means creditors of the Guarantor (i) who are depositors or other unsubordinated creditors of the Guarantor or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up of the Guarantor or otherwise) to the claims of depositors and other unsubordinated creditors of the Guarantor but not further or otherwise or (iii) who are subordinated creditors of the Guarantor 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 Guarantor; and “**Liabilities**” means the unconsolidated gross liabilities of the Guarantor, all as shown by the latest published audited balance sheet of the Guarantor, but adjusted for contingent assets and contingent liabilities and for subsequent events, all in such manner as such Directors, the auditors or the liquidator (as the case may be) may determine.

*N.B. The obligations of the Guarantor in respect of the Bonds and the related Coupons are conditional upon the Guarantor being solvent for the purpose of this Condition immediately before and after payment by the Guarantor. 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.*

#### **4. Interest**

(a) *Rate of Interest:* The Bonds bear interest at the rate of 6 per cent. per annum from, and including, 28 March 2002 to, but excluding, 7 June 2032 and thereafter at an applicable rate of interest determined in accordance with paragraph (d) below (the “**Reset Rate of Interest**”). Interest on the Bonds will be payable, subject as provided below, in arrear on 7 June in each year (each an “**Interest Payment Date**”), the first Interest Payment Date being 7 June 2002. The amount payable on the first Interest Payment Date shall be £11.67 per £1,000 principal amount of Bonds. If in any other circumstance, interest is required to be calculated for a period of less than one year, it will be calculated on the basis of (i) the actual number of days in the period from, and including, the date from which interest begins to accrue (for the purpose of this Condition 4(a), the “**Accrual Date**”) to, but excluding, the date on which it falls due divided by (ii) the actual number of days from, and including, the Accrual Date to, but excluding, the next following Interest Payment Date.

(b) *Interest Payments:* Interest will cease to accrue on the Bonds on the first due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused or is not made by reason of Condition 4(c) below, as the case may be. In such event interest will continue to accrue (as well after as before any judgment) as provided in the Trust Deed.

(c) *Optional Payment of Interest:* Without prejudice to the provisions of Condition 2, the Issuer shall not be obliged to make payment of any interest accrued on the Bonds if, during the period of six months immediately prior to the date on which payment of such interest would otherwise be due, no dividend shall have been declared, paid or made on any class of share capital of the Issuer, and all interest not so paid shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”. The Issuer may at its option (upon the expiry of not less than seven days’ notice to the Bondholders given in accordance with Condition 14 and subject to Condition 2) at any time pay all or part of the Arrears of Interest (being, if part only, the whole of the interest that would have been due on all the Bonds on any due date for the payment of interest) but so that, in the case of any such partial payment, the interest that would have been due on any date shall not be paid prior to that accrued in respect of

any earlier date. 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 expiry of such notice.

All Arrears of Interest shall (subject to Condition 2) become due in full on the date on which any dividend is next declared, paid or made on any class of share capital of the Issuer or, if earlier, the date set for any redemption under Condition 5(b) or (c) or the commencement of a winding-up of the Issuer.

Arrears of Interest under this Condition 4(c) shall not bear interest.

(d) *The Reset Rate of Interest:*

- (i) The Reset Rate of Interest for any Reset Period (as defined below) shall be the rate per annum determined by the Agent Bank or such other person as may be appointed from time to time pursuant to Condition 4(d)(iv) on the following basis. On the Determination Date (as defined below) relating to such Reset Period, the Agent Bank shall determine the gross redemption yield (calculated by the Agent Bank on the basis set out by the United Kingdom Debt Management Office in the paper “**Formulae for Calculating Gilt Prices from Yields**” page 4, Section One—Price/Yield Formulae “**Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption or a Quasi-Coupon Date**” (published 8/6/1998) (as amended or updated from time to time) on a semi-annual compounding basis) on the basis of the Benchmark Five-Year Gilt (as defined below) in respect of that Reset Period (converted to an annualised payment and expressed as a percentage rounded up (if necessary) to four decimal places) (the “**Yield**”) with the price of the Benchmark Five-Year Gilt for this purpose being the arithmetic mean of the offered and bid quotations for the sale or purchase on a spot delivery basis of such Benchmark Five-Year Gilt as at 3.00 p.m. (London time) on the relevant Determination Date (quoted by the Reference Dealers (as defined below)). The Reset Rate of Interest for such Reset Period shall be the aggregate of the Yield, as so determined by the Agent Bank, and the Margin (as defined below).

In these Conditions:

“**Agent Bank**” means such investment bank as may be appointed as agent bank by the Issuer with the prior written approval of the Trustee;

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

“**Business Day**” means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments in that place;

“**Determination Date**” means, in relation to any Reset Period, the fifth day prior to the first day of such Reset Period, provided that if such fifth day is not a Business Day in London, it shall be postponed to the next day which is a Business Day in London provided that such day occurs before the first day of such Reset Period. If such day falls on or after the first day of such Reset Period, the Determination Date shall instead be the Business Day in London preceding the first day of such Reset Period which is nearest to the first day of such Reset Period and upon which the Agent Bank determines that it is possible to determine the Yield;

“**Margin**” means 2.02 per cent. per annum;

“**Reference Dealers**” means three brokers of gilts and/or gilt edged market makers or such other three persons operating in the United Kingdom gilt-edged market (approved by the Trustee) as the Agent Bank may select, each of which (A) is acting through its principal London office, (B) agrees with the Agent Bank’s nomination of the relevant Benchmark Five-Year Gilt and (C) is willing to provide the quotations referred to above;

“**Reset Date**” means 7 June 2032 and every fifth 7 June thereafter; and

“**Reset Period**” means the period beginning on a Reset Date and ending on the day immediately preceding the next succeeding Reset Date.

- (ii) The Issuer shall cause such Reset Rate of Interest to be notified to the Trustee, each of the Paying Agents and any relevant listing authority as soon as practicable after the determination of such Reset Rate of Interest and shall procure that the Principal Paying Agent gives notice to the Bondholders thereof in accordance with Condition 14.
- (iii) If the Agent Bank for any reason defaults in its obligation to determine the Reset Rate of Interest for any Reset Period in accordance with this Condition 4(d), the Trustee shall determine such Reset Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition 4(d)), it shall deem fair and reasonable in all the circumstances, and such determination shall be deemed to be a determination thereof by the Agent Bank.
- (iv) So long as any Bonds remain outstanding (as defined in the Trust Deed), the Issuer will maintain an Agent Bank. The Issuer may from time to time appoint another leading bank or investment banking firm in London as Agent Bank as may be approved in writing by the Trustee. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank, the Issuer shall forthwith appoint such other leading bank or investment banking firm in London as may be approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed and approved as aforesaid.
- (v) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4(d), whether by the Agent Bank or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent Bank, the Trustee, the Paying Agents and all Bondholders and Couponholders and (in the absence as aforesaid) no liability to the Bondholders or Couponholders or the Issuer shall attach to the Agent Bank or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions.

## 5. **Redemption, Purchase and Options**

(a) *Limitation on Redemption:* The Bonds have no final maturity date and are only redeemable in accordance with the following provisions of this Condition 5 or Condition 9. Any redemption or purchase of Bonds pursuant to this Condition 5 is subject to the prior written consent of the Financial Services Authority (the “**FSA**”) (so long as the Issuer is required by the FSA to obtain such consent).

(b) *Redemption for Taxation Reasons:*

- (i) If at any time the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that (x) if a payment of principal or interest in respect of the Bonds were to be due (whether or not the same is in fact then due) on or before the next Interest Payment Date, either the Issuer would, for reasons outside its control, be unable (after using such endeavours as the Trustee shall consider reasonable) to make such payment of principal or interest without having to pay additional amounts as provided or referred to in Condition 7, or the Guarantor would, for reasons outside its control, be unable (after using such endeavours as the Trustee shall consider reasonable) to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts or (y) on the next Interest Payment Date the payment of interest in respect of the Bonds would be treated as a “**distribution**” within the meaning of the Income and Corporation Taxes Act 1988 (or such other Act as may from time to time supersede or replace that Act), the Issuer may at its option (subject to Condition 2(c)), having given not less than 30 nor more than 60 days’ notice in accordance with Condition 14, redeem all, but not some only, of the Bonds then outstanding and shall also pay Arrears of Interest (if any) and any accrued interest (other than Arrears of Interest) up to, but excluding, the date of redemption.



