

Dated 27 October 2020

**PHOENIX GROUP HOLDINGS PLC**

as Issuer

and

**CITIBANK, N.A., LONDON BRANCH**

as Trustee

**AMENDED AND RESTATED TRUST DEED**

constituting

£500,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes

**Linklaters**

Ref: L-284783

Linklaters LLP

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**This Amended and Restated Trust Deed** is made on 27 October 2020 **between:**

- (1) **PHOENIX GROUP HOLDINGS PLC** (the “**Issuer**”), a public limited company incorporated in the United Kingdom with registered number 11606773 and having its registered office at Juxon House, 100 St. Paul’s Churchyard, London EC4M 8BU, United Kingdom; and
- (2) **CITIBANK, N.A., LONDON BRANCH** (the “**Trustee**”, which, where the context so admits, includes any other trustee for the time being and from time to time the trustee or trustees under this Trust Deed).

## **Background**

- (A) On 26 April 2018, Phoenix Group Holdings issued £500,000,000 Fixed Rate Perpetual Restricted Tier 1 Write Down Notes constituted by a trust deed dated 26 April 2018, as amended and restated on 12 December 2018 (the “**Original Trust Deed**”);
- (B) The Issuer was substituted in place of Phoenix Group Holdings as issuer and principal debtor in relation to the Notes on 12 December 2018;
- (C) In accordance with the terms and conditions of the Notes, as set out in the Original Trust Deed, and pursuant to Condition 8(g)(ii) thereof, the Issuer wishes to vary the terms and conditions of the Notes (as defined below) such that the Notes will constitute Qualifying Securities (as defined therein) (the “**Variation**”);
- (D) The Issuer has requested the Trustee to agree, pursuant to Condition 8(g)(ii) and Clause 8.18 of the Original Trust Deed, to the Variation; and
- (E) Accordingly, the parties hereto wish to amend and restate the Original Trust Deed to effect the Variation with effect from the date hereof.

**This Deed witnesses and it is declared** as follows:

## **1 Interpretation**

### **1.1 Definitions**

Unless the context requires or the same are otherwise defined, words and expressions defined in the Conditions and not otherwise defined herein shall have the same meaning in this Trust Deed (including the recitals) and the following expressions have the following meanings:

“**Agency Agreement**” means the amended and restated agreement referred to as such in the Conditions and includes any other agreements approved in writing by the Trustee appointing Successor Agents or altering any such agreements;

“**Agent Bank**” means the agent bank for the time being in respect of the Notes appointed from time to time under this Agreement or an agreement supplemental to it;

“**Appointee**” means any custodian, receiver, attorney, manager, agent, delegate or nominee of the Trustee or any other person appointed by the Trustee pursuant to this Trust Deed;

“**Certificate**” means a definitive certificate representing one or more Notes comprising the entire holding by a Noteholder of his Notes and, save in the case of the Global Certificate, being substantially in the form set out in Part 2 of Schedule 1;

“**Clearstream, Luxembourg**” means Clearstream Banking, S.A.;

**“Conditions”** means the amended and restated terms and conditions of the Notes which shall be in the form set out in Schedule 2, as modified, with respect to any Notes represented by the Global Certificate, by the provisions of the Global Certificate. Any reference to a particularly numbered Condition shall be construed accordingly;

**“Euroclear”** means Euroclear Bank SA/NV;

**“Extraordinary Resolution”** has the meaning set out in Schedule 3;

**“FCA”** means the UK Financial Conduct Authority or any successor thereto;

**“FSMA”** means the Financial Services and Markets Act 2000 of the United Kingdom, as amended from time to time;

**“Global Certificate”** means the global certificate substantially in the form set out in Part 1 of Schedule 1 representing the Notes and registered in the name of a nominee for the common depository of Euroclear and Clearstream, Luxembourg and/or any other clearing system;

**“Market”** means the Global Exchange Market of the Irish Stock Exchange plc, trading as Euronext Dublin;

**“Noteholder”** means a person against whose name a Note is registered in the register of Noteholders (or, in the case of joint holders, the first named thereof), save that, for so long as the Notes are represented by the Global Certificate, each person who has for the time being a particular principal amount of the Notes credited to his securities account in the records of Clearstream, Luxembourg or Euroclear shall be deemed to be the Noteholder in respect of the principal amount of such Notes for all purposes hereof other than for the purpose of payments in respect thereof, the right to which shall be vested in the registered holder of the Global Certificate in accordance with and subject to the terms of this Trust Deed and such Global Certificate;

**“Notes”** means the £500,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes of the Issuer which expression shall, if the context so permits, include the Global Certificate representing the Notes;

**“Original Trust Deed”** has the meaning given to it in Recital A;

**“outstanding”** means, in relation to the Notes, all the Notes issued except (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and interest payable under the Conditions (if any) after such date) have been duly paid to the Trustee or to the Principal Paying Agent as provided in Clause 2 and remain available for payment in accordance with the Conditions, (c) those which have become void or have become subject to an Automatic Conversion, (d) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 12, (e) (for the purpose only of ascertaining the principal amount of the Notes outstanding and without prejudice to the status for any other purpose of the relevant Notes) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 12, and (f) those which have been purchased and cancelled as provided in the Conditions provided that for the purposes of (i) ascertaining the right to attend and vote at any meeting of the Noteholders, (ii) the determination of how many Notes are outstanding for the purposes of Clause 12.2, Conditions 11 and 15 and Schedule 3, (iii) the exercise of any discretion, power or authority whether contained in this Trust Deed or

provided by law, which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders and (iv) the determination by the Trustee of whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders or any one of them, those Notes which are beneficially held by or on behalf of the Issuer, any holding company of the Issuer or any other Subsidiary of any such holding company and not cancelled shall (unless no longer so held) be deemed not to remain outstanding;

**“Principal Paying Agent”** means the institution named as such in the Conditions acting through its specified office, or any Successor Principal Paying Agent;

**“Registrar”** means the institution named as such in the Conditions acting through its specified office, or any Successor Registrar;

**“Shortfall”** means, in the event that, notwithstanding the subordination effected by the provisions of this Trust Deed (including, without limitation, the Conditions), any amounts which are paid to the Trustee in an Issuer Winding-Up in respect of the claims of Noteholders without Senior Creditors of the Issuer having been paid in full, the amount by which the aggregate amount paid or distributable by the liquidator or the administrator (as the case may be) in the Issuer Winding-Up as aforesaid to Senior Creditors of the Issuer in respect of the relevant claims of Senior Creditors is less than the amount of such claims of Senior Creditors;

**“specified office”** means, in relation to an Agent, the office identified with its name at the end of the Conditions or any other office approved by the Trustee and notified to Noteholders pursuant to Clause 8.10;

**“Subsidiary”** has the meaning given under Section 1159 of the Companies Act;

**“Successor”** means, in relation to the Agents, such other or further person as may from time to time be appointed by the Issuer as an Agent with the written approval of, and on terms approved in writing by, the Trustee and notice of whose appointment is given to Noteholders pursuant to Clause 8.10;

**“successor in business”** means, in relation to the Issuer or any Substituted Obligor, any company which as a result of any amalgamation, merger or reconstruction, beneficially owns the whole or substantially the whole of the undertaking, property and assets owned by the Issuer or the relevant Substituted Obligor (as the case may be) prior to such amalgamation, merger, reconstruction or agreement coming into force and carries on as successor to the Issuer or the relevant Substituted Obligor (as the case may be) the whole or substantially the whole of the business carried on by the Issuer or the relevant Substituted Obligor (as the case may be) immediately prior thereto;

**“trust corporation”** means a trust corporation (as defined in the Law of Property Act 1925) or a corporation entitled to act as a trustee pursuant to applicable foreign legislation relating to trustees; and

**“Variation”** has the meaning given to in Recital (C).

## 1.2 Interpretation

In this Trust Deed, unless the contrary intention appears, a reference to:

- 1.2.1 costs, charges, remuneration, expenses or amounts payable under this Trust Deed shall include any value added tax, turnover tax or similar tax charged in respect thereof and legal fees and expenses on a full indemnity basis;
- 1.2.2 any action, remedy or method of judicial proceedings for the enforcement of rights of creditors shall include, in respect of any jurisdiction other than England, references to such action, remedy or method of judicial proceedings for the enforcement of rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate thereto;
- 1.2.3 where the Trustee is referred to in this Trust Deed as acting “reasonably” or giving “approval not to be unreasonably withheld or delayed”, this means that in determining whether to give its approval or when required to act reasonably, the Trustee shall have regard to the interests of the Noteholders only and any determination as to whether or not its approval is unreasonably withheld or whether or not it is acting reasonably shall be made on that basis;
- 1.2.4 “**this Trust Deed**” or any other agreement or document referred to in this Trust Deed means this amended and restated trust deed or such other agreement or document as amended, varied, supplemented, modified or novated from time to time;
- 1.2.5 a “**Clause**” or “**Schedule**” is a reference to a clause of, or a schedule to, this Trust Deed;
- 1.2.6 a person includes any individual, company, body corporate, corporation sole or aggregate, government, state or agency of a state, firm, partnership, joint venture, association, organisation or trust (in each case, whether or not having separate legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated or exists) and a reference to any of them shall include a reference to the others;
- 1.2.7 a person includes its successors and assigns;
- 1.2.8 any provision of any treaty, legislation, statute, directive, regulation, judgement, decision, decree, order, regulation, instrument, by-law, or any other law of, or having effect in, any jurisdiction (“**Laws**”) shall be construed also as references to all other Laws made under the Law referred to, and to all such Laws as amended, re-enacted, consolidated or replaced, or as their application is modified by other Laws from time to time, and whether before or after the date of this Trust Deed;
- 1.2.9 Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system as is approved by the Trustee; and
- 1.2.10 a time of day is a reference to London time.

## 1.3 Headings

The headings in this Trust Deed are for ease of reference only and do not affect its interpretation.

## 1.4 Schedules

Each of the Schedules shall have effect as if set out in this Trust Deed.

## **1.5 Plural and Gender**

Words denoting the singular number only shall include the plural number also and vice versa and words denoting one gender only shall include the other gender.

## **1.6 Amendment and Restatement**

1.6.1 The Original Trust Deed is hereby amended and restated in the form of this Trust Deed (including, without limitation, the Conditions) and shall have effect as so amended and restated with effect from the date hereof.

1.6.2 With effect from the date hereof, the Notes shall be known as the Issuer's "£500,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes".

1.6.3 The Issuer hereby covenants as soon as practicable after the date hereof (and in any event no later than 14 days from the date hereof) to give notice of the Variation effected by this Trust Deed to the Noteholders in accordance with Condition 8(g).

1.6.4 With effect from the date hereof, the original Global Certificate representing the Notes shall be read and construed as if all references therein to terms and conditions were to the Conditions and the Issuer shall, as soon as practicable after the date hereof, deliver to the bearer of the original Global Certificate three conformed copies of this Trust Deed which shall be annexed to the original Global Certificate.

## **2 Amount of the Notes, Covenant to Pay and Subordination**

### **2.1 Amount of the Notes**

The aggregate principal amount of the Notes is limited to £500,000,000.

### **2.2 Covenant to Pay**

Subject to Clauses 2.3 and 6 and to Conditions 3(b), 3(d), 5(a), 5(b), 6, 8(b) and 8(d), the Issuer will on any date when any Notes become due to be redeemed unconditionally pay or procure to be paid to or to the order of the Trustee in London in sterling in same day funds the principal amount of the Notes becoming due for redemption on that date and will (subject to the Conditions) until such payment (both before and after judgment) unconditionally pay or procure to be paid to or to the order of the Trustee interest on the principal amount of the Notes outstanding from time to time (if any) as set out in the Conditions, provided that (i) subject to the provisions of Clause 2.6, payment of any sum due in respect of the Notes made to the Principal Paying Agent as provided in the Agency Agreement shall, to that extent, satisfy such obligation except to the extent that there is failure in its subsequent payment to the relevant Noteholders under the Conditions and (ii) a payment made after the due date or pursuant to Condition 11 or 3(b) will be deemed to have been made when the full amount due has been received by the Principal Paying Agent or the Trustee and notice to that effect has been given to the Noteholders (if required under Clause 8.8), except to the extent that there is failure in its subsequent payment to the relevant Noteholders under the Conditions. The Trustee will hold the benefit of this covenant on trust for itself and the Noteholders.

### **2.3 Subordination to Senior Creditors of the Issuer**

2.3.1 Notwithstanding the covenant of the Issuer given in Clause 2.2, in the event of an Issuer Winding-Up at any time prior to the occurrence of a Trigger Event as per

Condition 3(b), the claims of the Trustee on behalf of the Noteholders (other than in respect of its rights and claims in its personal capacity under this Trust Deed and those of any Appointee which shall not be subordinated) and the Noteholders against the Issuer in relation to the Notes and this Trust Deed (including, without limitation, any damages awarded for breach of any obligations under the Notes and this Trust Deed) will be subordinated to the claims of all Senior Creditors of the Issuer (in the manner set out in Condition 3 of the Notes) but shall rank at least *pari passu* with, the holders of the most senior class or classes of issued preference shares (if any) in the capital of the Issuer from time to time and which have a preferential right to a return of assets in the winding-up or administration over, and so rank ahead of, the holders of all other classes of issued shares for the time being in the capital of the Issuer but ranking junior to the claims of Senior Creditors.

If an Issuer Winding-Up occurs concurrently with or after the occurrence of a Trigger Event, and where an Automatic Conversion has not yet been effected, there shall be payable by the Issuer in respect of each Note (in lieu of any payment or any issue or delivery of Conversion Shares by the Issuer), such amount, if any, as would have been payable to the Noteholder if, on the day prior to the commencement of the Issuer Winding-Up and thereafter, such Noteholder were the holder of such number of Conversion Shares as that Noteholder would have been entitled to receive in accordance with Condition 6.

**2.3.2** Accordingly, any amounts paid to the Trustee by the liquidator or administrator of the Issuer (as the case may be) in respect of the claims of the Noteholders at any time after an Issuer Winding-Up shall be paid:

- (i) first, for application in payment or satisfaction of all costs, charges, fees, expenses and liabilities properly incurred by the Trustee or any Appointee (including remuneration payable to it and any indemnity payments due to it) in carrying out its functions under this Trust Deed;
- (ii) secondly, in payment of any amounts owing in respect of the Notes (which shall, following an Issuer Winding-Up, be as determined in accordance with Clause 2.4) *pari passu* and rateably; and
- (iii) thirdly, in payment of any balance to the Issuer for itself.

If the Trustee holds any moneys in respect of Notes which have become void, the Trustee will hold them on these trusts.

## **2.4 Winding-Up**

In the event of an Issuer Winding-Up, the provisions of Condition 3(b), 3(c) and Condition 11 shall apply, as appropriate.

## **2.5 Discharge**

Subject to Clause 2.3, any payment to be made in respect of the Notes by the Issuer or the Trustee may be made as provided in the Conditions and any payment so made will (subject to Clause 2.3) to that extent be a good discharge to the Issuer or the Trustee (as the case may be).



## **2.6 Payment after a Default**

At any time after the occurrence of any non-payment of principal when due as described in Condition 11 or in the event of an Issuer Winding-Up, the Trustee may by notice in writing to the Issuer and the Agents, require the Agents (or any of them), until notified by the Trustee to the contrary, so far as permitted by applicable law:

- 2.6.1** to act as Agents of the Trustee under this Trust Deed and the Notes on the terms of the Agency Agreement (with consequential amendments as necessary and except that the Trustee's liability for the indemnification, remuneration and all other out-of-pocket expenses of the Agents will be limited to the amounts for the time being held by the Trustee in respect of the Notes on the terms of this Trust Deed) and thereafter to hold all Notes and all moneys, documents and records held by them in respect of Notes to the order of the Trustee; and/or
- 2.6.2** to deliver all Notes and all moneys, documents and records held by them in respect of the Notes to the Trustee or as the Trustee directs in such notice; and
- 2.6.3** by notice in writing to the Issuer, require it to make all subsequent payments in respect of the Notes to or to the order of the Trustee and not to the Principal Paying Agent with effect from the issue of any such notice to the Issuer; and from then until such notice is withdrawn, proviso (i) to Clause 2.2 above shall cease to have effect.

## **2.7 Rate of Interest after a Default:**

In the event of any non-payment of principal when due as described in Condition 11 or in the event of an Issuer Winding-Up, the rate of interest payable in respect of the Notes will continue to be calculated by the Agent Bank as required in accordance with the Conditions (with consequential amendments as necessary), except that the rates of interest need not be published unless the Trustee otherwise requires. The period in respect of which interest shall be so calculable will commence on the expiry of the Initial Fixed Rate Interest Period (as defined in the Conditions) if the Notes have become so repayable.

## **3 Form of the Notes**

### **3.1 The Global Certificate**

The Notes are represented by the Global Certificate in registered form in the principal amount of £500,000,000 which is registered in the name of a nominee for a common depositary to both Euroclear and Clearstream, Luxembourg. The Global Certificate will be exchangeable for Certificates in the limited circumstances set out in the Global Certificate.

### **3.2 Form of Certificates**

The Certificates, if issued, will be printed in accordance with the requirements of the applicable stock exchange where the Notes are listed and/or admitted to trading and will be substantially in the form set out in Part 2 of Schedule 1 and endorsed with the Conditions.

### **3.3 Signature**

The Global Certificate and the Certificates shall be signed manually or in facsimile by a Director or duly authorised attorney of the Issuer, and authenticated manually by or on behalf of the Registrar. The Issuer may use a facsimile signature of a person who at the date of this Trust Deed is such a duly authorised person even if at the issue of any Notes he no longer

holds that office. Notes represented by the Global Certificate or Certificates so executed and authenticated will be binding and valid obligations of the Issuer.

#### **4 Covenant to Observe Terms and Stamp Duties**

**4.1.1 Covenant to perform and observe provisions of this Trust Deed:** The Issuer covenants with the Trustee to comply with the applicable provisions of this Trust Deed and the Conditions.

**4.1.2 Stamp duties:** The Issuer will pay any stamp, issue, documentary or other taxes and duties, including interest and penalties, payable in the United Kingdom, Belgium and Luxembourg in respect of the creation, issue and offering of the Notes and the execution or delivery of this Trust Deed. The Issuer will also indemnify the Trustee and the Noteholders, on an after tax basis, from and against all stamp, issue, documentary or other taxes and duties paid by any of them in any jurisdiction in connection with any action taken by or on behalf of the Trustee or the Noteholders (as the case may be) to enforce the obligations of the Issuer under this Trust Deed or the Notes.

#### **5 Trustee's fees and expenses**

The subordination of the claims of the Trustee and the Noteholders pursuant to this Trust Deed shall not affect any liability of the Issuer to the Trustee in its personal capacity or affect or prejudice the payment of the fees, costs, charges, expenses or liabilities or remuneration of the Trustee or of amounts payable to, or in respect of, any Appointee or the rights and remedies of the Trustee in respect thereof and the Trustee shall to such extent rank as a Senior Creditor of the Issuer.

#### **6 Solvency Condition and Set-off**

##### **6.1 Solvency Condition**

**6.1.1** Other than in circumstances where an Issuer Winding-Up has occurred or is occurring or where a Trigger Event has occurred, all payments (other than any cash component of the Conversion Shares Offer Consideration and subject also to Condition 3(c)) under or arising from (including any damages awarded for breach of any obligations under) the Notes or this Trust Deed shall be subject to and conditional upon satisfaction of the Solvency Condition.