- (ii) Subject only to the obligation of the Issuer to use such endeavours as aforesaid, it shall be sufficient to establish the existence of the circumstances required to be established pursuant to this paragraph (b) if the Issuer shall deliver to the Trustee a certificate of an independent lawyer or accountant satisfactory to the Trustee, in a form satisfactory to the Trustee, to the effect either that such circumstances exist or that, upon a change in the taxation laws (or regulations made thereunder) of the United Kingdom or any authority thereof or therein having power to tax or in the application or interpretation of such laws or regulations, which at the date of such certificate is proposed and which in the opinion of such lawyer or accountant can reasonably be expected to become effective on or prior to such Interest Payment Date or time as is referred to in (i) above, becoming so effective, such circumstances would exist.
- (c) *Redemption at the Option of the Issuer:* On giving not less than 7 nor more than 30 days' irrevocable notice to the Trustee and the Bondholders, the Issuer may on any Reset Date redeem all but not some only of the Bonds at their principal amount. Any such redemption of Bonds shall be at their principal amount together with all Arrears of Interest (if any) as provided in Condition 4(c).
- (d) *Purchases:* The Issuer, the Guarantor or any other subsidiary of the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.
- (e) *Cancellation:* All Bonds purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation by surrendering each such Bond together with all unmatured Coupons and all unexchanged Talons to the Principal Paying Agent and if so surrendered, shall, together with all Bonds redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Bonds so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

## 6. Payments and Talons

(a) *Method of Payment:* Payments of principal and interest in respect of Bonds shall, subject as mentioned below, be made against presentation and surrender of the relevant Bonds or Coupons (save as specified in Condition 6(d)(ii)), as the case may be, at the specified office of any Paying Agent by a cheque payable in pounds sterling, or, at the option of the holder, by transfer to a pounds sterling account maintained by the payee with, a bank in London. The sole currency of payment and account in respect of the Bonds is pounds sterling.

(b) *Payments subject to Fiscal Laws:* The Issuer reserves the right to require a Bondholder or Couponholder to provide a Paying Agent with 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.

(c) *Appointment of Agents:* The Principal Paying Agent and the other Paying Agents initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. Subject as provided in the Trust Deed and the Agency Agreement, the Principal Paying Agent and the other Paying Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Bondholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent or any other Paying Agent and to appoint additional or other Paying Agents, provided that they shall at all times maintain (i) a Principal Paying Agent and (ii) a Paying Agent having a specified office in the United Kingdom, which, so long as the Bonds are listed on the official list (the "**Official List**") of the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "**UK Listing Authority**") and are admitted to trading on the market for listed securities of the London Stock Exchange plc (the "**London Stock Exchange**"), shall be in London and provided further, that if any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, or any law implementing or complying with, or introduced in order to conform to, such Directive is introduced, the Issuer and the Guarantor shall maintain a Paying Agent with a specified office in a European Union member state (other than the United Kingdom) that will not be obliged to withhold or deduct tax pursuant to such Directive.

Notice of any such change or any change of any specified office shall promptly be given to the Bondholders by the Issuer in accordance with Condition 14.

(d) *Unmatured Coupons and unexchanged Talons:*

- (i) In relation to any Bond, if any payment is to be made in respect of interest the Interest Payment Date for which falls on or after the date on which the winding-up of the Issuer is deemed to have commenced, such payment shall be made only against presentation of the relevant Bond and the Coupon for any such Interest Payment Date shall be void. In addition, any Bond presented for payment after an order is made or an effective resolution is passed for the winding-up in Scotland of the Issuer must be presented together with all Coupons in respect of Arrears of Interest relating to Interest Payment 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 Bond 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 Bond, all Arrears of Interest in respect thereof and interest (other than Arrears of Interest) accrued on such Bond in respect of the Interest Period current at the date of the commencement of the winding-up.
- (ii) Upon the due date for redemption of any Bond, unexpired Coupons relating to such Bond (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bond, any unexchanged Talon relating to such Bond (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bond is presented for redemption without all unexpired Coupons and any unexchanged Talon relating to it, and where any Bond is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(e) *Talons:* On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bond, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(f) *Non-Business Days:*

If any date for payment in respect of any Bond or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets (including but not limited to pounds sterling) are open for business in both London and in the relevant place of presentation (including but not limited to markets dealing in pounds sterling).

## 7. **Taxation**

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

- (a) presented for payment by or on behalf of any holder who is liable to such tax, duty or charge in respect of such Bond or Coupon by reason of such holder having some connection with the United Kingdom other than the mere holding of such Bond or Coupon; or

- (b) to, or to a third party on behalf of, a holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in the United Kingdom, unless such holder proves that he is not entitled so to comply or to make such declaration or claim; or
- (c) to, or to a third party on behalf of, a holder that is a partnership, or a holder that is not the sole beneficial owner of the Bond or Coupon, or which holds the Bond or Coupon in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment; or
- (d) 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 at the expiry of such period of 30 days; or
- (e) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (f) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a Member State of the European Union.

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

References in these Conditions to (i) “interest” shall be deemed to include any Arrears of Interest and (ii) “principal” and/or “interest” (other than such interest as is referred to in Condition 9(f)) shall be deemed to include any additional amounts that may be payable under this Condition 7 or under any obligations undertaken in addition thereto or in substitution therefor under the Trust Deed.

## **8. Prescription**

Claims for payment of principal (excluding principal comprised in a withheld amount) will become void 12 years, and claims for payment of interest (other than interest comprised in, or accrued on, a withheld amount) will become void six years after the Relevant Date (as defined in Condition 7) relating thereto. Claims in respect of principal comprised in a withheld amount and claims in respect of interest comprised in, or accrued on, a withheld amount will, in the case of such principal, become void 12 years and will, in the case of such interest, become void six years after the due date for payment thereof as specified in Condition 9(e) or, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent, another Paying Agent or the Trustee, as the case may be, on or prior to such date, the date of which notice is given in accordance with Condition 14 that the relevant part of such moneys has been so received.

The prescription period in respect of Talons shall be:

- (a) as to any Talon the original due date for exchange of which falls within the 12 years immediately prior to the due date for redemption (pursuant to Condition 5(a), 5(b) or 5(d)) of the Bond to which it pertains, six years from the Relevant Date for the redemption of such Bond, but so that the Coupon sheet for which it is exchangeable shall be issued without any Coupon itself prescribed in accordance with this Condition 8 or the Relevant Date for payment of which would fall after the Relevant Date for the redemption of the relevant Bond and without a Talon; and
- (b) as to any other Talon, 12 years from the Relevant Date for payment of the last Coupon of the Coupon sheet of which it formed part.

## 9. Events of Default and Enforcement

(a) If there is default by the Issuer or the Guarantor, as the case may be, in any payment in respect of the Bonds (in the case of any payment of principal) for a period of 14 days or more after the due date for the same or (in the case of any payment of interest) for a period of 14 days or more after a date upon which the payment of interest is compulsory, the Trustee may institute proceedings, in the case of such default by the Issuer, in Scotland (but not elsewhere) for the winding-up of the Issuer or, in the case of such default by the Guarantor, in England (but not elsewhere) for the winding-up of the Guarantor, provided that it shall not have the right to institute such proceedings if the Issuer or the Guarantor, as the case may be, 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, the Issuer or the Guarantor, as the case may be, the relevant Paying Agent or the holder of the Bond or Coupon 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 as to such validity or applicability given at any time during the said period of 14 days by independent legal advisers acceptable to the Trustee. For the purpose of this Condition 9, 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 solvency condition set out in Condition 2(c) or in the first paragraph of Condition 3, as the case may be, is not satisfied.

(b) The Trustee shall not be bound to institute proceedings as referred to in paragraph (a) above to enforce the obligations of the Issuer or the Guarantor, as the case may be, in respect of the Bonds and Coupons unless (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders or in writing by the holders of at least one-fifth in principal amount of the Bonds then outstanding (as defined in the Trust Deed) and (ii) it shall have been indemnified to its satisfaction.