**6.1.2** The Issuer will be solvent if (i) it is able to pay its debts owed to Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities. A certificate as to solvency or lack thereof of the Issuer signed by two Directors of the Issuer or, if there is a winding-up or administration of the Issuer, the liquidator or, as the case may be, the administrator of the Issuer shall (in the absence of manifest error) be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

**6.1.3** The Issuer shall procure that:

- (i) not more than 14 days and not less than one day prior to each date on which any payment of principal, interest or other amounts in respect of the Notes is proposed to be made by the Issuer to the Trustee; and
- (ii) whenever otherwise requested by the Trustee, within 14 days of such request,

two Directors of the Issuer shall certify in writing to the Trustee:

- (a) whether or not such entity is, at the date of such certificate, solvent for the purposes of Condition 3(d); and
- (b) with respect to Clause 6.2(i) only, whether or not the Solvency Condition would be satisfied if any such payment was made to the Trustee.

**6.1.4** The Trustee shall not be liable to any person by reason of having accepted as valid or acting upon any such certificate provided in accordance with Clause 6.1.3. In the absence of any such certificate to the contrary the Trustee shall be entitled to assume that the Issuer is solvent and that the Solvency Condition is and remains satisfied for the purposes of this Trust Deed and any payments made pursuant to the provisions of this Trust Deed.

## **6.2 Certificates from liquidators and administrators**

Without prejudice to Clauses 8 and 10.4, the Trustee shall be entitled and is hereby authorised to call for certificates from the liquidator or administrator (as the case may be) of the Issuer as to:

- (i) the amount of claims of Senior Creditors and the persons entitled thereto and their respective entitlements;
- (ii) the date upon which such Senior Creditors of the Issuer were, or the liquidator or administrator (as the case may be) of the Issuer considers will be, paid or discharged in full; and
- (iii) any Shortfall in respect of the Issuer or any such Shortfall estimated by the liquidator or administrator (as the case may be) of the Issuer.

The Issuer shall use all reasonable endeavours to procure that the liquidator or administrator provides the Trustee with such a certificate called for by the Trustee. The Trustee shall be entitled to accept such certificates as sufficient evidence, in which event they shall be conclusive and binding on the Issuer, the Trustee, the Noteholders and all other interested parties. The Trustee shall be entitled to rely absolutely on such certificate and opinion without liability to any person and without any obligation to verify or investigate the accuracy thereof.

## **6.3 Set-off**

By acceptance of the Notes, subject to applicable law, each Noteholder will be deemed to have waived and to have directed and authorised the Trustee on its behalf to have waived any right of set-off or counterclaim that such Noteholder might otherwise have against the Issuer in respect of or arising under the Notes or this Trust Deed whether prior to or in liquidation, winding-up or administration. Notwithstanding the preceding sentence, if any of the rights and claims of any Noteholder in respect of or arising under the Notes or this Trust Deed are discharged by set-off, such Noteholder will immediately pay an amount equal to the amount of such discharge to the Issuer, if applicable, the liquidator, trustee, receiver or

administrator of the Issuer and, until such time as payment is made, will hold a sum equal to such amount on trust for the Issuer or, if applicable, the liquidator, trustee, receiver or administrator in the relevant liquidation, winding-up or administration. Accordingly, such discharge will be deemed not to have taken place.

## **7 Application of Moneys Received by the Trustee**

### **7.1 Declaration of Trust**

All moneys received by the Trustee in respect of the Notes or amounts payable under this Trust Deed will, despite any appropriation of all or part of them by the Issuer, be held by the Trustee on trust to apply them (subject to Clauses 2.3.2 and 7.2):

- 7.1.1 first, for application in payment or satisfaction of all costs, charges, fees, expenses and liabilities properly incurred by, or otherwise payable to, the Trustee or any Appointee (including remuneration payable to it and any indemnity payments due to it) in carrying out its functions under this Trust Deed;
- 7.1.2 secondly, if prior to the receipt of any such amounts or within 30 days thereafter the Trustee is provided with certificates confirming satisfaction of the Solvency Condition pursuant to Clause 6.1.3 above (which shall be requested by the Trustee on receipt of any such amounts) in payment of any amounts owing in respect of the Notes *pari passu* and rateably, and if the Trustee has not received any such certificate within 30 days the Trustee shall be entitled to assume that such payment does not and will not constitute a breach of the Solvency Condition, and shall not be liable to any person for making such assumption or distributing any such payment; and
- 7.1.3 thirdly, in payment of any balance to the Issuer for itself.

If the Trustee holds any moneys in respect of Notes which have become void or subject to Automatic Conversion, the Trustee will hold them on these trusts.

### **7.2 Accumulation**

If the amount of the moneys at any time available for payment in respect of the Notes under Clause 7.1 is less than 10 per cent. of the principal amount of the Notes then outstanding, the Trustee may, at its discretion, invest such moneys in some or one of the investments authorised in clause 7.3 below. The Trustee may at its discretion retain and vary such investments and accumulate the resulting income until the investments and the accumulations, together with any other funds for the time being under its control and available for such purpose, amount to at least 10 per cent. of the principal amount of the Notes then outstanding and then such investments, accumulations and funds (after deduction of, or provision for, any applicable taxes) will be applied as specified in Clause 7.1.

### **7.3 Investment**

Moneys held by the Trustee may be invested in its name or under its control in any investments or other assets anywhere for the time being authorised by English law for the investment by trustees of trust money whether or not they produce income or deposited in its name or under its control at such bank or other financial institution in such currency as the Trustee may, in its absolute discretion, think fit. If that bank or institution is the Trustee or a subsidiary, holding or associated company of the Trustee, it need only account for an amount of interest equal to the amount of interest which would, at then current rates, be payable by it on such a deposit to an independent customer. The Trustee may at any time

vary or transpose any such investments or assets or convert any moneys so deposited into any other currency, and will not be responsible for any resulting loss, whether by depreciation in value, change in exchange rates or otherwise.

## **8 Covenants**

So long as any Note is outstanding (or, in the case of sub-clauses 8.6, 8.7, 8.10, 8.22 and 8.23, so long as any Notes in definitive form remain liable to prescription), the Issuer will:

- 8.1 Books of Account:** keep, and procure that each of its Subsidiaries (if any) keeps, proper books of account and, at any time after the occurrence of an Issuer Winding-Up or any non-payment of sums when due (as provided in Condition 11) or, if the Trustee reasonably believes that such an event has occurred or may be about to occur, so far as permitted by applicable law, allow, and procure that each such Subsidiary will allow, the Trustee and anyone appointed by it, access to its books of account at all reasonable times during normal business hours;
- 8.2 Notice of Breach or Non-Payment:** notify the Trustee in writing immediately on becoming aware of the occurrence of any non-payment of sums when due in respect of the Notes (as set out in Condition 11) or any breach of the provisions of this Trust Deed;
- 8.3 Information:** so far as permitted by applicable law, give the Trustee such information as it reasonably requires to perform its functions;
- 8.4 Financial Statements:** send to the Trustee at the time of their issue, and, in the case of annual financial statements in any event within 180 days of the end of each financial year, one copy in English of every balance sheet, profit and loss account, report or other notice, statement or circular issued, or which legally or contractually should be issued, to the members or creditors (or any class of them) of the Issuer or any holding company thereof generally in their capacity as such, other than announcements issued only by a regulatory information service;
- 8.5 Certificate of Directors:** send to the Trustee, within 14 days of its annual audited financial statements being made available to its members, and also within 14 days of any request by the Trustee a certificate of the Issuer in the form or substantially in the form set out in Schedule 4 signed by any two of its Directors that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the "**Certification Date**") not more than five days before the date of the certificate there had not been an Issuer Winding-Up or any non-payment of sums when due in respect of the Notes (as provided in Condition 11) and that the Issuer had complied with all its obligations under this Trust Deed since the Certification Date of the last such certificate or (if none) the date of this Trust Deed or, if such an event had occurred, giving details of it;
- 8.6 Notices to Noteholders:** send to the Trustee (not less than three Business Days or, in the case of notices to be provided to the Noteholders in accordance with Condition 5 or Condition 8, as soon as reasonably practicable prior to the proposed date of publication) the form of each notice to be given to Noteholders and, once given, a copy of each such notice, such notice to be in a form previously approved by the Trustee (such approval, unless so expressed, not to constitute approval for the purposes of section 21 of the FSMA of any such notice which is a communication within the meaning of section 21 of the FSMA);
- 8.7 Further Acts:** so far as permitted by applicable law, do all such further things as may be necessary in the opinion of the Trustee to give effect to this Trust Deed and/or the Conditions;

- 8.8 Notice of Late Payment:** forthwith upon request by the Trustee give notice to the Noteholders of any unconditional payment to the Principal Paying Agent or the Trustee of any sum due in respect of the Notes made after the due date for such payment;
- 8.9 Listing and Trading:** use all reasonable endeavours to maintain the trading of the Notes on the Market but, if it is unable to do so, having used such endeavours, or if the maintenance of such admission to trading has become unduly onerous, instead use all reasonable endeavours to obtain and maintain a listing and/or admission to trading of the Notes on another recognised stock exchange (as such term is defined in Section 1005 of the Income Tax Act 2007);
- 8.10 Change in Agents:** give at least 14 days' prior notice to the Noteholders in accordance with Condition 13 of any future appointment, resignation or removal of an Agent or of any change by an Agent of its specified office, and not make any such appointment or removal without the Trustee's written approval, provided always that so long as any of the Notes remain liable to prescription following the termination of the appointment of the Principal Paying Agent no such termination shall take effect until a new Principal Paying Agent has been appointed on terms previously approved in writing by the Trustee;
- 8.11 Notes held by Issuer:** send to the Trustee as soon as practicable after being so requested by the Trustee a certificate of the Issuer signed by any two of its Directors stating the number of Notes held at the date of such certificate by or on behalf of the Issuer or its Subsidiaries;
- 8.12 Notification of Non-payment:** use its best endeavours to procure that the Principal Paying Agent notifies the Trustee promptly in the event that it does not, on or before the due date for payment in respect of the Notes or any of them receive unconditionally the full amount in the relevant currency of the moneys payable on such due date on all such Notes;
- 8.13 Notification of Redemption:** not less than three Business Days prior to the redemption date in respect of any Note give to the Trustee notice in writing of the amount of such redemption pursuant to the Conditions and (subject to Conditions 3(d) and (8) duly proceed to redeem such Notes;
- 8.14 Redemption:** if the Issuer gives notice to the Trustee that it intends to redeem the Notes pursuant to Condition 8(f), 8(g), 8(h), 8(i) or 8(j) the Issuer shall, prior to giving such notice to the Noteholders, provide such information to the Trustee as the Trustee requires in order to satisfy itself of the matters referred to in such Conditions and shall deliver any certificates and/or opinions referred to in the Conditions as providing sufficient evidence of the matters set out therein;
- 8.15 Supervisory Consent:** where the Regulatory Clearance Condition is required to be satisfied before any payment is made or any other action is taken under this Trust Deed or the Notes, meet such Regulatory Clearance Condition promptly before making such payment or taking such action and deliver to the Trustee a certificate signed by any two Directors of the Issuer confirming such compliance;
- 8.16 Provision of certificates and opinions:** in all circumstances where the Conditions provide for a certificate, opinion and/or notice to be delivered to the Trustee, deliver such opinions, certificates and/or notices to the Trustee;
- 8.17 Compliance with the Relevant Rules:** prior to any purchase of Notes by the Issuer, or any Subsidiary of the Issuer, any redemption of the Notes and any substitution or variation of the Notes pursuant to the Conditions, deliver to the Trustee a certificate signed by two Directors of the Issuer confirming whether or not compliance is required with the Relevant Rules at

that time and in those circumstances as specified in Condition 8(b) and, if so, confirming such compliance with the relevant requirements;

- 8.18 Substitutions or Variations:** if any substitution or variation of the Notes is proposed, deliver to the Trustee a certificate signed by two Directors of the Issuer setting out the circumstances and entitlement of the Issuer to effect such substitution and/or variation and confirming that (a) the Qualifying Securities (i) will have terms not materially less favourable to an investor than the terms of the Notes, (ii) (subject to (i) above) (1) will contain terms which are intended to match the then current requirements of the Relevant Rules in relation to Tier 1 Capital insofar as practicable; (2) bear at least the same rate of interest from time to time applying to the Notes and preserve the same Interest Payment Dates; (3) rank at least *pari passu* with the ranking of the Notes; (4) preserve the obligations of (including obligations arising from the exercise of any rights of) the Issuer as to redemption of the Notes, including as to the timing of, and amounts payable upon redemption of the Notes; and (5) preserve any existing rights under these Conditions to any accrued interest and any other amounts payable under the Notes which, in each case, has accrued to Noteholders but not been paid and (c) the Notes will following issue be listed or admitted to trading on a recognised stock exchange (as such term is defined in Section 1005 of the Income Tax Act 2007) or a multilateral trading facility operated by an EEA regulated stock exchange (within the meaning of Sections 987 and 1005 of the Income Tax Act 2007) as selected by the Issuer and approved by the Trustee;
- 8.19 PRA Notification:** where notification to and/or confirmation from the PRA that it has no objection to the making of any payment or the taking of any other action under the Conditions or this Trust Deed is required to be obtained before the making of such payment or the taking of such action pursuant to this Trust Deed, give the requisite period of notice as provided for in the Conditions or this Trust Deed or, if such notice requirement is not so provided for in the Conditions, six months' prior written notice to the PRA before such payment is made or such other action is taken (or such shorter period of notice as the PRA may accept and so long as such notice is required to be given);
- 8.20 PRA Objection:** having received an objection to the making of any payment or taking of any action pursuant to the Conditions or this Trust Deed from the PRA following notification thereof to the PRA pursuant to Clause 8.17, promptly notify the Trustee in writing thereof and, if permitted by applicable law, regulation or by the PRA, provide a copy thereof to the Trustee;
- 8.21 Costs relating to redemption, variation or substitution:** agree to pay the properly incurred costs and expenses of any legal or financial advisers appointed by the Trustee for the purposes of Condition 8(g);
- 8.22 Register:** deliver or procure the delivery to the Trustee of an up-to-date copy of the Register in respect of the Notes, certified as being a true, accurate and complete copy, as soon as practicable following a request from the Trustee to do so;
- 8.23 Maintenance of Agents:** at all times maintain Agents in accordance with the Conditions;
- 8.24 Agency Agreement:** comply with and perform all its obligations under the Agency Agreement and use all reasonable endeavours to procure that the Agents comply with and perform all their respective obligations thereunder and not make any amendment or modification to such Agency Agreement without the prior written approval of the Trustee; and

**8.25 FATCA:** provide the Trustee with sufficient information so as to enable it to determine whether or not it is obliged, in respect of any payments to be made by it pursuant to this Trust Deed, to make any withholding or deduction pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986 (the Code) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof ("**FATCA Withholding Tax**").

## **9 Remuneration and Indemnification of the Trustee**

**9.1 Normal Remuneration:** So long as any Note is outstanding, the Issuer will pay the Trustee as remuneration for its services as Trustee such sum on such dates in each case as they may from time to time agree. Such remuneration will accrue from day to day from the date of this Trust Deed. However, if any payment to a Noteholder of moneys due in respect of any Note is improperly withheld or refused, such remuneration will again accrue as from the date of such withholding or refusal until payment to such Noteholder is duly made.

**9.2 Extra Remuneration:** If (a) an order shall have been made or effective resolution for the winding-up of the Issuer shall have been passed or (b) there has been any non-payment of the sums when due in respect of the Notes (as provided by Condition 11), the Issuer hereby agrees that the Trustee shall be entitled to be paid additional remuneration calculated at its normal hourly rates in force from time to time. In any other case, if the Trustee finds it expedient or necessary or is requested by the Issuer to undertake duties which they both agree to be of an exceptional nature or otherwise outside the scope of the Trustee's normal duties under this Trust Deed, the Issuer will pay such additional remuneration as they may agree (and which may be calculated by reference to the Trustee's normal hourly rates in force from time to time) or, failing agreement as to any of the matters in this Clause 9.2 (or as to such sums referred to in Clause 9.1), as determined by a financial institution or person (acting as an expert) selected by the Trustee and approved by the Issuer or, failing such approval, nominated by the President for the time being of The Law Society of England and Wales. The expenses involved in such nomination and such financial institution's fee will be borne by the Issuer. The determination of such financial institution or person will be conclusive and binding on the Issuer and the Trustee.

**9.3 Expenses:** The Issuer will also on demand by the Trustee pay or discharge all costs, charges, fees, liabilities and expenses properly incurred by the Trustee in the preparation and execution of this Trust Deed and the performance of its functions under this Trust Deed including, but not limited to, legal and travelling expenses and any stamp, documentary or other similar taxes or duties paid by the Trustee in connection with any legal proceedings brought or contemplated by the Trustee against the Issuer to enforce any provision of this Trust Deed or the Notes. Such costs, charges, liabilities and expenses will:

**9.3.1** in the case of payments made by the Trustee before such demand, carry interest from the date of the demand at the rate of 1 per cent. per annum over the Trustee's cost of funding on the date on which the Trustee made such payments; and

**9.3.2** in other cases carry interest at such rate from 30 days after the date of the demand or (where the demand specifies that payment is to be made on an earlier date) from such earlier date.

**9.4 Indemnity:** The Issuer will on demand by the Trustee indemnify it, on an after tax basis, in respect of Amounts or Claims paid or incurred by it in acting as trustee under this Trust Deed (including (i) any Agent/Delegate Liabilities and (ii) in respect of disputing or defending any



Amounts or Claims made against the Trustee or any Agent/Delegate Liabilities). The Issuer will on demand by such agent or delegate indemnify it, on an after tax basis, against such Agent/Delegate Liabilities. “**Amounts or Claims**” are losses, liabilities, costs, fees (including legal fees on a full indemnity basis), claims, actions, demands or expenses and “**Agent/Delegate Liabilities**” are Amounts or Claims which the Trustee is or would be obliged to pay or reimburse to any of its agents or delegates appointed pursuant to this Trust Deed. The Contracts (Rights of Third Parties) Act 1999 applies to this Clause 9.4.

**9.5 Continuing Effect:** Clauses 9.3 and 9.4 will continue in full force and effect as regards the Trustee even if it no longer is Trustee.

**9.6 Tax liability of the Trustee:** Notwithstanding anything to the contrary in this Trust Deed, the Issuer shall not be obliged to pay any amounts or indemnify any person (including the Trustee) in respect of any tax on the net income, profits or gains of that or any other person.

**9.7 Double recovery:** No person (including the Trustee) shall be entitled to recover any amount pursuant to this Trust Deed to the extent that such person has already recovered an amount under any provision of this Trust Deed in respect of the same subject matter.

## **10 Provisions Supplemental to the Trustee Act 1925 and the Trustee Act 2000**

**10.1 Advice:** The Trustee may act on the opinion or advice of, or information obtained from, any expert and will not be responsible to anyone for any loss occasioned by so acting whether such advice is obtained or addressed to the Issuer, the Trustee or any other person. Any such opinion, advice or information may be sent or obtained by letter, email or fax and the Trustee will not be liable to anyone for acting on any opinion, advice or information purporting to be conveyed by such means even if it contains some error or is not authentic. The Trustee may rely without liability to Noteholders or any other person and without further enquiry on any report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to the Trustee and whether or not liability in relation thereto is limited by reference to a monetary cap, methodology or otherwise.