(c) No Bondholder or Couponholder shall be entitled to institute proceedings for the winding-up of the Issuer or the Guarantor, or to prove in such winding-up, except that if the Trustee, having become bound to proceed against the Issuer or the Guarantor, as the case may be, 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 is 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 Scotland (but not elsewhere) of the Issuer or in England (but not elsewhere) of the Guarantor 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 or the Guarantor, as the case may be, other than the institution of proceedings for the winding-up of the Issuer in Scotland or the Guarantor in England or, as the case may be, proving in the winding-up of the Issuer or the Guarantor, as the case may be, in the manner and by the persons aforesaid, shall be available to the Trustee or the Bondholders, or Couponholders, 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 Bonds or the Trust Deed (other than for recovery of the Trustee's remuneration or expenses). The Issuer has undertaken in the Trust Deed to pay United Kingdom stamp and other duties (if any) on or in connection with the execution of the Trust Deed and United Kingdom, Belgian and Luxembourg stamp and other duties or taxes (if any) on the constitution and issue of the Bonds in temporary global, permanent global or definitive form (provided such stamp and other duties or taxes result from laws applicable on or prior to the date 40 days after the issue date of the Bonds and, in the case of exchange of a global Bond for Bonds in definitive form, such tax results from laws applicable on or prior to the date of such exchange) and stamp and other duties or taxes (if any) payable in the United Kingdom (but not elsewhere) solely by virtue of and in connection with any permissible proceedings under the Trust Deed or the Bonds, save that the Issuer shall not be liable to pay any such stamp or other duties or taxes to the extent that the obligation arises or the amount payable is increased by reason of the holder at the relevant time unreasonably delaying in producing any relevant document for stamping or similar process. Subject as aforesaid, the Issuer will not be otherwise responsible for stamp or other duties or taxes otherwise imposed and in particular (but without prejudice to the generality of the foregoing) for any penalties arising on account of late payment where due by the holder at the relevant time. Any such stamp or other duties or taxes that might be imposed upon or in respect of Bonds in temporary global, permanent global or definitive form or the Coupons or Talons (in each case other than as aforesaid) are the liability of the holders thereof.

(d) If payment to any Bondholder of any amount due in respect of the Bonds (other than interest) is improperly withheld or refused (any withholding or refusal effected in reliance upon the proviso to paragraph (a)

of this Condition where the relevant law, regulation or order proves subsequently not to be valid or applicable shall be treated, for the purpose of ascertaining entitlement to accrued interest but not for any other purpose, as if it had been at all times an improper withholding or refusal), interest shall accrue on the basis of (i) the actual number of days in the period from, and including, the date of such withholding or refusal, as the case may be, (for the purpose of this Condition 9(d), the “Accrual Date”) to, but excluding, the date on which notice is given in accordance with Condition 14 that the full amount payable in respect of such Bonds is available for payment or the date of payment, whichever first occurs divided by (ii) the actual number of days in the relevant Interest Period in which the Accrual Date falls, at the rate of 6 per cent. per annum on the amount as to which payment has been improperly withheld or refused. For the purpose of this Condition 9(d), “Interest Period” means the period commencing on, and including, 28 March 2002 and ending on, but excluding, the first Interest Payment Date and thereafter each successive period commencing on, and including, an Interest Payment Date and ending on, but excluding, the next following Interest Payment Date.

(e) If, in reliance upon the proviso to paragraph (a) above, payment of any amount (each a “withheld amount”) in respect of the whole or any part of the principal and/or any interest due in respect of the Bonds, or any of them, is not paid or provided by the Issuer or the Guarantor, as the case may be, to the Trustee or to or to the account of or with the Principal Paying Agent, or is withheld or refused by any of the Paying Agents, in each case other than improperly within the meaning of paragraph (d) above, or which is paid or provided after the due date for payment thereof, such withheld amount shall, where not already on interest bearing deposit, if lawful, promptly be so placed, all as more particularly described in the Trust Deed. If subsequently it shall be or become lawful to make payment of such withheld amount in pounds sterling, notice shall be given in accordance with Condition 14, specifying the date (which shall be no later than seven days after the earliest date thereafter upon which such interest bearing deposit falls or may (without penalty) be called due for repayment) on and after which payment in full of such withheld amount (or that part thereof which it is lawful to pay) will be made. In such event (but subject in all cases to any applicable fiscal or other law or regulation or the order of any court of competent jurisdiction), the withheld amount or the relevant part thereof, together with interest accrued thereon from, and including, the date the same was placed on deposit to, but excluding, the date upon which such interest bearing deposit was repaid, shall be paid to (or released by) the Principal Paying Agent for payment to the relevant Bondholders and/or Couponholders, as the case may be (or, if the Principal Paying Agent advises the Issuer of its inability to effect such payment, shall be paid to (or released by) such other Paying Agent, as there then may be or, if none, to the Trustee, in any such case for payment as aforesaid). For the purposes of paragraph (a) above, the date specified in the said notice shall become the due date for payment in respect of such withheld amount or the relevant part thereof. The obligations under this paragraph (e) shall be in lieu of any other remedy otherwise available under these Conditions, the Trust Deed or otherwise in respect of such withheld amount or the relevant part thereof.

(f) Any interest payable as provided in paragraph (e) above shall be paid net of any taxes applicable thereto and Condition 7 shall not apply in respect of the payment of any such interest.

#### **10. 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, the Guarantor and/or any other subsidiary of the Issuer without accounting for any profit resulting therefrom.

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

(a) *Meetings of Bondholders:* The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any of the provisions of the Bonds, the Coupons or the Trust Deed, except that certain provisions of these Conditions, the Bonds, the Coupons and the Trust Deed may only be modified subject to approval by Extraordinary Resolution passed at a meeting of Bondholders to which special quorum provisions shall have applied. Any Extraordinary Resolution duly passed shall be binding on all Bondholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

(b) *Modification of the Trust Deed:* The Trustee may agree, without the consent of the Bondholders or Couponholders, to (i) any modification of any of the provisions of these Conditions, the Bonds, the Coupons or the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of these Conditions, the Bonds, the Coupons or the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Bondholders as soon as practicable in accordance with Condition 14.

(c) *Substitution:* The Trustee shall agree, if requested by the Issuer and subject to such amendment of the Trust Deed and such other conditions as the Trustee may reasonably require, but without the consent of the Bondholders or the Couponholders, to the substitution, subject to the Bonds and the Coupons being irrevocably guaranteed by the Issuer on a subordinated basis equivalent to that mentioned in Condition 2(c), of a subsidiary of the Issuer or a holding company of the Issuer or another subsidiary of any such holding company in place of the Issuer as principal debtor under the Trust Deed, the Bonds and the Coupons and as a party to the Agency Agreement and so that the claims of the Bondholders and the Couponholders may, in the case of the substitution of a holding company of the Issuer or a banking company (as defined in the Trust Deed) in the place of the Issuer, also be subordinated to the rights of Senior Creditors (as defined in Condition 2(c), but with the substitution of references to “**that holding company**” or to “**that subsidiary**” in place of references to “**the Issuer**” together with such consequential amendments as are appropriate).

(d) *Change of Governing Law:* In the case of a substitution pursuant to Condition 11(c) the Trustee may in its absolute discretion agree, without the consent of the Bondholders or Couponholders, to a change of the law governing the Bonds, the Coupons, the Talons and/or the Trust Deed and/or the Agency Agreement provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.

(e) *Entitlement of the Trustee:* In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders 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. No Bondholder or Couponholder shall, in connection with any such modification, waiver, authorisation or substitution, be entitled to claim, and the Trustee shall not be entitled to require, from the Issuer or the Guarantor any indemnification or payment in respect of any tax or other consequence of any such exercise upon individual Bondholders or Couponholders except to the extent provided for by Condition 7.

## 12. Replacement of Bonds, Coupons and Talons

(a) If a Bond, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent or such other place of which notice shall be given in accordance with Condition 14 in each case on payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Bond, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Bond, Coupon or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Bonds, Coupons or Talons must be surrendered before replacements will be issued. In addition, the Issuer may require the person requesting delivery of a replacement Bond, Coupon or Talon to pay, prior to delivery of such replacement Bond, Coupon or Talon, any stamp or other tax or governmental charges required to be paid in connection with such replacement. No replacement Bond shall be issued having attached thereto any Coupon or Talon, claims in respect of which shall have become void pursuant to Condition 8.

(b) Where:

- (i) a Talon (the “**relevant Talon**”) has become prescribed in accordance with Condition 8; and

- (ii) the Bond to which the relevant Talon pertains has not become void through prescription; and
- (iii) no Coupon sheet (or part thereof, being a Coupon(s) and/or a Talon, hereinafter called a “**part Coupon sheet**”), which Coupon sheet would have been exchangeable for the relevant Talon or for any subsequent Talon bearing the same serial number pertaining to such Bond, has been issued; and
- (iv) either no replacement Coupon sheet or part Coupon sheet has been issued in respect of any Coupon sheet or part Coupon sheet referred to in (iii) above or, in the reasonable opinion of the Issuer, there is no reasonable likelihood that any such replacement has been issued,

then upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity or security as the Issuer may reasonably require there may be obtained at the specified office of the Principal Paying Agent (or such other place of which notice shall be given in accordance with Condition 14) a Coupon sheet or Coupon sheets or part Coupon sheet(s), as the circumstances may require, issued:

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

For the avoidance of doubt, the provisions of this Condition 12(b) shall not give, or revive, any rights in respect of any Talon that has become prescribed in accordance with Condition 8.

### **13. Further Issues**

The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue further Bonds 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 Bonds shall be consolidated and form a single Series with the Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any further Bonds issued pursuant to this Condition and forming a single series with the Bonds.

### **14. Notices**

Notices to the Bondholders shall be valid if published in a daily newspaper of general circulation in the United Kingdom (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in the United Kingdom, approved by the Trustee. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

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

### **15. Governing Law and Jurisdiction**

- (a) The Trust Deed, the Bonds, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law (save for Conditions 2(b) and 2(c) which will be governed by, and shall be construed in accordance with, Scots law).

(b) The Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Bonds or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Bonds or the Coupons (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts. Service of process in any Proceedings in England may be effected by delivery to the Issuer’s principal place of business in England at 71 Lombard Street, London EC3P 3BS or such other address as may be notified to Bondholders in accordance with Condition 14.

**16. Third Party Rights**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person that exists or is available apart from that Act.



## SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

*The following is a summary of the provisions to be contained in the Trust Deed constituting the Bonds and in the Global Bonds (as defined below) which will apply to, and in some cases modify, the Terms and Conditions of the Bonds while the Bonds are represented by the Temporary Global Bond or the Permanent Global Bond.*

1. The Temporary Global Bond is exchangeable in whole or in part for interests in the Permanent Global Bond on or after a date which is expected to be 7 May 2002 upon certification as to non-US beneficial ownership.
2. The Permanent Global Bond will be exchangeable in whole but not in part only (free of charge to the holder) for definitive Bonds (i) upon the happening of any of the events defined in the Trust Deed as “**Events of Default**”, (ii) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available, or (iii) if the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Bonds in definitive form and a certificate of such effect signed by two directors of the Issuer is given to the Trustee.

Thereupon (in the case of (i) or (ii) above) the holder may give notice to the Trustee, and (in the case of (iii) above) the Issuer may give notice to the Trustee and to the Bondholders in accordance with Condition 14, of its intention to exchange the Permanent Global Bond for definitive Bonds on or after the Exchange Date specified in the notice.

On or after the Exchange Date (as defined below) the holder of the Permanent Global Bond may surrender the Permanent Global Bond to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Bond, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Bonds in bearer form, serially numbered, in denominations of £1,000, £10,000 and £100,000 (having attached to them Coupons in respect of interest which has not already been paid on the Permanent Global Bond and in respect of which claims shall not have become prescribed and, where appropriate, a Talon for further Coupons), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form scheduled to the Trust Deed.

“**Exchange Date**” means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (ii) above, in the city in which the relevant clearing system is located.

3. No payment will be made on the Temporary Global Bond unless exchange for an interest in the Permanent Global Bond is improperly withheld or refused. Payments of principal and interest in respect of Bonds represented by the Permanent Global Bond will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bonds, surrender of the Permanent Global Bond to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Bondholders for such purposes. A record of each payment made will be endorsed on the appropriate schedule to the Permanent Global Bond by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Bonds. Condition 7(f) will apply to Bonds in definitive form only.
4. For so long as all the Bonds are represented by the Permanent Global Bond and the Permanent Global Bond is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to the Bondholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to their respective accountholders rather than by publication as required by Condition 14 provided that, so long as the Bonds are admitted to the Official List by the UK Listing Authority, the UK Listing Authority so agrees.

5. Claims against the Issuer in respect of principal and interest on the Bonds represented by the Permanent Global Bond will be prescribed after 12 years (in the case of principal) and six years (in the case of interest) from the relevant date.
6. Cancellation of any Bond represented by the Permanent Global Bond and required by the Terms and Conditions of the Bonds to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the Permanent Global Bond on the relevant schedule thereto.
7. For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg, as the holder of a particular principal amount of such Bonds (each an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as holder of such principal amount of such Bonds for all purposes (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Bondholders) other than with respect to the payment of principal and interest on such Bonds, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Bond in accordance with and subject to its term and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Bond.
8. In considering the interest of Bondholders while the Permanent Global Bond is held on behalf of a clearing system the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements of the Permanent Global Bond and may consider such interests as if such accountholders were the holders of the Permanent Global Bond.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Bonds will be £496,270,000 and will be used for the general business purposes of the Group.

## **LLOYDS TSB GROUP plc**

Lloyds TSB Group is one of the leading UK-based financial services groups, whose businesses provide a comprehensive range of banking and financial services in the UK and overseas. At the end of 2001, total group assets were £237 billion and there were over 81,000 employees. Market capitalisation was £41.5 billion.

The main business of Lloyds TSB Group plc is to act as a holding company for its sole subsidiary Lloyds TSB Bank plc (“Lloyds TSB Bank”) and its subsidiaries (together with Lloyds TSB Bank, “Lloyds TSB Bank Group”).

## CAPITALISATION AND INDEBTEDNESS OF LLOYDS TSB GROUP plc

The following table presents on a consolidated basis, as at the date indicated, the share capital and reserves, minority interests, undated and dated loan capital of Lloyds TSB Group. Undated loan capital is subordinated debt that has no mandatory repayment date. Dated loan capital is subordinated debt that is repayable on an agreed date that, at the time of issue of the loan capital, is at least five years and one day in the future.

	<i>31 December 2001</i>
<b>Share capital and reserves</b>	
Authorised:	<i>£ millions</i>
Sterling: 6,911,052,632 ordinary shares of 25p each .. .. .	1,728
78,947,368 limited voting ordinary shares of 25p each .. .. .	20
175,000,000 preference shares of 25p each .. .. .	44
	1,792
	<i>US\$ millions</i>
US dollars: 160,000,000 preference shares of US\$.25 cents each .. .. .	40
	<i>€ millions</i>
Euro: 160,000,000 preference shares of €.25 cents each .. .. .	40
	<i>¥ millions</i>
Japanese yen: 50,000,000 preference shares of ¥25 each .. .. .	1,250
Issued and fully paid:	<i>£ millions</i>
Sterling: 5,556,436,969 ordinary shares of 25p each .. .. .	1,391
78,947,368 limited voting ordinary shares of 25p .. .. .	20
	1,411
Reserves .. .. .	9,349
<b>Total</b> .. .. .	10,760
<b>Minority Interests (Notes a and b)</b>	
Equity .. .. .	37
Non-equity:	
7.375% Step-up Non-voting Non-cumulative Preferred Securities callable 2012 (€430 million) (Notes c and d) .. .. .	261
7.834% Step-up Non-voting Non-cumulative Preferred Securities callable 2015 (£250 million) (Notes c and d) .. .. .	248
6.625% Perpetual Capital Securities (€750 million) (Note e) .. .. .	451
	997

**Undated Loan Capital (Notes a, b, d and f)**

Primary Capital Undated Floating Rate Notes (Series 1) (US\$750 million) (Note g)	516
Primary Capital Undated Floating Rate Notes (Series 2) (US\$500 million) (Note g)	344
Primary Capital Undated Floating Rate Notes (Series 3) (US\$600 million) (Note g)	412
11¾% Perpetual Subordinated Bonds	100
5½% Undated Subordinated Step-up Notes callable 2009 (€1,250 million) (Note c)	757
Undated Step-up Floating Rate Notes callable 2009 (€150 million) (Notes c and g)	91
6¾% Undated Subordinated Step-up Notes callable 2010 (Note c)	406
5.57% Undated Subordinated Step-up Coupon Notes callable 2015 (¥20,000 million) (Note c)	105
6½% Undated Subordinated Step-up Notes callable 2019 (Note c)	266
8% Undated Subordinated Step-up Notes callable 2023 (Note c)	199
6½% Undated Subordinated Step-up Notes callable 2029 (Note c)	455
<b>Total</b>	<b>3,651</b>