**10.2 Trustee to Assume Performance:** The Trustee need not notify anyone of the execution of this Trust Deed or do anything to find out if an Automatic Conversion has occurred or if there has been a non-payment of sums when due in respect of the Notes (as set out in Condition 11), breach of any of the Conditions or any provision of this Trust Deed or any event which could result in the cancellation of interest or suspension or deferral of principal on the Notes or a redemption of the Notes pursuant to the Conditions has occurred or is no longer subsisting. Until it has actual knowledge or express notice to the contrary, the Trustee may assume that no such event has occurred or is no longer subsisting (as applicable) and that the Issuer is performing all of its obligations under this Trust Deed, the Conditions and the Notes.

**10.3 Resolutions of Noteholders:** The Trustee will not be responsible for having acted on a resolution or Extraordinary Resolution purporting (i) to have been passed at a meeting of Noteholders in respect of which minutes have been made and signed or (ii) to be a written resolution or electronic consent made in accordance with paragraph 21 of Schedule 3, even if it is later found that there was a defect in the constitution of the meeting or the passing of the resolution or that the resolution was not valid or binding on the Noteholders.

- 10.4 Certificate Signed by Directors:** If the Trustee, in the exercise of its functions, requires to be satisfied or to have information as to any fact or the expediency of any act, it may call for and accept as sufficient evidence of that fact or the expediency of that act a certificate signed by any two Directors of the Issuer as to that fact or to the effect that, in their opinion, that act is expedient and the Trustee need not call for further evidence and will not be responsible for any loss occasioned by acting on such a certificate. No Director shall have any personal liability to the Trustee or the Noteholders pursuant to any certificate issued pursuant to this Trust Deed.
- 10.5 Deposit of Documents:** The Trustee may appoint as custodian, on any terms, any bank or entity whose business includes the safe custody of documents or any lawyer or firm of lawyers believed by it to be of good repute and may deposit this Trust Deed and any other documents with such custodian and shall not be responsible for or required to insure against any liability incurred in connection with any such holding or deposit and may pay all sums due in respect thereof. The Trustee is not obliged to appoint a custodian of securities payable to bearer.
- 10.6 Discretion:** The Trustee will have absolute and uncontrolled discretion as to the exercise of its functions and will not be responsible for any loss, liability, cost, claim, action, demand, expense or inconvenience which may result from their exercise or non-exercise (the exercise or non-exercise of which as between the Trustee and the Noteholders shall be conclusive and binding on the Noteholders) and shall not be responsible for any liability which may result from their exercise or non-exercise and in particular the Trustee shall not be bound to act at the request or direction of the Noteholders or otherwise under any provision of this Trust Deed or to take at such request or direction or otherwise any other action under any provision of this Trust Deed unless it shall first be indemnified and/or secured and/or pre-funded to its satisfaction against all liabilities to which it may render itself liable or which it may incur by so doing and the Trustee shall incur no liability for refraining to act in such circumstances.
- 10.7 Agents:** Whenever it considers it expedient in the interests of the Noteholders, the Trustee may, in the conduct of its trust business, instead of acting personally, employ and pay an agent selected by it, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money).
- 10.8 Delegation:** Whenever it considers it expedient in the interests of the Noteholders, the Trustee may delegate to any person on any terms (including power to sub-delegate) all or any of its functions.
- 10.9 Nominees:** In relation to any asset held by it under this Trust Deed, the Trustee may appoint any person to act as its nominee on any terms.
- 10.10 Forged Notes:** The Trustee will not be liable to the Issuer or any Noteholder by reason of having accepted as valid or not having rejected any Note purporting to be such and later found to be forged or not authentic.
- 10.11 Confidentiality:** Unless ordered to do so by a court of competent jurisdiction the Trustee shall not be required to disclose to any Noteholder any confidential financial or other information made available to the Trustee by the Issuer.
- 10.12 Consents and Approvals:** Any consent or approval given by the Trustee for the purposes of this Trust Deed may be given on such terms and subject to such conditions (if any) as the

Trustee thinks fit and (notwithstanding anything to the contrary in this Trust Deed) may be given retrospectively. The Trustee may give any consent or approval, exercise any power, authority or discretion or take any similar action (whether or not such consent, approval, power, authority, discretion or action is specifically referred to in this Trust Deed) if it is satisfied that the interests of the Noteholders will not be materially prejudiced thereby. For the avoidance of doubt, the Trustee shall not have any duty to the Noteholders in relation to such matters other than that which is contained in the preceding sentence.

- 10.13 Determinations Conclusive:** As between itself and the Noteholders the Trustee may determine all questions and doubts arising in relation to any of the provisions of this Trust Deed. Such determinations, whether made upon such a question actually raised or implied in the acts or proceedings of the Trustee, will be conclusive and shall bind the Trustee and the Noteholders.
- 10.14 Currency Conversion:** Where it is necessary or desirable to convert any sum from one currency to another, it will (unless otherwise provided hereby or required by law) be converted at such rate or rates, in accordance with such method and as at such date as may be specified by the Trustee but having regard to current rates of exchange, if available. Any rate, method and date so specified will (save in the case of manifest error) be binding on the Issuer and the Noteholders.
- 10.15 Payment for and Delivery of Notes:** The Trustee will not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes, any exchange of Notes or the delivery of Notes to the persons entitled to them.
- 10.16 Notes Held by the Issuer:** In the absence of knowledge or express notice to the contrary, the Trustee may assume without enquiry (other than requesting a certificate under Clause 8.5) that no Notes are for the time being held by or on behalf of the Issuer or its Subsidiaries (if any).
- 10.17 Responsibility for Agents etc.:** If the Trustee exercises reasonable care in selecting any custodian, agent, delegate or nominee appointed under this Clause 10.17 (an “Appointee”), it will not have any obligation to supervise the Appointee or be responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of the Appointee’s misconduct or default or the misconduct or default of any substitute appointed by the Appointee.
- 10.18 Interests of Holders through Clearing Systems:** The Trustee may call for any certificate or other document to be issued by Euroclear or Clearstream, Luxembourg as to the principal amount of Notes represented by the Global Certificate standing to the account of any person. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s Online system) in accordance with its usual procedures. The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by Euroclear or Clearstream, Luxembourg and subsequently found to be forged or not authentic.
- 10.19 Interests of Noteholders:** In connection with the exercise of its powers, trusts, authorities or discretions (including, but not limited to, those in relation to any proposed modification, waiver or any proposed substitution or any determination to be made by it under this Trust Deed), the Trustee shall have regard to the general interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders

nor to circumstances particular to individual Noteholders (whatever their number) and, in particular, but without prejudice to the generality of the foregoing, shall not have regard to the consequences of any such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or otherwise to the tax consequences thereof and the Trustee shall not be entitled to require, nor shall any Noteholders be entitled to claim from the Issuer or the Trustee, any indemnification or payment of any tax arising in consequence of any such exercise upon individual Noteholders except to the extent provided for in the Conditions and/or in any undertakings given in addition thereto or in substitution therefor pursuant to this Trust Deed.

- 10.20 Compliance with covenants:** The Trustee shall have no duty to monitor the financial performance of the Issuer (or any other party) or compliance by the Issuer (or any other party) with its obligations under this Trust Deed and until it has actual or express notice to the contrary, the Trustee may assume without liability and without further enquiry that the Issuer is complying with all such obligations as aforesaid.
- 10.21 Validity of documents:** The Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of this Trust Deed or any other document relating or expressed to be supplemental thereto and shall not be liable for any failure to obtain any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of this Trust Deed or any other document relating or expressed to be supplemental thereto.
- 10.22 Illegality, etc:** Notwithstanding anything else contained in this Trust Deed or any other transaction document, the Trustee shall (i) refrain without liability from doing anything that would or might, in the opinion of the Trustee be contrary to any law of any state or jurisdiction (including but not limited to the United States of America or any jurisdiction forming a part of it and England and Wales) or any directive or regulation of any agency of any such state or jurisdiction and may without liability do anything which in its opinion, is necessary to comply with any such law, directive or regulation or (ii) cause it to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder or the exercise of any rights, powers, authority or discretion hereunder if it has grounds for believing the repayment of the funds or adequate indemnity against, or security for, such risk or liability is not assured to it.
- 10.23 Not bound to act:** The Trustee shall not be bound to take any step, action or proceeding in connection with the Notes, this Trust Deed or any obligations arising hereunder, including without prejudice to the generality of the foregoing, forming any opinion or employing any financial adviser, where it is not satisfied that it will be indemnified and/or secured and/or prefunded to its satisfaction in connection with such action, step or proceeding, and may demand prior to taking such action, step or proceeding that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so as to indemnify and/or secure and/or prefund it and on such demand being made of it, the Issuer shall be obliged to make payment of all such sums in full.
- 10.24 Withholding Tax by the Trustee:** Notwithstanding anything contained herein, to the extent required by any applicable law, if the Trustee is required to make any deduction or withholding (including any deduction or withholding relating to FATCA Withholding Tax) from any distribution or payment made by it under this Trust Deed, in any case other than any tax generally payable by the Trustee on its income or profits, then the Trustee shall be entitled

to make such deduction or withholding or (as the case may be) to retain out of sums received by it in respect of this Trust Deed an amount sufficient to discharge any such deduction or withholding from the funds held by the Trustee on the trusts hereunder and shall have no obligation to gross-up payment hereunder or pay any additional amount as a result of such deduction or withholding.

**10.25 Determinations by the Trustee:** When determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (a) to evaluate its risk in any given circumstance by considering the worst-case scenario and, for this purpose, it may take into account, without limitation, the potential costs of defending or commencing proceedings in England or elsewhere and the risk, however remote, of any award of damages against it in England or elsewhere and (b) to require that any indemnity or security or prefunding given to it by the Noteholders or any of them or any other person be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the indemnity, security and/or prefunding.

**10.26 Legal opinions:** The Trustee shall not be responsible to any person for failing to request require or receive any legal opinion relating to any Notes or checking or commenting upon the content of any such legal opinion.

**10.27 Creditworthiness:** The Trustee shall be entitled to require that any indemnity or security given to it by the Noteholders or any of them given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

## **11 Trustee Liability**

Section 1 of the Trustee Act 2000 shall not apply to any function of the Trustee, provided that if the Trustee fails to show the degree of care and diligence required of it as trustee, nothing in this Trust Deed shall relieve or indemnify it from or against any liability which would otherwise attach to it in respect of any gross negligence, fraud or wilful default of which it may be guilty. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of this Trust Deed, the provisions of this Trust Deed shall prevail to the extent permitted by law. In the case of an inconsistency with the Trustee Act 2000, the provisions of this Trust Deed shall take effect as a restriction or exclusion for the purposes of that Act.

## **12 Waiver, Enforcement and Proof of Default**

### **12.1 Waiver**

The Trustee may, without the consent of the Noteholders and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, if in its opinion the interests of the Noteholders will not be materially prejudiced thereby, waive or authorise, on such terms as seem expedient to it, any breach or proposed breach by the Issuer of this Trust Deed or the Conditions, provided that the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 11. No such direction or request will affect a previous waiver, authorisation or

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

## **12.2 Legal Proceedings**

No remedy against the Issuer, other than as referred to in Condition 11 shall be available to the Trustee or the Noteholders, whether for the recovery of amounts owing in respect of the Notes or under this Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under this Trust Deed. The Trustee shall not be bound to take any such steps, actions or proceedings or any other action under or pursuant to this Trust Deed or the Conditions (save where expressly provided otherwise) unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one fifth in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith and provided that the Trustee shall not be held liable for the consequence of taking any such action and may take such action without having regard to the effect of such action on individual Noteholders.

Only the Trustee may enforce the provisions of this Trust Deed. No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding up or claim in the liquidation or administration of the Issuer or to prove in such winding up or administration of the Issuer unless the Trustee, having become so bound to proceed or being able to prove in such winding up or administration or claim in such liquidation or administration, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholders shall have only such rights against the Issuer (as the case may be) as those which the Trustee is entitled to exercise as set out in Condition 11. Any such proceedings brought by any Noteholder shall be brought in the name of the Trustee, subject to such Noteholder indemnifying and/or securing and/or prefunding the Trustee to its satisfaction.

## **12.3 Enforcement of other obligations**

Without prejudice to Clause 12.2 and save as contemplated by Clause 12.4, the Trustee may at its discretion and without further notice institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under this Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or this Trust Deed, including any payment of damages awarded for breach of any obligations thereunder) but in no event shall the Issuer, by virtue of the institution of any such proceedings or the taking of such steps or actions, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it. Nothing in this Clause 12.3 shall, however, prevent the Trustee or the Noteholders from pursuing the remedies to which they are entitled pursuant to Condition 11(a) or Clauses 12.2 or 12.4.

## **12.4 Rights of the Trustee**

Nothing in this Trust Deed or the Conditions shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee or other amounts payable to the Trustee or any Appointee under this Trust Deed or the rights and remedies of the Trustee or any Appointee in respect thereof.

## **12.5 Proof of Default**

Proof that the Issuer has failed to pay a sum due to the holder of any one Note pursuant to the Notes will (unless the contrary be proved) be sufficient evidence that it has made the same default as regards all other Notes which are then payable.

## **13 Trustee not Precluded from Entering into Contracts**

The Trustee and any other person, whether or not acting for itself, may acquire, hold or dispose of any Note or other security (or any interest therein) of the Issuer or any other person, may enter into or be interested in any contract or transaction with any such person and may act on, or as depositary or agent for, any committee or body of holders of any securities of any such person in each case with the same rights as it would have had if the Trustee were not acting as Trustee and need not account for any profit.

## **14 Modification, Substitution and Redemption**

### **14.1 Modification**

Subject to the Issuer giving at least one month's prior written notice to, and receiving no objection from, the PRA (or such shorter period of notice as the PRA may accept and only if and so long as there is a requirement to give such notice), the Trustee may agree with the Issuer without the consent of the Noteholders to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions or any of the provisions of this Trust Deed:

- 14.1.1 which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders;
- 14.1.2 which is, in the opinion of the Trustee, of a formal, minor or technical nature or to correct a manifest error; or

in each case, provided that such power does not extend to any such modification as is mentioned in the proviso to Paragraph 3 of Schedule 3.

### **14.2 Substitution**

#### **14.2.1 Discretion to agree to substitution**

The Trustee may agree with the Issuer without the consent of the Noteholders:

- (i) to the substitution of a successor in business of the Issuer in place of the Issuer or any previous substitute under this Clause 14 as principal debtor under this Trust Deed and the Notes; or
- (ii) to the substitution of the Insurance Group Parent Entity in place of the Issuer or any previous substitute under this Clause 14 as principal debtor under this Trust Deed and the Notes; or
- (iii) (subject to the Notes becoming unconditionally and irrevocably guaranteed on a subordinated basis by the Issuer), to the substitution of a Subsidiary or parent company of the Issuer or its successor in business in place of the Issuer or any previous substitute under this Clause 14 as principal debtor under this Trust Deed and the Notes,

(any such substitute, and any substitute pursuant to a Newco Scheme as described below, being a “**Substituted Obligor**”), provided that in each case:

- (i) a trust deed or some other form of undertaking, supported by one or more legal opinions as to validity and enforceability, is executed by the Substituted Obligor in a form and manner satisfactory to the Trustee, agreeing to be bound by the terms of this Trust Deed and (in the case of Clause 14.2.1(i), Clause 14.2.1(ii) and Clause 14.2.1(iii) above) the Notes, with any consequential amendments which the Trustee may deem appropriate, as fully as if the Substituted Obligor had been named in this Trust Deed and (in the case of Clause 14.2.1(i), Clause 14.2.1(ii) and Clause 14.2.1(iii) above) the Notes, as the principal debtor in place of the Issuer (in the case of Clause 14.2.1(i), Clause 14.2.1(ii) and Clause 14.2.1(iii) above);
- (ii) the Substituted Obligor delivers to the Trustee one or more legal opinions addressed to the Trustee and the Issuer in a form approved by, and provided to, the Trustee that (i) the Substituted Obligor has obtained all necessary governmental and regulatory approvals and consents necessary for its assumptions of the duties and liabilities as Substituted Obligor under this Trust Deed and (in the case of Clause 14.2.1(i), Clause 14.2.1(ii) and Clause 14.2.1(iii) above) the Notes in place of the Issuer or, as the case may be, any previous Substituted Obligor and (ii) such approvals and consents are at the time of substitution in full force and effect. The Trustee may rely absolutely on such legal opinions without liability to any person and without any obligation to verify or investigate the accuracy thereof;
- (iii) two Directors (or other officers acceptable to the Trustee) of the Substituted Obligor certify that the Substituted Obligor is solvent at the time at which the substitution is proposed to be in effect and immediately thereafter and the Trustee may rely absolutely on such certification without liability to any person and shall not be bound to have regard to the financial condition, profits or prospects of the Substituted Obligor or to compare the same with those of the Issuer or (as the case may be) any previous Substituted Obligor;
- (iv) (without prejudice to the generality of the foregoing) the Trustee may, in the event of such substitution agree, without the consent of the Noteholders, to a change in the law governing this Trust Deed and/or the Notes if in the opinion of the Trustee such change would not be materially prejudicial to the interests of the Noteholders;
- (v) if the Substituted Obligor is, or becomes, subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the “**Substituted Territory**”) other than the territory of the taxing jurisdiction of which (or to any such authority of or in which) the Issuer (or any previous Substituted Obligor) is subject generally (the “**Original Territory**”), the Substituted Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 9 with the substitution for the references in that Condition and in the term “Relevant Jurisdiction” as applied in Condition 8(g) to the Original Territory of references to the Substituted Territory whereupon this Trust Deed and the Notes will be read accordingly; and



- (vi) the Issuer and the Substituted Obligor comply with such other requirements as the Trustee considers in its absolute discretion to be appropriate.

Any such substitution shall be subject to the Issuer having complied with the Regulatory Clearance Condition.

#### **14.2.2 Mandatory substitutions**

The Issuer may, without the consent of the Noteholders, at its option, procure that (whether pursuant to a Newco Scheme or otherwise) Newco is substituted under the Notes and this Trust Deed as Issuer in place of the Issuer (or any previous substitute therefor under this Clause 14), and upon such substitution all references to “the Issuer” hereunder will be construed as references to Newco and the obligations of Phoenix Group Holdings plc (or the relevant previous substitute) as Issuer under the Notes and this Trust Deed will, without any further formality (including, without limitation, the execution of any agreement or deed) be terminated, and (unless Newco is substituted pursuant to the Newco Scheme itself in which case no consent or agreement of the Trustee will be required) the Trustee shall agree with the Issuer to such substitution without the consent of the Noteholders provided that a trust deed or some other form of undertaking, supported by one or more legal opinions as to matters of validity and enforceability, is executed by Newco in a form and manner satisfactory to the Trustee, agreeing to be bound by the terms of this Trust Deed and the Notes, with any consequential amendments which the Trustee may deem appropriate, as fully as if the Newco had been named in this Trust Deed and the Notes, as the Issuer (as the case may be).

If Newco is, or becomes, subject generally to the taxing jurisdiction of a Substituted Territory other than the Original Territory, Newco will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 9 with the substitution for the references in that Condition and in the term “Relevant Jurisdiction” as applied in Condition 8(g) to the Original Territory of references to the Substituted Territory whereupon this Trust Deed and the Notes will be read accordingly.

The Trustee shall (at the expense of the Issuer) use its reasonable endeavours to co-operate with the Issuer (including, but not limited to, entering into such documents or deeds (if any) as may be necessary) to give effect to any such substitution set out in this Clause 14.2.2 or upon the occurrence of the Newco Scheme, including approving, without the need for the consent or approval of the Noteholders, such amendments to these Conditions, the Trust Deed and/or the Agency Agreement as the Trustee considers necessary or expedient in connection with such substitution.