**Dated Loan Capital (Notes a, b, d and h)**

Eurocurrency Zero Coupon Bonds 2003 (¥3,000 million)	15
Subordinated Fixed Rate Bonds 2003 (NZ\$151 million) (Note i)	43
Subordinated Floating Rate Notes 2004 (Note g)	15
7¾% Subordinated Bonds 2004	399
Subordinated Floating Rate Notes 2004 (Notes g and j)	100
8½% Subordinated Bonds 2006	249
7¾% Subordinated Bonds 2007	299
Subordinated Fixed Rate Bonds 2007 (NZ\$150 million) (Note i)	43
5¼% Subordinated Notes 2008 (DM750 million)	234
10¾% Guaranteed Subordinated Loan Stock 2008	100
9½% Subordinated Bonds 2009	99
Subordinated Step-up Floating Rate Notes 2009 callable 2004 (US\$500 million) (Notes c and g)	343
Subordinated Fixed Rate Bonds 2010 (NZ\$100 million) (Note i)	29
6¼% Subordinated Notes 2010 (€400 million)	244
Subordinated Floating Rate Notes 2010 (US\$400 million) (Note g)	274
12% Guaranteed Subordinated Bonds 2011	100
9¾% Subordinated Bonds 2011	149
4¾% Subordinated Notes 2011 (€850 million)	498
Subordinated Fixed Rate Bonds 2011 (NZ\$100 million) (Note i)	28
6¾% Subordinated Notes 2015	343
Subordinated Floating Rate Notes 2020 (€100 million) (Note g)	61
9¾% Subordinated Bonds 2023	341
<b>Total</b>	<b>4,006</b>

<b>Total Capitalisation</b>	<b>19,414</b>
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- (a) Preferred securities, capital securities and loan capital denominated in currencies other than sterling have been translated at rates prevailing on 31 December 2001.
- (b) In certain circumstances the amounts of preferred securities, capital securities and loan capital reflect issue expenses which are amortised over the shorter of the life of the issue and the period to the callable date.
- (c) These preferred securities, bonds and notes will bear interest at an increased margin over the relevant reference benchmark if they are not called on the relevant callable date.

- (d) In certain circumstances the preferred securities are subject to mandatory conversion into preference shares issued by Lloyds TSB Group plc. If they are not called at the relevant callable date, investors have the right to seek redemption from the proceeds of issues of new ordinary shares in Lloyds TSB Group plc.
- (e) Lloyds TSB Bank may elect at any time to satisfy its obligation to make payment in respect of the Perpetual Capital Securities by the issue of ordinary shares to the trustee for the holders of the Perpetual Capital Securities. In that event Lloyds TSB Group plc will issue ordinary shares to the trustee in exchange for the ordinary shares issued by Lloyds TSB Bank, and Lloyds TSB Group plc's shares will be sold to provide the cash to make the relevant payment.
- (f) The undated loan capital notes were issued on a subordinated basis and, in certain circumstances, the notes would acquire the characteristics of preference share capital.
- (g) These notes bear interest at rates fixed periodically in advance based on interbank rates.
- (h) Much of the dated loan capital is prepayable at the option of Lloyds TSB Group, subject to prior consent of the Financial Services Authority.
- (i) These bonds bear interest, to be reset 5 years before redemption date, at a fixed margin over New Zealand Government stocks.
- (j) These notes are exchangeable at the election of Lloyds TSB Group for further subordinated floating rate notes.
- (k) As at 31 December 2001, the Group had other borrowings of £170,736 million (including deposits by banks of £24,310 million, customer accounts of £109,116 million, debt securities in issue of £24,420 million and other liabilities of £12,890 million) and contingent liabilities (including guarantees) of £7,963 million.
- (l) None of the preferred securities, capital securities or loan capital is secured, or, except where otherwise stated, guaranteed.
- (m) Since 31 December 2001, the Lloyds TSB Group has (i) issued NZ\$125 million 7.61 per cent. Subordinated Bonds 2012; and (ii) redeemed NZ\$150 million of Subordinated Fixed Rate Bonds 2006. There have been no other material changes to the Lloyds TSB Group's capitalisation or indebtedness, contingent liabilities and guarantees since that date.

## LLOYDS TSB BANK GROUP

The main businesses and activities of Lloyds TSB Bank Group's three segments are described below.

### **UK Retail Banking and Mortgages**

UK Retail Banking and Mortgages provided banking and financial services to 16 million customers during 2001. With approximately 2,300 branches of Lloyds TSB Bank, Lloyds TSB Scotland and Cheltenham & Gloucester at the end of 2001, Lloyds TSB Bank Group provides comprehensive geographic branch coverage in England, Scotland and Wales. Lloyds TSB Bank Group has continued to develop alternative distribution channels, through the telephone (PhoneBank and PhoneBank Express, an interactive voice recognition service) and the internet (lloydstsb.com). This enables Lloyds TSB Bank Group to offer a broad range of access points for customers in order to improve service and to enhance revenue growth. During 2001, the Lloyds TSB Bank Group completed the implementation of an online real-time personal banking system enabling customers to get up-to-the minute information of their account balances and allowing immediate clearance of Lloyds TSB cheques and immediate transfer of funds between Lloyds TSB accounts.

#### *UK Retail Banking*

*Current accounts, savings and investment accounts, and consumer lending.* The retail branches of Lloyds TSB Bank offer a broad range of branded products, and Cheltenham & Gloucester provides retail investments through its branch network and a postal investment centre. Lloyds TSB Bank Group's supermarket banking operation, branded 'easibank', continues to expand and there were 22 branches in ASDA supermarkets or large shopping centres at the end of 2001. Lloyds TSB Bank Group has a relationship with the Post Office to allow Lloyds TSB Bank Group personal customers to undertake banking transactions in post offices in Scotland, England and Wales.

*Business banking.* Small businesses were served by dedicated business managers based in 448 locations throughout the UK at the end of 2001. Customers have access to a wide range of tailored business services including money transmission, lending and deposits and insurance and investments. In addition, customers have access to a range of non-financial solutions to their business problems such as Debtor Management service, providing legal support to help customers recover debts and Prospect Finder providing customers with a tailored list of potential customers for their business. Lloyds TSB Bank Group is a leading bank for new business start-ups with around one in five opening accounts with the Lloyds TSB Bank Group.

*Card services.* Provides a range of card-based products and services, including credit and debit cards and card transaction processing services for retailers. Lloyds TSB Bank Group is a member of both the VISA and MasterCard payment systems and is the third largest credit card issuer in the UK with a 10 per cent. share of cards in issue at 31 December 2001.

*Cash machines.* Lloyds TSB Bank Group has one of the largest cash machine networks of any leading banking group in the UK and personal customers of Lloyds TSB Bank are able to withdraw cash, check balances and obtain mini statements through 4,350 cashpoints at branches and external locations around the country. In addition, they have access to a further 32,400 cash machines via LINK in the UK and to cash machines worldwide through the VISA and MasterCard networks.

*Telephone banking.* Telephone Banking continues to grow and Lloyds TSB Bank Group provides one of the largest telephony services in Europe, in terms of customer numbers. At the end of 2001, 2.5 million customers had registered to use the services of PhoneBank and the automated voice response service PhoneBank Express. PhoneBank and PhoneBank Express handled some 25 million calls during the year.

*Internet banking.* Internet Banking provides online banking facilities for personal and business customers and enables them to conduct their financial affairs without the need to use the branch network. Lloyds TSB Bank Group had 1.8 million online customers of lloydstsb.com at the end of 2001. lloydstsb.com was rated one of the most visited financial websites in Europe by Jupiter MMXI.

*UK Wealth Management.* Private Banking provided a range of tailor-made wealth management services and products to individuals from 40 offices throughout the UK in 2001. In addition to asset management, these



services include tax and estate planning, executor and trustee services, deposit taking and lending, insurance and personal equity plan and individual savings account (ISA) products. At 31 December 2001, total funds managed and administered totalled some £11,000 million. The Lloyds TSB Bank Group's new wealth management brand, Create, was launched in October 2001. The Create offer aims to meet the differing needs of the Lloyds TSB Bank Group's affluent customers who will be the target market for the wealth management services which embrace current account banking through to personalised asset management services. Lloyds TSB Stockbrokers undertakes retail stockbroking through its Sharedeal Direct telephone service.

### *Mortgages*

Cheltenham & Gloucester is Lloyds TSB Bank Group's specialist residential mortgage provider, providing a range of mortgage products to personal customers through its own branches and those of Lloyds TSB Bank in England and Wales, as well as through the telephone, internet and postal service, C&G TeleDirect. Lloyds TSB Bank Group also provides mortgages through Lloyds TSB Scotland and Scottish Widows Bank. During 2001, the contribution from Mortgages was £955 million. Lloyds TSB Bank Group is the third largest residential mortgage lender in the UK on the basis of outstanding balances, with mortgages outstanding at 31 December 2001 of £56,578 million, representing a market share of 9.5 per cent. Lloyds TSB Bank Group believes that it is one of the most efficient mortgage providers in the UK; since Cheltenham & Gloucester's acquisition by Lloyds TSB Bank Group in 1995, it has consistently had one of the lowest efficiency ratios (total operating expenses expressed as a percentage of total income) compared to its competitors.

### **Insurance and Investments**

*Life assurance, pensions and investment.* Scottish Widows is Lloyds TSB Bank Group's specialist provider of life assurance, pensions and investment products, which are distributed through Lloyds TSB Bank's branch network, through independent financial advisers and directly via the telephone and the internet. Before its acquisition in 2000, Scottish Widows was a leading provider of life assurance, pensions and long-term savings products mainly distributed through independent financial advisers. Following the acquisition, the Scottish Widows brand became the sole brand for Lloyds TSB Bank Group's life, pensions, unit trust and other long-term savings products, and Lloyds TSB Bank Group extended the brand's product range to Lloyds TSB Bank Group's retail banking branch network.

In common with other life assurance companies in the UK, the life and pensions business of each of the life assurance companies in the Lloyds TSB Bank Group is written in a long-term business fund. The long-term business fund is divided into a With-Profits and a Non-Participating sub-funds.

With-profits life and pensions products are written from the With-Profits Fund. The benefits accruing from these policies are designed to provide a smoothed return to policyholders who hold their policies to maturity through a mix of annual and final (or terminal) bonuses added to guaranteed basic benefits. The guarantees generally only apply on death or maturity. The actual bonuses declared will reflect the experience of the With-Profits Fund.

Other life and pensions products are generally written from the Non-Participating sub-fund. Examples include unit-linked policies, annuities, term assurances and health insurance (under which a pre-determined amount of benefit is payable in the event of an insured event such as death). The benefits provided by such linked policies are wholly or partly determined by reference to a specific portfolio of assets known as unit-linked funds.

*General Insurance.* Lloyds TSB General Insurance provides general insurance through the retail branches of Lloyds TSB Bank and Cheltenham & Gloucester, and through a direct telephone operation and the internet. Based on internal management estimates Lloyds TSB General Insurance had a new business market share of 14 per cent. of the new household insurance market, selling more policies in the twelve months to December 2001 than any of the other leading distributors. The new household insurance market is defined as those customers switching suppliers, taking out first ever policies and customers re-entering the household insurance market.

*Scottish Widows Investment Partnership* manages funds for Lloyds TSB Bank Group's retail life, pensions and investment products. Clients also include corporate pension schemes, local authorities and other

institutions in the UK and overseas. At 31 December 2001 funds under management amounted to some £78,000 million, compared to £87,000 million a year earlier. The decline has been partly caused by the market volatility experienced in 2001; Lloyds TSB Bank Group remains a significant player in the asset management business.

## **Wholesale Markets and International Banking**

### *Wholesale Markets*

Lloyds TSB Bank Group's relationships with major UK and multinational companies, banks and institutions, and medium-sized UK businesses, together with its activities in financial markets, are managed through dedicated offices in the UK and a number of locations overseas, including New York.

*Treasury* is a leading participant in the sterling money market. It is also active in currency money markets, foreign exchange markets and also certain derivatives markets, to meet the needs of customers and as part of Lloyds TSB Bank Group's trading activities. It plays a central role in funding, cash and liquidity management of Lloyds TSB Bank Group.

*Corporate and Commercial* provides a wide range of banking and related services, including electronic banking, large value lease finance, share registration, venture capital, correspondent banking and capital markets services to major UK and multinational companies and financial institutions, and, through a network of dedicated offices, to medium-sized businesses in the UK. The Agricultural Mortgage Corporation provides long-term finance for the agricultural sector.

*Asset Finance* enables companies to acquire the assets needed to run their businesses through the provision of leasing, hire purchase and contract hire packages. Hire purchase, or instalment credit, is a form of consumer financing where a customer takes possession of goods on payment of an initial deposit but the legal title to the goods does not pass to them until the agreed number of instalments have been paid and the option to purchase has been exercised. Through its invoice discounting and factoring subsidiary Lloyds TSB Commercial Finance, the Lloyds TSB Bank Group provides working capital finance for companies by releasing to the company up to 90 per cent. of the value of their unpaid invoices, with the balance payable, after deduction of a service fee, once the invoices have been settled. Invoice discounting differs to factoring in that the company retains control of the debt collection and the credit risk. At 31 December 2001, based on information maintained by the Factors and Discounters Association, Lloyds TSB Commercial Finance Limited (which is a subsidiary of Lloyds TSB Bank plc) was the second largest invoice discounting company in the UK with a market share of 19 per cent. and the largest factoring company in the UK with a market share of 22 per cent.

### *International Banking*

*New Zealand.* The National Bank of New Zealand Limited ("NBNZ") was New Zealand's second largest bank measured by assets during 2001 and provides a wide range of banking services through some 159 retail branch outlets. NBNZ serves retail customers' needs for current and savings accounts, credit cards, consumer lending and home loans. NBNZ also has a substantial non-personal business providing working capital, term lending, trade finance and treasury services to the business and agricultural sector.

*Europe.* International Wealth Management provides services to wealthy individuals outside their country of residence. The business is conducted through branches of Lloyds TSB Bank located in Switzerland, Dubai, Luxembourg, Monaco and Gibraltar. There are also private and corporate banking operations in Spain and France.

*Offshore banking* comprises Lloyds TSB Bank Group's offices in the Channel Islands and Isle of Man, as well as its operations in Hong Kong, Singapore and Malaysia and representation in Belgium and the US. It provides a wide range of retail banking, private banking and financial services to overseas residents and islanders, together with deposit services offshore for UK residents.

*The Americas.* Lloyds TSB Bank Group has operated in the Americas for over 130 years and has offices in Brazil, Argentina, Colombia, Ecuador, Guatemala, Honduras, Panama, Paraguay and Uruguay. In addition Lloyds TSB Bank Group has private banking and investment operations in the US and the Bahamas. In Brazil where Lloyds TSB Bank has 11 corporate banking offices Lloyds TSB Bank Group's most substantial business is

Losango, a consumer lending operation providing three retail products: borrowing at the point of sale in stores, unsecured personal lending and borrowing to fund new and second-hand car purchases. The Losango business is conducted through Banco Lloyds TSB SA a locally incorporated subsidiary of Lloyds TSB Bank plc. Through its network of corporate banking offices, Lloyds TSB Bank also provides specialist banking and treasury products to corporate clients in Brazil. In Argentina where Lloyds TSB Bank has 40 branches and Colombia where Lloyds TSB Bank's subsidiary Lloyds TSB Bank SA has 20 branches, Lloyds TSB Bank Group provides corporate banking services, including trade finance, working capital loans, import finance, term deposits and money transmission. It also provides retail banking services through a network of branches, including current and savings accounts, credit cards, personal loans and mortgages.

### **Recent Developments**

On 14 March 2002, the Competition Commission's report into the competitiveness of banking for small and medium sized enterprises (SME) was published by the Government. The Government has accepted in full the recommendations made by the Commission. One of the most significant proposals is that banks should offer any SME customer operating a current account in England and Wales, either:

- a current account that pays interest of at least the Bank of England Base Rate, minus 2.5 per cent; or
- a current account free of money transmission charges; or
- a choice between the two.

The other remedies also covered areas such as transparency of charging, easier, penalty-free switching and portable credit histories. The implications for the Lloyds TSB Group and its SME customers have not yet been fully assessed, but clearly the implications will need to be assessed and the operational impact of introducing these remedies will need to be looked at closely.

Lloyds TSB Group has already introduced (or is currently introducing) initiatives to address a number of these remedies, such as ease of switching or transparency of charging, either on its own initiative or via the Business Banking Code. The SME market is important to the Lloyds TSB Group, it has supported it for a long time and is committed to doing so in the future. In the last year alone, it has helped 100,000 small businesses get started.