Any such substitution shall be subject to the Issuer having complied with the Regulatory Clearance Condition.

#### **14.2.3 Change in law**

The Trustee may in the event of a substitution in accordance with this Clause 14 agree, without the consent of the Noteholders, to a change in the law governing this Trust Deed and/or the Notes, provided that such change or the substitution would

not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders;

#### **14.2.4 Release of Substituted Issuer**

An agreement by the Trustee pursuant to this Clause 14.2 will, if so expressed, release the Issuer (or a previous substitute of either of them) from any or all of its obligations under this Trust Deed and the Notes. Notice of the substitution will be given to the Noteholders within 14 days of the execution of such documents and compliance with such requirements.

#### **14.2.5 Completion of Substitution**

On completion of the formalities set out in this Clause 14.2, the Substituted Obligor will be deemed to be named in this Trust Deed and the Notes as the principal debtor in place of the Issuer (or of any previous substitute) and this Trust Deed and the Notes will be deemed to be amended as necessary to give effect to the substitution.

#### **14.2.6 No Obligations to Act**

The Trustee shall not be obliged to agree to any such substitution and/or any related or consequential amendments to this Trust Deed or any other amendment referred to in the foregoing provisions of this Clause 14 which, in the sole opinion of the Trustee, would have the effect of (a) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections, of the Trustee in this Trust Deed or any other transaction document to which the Trustee is a party, in each case as compared with the corresponding obligations, duties or, as appropriate, protections under the Notes.

### **15 Appointment, Retirement and Removal of the Trustee**

**15.1 Appointment:** Subject as provided in Clause 15.2 below, the Issuer has the power of appointing new trustees but no-one may be so appointed unless previously approved by an Extraordinary Resolution. A trust corporation will at all times be a Trustee and may be the sole Trustee. Any appointment of a new Trustee will be notified by the Issuer to the Noteholders as soon as practicable.

**15.2 Retirement and Removal:** Any Trustee may retire at any time on giving at least three months' written notice to the Issuer without giving any reason or being responsible for any costs occasioned by such retirement and the Noteholders may by Extraordinary Resolution remove any Trustee provided that the retirement or removal of a sole trust corporation will not be effective until a trust corporation is appointed as successor Trustee. If a sole trust corporation gives notice of retirement or an Extraordinary Resolution is passed for its removal, the Issuer will use all reasonable endeavours to procure that another trust corporation be appointed as Trustee but if it fails to do so before the expiry of such three month notice period, the Trustee shall have the power to appoint a new Trustee whose appointment shall be at the Issuer's expense.

**15.3 Co-Trustees:** The Trustee may, despite Clause 15.1, by written notice to the Issuer appoint anyone to act as an additional Trustee jointly with the Trustee:

**15.3.1** if the Trustee considers the appointment to be in the interests of the Noteholders;

- 15.3.2 to conform with a legal requirement, restriction or condition in a jurisdiction in which a particular act is to be performed; or
- 15.3.3 to obtain a judgment or to enforce a judgment or any provision of this Trust Deed in any jurisdiction.

Subject to the provisions of this Trust Deed, the Trustee may confer on any person so appointed such functions as it thinks fit. The Trustee may by written notice to the Issuer and that person remove that person. At the Trustee's request, the Issuer will forthwith do all things as may be required to perfect such appointment or removal and each of them irrevocably appoints the Trustee as its attorney in its name and on its behalf to do so.

- 15.4 Competence of a Majority of Trustees:** If there are more than two Trustees, the majority of them will be competent to perform the Trustee's functions, provided the majority includes a trust corporation.

## **16 Currency Indemnity**

- 16.1 Currency of Account and Payment:** Pounds sterling (the "**Contractual Currency**") is the sole currency of account and payment for all sums payable by the Issuer under or in connection with this Trust Deed and the Notes, including damages.

- 16.2 Extent of Discharge:** An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise), by the Trustee in respect of any sum expressed to be due to it from the Issuer will only discharge the Issuer to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

- 16.3 Indemnity:** If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under this Trust Deed or the Notes, the Issuer will indemnify it, on an after tax basis, against any loss sustained by it as a result. In any event, the Issuer will indemnify the recipient, on an after tax basis, against the cost of making any such purchase.

- 16.4 Indemnity Separate:** The indemnities in this Clause 16 and in Clause 9.4 constitute separate and independent obligations from the other obligations in this Trust Deed, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee and/or any Noteholder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Trust Deed and/or the Notes or any other judgment or order.

## **17 Communications**

Any communication shall be by letter, email or fax:

in the case of the Issuer, to it at:

**Phoenix Group Holdings plc**

Juxon House  
100 St. Paul's Churchyard  
London EC4M 8BU

United Kingdom

Email: Corporate.Reporting@thephoenixgroup.com  
GROUPTREASURY@thephoenixgroup.com  
Attention: Rashmin Shah

and in the case of the Trustee, to it at:

**Citibank, N.A., London Branch**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

Fax no.: +44 20 7500 5877  
Attention: Agency & Trust - Trustee

or any other address of which written notice has been given to the parties in accordance with this Clause 17. Such communications will take effect, in the case of a letter, when delivered, in the case of an electronic communication, when the relevant receipt of such communication being read is given, or where no read receipt is requested by the sender, at the time of sending, provided that no delivery failure notification is received by the sender within 24 hours of sending such communication and in the case of fax, when the relevant delivery receipt is received by the sender; provided that any communication which is received (or deemed to take effect in accordance with the foregoing) outside business hours or on a non-business day in the place of receipt shall be deemed to take effect at the opening of business on the next following business day in such place. Any communication delivered to any party under this Agreement which is to be sent by fax will be written legal evidence.

## **18 Further Issues**

### **18.1 General:**

The Issuer shall be at liberty from time to time (but subject always to the terms and conditions of this Trust Deed) without the consent of the Noteholders to create and issue further Notes ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further Notes) and so that the same shall be consolidated and form a single series with the outstanding Notes.

### **18.2 Further Notes:**

Any further Notes created and issued pursuant to the provisions of Clause 18.1 shall, if they are to form a single series with the outstanding Notes constituted by this Trust Deed or any supplemental deed, be constituted by a deed supplemental to this Trust Deed and in any other case, if the Trustee so agrees, may be so constituted. In any such case the relevant Issuer shall, prior to the issue of any further Notes to be so constituted (being "**Further Notes**"), execute and deliver to the Trustee a deed supplemental to this Trust Deed (if applicable, duly stamped or denoted) containing a covenant by the relevant Issuer in the form *mutatis mutandis* of Clause 2.2 in relation to the principal, premium, if any, and interest in respect of such further Notes and such other provisions (whether or not corresponding to any of the provisions contained in this Trust Deed) as the Trustee shall require.

### **18.3 Memorandum**

A memorandum of every such supplemental deed shall be endorsed by the Trustee on this Trust Deed and by the relevant Issuer on the duplicates of this Trust Deed.

### **18.4 Meetings of Noteholders**

If the Trustee so directs, Schedule 3 shall apply equally to Noteholders and to holders of any securities issued pursuant to the Conditions as if references in it to “Notes” and “Noteholders” were also to such securities and their holders respectively.

## **19 Miscellaneous**

### **19.1 Certificates**

The Trustee shall be entitled to rely absolutely on any certificate delivered pursuant to this Trust Deed without liability to any person and without any obligation to verify or investigate the accuracy thereof.

### **19.2 Counterparts**

This Trust Deed may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement and any party may enter into this Trust Deed by executing a counterpart.

### **19.3 Contracts (Rights of Third Parties) Act 1999**

A person who is not a party to this Trust Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Trust Deed, except and to the extent that this Trust Deed expressly provides for such Act to apply to any of its terms.

## **20 Governing Law and Jurisdiction**

### **20.1 Governing Law**

This Trust Deed and any non-contractual obligations arising out of or in connection with this Trust Deed, are governed by, and shall be construed in accordance with, English law.

### **20.2 Jurisdiction**

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with this Trust Deed or the Notes (“**Proceedings**”) may be brought in such courts. The Issuer irrevocably submits to the exclusive jurisdiction of such courts and waives any objections to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Clause is for the benefit of each of the Trustee and the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

### **20.3 Liability of directors**

No party to this Trust Deed shall have any recourse against any Director in its capacity as director of PGH or the Issuer in respect of any obligations, covenants or agreements entered

into or made by the Issuer in respect of this Trust Deed or the Notes, other than in the case of fraud. The provisions of this Clause 20.4 shall survive the termination of this Trust Deed.

## Schedule 1

### Part 1: Form of Global Certificate

THE NOTES REPRESENTED BY THIS GLOBAL CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNDER THE SECURITIES ACT EXCEPT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATIONS UNDER THE SECURITIES ACT.

ISIN: XS1802140894

Common Code: 180214089

#### **PHOENIX GROUP HOLDINGS PLC**

(a public limited company incorporated in the United Kingdom  
with registered number 11606773)

#### **£500,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes**

#### **GLOBAL CERTIFICATE**

The Notes in respect of which this Global Certificate is issued form part of the series designated as specified in the title (the “**Notes**”) of Phoenix Group Holdings plc (the “**Issuer**”).

The Issuer hereby certifies that Citivic Nominees Limited is, at the date hereof, entered in the register of Noteholders as the holder of Notes in the principal amount of:

£500,000,000

(FIVE HUNDRED MILLION POUNDS STERLING)

or such other amount as is shown on the register of Noteholders as being represented by this Global Certificate and is duly endorsed (for information purposes only) in the third column of the Schedule to this Global Certificate. For value received, the Issuer promises to pay the person who appears at the relevant time on the register of Noteholders as holder of the Notes in respect of which this Global Certificate is issued, such amount or amounts as shall become due and payable from time to time in respect of such Notes and otherwise to comply with the Conditions referred to below.

The Notes are constituted by a trust deed dated 26 April 2018 and amended and restated on 27 October 2020 (the “**Trust Deed**”), between the Issuer and Citibank, N.A., London Branch as trustee (the “**Trustee**”) and are subject to the Trust Deed and the terms and conditions (the “**Conditions**”) set out in Schedule 2 to the Trust Deed, as modified by the provisions of this Global Certificate. Terms defined in the Trust Deed have the same meaning when used herein.

This Global Certificate is evidence of entitlement only.

Title to the Notes passes only on transfer and due registration of Noteholders and only the duly registered holder is entitled to payments on Notes in respect of which this Global Certificate is issued.

The statements set out in the legend above are an integral part of the Note or Notes in respect of which this Global Certificate is issued and by acceptance hereof each holder or beneficial owner of the Notes evidenced by this Global Certificate or any owner of an interest in such Notes agrees to be subject to and bound by the terms of such legend.

## **Amendments to Conditions**

The Conditions are modified as follows in so far as they apply to the Notes represented by this Global Certificate as issued.

### **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") or any other clearing system ("**Alternative Clearing System**") as the holder of a Note represented by this Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of this Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by this Global Certificate and such obligations of the Issuer will be discharged by payment to the holder of this Global Certificate in respect of each amount so paid.

### **Exchange**

Owners of beneficial interests in the Notes in respect of which this Global Certificate is issued will be entitled to have title to the Notes registered in their names and to receive individual Certificates if Euroclear, Clearstream, Luxembourg or any Alternative Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

In such circumstances, the Issuer will cause sufficient Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholders within 14 days following a request therefor by the holder of this Global Certificate. A person with an interest in the Notes represented by this Global Certificate must provide the Registrar and the Transfer Agent with (A) a written order containing instructions and other such information as the Issuer and the Registrar may require to complete, execute and deliver such Certificates; and (B) a certificate to the effect that such person is not transferring its interest in this Global Certificate at the time of such exchange.

### **Transfer**

Notes represented by the Global Certificate will be transferable only in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System (as the case may be).

### **Cancellation**

Cancellation of any Note following its redemption or purchase by the Issuer or any of the subsidiaries of the Issuer will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and will be duly endorsed (for information purposes only) in the third column of the Schedule to this Global Certificate.

### **Payments**

Payments of principal and interest in respect of the Notes represented by this Global Certificate will be made to the registered holder of this Global Certificate. Upon payment of any principal or interest, the amount so paid shall be endorsed by or on behalf of the Registrar on behalf of the Issuer on the schedule to the Global Certificate.



Principal and interest shall be payable in accordance with the Conditions, save that the calculation of interest will be made in respect of the total aggregate principal amount of the Notes represented by this Global Certificate.

Distributions of amounts with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent required by the Registrar, to the cash accounts of participants in Euroclear, Clearstream, Luxembourg or any Alternative Clearing System in accordance with the relevant clearing system's rules and procedures.

All payments in respect of the Notes whilst they are represented by this Global Certificate will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday (inclusive) except 25 December and 1 January.

### **Meetings**

The holder of this Global Certificate shall be treated as having one vote in respect of each £1,000 principal amount of Notes represented by this Global Certificate. The Trustee may allow to attend and speak (but not to vote unless such person is a proxy or a representative) at any meeting of Noteholders any accountholder (or the representative of any such person) of a clearing system with an interest in the Notes represented by this Global Certificate on confirmation of entitlement and proof of his identity.

### **Notices**

So long as all of the Notes are represented by this Global Certificate and it is held by or on behalf of a clearing system, notices to Noteholders will be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for notification as required by the Conditions. A notice will be deemed to have been given to accountholders on the first Business Day following the day on which such notice is sent to the relevant clearing system for delivery to entitled accountholders.

Whilst any of the Notes are represented by this Global Certificate, notices to be given by a Noteholder will be given by such Noteholder (where applicable) through Euroclear, Clearstream, Luxembourg or any Alternative Clearing System and otherwise in such manner as the Trustee and the relevant clearing system may approve for this purpose.

### **Trustee's Powers**

In considering the interests of Noteholders the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (A) have regard to such information as may have been made available to it by or on behalf of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of Notes and (B) consider such interests on the basis that such accountholders were the holders of the Notes represented by this Global Certificate.

### **Enforcement**

For the purposes of enforcement of the provisions of the Trust Deed against the Trustee, the persons named in a certificate of the holder of the Notes represented by this Global Certificate shall be recognised as the beneficiaries of the trusts set out in the Trust Deed to the extent of the principal amount of their interest in the Notes set out in the certificate of the holder as if they were themselves the holders of Notes in such principal amounts.

## Electronic Consent and Written Resolution

While any Global Certificate is registered in the name of any nominee for Euroclear, Clearstream, Luxembourg or any Alternative Clearing System, then:

- 1** approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding (an “**Electronic Consent**”) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting which is a special quorum resolution), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent. The Principal Paying Agent shall confirm the result of voting on any Electronic Consent in writing to the Issuer and the Trustee (in a form satisfactory to the Trustee) (which confirmation may be given by e-mail), specifying (as of the deadline for the Electronic Consent): (A) the outstanding principal amount of the Notes and (B) the outstanding principal amount of the Notes in respect of which consent to the resolution has been given in accordance with this provision. The Issuer and the Trustee may rely and act without further enquiry on any such confirmation from the Principal Paying Agent and shall have no liability or responsibility to anyone as a result of such reliance or action. The Trustee shall not be bound to act on any Electronic Consent in the absence of such a confirmation from the Principal Paying Agent in a form satisfactory to it; and
- 2** where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer has obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “**commercially reasonable evidence**” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any Alternative Clearing System, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

This Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

This Global Certificate, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

Issued as of 27 October 2020

**In witness** whereof the Issuer has caused this Global Certificate to be signed on its behalf.

Signed by

**PHOENIX GROUP HOLDINGS PLC**

By \_\_\_\_\_

Name:

Title:

**CERTIFICATE OF AUTHENTICATION**

This Global Certificate is authenticated by or on behalf of the Registrar

**CITIGROUP GLOBAL MARKETS EUROPE AG**

By \_\_\_\_\_

Name:

Title:

For the purposes of authentication only

**Schedule**  
**Schedule Showing Changes in the Principal Amount of the Notes Represented**  
**by this Global Certificate**

The following shows the principal amount of the Notes represented by this Global Certificate as a result of redemption or purchase and cancellation of Notes:

<b>Date of Redemption/ Purchase and cancellation (stating which)</b>	<b>Amount of change in principal amount of Notes represented by this Global Certificate</b>	<b>Principal amount of Notes represented by this Global Certificate following such change</b>	<b>Notation made by or on behalf of the Principal Paying, Agent or Registrar</b>
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## Part 2: Form of Definitive Certificate

On the front:

THE NOTES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNDER THE SECURITIES ACT EXCEPT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT.

### PHOENIX GROUP HOLDINGS PLC

(a public limited company incorporated in the United Kingdom  
with registered number 11606773)

### £500,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes

#### CERTIFICATE

#### Certificate No. [●]

The Notes in respect of which this Certificate is issued form part of the series designated as specified in the title (the “**Notes**”) Phoenix Group Holdings plc (the “**Issuer**”).

The Issuer hereby certifies that [●] of [●] (the “**Registered Holder**”) is, at the date hereof, entered in the register of Noteholders as the holder of Notes in the principal amount of:

£[●]

([AMOUNT IN WORDS] POUNDS STERLING)

The Notes are constituted by a trust deed dated 26 April 2018 as amended and restated on 27 October 2020 (the “**Trust Deed**”), between the Issuer and Citibank, N.A., London Branch and are subject to the Trust Deed and the terms and conditions (the “**Conditions**”) endorsed hereon. Terms defined in the Trust Deed have the same meaning when used herein.

For value received, the Issuer promises to pay the person who appears at the relevant time on the register of Noteholders as holder of the Notes in respect of which this Certificate is issued such amount or amounts as shall become due and payable from time to time in respect of such Notes and otherwise to comply with the Conditions.

The statements set forth in the legend above are an integral part of the Note or Notes in respect of which this Certificate is issued and by acceptance thereof each holder agrees to be subject to and bound by the terms and provisions set forth in such legend.

This Certificate is evidence of entitlement only.

For the purposes of this Certificate, (A) the holder of the Notes represented by this Certificate is bound by the provisions of the Trust Deed; (B) the Issuer certifies that the Registered Holder is, at the date hereof, entered in the Register as the holder of the Notes represented by this Certificate; (C) title to the Notes represented by this Certificate passes only on transfer and due registration on the Register; and (D) only the holder of the Notes entered in the Register is entitled to payments in respect of the Notes.

This Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

This Certificate, and any non-contractual obligations arising out of or in connection with it, shall be governed by and construed in accordance with English law.

Issued as of 27 October 2020

**In witness** whereof the Issuer has caused this Certificate to be signed on its behalf.

Signed by

**PHOENIX GROUP HOLDINGS PLC**

By \_\_\_\_\_

Name:

Title:

**CERTIFICATE OF AUTHENTICATION**

This Certificate is authenticated by or on behalf of the Registrar

**CITIGROUP GLOBAL MARKETS EUROPE AG**

By \_\_\_\_\_

Name:

Title:

For the purposes of authentication only

On the back:

**Terms and Conditions of the Notes**

[The Terms and Conditions that are set out in Schedule 2 to the Trust Deed will be set out here.]

**Form of Transfer**

**FOR VALUE RECEIVED** the undersigned transfers to

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(PLEASE PRINT NAME AND ADDRESS OF TRANSFEREE)

[●] principal amount of the Notes represented by this Certificate, and all rights under them.