### **Directors**

The directors of Lloyds TSB Group plc and of Lloyds TSB Bank plc, the business address of each of whom is 71 Lombard Street, London EC3P 3BS, England, and their respective principal outside activities, where significant to the Group, are as follows:

**Maarten A. van den Bergh** *A director of Royal Dutch Petroleum Company and BT Group*  
Chairman

**Alan E. Moore CBE**  
Deputy Chairman

### **Executive Directors**

**Peter B. Ellwood CBE**  
Group Chief Executive

**Michael E. Fairey**  
Deputy Group Chief Executive

**Michael D. Ross CBE** *Chairman of the Association of British Insurers*  
Deputy Group Chief Executive

**M. Kent Atkinson** *A director of Coca-Cola HBC SA*  
Group Finance Director

**J. Eric Daniels**  
Group Executive Director, UK Retail Banking

**Archie G. Kane**

Group Executive Director, IT and Operations

**David P. Pritchard**

Group Executive Director, Wholesale & International Banking

**Non-executive directors**

**Professor Ewan Brown CBE FRSE** *A director of Stagecoach Holdings and Noble Grossart*

**A. Clive Butler** *A director of Unilever*

**Sheila M. Forbes**

**Gavin J. N. Gemmell CBE** (from 17 April 2002) *A director of Scottish Enterprise Edinburgh and Lothian*

**Christopher S. Gibson-Smith** *Chairman of National Air Traffic Services Limited and a director of Powergen*

**DeAnne S. Julius CBE** *Member of the Court of the Bank of England and a director of BP and Serco Group*

**Thomas F. W. McKillop** *Chief executive of AstraZeneca*

**The Earl of Selborne KBE FRS** *Managing director of The Blackmoor Estate*

**Lawrence M. Urquhart** (retiring at the annual general meeting on 17 April 2002) *Chairman of BAA and a director of Imerys SA*

## CAPITALISATION AND INDEBTEDNESS OF LLOYDS TSB BANK plc

The following table presents on a consolidated basis, as at the date indicated, the shareholders' funds, minority interests, undated and dated loan capital of Lloyds TSB Bank Group. Undated loan capital is subordinated debt that has no mandatory repayment date. Dated loan capital is subordinated debt that is repayable on an agreed date that, at the time of issue of the loan capital, is at least five years and one day in the future.

31 December 2001	
£ millions	
<b>Shareholders' funds (equity and non-equity)</b>	
Authorised: 1,650,000,000 ordinary shares of £1 each and 1 cumulative floating rate preference share of £1 .. .. .	1,650
Issued and fully paid: ordinary shares .. .. .	1,542
6.625% Perpetual Capital Securities (€750m) (Notes a, b and e) .. .. .	451
Reserves .. .. .	10,404
<b>Total</b> .. .. .	12,397
<b>Minority Interests (Notes a and b)</b>	
Equity .. .. .	37
Non-equity:	
7.375% Step-up Non-voting Non-cumulative Preferred Securities callable 2012 (€430 million) (Notes c and d) .. .. .	261
7.834% Step-up Non-voting Non-cumulative Preferred Securities callable 2015 (£250 million) (Notes c and d) .. .. .	248
	546
<b>Undated Loan Capital (Notes a, b, d and f)</b>	
Primary Capital Undated Floating Rate Notes (Series 1) (US\$750 million) (Note g) .. .. .	516
Primary Capital Undated Floating Rate Notes (Series 2) (US\$500 million) (Note g) .. .. .	344
Primary Capital Undated Floating Rate Notes (Series 3) (US\$600 million) (Note g) .. .. .	412
11¼% Perpetual Subordinated Bonds .. .. .	100
5%% Undated Subordinated Step-up Notes callable 2009 (€1,250 million) (Note c) .. .. .	757
Undated Step-up Floating Rate Notes callable 2009 (€150 million) (Notes c and g) .. .. .	91
6%% Undated Subordinated Step-up Notes callable 2010 (Note c) .. .. .	406
5.57% Undated Subordinated Step-up Coupon Notes callable 2015 (¥20,000 million) (Note c) .. .. .	105
6½% Undated Subordinated Step-up Notes callable 2019 (Note c) .. .. .	266
8% Undated Subordinated Step-up Notes callable 2023 (Note c) .. .. .	199
6½% Undated Subordinated Step-up Notes callable 2029 (Note c) .. .. .	455
<b>Total</b> .. .. .	3,651

£ millions

**Dated Loan Capital (Notes a, b, d and h)**

Eurocurrency Zero Coupon Bonds 2003 (¥3,000 million) .. .. .	15
Subordinated Fixed Rate Bonds 2003 (NZ\$151 million) (Note i) .. .. .	43
Subordinated Floating Rate Notes 2004 (Note g) .. .. .	15
7¼% Subordinated Bonds 2004 .. .. .	399
Subordinated Floating Rate Notes 2004 (Notes g and j) .. .. .	100
Subordinated Floating Rate Notes 2006 (Note g) .. .. .	150
Subordinated Floating Rate Notes 2007 (Note g) .. .. .	200
7¼% Subordinated Bonds 2007 .. .. .	299
Subordinated Fixed Rate Bonds 2007 (NZ\$150 million) (Note i) .. .. .	43
5¼% Subordinated Notes 2008 (DM750 million) .. .. .	234
Subordinated Floating Rate Notes 2008 (Note g) .. .. .	150
10¼% Guaranteed Subordinated Loan Stock 2008 .. .. .	112
9½% Subordinated Bonds 2009 .. .. .	99
Subordinated Step-up Floating Rate Notes 2009 callable 2004 (US\$500 million) (Notes c and g)	343
Subordinated Fixed Rate Bonds 2010 (NZ\$100 million) (Note i) .. .. .	29
6¼% Subordinated Notes 2010 (€400 million) .. .. .	244
Subordinated Floating Rate Notes 2010 (US\$400 million) (Note g) .. .. .	274
12% Guaranteed Subordinated Bonds 2011 .. .. .	121
4¼% Subordinated Notes 2011 (€850 million) .. .. .	498
Subordinated Fixed Rate Bonds 2011 (NZ\$100 million) (Note i) .. .. .	28
Subordinated Floating Rate Notes 2011 (Notes g and j) .. .. .	100
6¼% Subordinated Notes 2015 .. .. .	343
Subordinated Floating Rate Notes 2020 (€100 million) (Note g) .. .. .	61
9¼% Subordinated Bonds 2023 .. .. .	341
Subordinated Non-Interest Bearing Loan on rolling 6 year notice .. .. .	150
<b>Total</b> .. .. .	<b>4,391</b>
<b>Total Capitalisation</b> .. .. .	<b>20,985</b>

- (a) Preferred securities, capital securities and loan capital denominated in currencies other than sterling have been translated at rates prevailing on 31 December 2001.
- (b) In certain circumstances the amounts of preferred securities, capital securities and loan capital reflect issue expenses which are amortised over the shorter of the life of the issue and the period to the callable date.
- (c) These preferred securities, bonds and notes will bear interest at an increased margin over the relevant reference benchmark if they are not called on the relevant callable date.
- (d) In certain circumstances the preferred securities are subject to mandatory conversion into preference shares issued by Lloyds TSB Group plc. If they are not called at the relevant callable date, investors have the right to seek redemption from the proceeds of issues of new ordinary shares in Lloyds TSB Group plc.
- (e) Lloyds TSB Bank may elect at any time to satisfy its obligation to make payment in respect of the Perpetual Capital Securities by the issue of ordinary shares to the trustee for the holders of the Perpetual Capital Securities. In that event Lloyds TSB Group plc will issue ordinary shares to the trustee in exchange for the ordinary shares issued by Lloyds TSB Bank, and Lloyds TSB Group plc's shares will be sold to provide the cash to make the relevant payment.
- (f) The undated loan capital notes were issued on a subordinated basis and, in certain circumstances, the notes would acquire the characteristics of preference share capital.
- (g) These notes bear interest at rates fixed periodically in advance based on interbank rates.
- (h) Much of the dated loan capital is prepayable at the option of the borrower, subject to prior consent of the Financial Services Authority.
- (i) These bonds bear interest, to be reset 5 years before redemption date, at a fixed margin over New Zealand Government stocks.
- (j) These notes are exchangeable at the election of the issuer for further subordinated floating rate notes.

- (k) As at 31 December 2001, the Bank had other borrowings of £170,892 million (including deposits by banks of £24,310 million, customer accounts of £109,302 million, debt securities in issue of £24,420 million and other liabilities of £12,860 million) and contingent liabilities (including guarantees) of £7,963 million.
- (l) None of the preferred securities, capital securities or loan capital is secured, or, except where otherwise stated, guaranteed.
- (m) Since 31 December 2001, the Lloyds TSB Bank Group has (i) issued NZ\$125 million 7.61 per cent. Subordinated Bonds 2012; and (ii) redeemed NZ\$150 million of Subordinated Fixed Rate Bonds 2006. There have been no other material changes to the Lloyds TSB Bank Group's capitalisation or indebtedness, contingent liabilities and guarantees since that date.