Dated

Signed

Certifying Signature

---

Notes:

- 1 The signature of the person effecting a transfer shall conform to a list of duly authorised specimen signatures supplied by the holder of the Notes represented by this Certificate or (if such signature corresponds with the name as it appears on the face of this Certificate) be certified by a notary public or a recognised bank or be supported by such other evidence as a Transfer Agent or the Registrar may reasonably require.
- 2 A representative of the Noteholder should state the capacity in which he signs e.g. executor.

**PRINCIPAL PAYING AGENT AND TRANSFER AGENT**

**Citibank, N.A., London Branch**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**REGISTRAR**

**Citigroup Global Markets Europe AG**

Reuterweg 16  
60323 Frankfurt  
Germany



## Schedule 2

### Terms and Conditions of the Notes

The issue of the £500,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 17 and forming a single series with the Notes) was (save in respect of any such further notes) originally authorised by resolutions of the board of directors of Phoenix Group Holdings (“**PGH**”) passed on 20 February 2018. The substitution as issuer with effect from 12 December 2018 was authorised by a resolution of the board of directors of Phoenix Group Holdings plc (the “**Issuer**”, which term shall include any substitute therefor from time to time pursuant to the terms of Condition 14) passed on 15 October 2018. The further amendments to these Conditions and the Trust Deed (each as defined below) to provide for the Automatic Conversion (as defined below) of the Notes was authorised by a resolution of the board of directors of the Issuer passed on 23 September 2020.

The Notes are constituted by a trust deed originally dated 26 April 2018 as amended and restated by the amended and restated trust deed dated 12 December 2018 and as further amended and restated on 27 October 2020 (together, the “**Trust Deed**”) between the Issuer and Citibank, N.A., London Branch (the “**Trustee**”, which expression shall include all persons for the time being and from time to time appointed as the trustee or trustees under the Trust Deed) as trustee in respect of the Notes. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed and of the paying agency agreement originally dated 26 April 2018 as amended and restated by the amended and restated agency agreement dated 12 December 2018 and as further amended and restated on 27 October 2020 (together, the “**Agency Agreement**”) relating to the Notes between the Issuer, the Trustee, Citigroup Global Markets Europe AG as registrar (the “**Registrar**”, which expression shall include any successor thereto) and Citibank, N.A., London Branch as transfer agent (the “**Transfer Agent**”, which expression shall include any successor thereto and any additional transfer agents appointed thereunder), as initial agent bank (the “**Agent Bank**”, which expression shall include any successor thereto) and as initial principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor thereto, and, together with any further paying agents appointed thereunder, the “**Paying Agents**”, which expression shall include any successors thereto) are available for inspection during usual business hours at the specified offices of the Principal Paying Agent, the Registrar and any Transfer Agent. The Noteholders 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 applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

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

##### (a) *Form and Denomination*

The Notes are issued in registered form in principal amounts of £200,000 and integral multiples of £1,000 in excess thereof (referred to as the “**principal amount**” of a Note, and references in these Conditions to “**principal**” in relation to a Note shall be construed accordingly) without coupons attached. A certificate (each, a “**Certificate**”) will be issued

to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar (the “**Register**”) on which shall be entered the names, addresses and account details of Noteholders and the particulars of the Notes held by them and of all transfers and repayments of Notes.

(b) *Title*

Title to the Notes passes only by transfer and registration in the Register. The holder of any Note will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, “**Noteholder**” and (in relation to a Note) “**holder**” means the person against whose name a Note is registered in the Register (or, in the case of joint holders, the first named thereof). Each Noteholder shall be entitled to receive only one Certificate in respect of its entire holding of Notes.

## 2 Transfers of Notes and Issue of Certificates

(a) *Transfers*

Subject to Conditions 2(d) and (e), each Note may be transferred (in whole or in part, subject to such transfer being in a minimum denomination of £200,000 and integral multiples of £1,000 in excess thereof) by depositing the Certificate issued in respect of that Note, together with the form of transfer in respect thereof duly completed and executed at the specified office of the Registrar or a Transfer Agent.

No transfer of a Note will be valid unless and until entered on the Register. A Note may be registered only in the name of, and transferred only to, a named person (or persons not exceeding four in number) or a nominee.

(b) *Delivery of new Certificates*

Each new Certificate to be issued upon a transfer of Notes will, within five Business Days of receipt by the Registrar or the relevant Transfer Agent of the duly completed, executed and (where applicable) stamped form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note (but free of charge to the Noteholder) to the address specified in the form of transfer. The form of transfer shall be available at the specified offices of the Transfer Agents.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the balance of Notes not so transferred will, within five Business Days of receipt by the Registrar or the relevant Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred (but free of charge to the Noteholder) to the address of such holder appearing on the Register or as specified in the form of transfer.

(c) *Formalities free of charge*

Registration of transfer of any Notes will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but upon (i) payment (or the giving of such indemnity as the Issuer or any Agent may reasonably require) in respect of any tax or

other governmental charges which may be imposed in relation to such transfer and (ii) the Registrar or the relevant Transfer Agent being satisfied with the documents of title and/or the identity of the person making the application.

(d) *Closed periods*

No Noteholder may require the transfer of a Note (or part thereof) to be registered (i) during the period of 15 days prior to (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 8(f), (ii) after the Notes have been called for redemption pursuant to Condition 8 or (iii) during the period of seven days ending on (and including) any Record Date.

(e) *Regulations*

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one and will be available at the specified offices of the Transfer Agents.

### 3 Status of the Notes

(a) *Status*

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders in any Issuer Winding-Up are as described in the Trust Deed, this Condition 3 and Condition 11.

(b) *Issuer Winding-Up*

The rights and claims of the Noteholders (and the Trustee on their behalf) are subordinated to the claims of Senior Creditors in that if at any time prior to the occurrence of a Trigger Event an Issuer Winding-Up occurs, there shall be payable by the Issuer in respect of each Note (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to the holder of such Note if, throughout such winding-up or administration, such Noteholder were the holder of one of a class of preference shares in the capital of the Issuer ("**Notional Preference Shares**") having an equal right to a return of assets in the winding-up or administration to, and so ranking *pari passu* with, the holders of the most senior class or classes of issued preference shares (if any) in the capital of the Issuer from time to time and which have a preferential right to a return of assets in the winding-up or administration over, and so rank ahead of, the holders of all other classes of issued shares for the time being in the capital of the Issuer but ranking junior to the claims of Senior Creditors, on the assumption that the amount that such Noteholder was entitled to receive in respect of each Notional Preference Share on a return of assets in such winding-up or administration were an amount equal to the principal amount of the relevant Note and any accrued but unpaid interest thereon (other than any interest which has been cancelled pursuant to these Conditions) together with any damages awarded for breach of any obligations in respect of such Note, whether or not the Solvency Condition is satisfied on the date upon which the same would otherwise be due and payable.

If an Issuer Winding-Up occurs concurrently with or after the occurrence of a Trigger Event, and where an Automatic Conversion has not yet been effected, there shall be payable by the Issuer in respect of each Note (in lieu of any other payment or any issue or delivery of Conversion Shares by the Issuer), such amount, if any, as would have been payable to the Noteholder if, on the day prior to the commencement of the Issuer Winding-Up and thereafter, such Noteholder were the holder of such number of Conversion Shares as that Noteholder would have been entitled to receive upon an Automatic Conversion in accordance with Condition 6.

(c) *Trustee's fees*

Nothing in the Trust Deed or these Conditions shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee under the Trust Deed or the rights and remedies of the Trustee in respect thereof.

(d) *Solvency Condition*

Other than in circumstances where an Issuer Winding-Up has occurred or is occurring or where a Trigger Event has occurred, all payments (other than any cash component of the Conversion Shares Offer Consideration and subject also to Condition 3(c)) under or arising from the Notes or the Trust Deed shall be conditional upon the Issuer being solvent at the time for payment by the Issuer and no amount shall be payable under or arising from the Notes or the Trust Deed (including any damages awarded for breach of obligations thereunder) except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").

Any payment of interest that would have been due and payable but for the operation of this Condition 3(d) shall be cancelled.

For the purposes of this Condition 3(d), the Issuer will be "**solvent**" if (i) it is able to pay its debts owed to Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities.

A certificate as to the solvency or lack thereof of the Issuer signed by two Directors or, if there is a winding-up or administration of the Issuer, the liquidator or, as the case may be, the administrator of the Issuer shall (in the absence of manifest error) be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(e) *Set off, etc.*

By acceptance of the Notes, subject to applicable law, each Noteholder will be deemed to have waived and to have directed and authorised the Trustee on its behalf to have waived any right of set-off or counterclaim that such Noteholder might otherwise have against the Issuer in respect of or arising under the Notes or the Trust Deed whether prior to or in liquidation, winding-up or administration. Notwithstanding the preceding sentence, if any of the rights and claims of any Noteholder in respect of or arising under the Notes or the Trust Deed are discharged by set-off, such Noteholder will immediately pay an amount equal to the amount of such discharge to the Issuer or, if applicable, the liquidator, trustee, receiver or administrator of the Issuer and, until such time as payment is made, will hold a sum equal to such amount on trust for the Issuer or, if applicable, the liquidator, trustee, receiver or administrator in the relevant liquidation, winding-up or administration. Accordingly, such discharge will be deemed not to have taken place.

## 4 Interest

### (a) *Interest Rate and Interest Payment Dates*

Subject to Conditions 3(d), 5 and 6, the Notes bear interest on their principal amount at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 4.

Subject to Conditions 3(d), 5 and 6, interest shall be payable on the Notes semi-annually in arrear on each Interest Payment Date in equal instalments (in respect of each Interest Period ending prior to the First Call Date, of £28.75 per Calculation Amount), in each case as provided in this Condition 4.

Where it is necessary to compute an amount of interest in respect of any Note for any period (other than any full Interest Period), the relevant day-count fraction shall be determined on the basis of the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of (a) two and (b) the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

### (b) *Interest Accrual*

Subject to Conditions 3(d), 5 and 6, the Notes will accrue interest in respect of each Interest Period and cease to bear interest from (and including) the due date for redemption or substitution thereof pursuant to Condition 8, unless, upon surrender of the Certificate representing any Note, payment of all amounts due in respect of such Note is not properly and duly made, in which event interest shall continue to accrue on the principal amount of such Note, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

Interest in respect of any Note shall be calculated per Calculation Amount and the amount of interest per Calculation Amount shall, save as provided in Condition 4(a) in relation to equal instalments and subject to Conditions 3(d), 5 and 6, be equal to the product of the Calculation Amount, the relevant Interest Rate and the day-count fraction as described in Condition 4(a) for the relevant period, rounding the resultant figure to the nearest penny (half a penny being rounded upwards). Where the denomination of a Note is more than the Calculation Amount, the amount of interest payable in respect of each such Note, is the aggregate of the amounts (calculated as aforesaid) for each Calculation Amount comprising the denomination of the Note.

### (c) *Initial Fixed Interest Rate*

For the Initial Fixed Rate Interest Period, the Notes bear interest, subject to Conditions 3(d), 5 and 6, at the rate of 5.750 per cent. per annum (the “**Initial Fixed Interest Rate**”).

### (d) *Reset Rate of Interest*

The Interest Rate will be reset (the “**Reset Rate of Interest**”) in accordance with this Condition 4 on each Reset Date. The Reset Rate of Interest in respect of each Reset Period will be determined by the Agent Bank on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the Margin.

(e) *Determination of Reset Rate of Interest*

The Agent Bank will, as soon as practicable after 11.00 a.m. (London time) on each Reset Determination Date, subject to receipt from the Issuer of the bid and offered price of the Benchmark Gilt as provided by the Reset Reference Banks (if any), determine the Reset Rate of Interest in respect of the relevant Reset Period. The determination of the Reset Rate of Interest by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(f) *Publication of Reset Rate of Interest*

The Agent Bank shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 4 in respect of each Reset Period to be given to the Trustee, the Principal Paying Agent, the Registrar, each of the Transfer Agents, any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 13, the Noteholders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

If the Notes become due and payable pursuant to Condition 11, the Reset Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated by the Agent Bank in accordance with this Condition 4 but no publication of the Reset Rate of Interest need be made unless the Trustee otherwise requires.

(g) *Agent Bank*

The Issuer will maintain an Agent Bank. The name of the initial Agent Bank is set out in the preamble to these Conditions.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Agent Bank with another leading investment, merchant or commercial bank or financial institution of international repute. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Reset Rate of Interest in respect of any Reset Period as provided in Condition 4(e), the Issuer shall forthwith appoint another leading investment, merchant or commercial bank or financial institution of international repute 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 as aforesaid.

(h) *Determinations of Agent Bank Binding*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4, by the Agent Bank, shall (in the absence of manifest error) be binding on the Issuer, the Agent Bank, the Trustee, the Principal Paying Agent, the Registrar, the Transfer Agents and all Noteholders and (in the absence of wilful default or gross negligence) no liability to the Noteholders, the Trustee or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

## **5 Cancellation of Interest**

(a) *Interest Payments Discretionary*

Interest on the Notes is due and payable only at the sole and absolute discretion of the Issuer and is subject to the provisions of Conditions 3(d), 5(b) and 6. Accordingly, the

Issuer may at any time elect to cancel any Interest Payment (or any part thereof) which would otherwise be due and payable on any Interest Payment Date.

If the Issuer does not make an Interest Payment or part thereof on the relevant Interest Payment Date, such non-payment shall evidence the non-payment and cancellation of such Interest Payment (or relevant part thereof) by reason of it not being due in accordance with Condition 3(d), the cancellation of such Interest Payment in accordance with Condition 5(b), the cancellation of interest upon an Automatic Conversion in accordance with Condition 6 or, as appropriate, the Issuer's exercise of its discretion otherwise to cancel such Interest Payment (or relevant part thereof) in accordance with this Condition 5(a), and accordingly such interest shall not in any such case be due and payable.

(b) *Mandatory Cancellation of Interest*

To the extent required by the Relevant Rules from time to time and save as otherwise permitted pursuant to Condition 5(c), the Issuer shall cancel in full any Interest Payment on the Notes in accordance with this Condition 5 if:

- (i) the Solvency Condition is not met at the time for payment of such Interest Payment, or would cease to be met immediately following, and as a result of making, such Interest Payment (having regard also to any Additional Amounts payable with respect thereto);
- (ii) there is non-compliance with the Solvency Capital Requirement at the time for payment of such Interest Payment, or non-compliance with the Solvency Capital Requirement would occur immediately following, and as a result of making, such Interest Payment (having regard also to any Additional Amounts payable with respect thereto);
- (iii) there is non-compliance with the Minimum Capital Requirement at the time for payment of such Interest Payment, or non-compliance with the Minimum Capital Requirement would occur immediately following, and as a result of making, such Interest Payment (having regard also to any Additional Amounts payable with respect thereto);
- (iv) the amount of such Interest Payment, together with any Additional Amounts payable with respect thereto, when aggregated together with any interest payments or distributions which have been paid or made or which are scheduled simultaneously to be paid or made on all Tier 1 Own Funds (excluding any such payments which do not reduce the Issuer's Distributable Items and any payments already accounted for by way of deduction in determining the Issuer's Distributable Items) since the end of the latest financial year of the Issuer and prior to, or on, such Interest Payment Date, would exceed the amount of the Issuer's Distributable Items as at the Interest Payment Date in respect of such Interest Payment; or
- (v) the Issuer is otherwise required by the PRA or under the Relevant Rules to cancel the relevant Interest Payment,

each of the events or circumstances described in sub-paragraphs (i) to (v) (inclusive) above being a "**Mandatory Interest Cancellation Event**".

A certificate signed by two Directors confirming that (i) a Mandatory Interest Cancellation Event has occurred and is continuing, or would occur if payment of interest on the Notes

were to be made or (ii) a Mandatory Interest Cancellation Event has ceased to occur and/or payment of interest on the Notes would not result in a new or further Mandatory Interest Cancellation Event occurring, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(c) *Waiver of Cancellation of Interest Payments by the PRA*

Notwithstanding Condition 5(b), the Issuer shall not be required to cancel an Interest Payment where a Mandatory Interest Cancellation Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made (to the extent permitted by the Relevant Rules) where:

- (i) the Mandatory Interest Cancellation Event is of the type described in subparagraph (ii) of Condition 5(b) only;
- (ii) the PRA has exceptionally waived the cancellation of the Interest Payment;
- (iii) payment of the Interest Payment would not further weaken the solvency position of the Issuer or the Insurance Group; and
- (iv) the Minimum Capital Requirement will be complied with immediately following such Interest Payment, if made.

A certificate signed by two Directors confirming that the conditions set out in this Condition 5(c) are met, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(d) *Effect of Cancellation of Interest Payments*

Any Interest Payment (or relevant part thereof) which is cancelled in accordance with this Condition 5 or which is otherwise not due and payable in accordance with Condition 3(d) or which is cancelled in accordance with Condition 6 shall not become due and shall not accumulate or be payable at any time thereafter, and Noteholders shall have no rights in respect thereof (whether in an Issuer Winding-Up or otherwise) and any such cancellation or non-payment shall not constitute a default or event of default on the part of the Issuer for any purpose and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any enforcement action under the Notes or the Trust Deed.

(e) *Notice of Cancellation of Interest*

If practicable, the Issuer shall provide notice of any cancellation of any Interest Payment (or any part thereof) pursuant to Condition 5(a) or 5(b) to Noteholders in accordance with Condition 13, and to the Trustee in a certificate signed by two Directors, and the Principal Paying Agent and the Registrar in writing, at least five Business Days prior to the relevant Interest Payment Date (or, if the determination that such Interest Payment (or any part thereof) is to be cancelled is made after such fifth Business Day, as soon as is practicable following the making of such determination). However, any failure to provide such notice will not invalidate the cancellation of the relevant Interest Payment.



## 6 Automatic Conversion

### (a) *Automatic Conversion upon Trigger Event occurring*

The Notes are not convertible into Conversion Shares at the option of the Noteholders at any time.

If a Trigger Event has occurred, the Issuer shall:

- (i) immediately inform the PRA of the occurrence of the Trigger Event; and
- (ii) without delay, give the Trigger Event Notice which notice shall be irrevocable.

Following the determination that a Trigger Event has occurred and, in any event, without delay, an Automatic Conversion shall occur and the Issuer shall deliver the Conversion Shares to the Conversion Shares Depository (or such other relevant recipient as described below) on the Conversion Date.

Following such Automatic Conversion there shall be no reinstatement of any part of the principal amount of, or interest on, the Notes at any time, including where the Trigger Event ceases to occur.

Effective upon, and following, the Automatic Conversion, the Issuer's obligation to repay the principal amount outstanding of each Note shall, without any further action required on the part of the Issuer or the Trustee, be irrevocably released and discharged and Noteholders shall not have any rights against the Issuer in a winding-up or administration of the Issuer or otherwise with respect to:

- (i) repayment of the principal amount of the Notes or any part thereof;
- (ii) the payment of any interest on the Notes for any period; or
- (iii) any other amounts arising under or in connection with the Notes and/or the Trust Deed.

Such Automatic Conversion shall take place without the need for the consent of Noteholders or the Trustee.

The determination as to whether a Trigger Event has occurred shall be made by the Issuer. Any such determination shall be binding on the Trustee and the Noteholders.

Any Trigger Event Notice delivered to the Trustee shall be accompanied by a certificate signed by two Directors certifying the accuracy of the contents of the Trigger Event Notice upon which the Trustee shall rely (without further enquiry and without liability to any person).

Any failure by the Issuer to give a Trigger Event Notice or the aforementioned certificate will not affect the effectiveness of, or otherwise invalidate, any Automatic Conversion, or give Noteholders any rights as a result of such failure.

The release of the principal amount of a Note pursuant to and in accordance with this Condition 6 shall be permanent and shall not constitute a default or event of default on the part of the Issuer for any purpose and will not give Noteholders or the Trustee any right to take any enforcement action under the Notes or the Trust Deed.

To the extent permitted by and in accordance with the Relevant Rules in force as at the relevant time, an Automatic Conversion may be exceptionally waived by the PRA at any time prior to the Conversion Date if such an Automatic Conversion (taking into account

the write-down or conversion of any other Own Fund Items on or around the Conversion Date) would give rise to a tax liability that would have a significant adverse effect on the solvency or capital position of the Issuer and/or the Insurance Group. If the relevant Automatic Conversion is so waived, the relevant Automatic Conversion shall not occur (but without prejudice to the cancellation of any Interest Payment or part thereof pursuant to Condition 5). The Issuer shall give notice to the Trustee, any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 13, the Noteholders of the grant of any such waiver as soon as practicable following its receipt from the PRA.

(b) *Conversion Shares Depositary*

The Issuer shall use all reasonable endeavours to appoint a Conversion Shares Depositary as soon as reasonably practicable following the occurrence of a Trigger Event.

If the Issuer has been unable to appoint a Conversion Shares Depositary, it shall make such other arrangements for the issuance and/or delivery of the Conversion Shares to the Noteholders as it shall consider reasonable in the circumstances, which may include issuing the Conversion Shares to another nominee for the Noteholders or to the Noteholders directly, which issuance shall irrevocably and automatically release all of the Issuer's obligations under the Notes as if the Conversion Shares had been issued to the Conversion Shares Depositary.

The Conversion Shares shall initially be registered in the name of the Conversion Shares Depositary (which shall hold the Conversion Shares as nominee on behalf of the Noteholders) or the relevant recipient as contemplated above, and each Noteholder shall be deemed to have irrevocably directed the Issuer to issue the Conversion Shares corresponding to the conversion of its holding of Notes to the Conversion Shares Depositary (or to such other relevant recipient).

The number of Conversion Shares to be issued to the Conversion Shares Depositary on the Conversion Date shall be determined by dividing the aggregate principal amount of the Notes outstanding (as defined in the Trust Deed) immediately prior to the Automatic Conversion on the Conversion Date by the Conversion Price prevailing on the Conversion Date rounded down, if necessary, to the nearest whole number of Conversion Shares. Fractions of Conversion Shares will not be issued following an Automatic Conversion and no cash payment will be made in lieu thereof.

The number of Conversion Shares to be held by the Conversion Shares Depositary for the benefit of each Noteholder shall be the number of Conversion Shares thus calculated multiplied by a fraction equal to the aggregate principal amount of the Notes held by such Noteholder divided by the aggregate principal amount of the Notes outstanding immediately prior to the Automatic Conversion on the Conversion Date, rounded down, if necessary, to the nearest whole number of Conversion Shares.

The Conversion Shares issued following an Automatic Conversion will be fully paid and non-assessable and will in all respects rank *pari passu* with the Issuer's fully paid ordinary shares in issue on the Conversion Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that the Conversion Shares so issued will not rank for (or, as the case may be, the relevant Noteholder shall not be entitled to receive) any rights, the entitlement to which falls prior to the Conversion Date.

The Conversion Shares Depositary (or the relevant recipient in accordance with these Conditions, as applicable) shall hold the Conversion Shares on behalf of the Noteholders, who shall be entitled to direct the Conversion Shares Depositary or such other recipient, as applicable, to exercise on their behalf all rights of an ordinary shareholder (including voting rights and rights to receive dividends) except that Noteholders shall not be able to sell or otherwise transfer the Conversion Shares until such time (if any) as they have been delivered to Noteholders and in the limited circumstances in which such delivery may take place.

Neither the Issuer, nor any member of the Insurance Group shall be liable for any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the delivery of Conversion Shares, which tax shall be borne solely by the Noteholder or, if different, the person to whom the Conversion Shares are delivered.

The Conversion Shares will not be available for delivery (A) to, or to a nominee for, any clearance service within the meaning of Section 96 of the Finance Act 1986 of the United Kingdom or (B) to a person, or nominee or agent for a person, whose business is or includes issuing depository receipts within the meaning of Section 93 of the Finance Act 1986 of the United Kingdom, in each case at any time prior to the "abolition day" as defined in Section 111(1) of the Finance Act 1990 of the United Kingdom, or, if earlier, such other time at which the Issuer, in its absolute discretion, determines that no charge under Section 67, 70, 93 or 96 of the Finance Act 1986 or any similar charge (under any successor legislation) would arise as a result of such delivery or (C) to the CREST account of such a person mentioned in (A) or (B).

(c) *Conversion Shares Offer and delivery of Conversion Shares or Conversions Shares Offer Consideration*

Unless at the time of the appointment by the Issuer of the Conversion Shares Depositary (or the relevant recipient in accordance with these Conditions) the Issuer elects that such an offer should not take place (and subject always to applicable law and to the last paragraph of this Condition 6(c)), the Eligible Conversion Shares will be offered by or on behalf of the Conversion Shares Depositary (acting as agent for the Noteholders) to, in the absolute discretion of the Issuer, some or all of the existing shareholders of the Issuer for purchase at the Current Market Price (the "**Conversion Shares Offer**"). The Conversion Shares Offer shall commence within 15 Business Days of and be completed or (in the absolute discretion of the Issuer) terminated within 40 Business Days of the Conversion Date. Such purchase shall not be effected unless all of the Eligible Conversion Shares can be sold via the Conversion Shares Offer.

For the purposes of these Conditions, "**Eligible Conversion Shares**" means Conversion Shares which are not subject to an election from the relevant Noteholder as set out in sub-paragraph (B) of the definition of Conversion Shares Offer Consideration.

The purchasers of the Conversion Shares sold in any Conversion Shares Offer shall bear the costs and expenses of any Conversion Shares Offer (other than the taxes referred to in Condition 6(b) and in the definition of Conversion Shares Offer Consideration).

The Conversion Shares Depositary shall deliver a notice to the Trustee, any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 13, the Noteholders setting out the procedures for each Noteholder to receive the Conversion Shares Offer Consideration or (whether following

termination or non-commencement of the Conversion Shares Offer or as a result of the operation of sub-paragraph (B) of the definition of Conversion Shares Offer Consideration) the relevant Conversion Shares and the date up to which the Notes shall remain in existence for the sole purpose of evidencing each relevant Noteholder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depositary.

Following such cancellation of the Notes, each Noteholder will have to provide evidence of its entitlement to the relevant Conversion Shares satisfactory to the Conversion Shares Depositary in its sole and absolute discretion in order to receive delivery of Conversion Shares or the Conversion Shares Offer Consideration and the Conversion Shares Depositary may include such conditions to delivery as it considers to be appropriate.

The Issuer shall have no liability to any Noteholder for any loss resulting from such Noteholder not receiving any Conversion Shares or the Conversion Shares Offer Consideration or from any delay in the receipt thereof, in each case as a result of such holder failing to duly submit any notice and/or evidence of entitlement required by the Conversion Shares Depositary and the relevant Notes, if applicable, on a timely basis or at all.

If any Conversion Shares or the relevant Conversion Shares Offer Consideration (as applicable) have not been claimed for 12 years after the Conversion Date, the Issuer may, at any time after such time and in its sole and absolute discretion, instruct the Conversion Shares Depositary (or an agent on its behalf) to sell for cash all or some of any such Conversion Shares and any such cash proceeds from such sale(s) and any cash representing the Conversion Shares Offer Consideration will, in each case, be forfeited and will be transferred to the Issuer for its own account unless the Issuer decides, in its sole and absolute discretion, otherwise. The Issuer will not be a trustee of any such cash and the Issuer shall have no liability to any Noteholder for any loss resulting from such Noteholder not receiving any Conversion Shares, the relevant Conversion Shares Offer Consideration or the cash proceeds from any such sale(s) as aforesaid (as applicable).

The Trustee shall not be responsible for monitoring or enforcing the obligations of the Conversion Shares Depositary. Following Automatic Conversion and delivery of the Conversion Shares to the Conversion Shares Depositary, Noteholders must look to the Conversion Shares Depositary (or such other recipient of the Conversion Shares, as set out above) for any Conversion Shares or Conversion Shares Offer Consideration due to them at the relevant time.

Nothing in this Condition 6 shall entitle the Issuer to carry out a Conversion Shares Offer (and the Issuer will be deemed to have elected not to make such a Conversion Shares Offer) unless, at least 10 days (or such shorter period as the PRA may accept) prior to the announcement of such Conversion Shares Offer, the Issuer has delivered to the PRA a properly reasoned, independent tax opinion from an appropriately qualified person, taking into account HM Revenue and Customs' precedent, statements and guidance, to the effect that, under the law applicable at such time, the exercise of the Conversion Shares Offer should not, before the set-off of any prior year losses, be an action that would create a United Kingdom tax charge for the Issuer.

(d) *Adjustments to the Conversion Price*

If the Issuer proposes any Adjustment Event, the board of directors of the Issuer shall (in its sole discretion, acting in good faith) determine and (conditional upon such Adjustment Event occurring) appoint an Independent Adviser to make any adjustment that such Independent Adviser determines is appropriate or necessary to the Conversion Price to account for the Adjustment Event, which determination shall be final and binding on the Issuer, the Trustee and the Noteholders. The Issuer shall give notice to the Trustee, any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 13, the Noteholders of any adjustment to the Conversion Price as soon as practicable following such determination. The Conversion Price shall not in any event be reduced to below the nominal value of an ordinary share of the Issuer at such time. The Issuer further undertakes that it shall not take any action, and shall procure that no action is taken, that would result in an adjustment to the Conversion Price to below such nominal value or any minimum level permitted by law and regulation.

(e) *Undertakings*

Whilst any Note remains outstanding, the Issuer shall (if and to the extent permitted by the Relevant Rules from time to time and only to the extent that such covenant would not cause a Capital Disqualification Event to occur) in the event of a Newco Scheme, save with the approval of an Extraordinary Resolution:

- (i) take (or shall procure that there is taken) all necessary action to ensure that the Newco Scheme is an Exempt Newco Scheme and that immediately after completion of the Scheme of Arrangement such amendments are made to these Conditions and the Trust Deed as are necessary to ensure that the Notes may be converted into or exchanged for ordinary shares or units or the equivalent in Newco *mutatis mutandis* in accordance with and subject to these Conditions and the Trust Deed. The Trustee shall (at the request and expense of the Issuer) be bound to concur in effecting such amendments, provided that the Trustee shall not be bound to concur if to do so would, in the opinion of the Trustee, (i) expose the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction, (ii) change, increase or add to the obligations or duties of the Trustee or (iii) remove or amend any protection or indemnity afforded to, or any other provisions in favour of, the Trustee under the Trust Deed, the Conditions and/or the Notes;
- (ii) use all reasonable endeavours to ensure that the Conversion Shares shall be admitted to listing and trading on the principal stock exchange or securities market (if any) on which the ordinary shares of the Issuer are then listed or admitted to trading; and
- (iii) at all times keep available for issue or allotment, free from any pre-emptive or other preferential rights, sufficient ordinary shares to enable the issue of all Conversion Shares as would be necessary to satisfy in full the obligation of the Issuer to issue and deliver Conversion Shares following the occurrence of a Trigger Event.

## 7 Payments

### (a) *Payments in respect of Notes*

- (i) Payments of principal and interest shall be made on the date scheduled for payment to the persons shown on the Register at the close of business on the date falling 15 days before the due date in respect of such payment (the “**Record Date**”). Payment of principal and interest will be made by transfer to the registered account of the relevant Noteholder.
- (ii) Payments of principal and interest due at the time of redemption of the Notes will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents.
- (iii) For the purposes of this Condition 7, a Noteholder’s registered account means the sterling account maintained by or on behalf of it with a bank that processes payments in sterling, details of which appear on the Register at the close of business on the date falling two Business Days before the due date for payment.

### (b) *Payments subject to applicable laws*

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto.

### (c) *No commissions*

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition 7.

### (d) *Payment on Business Days*

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated on the due date for payment or, in the case of a payment of principal or interest due at the time of redemption of the Notes, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of any Paying Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day or if the Noteholder is late in surrendering its Certificate (in circumstances where it is required to do so).

### (e) *Partial payments*

If the amount of principal or interest which is scheduled to be paid on the Notes is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest in fact paid. With respect to the amount of any Interest Payment or part thereof, the Registrar shall have regard to the provisions of Condition 5(a).

(f) *Agents*

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves its right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents, provided that it will:

- (i) at all times maintain a Principal Paying Agent, an Agent Bank, a Registrar and a Transfer Agent; and
- (ii) at all times maintain such other agents as may be required by any stock exchange on which the Notes may be listed.

Notice of any termination or appointment and of any changes in specified offices of any of the Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

## **8 Redemption, Substitution, Variation and Purchase**

(a) *No Redemption Date*

The Notes are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase the Notes in accordance with the following provisions of this Condition 8. The Notes are not redeemable at the option of the Noteholders at any time.

(b) *Conditions to Redemption and Purchase*

To the extent required pursuant to the Relevant Rules at the relevant time, and save as otherwise permitted pursuant to Condition 8(c), the Issuer may not redeem or purchase any Notes unless each of the following conditions is satisfied:

- (i) the relevant date of any redemption or purchase of the Notes pursuant to Condition 8(g), 8(h), 8(i) or 8(m) is on or after the fifth anniversary of the Issue Date unless such redemption or purchase is funded out of the proceeds of a new issuance of, or the Notes are exchanged into, Tier 1 Own Funds of the same or a higher quality than the Notes;
- (ii) in respect of any redemption or purchase of the Notes occurring on or after the fifth anniversary of the Issue Date and before the tenth anniversary of the Issue Date, the PRA has confirmed to the Issuer that it is satisfied that the Solvency Capital Requirement is exceeded by an appropriate margin (taking into account the solvency position of the Issuer including the Issuer's medium-term capital management plan) unless such redemption or purchase is funded out of the proceeds of a new issuance of, or the Notes are exchanged into, Tier 1 Own Funds of the same or a higher quality than the Notes;
- (iii) the Solvency Condition is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Solvency Condition to be breached;
- (iv) the Solvency Capital Requirement is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Solvency Capital Requirement to be breached;

- (v) the Minimum Capital Requirement is met immediately prior to the redemption or purchase of the Notes (as applicable) and the redemption or purchase (as applicable) would not cause the Minimum Capital Requirement to be breached;
- (vi) no Trigger Event has occurred and no Insolvent Insurer Winding-up has occurred and is continuing;
- (vii) the Regulatory Clearance Condition is satisfied; and/or
- (viii) any other additional or alternative requirements or pre-conditions to which the Issuer is otherwise subject and which may be imposed by the PRA or the Relevant Rules have (in addition or in the alternative to the foregoing subparagraphs, as the case may be) been complied with (and shall continue to be complied with following the proposed redemption or purchase),

the conditions set out in paragraphs (i) to (viii) (inclusive) above (to the extent required pursuant to the Relevant Rules at the relevant time as aforesaid) being the “**Redemption and Purchase Conditions**”.

If on the proposed date for redemption of the Notes the Redemption and Purchase Conditions are not met, redemption of the Notes shall instead be suspended and such redemption shall occur only in accordance with Conditions 8(c) and 8(d).

(c) *Waiver of Redemption and Purchase Condition relating to Solvency Capital Requirement by the PRA*

Notwithstanding Condition 8(b), the Issuer shall be entitled to redeem or purchase Notes (to the extent permitted by the Relevant Rules) where:

- (i) all Redemption and Purchase Conditions are met other than that described in paragraph (iv) of Condition 8(b);
- (ii) the PRA has exceptionally waived the cancellation or suspension of redemption or, as the case may be, purchase of the Notes;
- (iii) all (but not some only) of the Notes being redeemed or purchased at such time are exchanged for a new issue of Tier 1 Own Funds of the same or higher quality than the Notes; and
- (iv) the Minimum Capital Requirement will be complied with immediately following such redemption or purchase, if made.

A certificate signed by two Directors confirming that the conditions set out in this Condition 8(c) are met, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without obligation to verify or investigate the accuracy thereof.

(d) *Suspension of Redemption*

The Issuer shall notify the Trustee, the Principal Paying Agent, the Registrar and, in accordance with Condition 13, the Noteholders no later than five Business Days prior to any date set for redemption of the Notes if such redemption is to be suspended in accordance with Condition 8(b), provided that if an event occurs or is determined less than five Business Days prior to the date set for redemption that results in the



Redemption and Purchase Conditions ceasing to be met, the Issuer shall notify the Trustee, the Principal Paying Agent, the Registrar and, in accordance with Condition 13, the Noteholders as soon as reasonably practicable following the occurrence or determination (as the case may be) of such event.

If redemption of the Notes does not occur on the date specified in the notice of redemption by the Issuer under Condition 8 as a result of the operation of Condition 8(b), the Issuer shall redeem such Notes at their principal amount outstanding together with any accrued and unpaid interest (in each case, to the extent that such amounts have not previously been cancelled pursuant to these Conditions), upon the earlier of:

- (i) the date falling ten Business Days after the date on which the Redemption and Purchase Conditions are met or redemption of the Notes is otherwise permitted pursuant to Condition 8(c) (unless on such tenth Business Day the Redemption and Purchase Conditions are again not met or the redemption of the Notes on such date would result in the Redemption and Purchase Conditions ceasing to be met (in each case save for the Redemption and Purchase Condition at subparagraph (iv) of Condition 8(b) to the extent waived under Condition 8(c)), in which case the provisions of Condition 8(b) and this sub-paragraph (i) of this Condition 8(d) will apply *mutatis mutandis* to determine the rescheduled due date for redemption of the Notes); or
- (ii) the date on which an Issuer Winding-Up occurs (insofar as such Issuer Winding-Up occurs prior to a Trigger Event).

The Issuer shall notify the Trustee, the Principal Paying Agent, the Registrar and, in accordance with Condition 13, the Noteholders no later than five Business Days prior to any such date set for redemption pursuant to (i) or (if reasonably practicable in the circumstances) (ii) above.

A certificate signed by two Directors confirming that: (i) the Redemption and Purchase Conditions are not met or would cease to be met if the proposed redemption or purchase were to be made; or (ii) the Redemption and Purchase Conditions are met and would continue to be met if the proposed redemption or purchase were to be made, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely on such certificate absolutely without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(e) *Suspension of Redemption and Cancellation of Purchases Not a Default*

Notwithstanding any other provision in these Conditions or in the Trust Deed, the suspension of redemption of the Notes and any cancellation of any purchases of any Notes in accordance with Condition 8(b) and 8(d) shall not constitute a default or event of default on the part of the Issuer for any purpose and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any enforcement action under the Notes or the Trust Deed.

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

Provided that the Redemption and Purchase Conditions are met, the Issuer may, at its option, having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent, the Registrar and, in accordance with Condition 13, the

Noteholders (which notice shall (save as provided in Condition 8(o) below) be irrevocable and shall specify the date fixed for redemption) redeem all (but not some only) of the Notes, on the First Call Date or on any Interest Payment Date thereafter at their principal amount together with (to the extent that such interest has not been cancelled in accordance with these Conditions) any accrued and unpaid interest to (but excluding) the date of redemption.