## UNITED KINGDOM TAXATION

The comments below are of a general nature based on current United Kingdom law and Inland Revenue practice. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Bonds and Coupons and may not apply to certain classes of persons such as dealers. Any Bondholders who are in doubt as to their tax position should consult their professional advisers.

### **Taxation of Interest**

While the Bonds continue to be listed on a recognised stock exchange within the meaning of Section 841 Income and Corporation Taxes Act 1988 (the “Act”), payments of interest may be made without withholding or deduction for or on account of income tax. The London Stock Exchange is recognised for the purposes of Section 841 of the Act.

If the Bonds cease to be listed, interest will generally be paid under deduction of income tax at the lower rate (currently 20 per cent.) subject to any available reliefs or a direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

Persons in the United Kingdom paying interest to, or receiving interest on behalf of, another person may be required to provide certain information to the United Kingdom Inland Revenue regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

The interest has a United Kingdom source and accordingly may be chargeable to United Kingdom tax by direct assessment. Where the interest is paid without withholding or deduction, the interest will not be assessed to United Kingdom tax in the hands of Bondholders who are not resident in the United Kingdom for tax purposes, except where such persons carry on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Bonds are attributable, in which case (subject to exceptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency.

If interest were paid under deduction of United Kingdom income tax (for example, if the Bonds lost their listing), Bondholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an applicable double taxation treaty.

Bondholders should recognise that the provisions relating to additional amounts referred to in Condition 7 – “Taxation” would not apply if the Inland Revenue sought to assess directly the person entitled to the relevant interest to United Kingdom tax. However, exemption from, or reduction of, such United Kingdom tax liability might be available under an applicable double taxation treaty.

### **Disposal (including Redemption)**

#### *Corporate Bondholders*

Bondholders within the charge to United Kingdom corporation tax will be subject to tax as income on all profits and gains arising from, and from fluctuations in the value of, Bonds broadly in accordance with their statutory accounting treatment. Such Bondholders will generally be charged in each accounting period by reference to interest and any profit or loss which, in accordance with such Bondholder’s authorised accounting method, is applicable to that period.

On 19 December 2001, the Inland Revenue published a technical note (the “Technical Note”) which contained draft legislation reforming the tax treatment of loan relationships. It is currently proposed that, in certain circumstances following a change in the rate of interest applicable to a loan relationship, corporate holders can be required to compute their taxable credits and debits only in accordance with an authorised mark to market basis of accounting. The draft legislation contained in the Technical Note is not yet in final form. Once final legislation is enacted, Bondholders which are companies within the charge to UK corporation tax should consider whether it would apply to the Bonds given the provision for variation in the interest rate contained in Condition 4 – “Interest”.



### *Other Bondholders*

The Bonds are “qualifying corporate bonds” within the meaning of Section 117 of the Taxation of Chargeable Gains Act 1992 with the result that on a disposal of the Bonds neither chargeable gains nor allowable losses will arise for the purposes of United Kingdom taxation of capital gains.

The Bonds will be regarded by the Inland Revenue as “variable rate securities”. Accordingly, a transfer of a Bond by a holder resident or ordinarily resident in the United Kingdom or a holder who carries on a trade in the United Kingdom through a branch or agency to which the Bond is attributable, may give rise to a charge to tax on income in respect of interest on the Bond which has accrued since the preceding interest payment date in such an amount as the Inland Revenue deem just and reasonable. A transferee of Bonds with accrued interest will not be entitled to any corresponding allowance under the “accrued income scheme”.

### **Stamp Duty**

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Bonds, on a transfer of a Bond within Euroclear or Clearstream, Luxembourg, or on redemption of a Bond.

### **Interest — Withholding Tax: European Council Proposals**

On 13 December 2001, the EU Commission published a revised draft directive regarding the taxation of savings income. It is proposed that, subject to a number of important conditions being met, Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States (including Luxembourg, Belgium and Austria, but not including the United Kingdom) to opt instead for a withholding system for a transitional period in relation to such payments. The proposed directive is not yet final, and may be subject to further amendment and/or clarification.

## SUBSCRIPTION AND SALE

Pursuant to a Subscription Agreement (the “Subscription Agreement”) dated 26 March 2002, Credit Suisse First Boston (Europe) Limited, UBS AG, acting through its business group UBS Warburg, Goldman Sachs International and Lehman Brothers International (Europe) (together, the “Managers”) have jointly and severally agreed to subscribe and pay for the Bonds at 99.879 per cent. of their principal amount. The Managers will receive a combined selling, management and underwriting commission of 0.625 per cent. of the principal amount of the Bonds. In addition, the Managers shall each pay to the Issuer certain amounts to cover expenses in connection with the issue of the Bonds. The Managers are entitled to terminate the Subscription Agreement in certain circumstances before the issue of the Bonds.

### United Kingdom

Each Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell any Bonds to persons in the United Kingdom prior to admission of the Bonds to listing in accordance with Part VI of the Financial Services and Markets Act 2000 (the “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 or the FSMA;

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom; and

(c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 such Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.

### United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, US persons and it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, US persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### General

No action has been or will be taken by the Issuer, the Guarantor or any of the Managers that would or is intended to permit a public offering of the Bonds, or the possession or distribution of this Offering Circular, or any amendment or supplement thereto, or any other offering material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

## GENERAL INFORMATION

1. The listing of the Bonds on the Official List will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that listing of the Bonds on the Official List and admission of the Bonds to trading on the London Stock Exchange's market for listed securities will be granted on or before 28 March 2002, subject only to the issue of a temporary or permanent Global Bond. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the London Stock Exchange will normally be effected for delivery on the third working day after the day of the transaction.

2. The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in the United Kingdom and Scotland, respectively in connection with the issue and performance of the Bonds and for the Issuer and the Guarantor to undertake and perform each of their respective obligations under the Subscription Agreement, the Trust Deed, the Agency Agreement (each as defined in the "**Terms and Conditions**") and the Bonds. The issue of the Bonds was authorised by a resolution of a duly constituted committee of the Board of Directors of the Issuer passed on 7 February 2002. The giving of the guarantee in respect of the Bonds (the "**Guarantee**") was authorised by resolution of the Chairman's Committee of the Board of Directors of the Guarantor passed on 7 February 2002 and a resolution of the shareholders of the Guarantor passed on 26 March 2002.

3. Save as previously disclosed, there has been no significant change in the financial or trading position of the Issuer, the Guarantor or of the Group since 31 December 2001 and no material adverse change in the financial position or prospects of the Issuer, the Guarantor or of the Group since 31 December 2001.

4. Neither the Issuer, the Guarantor nor any of its subsidiaries is or has been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have, or have had during the past 12 months, a significant effect on the financial position of the Issuer, the Guarantor or the Group.

5. No redemption or purchase for cancellation of the Bonds by the Issuer or by any of its subsidiaries will be made without the prior consent of the FSA (so long as the Issuer is required by the FSA to obtain such consent).

6. Each Bond, Coupon and Talon will bear the following legend:

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

7. Bonds have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code reference number for the Bonds is XS0145407507 and the International Securities Identification Number (ISIN) for the Bonds is 014540750.

8. The following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of Lloyds TSB Group plc, 71 Lombard Street, London EC3P 3BS and of the Principal Paying Agent:

- (a) a draft (subject to modification) of the Trust Deed (which includes the form of the Temporary Global Bond, the Permanent Global Bond, the definitive Bonds, the Coupons and the Talons);
- (b) the Subscription Agreement;
- (c) the Memorandum and Articles of Association of the Issuer and of the Guarantor;
- (d) the audited consolidated Report and Accounts of the Issuer and the Guarantor for the two financial years ended 31 December 2000 and 31 December 2001; and
- (e) a copy of this Offering Circular.

9. Copies of the latest audited consolidated Report and Accounts of the Issuer and the Guarantor and copies of the Trust Deed will be available for inspection at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Bonds is outstanding. The Guarantor does not publish interim accounts.

10. PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, have audited, and rendered unqualified audit reports on, the annual consolidated published accounts of the Issuer and its subsidiaries and the Guarantor for the financial years ended 31 December 2000 and 31 December 2001.

11. No redemption of the Bonds for taxation reasons, no redemption of the Bonds, no optional redemption of the Bonds pursuant to Condition 5(c) and no purchase and cancellation of the Bonds in accordance with the Terms and Conditions of the Bonds will be made by the Issuer without such prior consent of the Financial Services Authority as may for the time being be required therefor.

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

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**PRINCIPAL PAYING AGENT**

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