(g) *Redemption, substitution or variation at the option of the Issuer due to a Tax Event*

Provided that the Redemption and Purchase Conditions and the preconditions to redemption, variation and substitution in Condition 8(k) are met, if a Tax Event has occurred and is continuing, then the Issuer may, at its option (without any requirement for the consent or approval of the Noteholders), and having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent, the Registrar and, in accordance with Condition 13, the Noteholders (which notice shall (save as provided in Condition 8(o) below) be irrevocable and shall, where applicable, specify the date fixed for redemption or on which any variation or substitution is to become effective) either:

- (i) redeem all (but not some only) of the Notes at any time at their principal amount, together with (to the extent that such interest has not been cancelled in accordance with these Conditions) any accrued and unpaid interest to (but excluding) the date of redemption; or
- (ii) substitute at any time all (but not some only) of the Notes for, or vary at any time the terms of the Notes so that they become or remain, Qualifying Securities, and the Trustee shall (subject to the receipt by it of the certificates of the Directors referred to in Condition 8(k) below and in the definition of "Qualifying Securities") agree to such substitution or variation,

provided that:

- (1) no such notice shall be given earlier than 90 days prior to the earliest date on which (A) (i) with respect to limb (a) of the definition of Tax Event, the Issuer would be obliged to pay such Additional Amounts; (ii) with respect to limb (b) of the definition of Tax Event, the Issuer would not be able to claim such a deduction or such a deduction is reduced; or (iii) with respect to limb (d) of the definition of Tax Event, the Issuer would not to a material extent be able to have losses or deductions set against the profits or gains in the manner set out therein, in each case were a payment in respect of the Notes then due; or (B) (i) with respect to limbs (c), (e) and (f) of the definition of Tax Event, such change in treatment is effective; or (ii) with respect to limb (g) of the definition of Tax Event, the relevant adverse tax consequence would arise or be suffered; and
- (2) the Issuer shall also deliver to the Trustee an opinion from a nationally recognised law firm or other tax adviser in the applicable Relevant Jurisdiction experienced in such matters to the effect that the relevant requirement or circumstance referred to in sub-paragraph (1) applies or (where applicable) will apply on the next Interest Payment Date (save that such opinion need not provide any confirmation as to whether the Issuer could avoid the occurrence of the relevant Tax Event by taking measures reasonably available to it).

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

(h) *Redemption, substitution or variation at the option of the Issuer due to a Capital Disqualification Event*

Provided that the Redemption and Purchase Conditions and the preconditions to redemption, variation and substitution in Condition 8(k) are met, if a Capital Disqualification Event has occurred and is continuing or, as a result of any change to the Relevant Rules (or change to the interpretation of the Relevant Rules by any court or authority entitled to do so), a Capital Disqualification Event will occur within the forthcoming period of six months, then the Issuer may, at its option (without any requirement for the consent or approval of the Noteholders), and having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent, the Registrar and, in accordance with Condition 13, the Noteholders (which notice shall (save as provided in Condition 8(o) below) be irrevocable and shall, where applicable, specify the date fixed for redemption or on which any variation or substitution is to become effective) either:

- (i) redeem all (but not some only) of the Notes at any time at their principal amount, together with (to the extent that such interest has not been cancelled in accordance with these Conditions) any accrued and unpaid interest to (but excluding) the date of redemption; or
- (ii) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain Qualifying Securities and the Trustee shall (subject to the receipt by it of the certificates of the Directors referred to in Condition 8(k) below and in the definition of "Qualifying Securities") agree to such substitution or variation,

provided, however, that no such notice of redemption, substitution or variation shall be given more than 12 months following the occurrence of the relevant Capital Disqualification Event.

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

(i) *Redemption, substitution or variation at the option of the Issuer due to a Ratings Methodology Event*

Provided that the Redemption and Purchase Conditions and the preconditions to redemption, variation and substitution in Condition 8(k) are met, if a Ratings Methodology Event has occurred and is continuing or, as a result of a change in (or clarification to) the methodology of the Rating Agency (or in the interpretation of such methodology), a Ratings Methodology Event will occur within the forthcoming period of six months, then the Issuer may, at its option (without any requirement for the consent or approval of the Noteholders), and having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent, the Registrar and, in accordance with Condition 13, the Noteholders (which notice shall (save as provided in Condition 8(o) below) be irrevocable and shall specify the date fixed for redemption or on which any variation or substitution is to become effective) either:

- (i) redeem all (but not some only) of the Notes at any time at their principal amount, together with (to the extent that such interest has not been cancelled in accordance

with these Conditions) any accrued and unpaid interest to (but excluding) the date of redemption; or

- (ii) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain Rating Agency Compliant Securities and the Trustee shall (subject to the receipt by it of the certificates of the Directors referred to in Condition 8(k) below and in the definitions of “Qualifying Securities” and “Rating Agency Compliant Securities”) agree to such substitution or variation,

provided, however, that no such notice of redemption, substitution or variation shall be given more than 12 months following the occurrence of the relevant Ratings Methodology Event.

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

(j) *Trustee role on redemption, variation or substitution; Trustee not obliged to monitor*

- (i) Subject to Condition 8(b), the Trustee shall (at the expense of the Issuer) use its reasonable endeavours to co-operate with the Issuer (including, but not limited to, entering into such documents or deeds as may be necessary) to give effect to the substitution or variation of the Notes for or into Qualifying Securities pursuant to Condition 8(g) or 8(h) above or Rating Agency Compliant Securities pursuant to Clause 8(i) above, provided that the Trustee shall not be obliged to co-operate in any such substitution or variation if the securities resulting from such substitution or variation, or the co-operation in such substitution or variation, imposes, in the Trustee's opinion, more onerous obligations upon it or exposes it to liabilities or reduces its protections, in each case as compared with the corresponding obligations, liabilities or, as appropriate, protections under the Notes. If the Trustee does not so co-operate as provided above, the Issuer may, subject as provided above, redeem the Notes as provided in this Condition 8.

- (ii) The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists for the purposes of this Condition 8 and will not be responsible to Noteholders for any loss arising from any failure by it to do so. Unless and until the Trustee has actual knowledge pursuant to these Conditions or the Trust Deed of the occurrence of any event or circumstance to which this Condition 8 relates, it shall be entitled to assume that no such event or circumstance exists or has arisen.

(k) *Preconditions to redemption, variation and substitution*

- (i) Prior to the publication of any notice of redemption, variation or substitution pursuant to Condition 8(g), 8(h) or 8(i), the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that, as the case may be, the Issuer is entitled to redeem, vary or substitute the Notes on the grounds that a Tax Event, a Capital Disqualification Event or a Ratings Methodology Event has occurred and is continuing as at the date of the certificate or, as the case may be (in the case of a Capital Disqualification Event or a Ratings Methodology Event) will occur within a period of six months and that it would have been reasonable for the Issuer to conclude, judged at the Issue Date, that such Tax Event, Capital Disqualification Event or Ratings Methodology Event was unlikely to occur.

- (ii) For the purposes of Condition 8(k)(i), each Noteholder, by acquiring and holding any Note, agrees and accepts that given the advisory nature of the EIOPA Advice Paper it was reasonable for the Issuer to conclude, judged at the Issue Date, that a Capital Disqualification Event was unlikely to occur as a result of the matters discussed at chapter 19 (*Comparison of own funds in insurance and banking sectors*) and chapter 20 (*Capital instruments only eligible as tier 1 up to 20 per cent. of total tier 1*) of the EIOPA Advice Paper.
- (iii) The Issuer shall not be entitled to amend or otherwise vary the terms of the Notes or substitute the Notes unless it has notified the PRA in writing of its intention to do so not less than one month (or such other period as may be required by the PRA or the Relevant Rules at the relevant time) prior to the date on which such amendment, variation or substitution is to become effective and the Regulatory Clearance Condition has been satisfied in respect of such proposed amendment, variation or substitution.

A certificate signed by any two Directors to the Trustee confirming compliance with the relevant requirements set out above shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee, the Noteholders and all other interested parties. The Trustee shall be entitled to accept such certificate as sufficient evidence of such compliance and shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(l) *Compliance with stock exchange rules*

In connection with any substitution or variation of the Notes in accordance with Condition 8(g), 8(h) or 8(i), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

(m) *Purchases*

Provided that the Redemption and Purchase Conditions are met at the time of such purchase, the Issuer or any of the Issuer's Subsidiaries may purchase Notes in any manner and at any price. All Notes purchased by or on behalf of the Issuer or any Subsidiary of the Issuer may be held, reissued, resold or, at the option of the relevant purchaser, surrendered for cancellation to the Registrar.

(n) *Cancellations*

All Notes redeemed or substituted by the Issuer pursuant to this Condition 8, and all Notes purchased and surrendered for cancellation pursuant to Condition 8(m), will forthwith be cancelled. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(o) *Notices Final*

Subject to and without prejudice to the Redemption and Purchase Conditions and to Condition 8(d), any notice of redemption as is referred to in this Condition 8 shall, except in the circumstances described in the following paragraph of this Condition 8(o), be irrevocable and on the redemption, variation or (as the case may be) substitution date specified in such notice, the Issuer shall be bound to redeem or, as the case may be, vary or substitute the Notes in accordance with the terms of the relevant Condition.

The Issuer may not give a notice of redemption, substitution or variation of the Notes pursuant to this Condition 8 if a Trigger Event has occurred. If a Trigger Event occurs after a notice of redemption, substitution or variation has been given by the Issuer but before the relevant redemption, substitution or (as the case may be) variation date, such notice of redemption, substitution or variation (as applicable) shall automatically be revoked and be null and void and the relevant redemption, substitution or variation (as applicable) shall not be made or effected and the Notes shall be subject to Automatic Conversion in accordance with Condition 6.

## 9 Taxation

### (a) *Payment without withholding*

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by a Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts in relation to Interest Payments (“**Additional Amounts**”) (but not in respect of any payments of principal) as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

- (i) *Other connection*: held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or
- (ii) *Lawful avoidance of withholding*: held by, or by a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Certificate is presented for payment; or
- (iii) *Surrender more than 30 days after the Relevant Date*: where (in the case of an Interest Payment payable on redemption) the relevant Certificate representing such Note is surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Amounts on surrendering the Certificate representing such Note for payment on the last day of such period of 30 days; or
- (iv) Any combination: where such withholding or deduction arises out of any combination of paragraphs (i) to (iii) above.

“**Relevant Date**” means (i) in respect of any payment other than a sum to be paid by the Issuer in an Issuer Winding-Up, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender, and (ii) in respect of a sum to be paid by the Issuer in an Issuer Winding-Up,

the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up (or, in the case of an administration, one day prior to the date on which any dividend is distributed).

(b) *Additional Amounts*

Any reference in these Conditions to any amounts payable in respect of the Notes shall be deemed also to refer to any Additional Amounts which may be payable under this Condition 9 or under any undertakings given in addition to, or in substitution for, this Condition 9 pursuant to the Trust Deed.

## 10 Prescription

Claims against the Issuer in respect of principal and interest will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date.

## 11 Non-payment of principal when due

(a) *Proceedings for an Issuer Winding-Up*

If default is made by the Issuer for a period of 14 days or more in the payment of principal due in respect of the Notes or any of them the Trustee at its discretion may, and if so requested by Noteholders of at least one fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in each case subject to it having been indemnified and/or secured and/or pre-funded to its satisfaction) institute proceedings for an Issuer Winding-Up.

Subject to Condition 6, in the event of a winding-up or administration of the Issuer (whether or not instituted by the Trustee), the Trustee may prove in the winding-up or administration of the Issuer and/or (as the case may be) claim in the liquidation or administration of the Issuer, such claim being as provided in, and subordinated in the manner described in, Condition 3(b), but may take no further or other action to enforce, prove or claim for any payment by the Issuer in respect of the Notes or the Trust Deed.

(b) *Enforcement*

Without prejudice to Condition 11(a), the Trustee may at its discretion and without further notice institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed, including any payment of damages awarded for breach of any obligations thereunder) but in no event shall the Issuer, by virtue of the institution of any such proceedings or the taking of such steps or actions, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it. Nothing in this Condition 11(b) shall, however, prevent the Trustee or the Noteholders from pursuing the remedies to which they are entitled pursuant to Condition 11(a).

(c) *Entitlement of Trustee*

The Trustee shall not be bound to take any of the actions referred to in Condition 11(a) or 11(b) above against the Issuer to enforce the terms of the Trust Deed, the Notes or any other action under or pursuant to the Trust Deed unless (a) it shall have been so

directed by an Extraordinary Resolution of the Noteholders or requested in writing by the holders of at least one fifth in principal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(d) *Right of Noteholders*

No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or administration of the Issuer or claim in the liquidation or administration of the Issuer or to prove in such winding-up or administration of the Issuer unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or administration of the Issuer or claim in such liquidation or administration, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholders shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 11.

(e) *Extent of Noteholders' remedy*

No remedy against the Issuer, other than as referred to in this Condition 11, shall be available to the Trustee or the Noteholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

If the Issuer fails to issue and deliver the Conversion Shares to be issued and delivered on an Automatic Conversion to the Conversion Shares Depositary (or to the relevant recipient as contemplated in Condition 6) in accordance with these Conditions, a Noteholder's only right under the Notes against the Issuer for any such failure will be to claim to have such Conversion Shares issued and delivered in accordance with Condition 6.

Provided that the Issuer issues and delivers the Conversion Shares to the Conversion Shares Depositary (or to the relevant recipient as contemplated in Condition 6) in accordance with these Conditions, with effect from the Conversion Date, Noteholders shall have recourse only to the Conversion Shares Depositary (or to such other relevant recipient, as applicable) for the delivery to them of the Conversion Shares or the Conversion Shares Offer Consideration to which such Noteholders are entitled.

## **12 Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or other Transfer Agent (or any other place notice of which shall have been given in accordance with Condition 13) upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## **13 Notices**

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the Register. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given



on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

#### 14 Substitution of Issuer

(a) *Discretion to agree to substitution*

The Trust Deed contains provisions permitting the Trustee to agree, subject to (a) such substitution not being, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders, (b) certain additional conditions set out in the Trust Deed being satisfied and (c) such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders:

- (i) to the substitution of a successor in business (as defined in the Trust Deed) of the Issuer in place of the Issuer or any previous substitute under this Condition 14 as principal debtor under the Trust Deed and the Notes; or
- (ii) to the substitution of the Insurance Group Parent Entity in place of the Issuer or any previous substitute under this Condition 14 as principal debtor under the Trust Deed and the Notes; or
- (iii) (subject to the Notes becoming unconditionally and irrevocably guaranteed on a subordinated basis by the Issuer), to the substitution of a Subsidiary or parent company of the Issuer or its successor in business in place of the Issuer or any previous substitute under this Condition 14 as principal debtor under the Trust Deed and the Notes,

any such substitute, and any substitute pursuant to a Newco Scheme as described below, being a “**Substituted Obligor**”.

Any such substitution shall be subject to the Issuer having complied with the Regulatory Clearance Condition.

(b) *Mandatory substitutions*

If a Newco Scheme occurs, the Issuer may, without the consent of the Noteholders, at its option, procure that (pursuant to the Newco Scheme or otherwise) Newco is substituted under the Notes and the Trust Deed as Issuer in place of the Issuer (or any previous substitute therefor under this Condition 14), and upon such substitution all references to “the Issuer” hereunder will be construed as references to Newco and the obligations of the Issuer (or the relevant previous substitute) as issuer under the Notes and the Trust Deed will, without any further formality (including, without limitation, the execution of any agreement or deed) be terminated.

The Trustee shall (at the expense of the Issuer) use its reasonable endeavours to cooperate with the Issuer (including, but not limited to, entering into such documents or deeds (if any) as may be necessary) to give effect to such substitution.

Any such substitution shall be subject to the Issuer having complied with the Regulatory Clearance Condition.

(c) *Change in law*

In the case of any substitution pursuant to this Condition 14, the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or

the Trust Deed, provided that such change or the substitution would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) *Notice to Noteholders*

The Issuer will give notice of any substitution pursuant to this Condition 14 to Noteholders in accordance with Condition 13 as soon as reasonably practicable following such substitution.

## **15 Meetings of Noteholders, Modification, Waiver and Authorisation**

(a) *Meetings of Noteholders*

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee or Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which falls within the proviso to paragraph 3 of Schedule 3 to the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

The Trust Deed also provides that a written resolution executed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding or consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of holders of not less than 75 per cent. in principal amount of the Notes outstanding who would have been entitled to vote upon it if it had been proposed at a meeting at which they were present shall take effect as if it were an Extraordinary Resolution. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in connection with the substitution or variation of the Notes pursuant to Condition 8(g), 8(h) or 8(i) or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer or upon the substitution of a Newco pursuant to Condition 14 or any amendments to these Conditions and/or the Trust Deed pursuant to Condition 6(e).

(b) *Modification, waiver, authorisation and determination*

Without prejudice to Conditions 6(e) 8(g), 8(h), 8(i) and 14, the Trustee may agree, without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the

provisions of the Trust Deed: (i) which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or (ii) which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated. For the avoidance of doubt, such power shall not extend to any such modification as mentioned in the proviso to paragraph 3 of Schedule 3 to the Trust Deed unless required for the substitution or variation of the Notes pursuant to Condition 8(g), 8(h) or 8(i) or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer or upon the substitution of a Newco pursuant to Condition 14 or any amendments to these Conditions and/or the Trust Deed pursuant to Condition 6(e).

(c) *Trustee to have regard to interests of Noteholders as a class*

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution of obligor), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent provided for in Condition 9 and/or any undertaking given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

(d) *Notification to the Noteholders*

Any modification, abrogation, waiver, authorisation, determination or substitution pursuant to this Condition 15 shall be binding on the Noteholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

(e) *Notice to the PRA*

No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless the Issuer shall have first satisfied the Regulatory Clearance Condition.

## **16 Indemnification of the Trustee and its Contracting with the Issuer**

(a) *Indemnification of the Trustee*

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer and the Noteholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and

(ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

(b) *Trustee contracting with the Issuer*

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and/or any Substituted Obligor and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries and/or any Substituted Obligor, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

(c) *Reports and certificates*

The Trust Deed provides that the Trustee may rely and act upon the advice, opinion or report of or any information obtained from any lawyer, valuer, accountant (including the auditors of the Issuer), surveyor, banker, broker, auctioneer, or other expert (whether obtained by the Issuer, the Trustee or otherwise, whether or not addressed to the Trustee, and whether or not the advice, opinion, report or information, or any engagement letter or other related document, contains a monetary or other limit on liability or limits the scope and/or basis of such advice, opinion, report or information). The Trustee may also rely and act upon certificates and/or information addressed to it from, or delivered by, the Issuer, any Substituted Obligor or any one or more Directors or any Substituted Obligor or any of their respective auditors, liquidators, administrators or other insolvency officials. The Trustee will not be responsible to anyone for any liability occasioned by so relying and acting. Any such advice, opinion, information or certificate may be sent or obtained by letter, electronic communication or fax and the Trustee shall not be liable for acting in good faith on any advice, opinion, information or certificate purporting to be conveyed by such means even if it contains an error or is not authentic.

The Trustee shall have no responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with any non-payment of interest or other amounts by reason of Condition 3(d), 5, 6 or 8. Furthermore, the Trustee shall not be responsible for any calculation or the verification of any calculation in connection with the foregoing.

(d) *Trustee may refrain from acting*

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

## 17 Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding Notes. Any further notes which are to form a single series with the outstanding Notes may be constituted by a deed supplemental to the Trust Deed.

## 18 Governing Law

### (a) *Governing law*

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

### (b) *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings (but this is without prejudice to the rights of the Trustee or the Noteholders to commence Proceedings in any jurisdiction and/or concurrent Proceedings in one or more jurisdictions to the extent permitted by law).

## 19 Rights of Third Parties

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

## 20 Defined Terms

In these Conditions:

“**Additional Amounts**” has the meaning given to it in Condition 9;

“**Adjustment Event**” means the occurrence or existence at any relevant time of a subdivision, consolidation or reclassification of any ordinary shares of the Issuer or a free distribution or dividend of any ordinary shares of the Issuer to existing holders of ordinary shares by way of bonus, capitalisation or similar issue;

“**Agency Agreement**” has the meaning given in the preamble to these Conditions;

“**Agent Bank**” has the meaning given in the preamble to these Conditions;

“**Agents**” means the Principal Paying Agent, the Agent Bank, the Registrar and the Transfer Agents or any of them and shall include such other agents appointed from time to time under the Agency Agreement;

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

**“Automatic Conversion”** means the irrevocable and automatic (without the need for the consent of Noteholders or the Trustee) release by the Noteholders of all of the Issuer’s obligations under the Notes including, without limitation, the release of the full principal amount of each Note on a permanent basis in consideration of the Issuer’s issuance of the Conversion Shares to the Conversion Shares Depositary on behalf of the Noteholders (or to such other relevant recipient as contemplated in Condition 6) at the then prevailing Conversion Price, the cancellation of all accrued and unpaid interest and any other amounts (if any) arising under or in connection with the Notes and/or the Trust Deed;

**“Business Day”** means (i) except for the purposes of Conditions 2 and 7(d), a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are open for general business in London, (ii) for the purposes of Condition 2, a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in the city in which the specified office of the Registrar or Transfer Agent with whom a Certificate is deposited in connection with a transfer is located and (iii) for the purpose of Condition 7(d), a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in London and, in the case of surrender of a Certificate, in the place in which the Certificate is surrendered;

**“Calculation Amount”** means £1,000 in principal amount;

a **“Capital Disqualification Event”** shall be deemed to have occurred if at any time, as a result of any change to the Relevant Rules (or change to the interpretation of the Relevant Rules by any court or authority entitled to do so) the whole or any part of the principal amount of the Notes is no longer capable of counting as Tier 1 Capital for the purposes of (i) the Issuer on a solo, group or consolidated basis or (ii) the Insurance Group on a group or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital (other than a limitation derived from any transitional or grandfathering provisions under the Relevant Rules);

**“Certificate”** has the meaning given in Condition 1(a);

**“Companies Act”** means the Companies Act 2006 (as amended or re-enacted from time to time);

**“Conversion Date”** means the date specified in the Trigger Event Notice as the date on which the Automatic Conversion shall take place or has taken place;

**“Conversion Price”** means £1,000 per Conversion Share, subject to adjustment in accordance with Condition 6;

**“Conversion Shares”** means the ordinary shares of the Issuer currently with a nominal value of £0.10 each to be issued to the Conversion Shares Depositary (or to the relevant recipient in accordance with these Conditions) following an Automatic Conversion, which ordinary shares shall be in such number as is determined by dividing the aggregate principal amount of the Notes outstanding immediately prior to the Automatic Conversion on the Conversion Date by the Conversion Price on the Conversion Date rounded down, if necessary, to the nearest whole number of ordinary shares;

**“Conversion Shares Depositary”** means a financial institution, trust company, depositary entity, nominee entity or similar entity (which in each such case is wholly independent of the Issuer) to be appointed by the Issuer on or prior to any date when a function ascribed to the Conversion Shares Depositary in these Conditions is required to be performed, to perform such functions and which as a condition of such appointment, will be required to undertake, for the

benefit of the Noteholders, to hold the Conversion Shares on behalf of such Noteholders in one or more segregated accounts and, in any event, on terms consistent with these Conditions;

“**Conversion Shares Offer**” has the meaning given to it in Condition 6(c);

“**Conversion Shares Offer Consideration**” means, in respect of each Note and as determined by or on behalf of the Conversion Shares Depositary, (A) save where sub-paragraph (B) below applies, the *pro rata* share of the cash proceeds from the sale of such Conversion Shares attributable to such Note translated, if necessary, into sterling at a then prevailing rate of exchange on the last day of the Conversion Shares Offer (less any foreign exchange transaction costs) subject to deduction from any such cash proceeds of an amount equal to the *pro rata* share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the transfer of any interest in such Conversion Shares to the Conversion Shares Depositary (or its agent (if any)) as a consequence of the Conversion Shares Offer and (B) if following delivery of the Trigger Event Notice and prior to the commencement of the Conversion Shares Offer, a Holder duly gives notice to the Conversion Shares Depositary that it elects to receive the relevant Conversion Shares such that they are not eligible for inclusion in the Conversion Shares Offer, the Conversion Shares attributable to such Note (rounded down, if necessary, to the nearest whole number of Conversion Shares);

“**Current Market Price**” means, in respect of a Conversion Share, (a) the average of the daily volume weighted average prices of an Ordinary Share on each of the five consecutive dealing days as published by or derived from Bloomberg page HP (or any successor page) (using the setting “Weighted Average Line” or any successor setting) in respect of such ordinary shares on such day or, if such price is not available from Bloomberg as aforesaid, in any such case, such other source as shall be determined in good faith to be appropriate by the Conversion Shares Depositary or (b) if the ordinary shares of the Issuer are not admitted to trading on the London Stock Exchange’s regulated market or (in the sole determination of the Conversion Shares Depositary) another regularly operating, internationally recognised stock exchange in the United Kingdom or the EEA at such time, the fair market value of such ordinary shares as determined in good faith by an Independent Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per ordinary share, the dividend yield of an ordinary share, the volatility of such market price and prevailing interest rates;

“**Directors**” means the directors of the Issuer or a Substituted Obligor (as the case may be) from time to time;

“**Distributable Items**” means, subject as otherwise defined from time to time in the Relevant Rules, with respect to and as at any Interest Payment Date, without double-counting, an amount equal to:

- (a) the Distributable Profits of the Issuer, calculated on an unconsolidated basis, as at the last day of the then most recently ended financial year of the Issuer; plus
- (b) the interim retained earnings (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer’s then latest financial year end to (but excluding) such Interest Payment Date; less
- (c) the interim net loss (if any) of the Issuer, calculated on an unconsolidated basis, for the period from the Issuer’s then latest financial year end to (but excluding) such Interest Payment Date;

**“Distributable Profits”** has the meaning given to such term under section 736 of the Companies Act, or (where any Substituted Obligor is not a United Kingdom company) the relevant provision under the law of the jurisdiction of incorporation of the Issuer or (in each case) any equivalent or replacement provision;

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

**“EIOPA”** means the European Insurance and Occupational Pensions Authority;

**“EIOPA Advice Paper”** means the paper published by the European Insurance and Occupational Pensions Authority on 28 February 2018 entitled *“EIOPA’s second set of advice to the European Commission on specific items in the Solvency II Delegated Regulation”* (EIOPA-BoS-18/075);

**“Exempt Newco Scheme”** means a Newco Scheme where, immediately after completion of the relevant Scheme of Arrangement, the ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are admitted to trading on the London Stock Exchange’s regulated market (for the purposes of Directive 2014/65/EU as implemented into United Kingdom law, amended or replaced) or such other regularly operating, internationally recognised stock exchange in the EEA as nominated by the Issuer or Newco;

**“Existing Shareholders”** has the meaning ascribed to it in the definition of Newco Scheme;

**“Extraordinary Resolution”** has the meaning given in the Trust Deed;

**“First Call Date”** means 26 April 2028;

**“Group Insurance Undertaking”** means an insurance undertaking whose data is included for the purposes of the calculation of the Solvency Capital Requirement of the Insurance Group pursuant to the Relevant Rules;

**“Independent Adviser”** means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense;

**“Initial Fixed Interest Rate”** has the meaning given to it in Condition 4(c);

**“Initial Fixed Rate Interest Period”** means the period from (and including) the Issue Date to (but excluding) the First Call Date;

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

- (a) the winding-up of any Group Insurance Undertaking; or
- (b) the appointment of an administrator of any Group Insurance Undertaking,

in each case where the Issuer has determined, acting reasonably, that all Policyholder Claims of the policyholders or beneficiaries under contracts of insurance of that Group Insurance Undertaking may or will not be met in full;

**“Insurance Group”** means the Insurance Group Parent Entity and its Subsidiaries;

**“Insurance Group Parent Entity”** means the Issuer or any Subsidiary or parent company of the Issuer which from time to time constitutes the highest entity in the relevant insurance group for which supervision of group capital resources or solvency is required pursuant to the Regulatory Capital Requirements in force from time to time;



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

**“Interest Payment”** means, in respect of any Interest Payment Date, the amount of interest which is (or would, but for cancellation in accordance with these Conditions, be) due and payable on such Interest Payment Date;

**“Interest Payment Date”** means 26 October and 26 April in each year, commencing on 26 October 2018;

**“Interest Period”** means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date;

**“Interest Rate”** means the Initial Fixed Interest Rate and/or the applicable Reset Rate of Interest, as the case may be;

**“Issue Date”** means 26 April 2018;

**“Issuer”** has the meaning given in the preamble to these Conditions;

**“Issuer Winding-Up”** means:

- (a) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, (A) a solvent winding-up solely for the purpose of a reconstruction or amalgamation, the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution and do not provide that the Notes or any amount in respect thereof shall thereby become payable or (B) the substitution in place of the Issuer of a successor in business of the Issuer in accordance with the provisions of Condition 14); or
- (b) an administrator of the Issuer is appointed and such administrator gives notice that it intends to declare and distribute a dividend or other distribution of the assets of the Issuer;

**“Level 2 Regulations”** means the Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council of the European Union on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), as amended;

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

**“London Stock Exchange”** means the London Stock Exchange plc;

**“Mandatory Interest Cancellation Event”** has the meaning given to such term in Condition 5(b);

**“Margin”** means 4.169 per cent.;

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

**“Member State”** means a member of the European Economic Area;

**“Newco”** has the meaning ascribed to it in the definition of Newco Scheme;

**“Newco Scheme”** means a scheme of arrangement or analogous proceeding (**“Scheme of Arrangement”**) which effects the interposition of a limited liability company (**“Newco”**) between the shareholders of the Issuer immediately prior to the Scheme of Arrangement (the **“Existing Shareholders”**) and the Issuer; provided that (i) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are issued to Existing Shareholders; (ii) immediately after completion of the Scheme of Arrangement the only holders of ordinary shares, units or equivalent of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco, are Existing Shareholders holding in the same proportions as immediately prior to completion of the Scheme of Arrangement; (iii) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder of the Issuer; (iv) all Subsidiaries of the Issuer immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after completion of the Scheme of Arrangement; and (v) immediately after completion of the Scheme of Arrangement the Issuer (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the Issuer immediately prior to the Scheme of Arrangement;

**“Noteholder”** has the meaning given in Condition 1(b);

**“Notes”** has the meaning given in the preamble to these Conditions;

**“Notional Preference Shares”** has the meaning given to such term in Condition 3(b);

**“Own Fund Items”** means any own fund item referred to in the Relevant Rules;

**“Paying Agents”** has the meaning given in the preamble to these Conditions;

**“Policyholder Claims”** means claims of policyholders or beneficiaries under contracts of insurance in a winding-up, liquidation or administration of a Group Insurance Undertaking to the extent that those claims relate to any debt to which the Group Insurance Undertaking is, or may become, liable to a policyholder or such a beneficiary pursuant to a contract of insurance, including all amounts to which policyholders or such beneficiaries are entitled under applicable legislation or rules relating to the winding-up or administration of insurance companies to reflect any right to receive, or expectation of receiving, benefits which such policyholders or such beneficiaries may have;

**“PRA”** means the Bank of England acting as the United Kingdom Prudential Regulation Authority through its Prudential Regulation Committee or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Issuer, the Insurance Group and/or the Insurance Group Parent Entity;

**“Principal Paying Agent”** has the meaning given in the preamble to these Conditions;

**“Proceedings”** has the meaning given to it in 18(b);

**“Qualifying Securities”** means securities issued by the Issuer or another entity that:

- (a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an independent investment bank of international standing or independent financial adviser of international standing, and provided that a certification to such effect (including as to the consultation with the independent investment bank or independent financial adviser and in respect of the matters specified in (b) below) signed by two Directors shall have been delivered to the

Trustee (upon which the Trustee shall be entitled to rely absolutely without liability to any person and without any obligation to verify or investigate the accuracy thereof) prior to the issue of the relevant securities);

- (b) (subject to (a) above) shall (1) contain terms which comply with the then current requirements of the Relevant Rules in relation to Tier 1 Capital; (2) bear the same rate of interest from time to time applying to the Notes and preserve the same Interest Payment Dates; (3) rank *pari passu* with the ranking of the Notes; (4) preserve the obligations of (including obligations arising from the exercise of any rights of) the Issuer as to redemption of the Notes, including as to the timing of, and amounts payable upon redemption of the Notes and provided that such Qualifying Securities may not be redeemed by the Issuer prior to the First Call Date except in circumstances analogous to those referred to in Condition 8(g), 8(h) or 8(i) of the Notes; (5) contain terms providing for the cancellation and/or suspension of payments of interest or principal only if such terms are not materially less favourable to an investor than the cancellation and/or suspension provisions, respectively, contained in the terms of the Notes and (6) preserve any existing rights under these Conditions to any accrued interest which has accrued to Noteholders but not been paid (but without prejudice to any right of the Issuer subsequently to cancel any such rights so preserved in accordance with the terms of the Qualifying Tier 1 Notes); and
- (c) are listed or admitted to trading on the London Stock Exchange's regulated market (for the purposes of Directive 2014/65/EU) or such other regularly operating, internationally recognised stock exchange in the EEA as selected by the Issuer and approved by the Trustee;

**"Rating Agency"** means Fitch Ratings Limited or any affiliate of or successor thereto;

**"Rating Agency Compliant Securities"** means securities which are (i) Qualifying Securities and (ii) assigned substantially the same "equity credit" (or such other nomenclature as may be used by the Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of an issuer's senior obligations in terms of either leverage or total capital) or, at the absolute discretion of the Issuer, a lower "equity credit" (provided such "equity credit" is still higher than the "equity credit" assigned to the Notes immediately after the occurrence of the Ratings Methodology Event) as that which was assigned by the Rating Agency or its predecessor to the Notes on or around the Issue Date and provided that a certification to such effect signed by two Directors shall have been delivered to the Trustee prior to the issue of the relevant securities (upon which the Trustee shall be entitled to rely absolutely without liability to any person and without any obligation to verify or investigate the accuracy thereof);

a **"Ratings Methodology Event"** will be deemed to occur if at any time there occurs a change in (or clarification to) the methodology of the Rating Agency (or in the interpretation of such methodology) as a result of which the "equity credit" (or such other nomenclature as may be used by the Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of an issuer's senior obligations in terms of either leverage or total capital) assigned by the Rating Agency to the Notes is, as notified by the Rating Agency to the Issuer or as published by the Rating Agency, reduced when compared to the "equity credit" assigned by the Rating Agency or its predecessor to the Notes on or around the Issue Date;

**"Record Date"** has the meaning given to such term in Condition 7(a);

**“Redemption and Purchase Conditions”** has the meaning given to such term in Condition 8(b);

**“Register”** has the meaning given in Condition 1(a);

**“Registrar”** has the meaning given in the preamble to these Conditions;

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

**“Regulatory Clearance Condition”** means, in respect of any proposed act on the part of the Issuer, the PRA having approved, granted permission for, consented to, or provided a non-objection to and having not withdrawn its approval, permission or consent to, such act (in any case only if and to the extent such approval, permission, consent or non-objection is required by the PRA, the Relevant Rules or any other applicable rules of the PRA at the relevant time);

**“Relevant Date”** has the meaning given in Condition 9(a);

**“Relevant Jurisdiction”** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject to tax in respect of payments made by it of principal and/or interest on the Notes;

**“Relevant Rules”** means, at any time, any legislation, rules or regulations (whether having the force of law or otherwise) then applying to the Issuer, the Insurance Group Parent Entity or the Insurance Group relating to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing) and without limitation to the foregoing, includes (to the extent then applying as aforesaid) Solvency II and any legislation, rules or regulations of the PRA relating to such matters; and references in these Conditions to any matter, action or condition being required or permitted by, or in accordance with, the Relevant Rules shall be construed in the context of the Relevant Rules as they apply to Tier 1 Capital and on the basis that the Notes are intended to continue to have the characteristics of Tier 1 Capital under the Relevant Rules notwithstanding the occurrence of a Capital Disqualification Event;

**“Reset Date”** means the First Call Date and each fifth anniversary of the First Call Date thereafter;

**“Reset Determination Date”** means, in respect of a Reset Period, the second Business Day prior to the first day of such Reset Period unless such day is not a Business Day, in which case it shall mean the immediately preceding Business Day;

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

**“Reset Rate of Interest”** has the meaning given to it in Condition 4(d);

**“Reset Reference Banks”** means five brokers of gilts and/or gilt-edged market makers selected by the Issuer;

**“Reset Reference Rate”** means in respect of a Reset Period, the gross redemption yield (as 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 5, Section One:

Price/Yield Formulae “Conventional Gilts”; Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date (published 8 June 1998, as amended or updated from time to time) or if such basis is no longer in customary market usage at such time, in accordance with generally accepted market practice at such time, on a semi-annual compounding basis (rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for the purpose of determining the gross redemption yield being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reset Reference Banks at 11.00 a.m. (London time) on the Reset Determination Date in respect of such Reset Period on a dealing basis for settlement on the next following dealing day in London. Such quotations shall be obtained by or on behalf of the Issuer and provided to the Agent Bank. If at least four quotations are provided, the Reset Reference Rate will be determined by reference to the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Rate will be determined by reference to the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Rate will be determined by reference to the rounded quotation provided. If no quotations are provided, the Reset Reference Rate will be the previous Reset Reference Rate or (in the case of the first Reset Period) 1.581 per cent., where:

“**Benchmark Gilt**” means, in respect of a Reset Period, such United Kingdom government security customarily used in the pricing of new issues with a similar tenor having a maturity date on or about the last day of such Reset Period as the Issuer (on the advice of an investment bank of international repute) may determine to be appropriate following any guidance published by the International Capital Market Association at the relevant time (if any); and

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

“**Scheme of Arrangement**” has the meaning ascribed to it in the definition of Newco Scheme;

“**Senior Creditors**” means creditors of the Issuer:

- (a) who are unsubordinated creditors including all policyholders (if any) or beneficiaries under contracts of insurance of the Issuer (if any);
- (b) whose claims constitute upon issue or would, but for any applicable limitation on the amount of such capital, constitute, Tier 2 Capital or Tier 3 Capital of the Issuer;
- (c) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up or administration of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer but not further or otherwise; or
- (d) whose claims are, or are expressed to be, junior to the claims of other creditors of the Issuer, whether subordinated or unsubordinated, other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the holders of the Notes in a winding-up or administration of the Issuer occurring prior to a Trigger Event;

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

regulation (including, without limitation, the Level 2 Regulations), a directive, application of relevant EIOPA guidelines or otherwise);

“**Solvency II Directive**” means Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended);

“**Solvency Capital Requirement**” means the solvency capital requirement of the Issuer or the group solvency capital requirement of the Insurance Group referred to in Solvency II (howsoever described or defined in Solvency II) or any other solvency capital requirement, group solvency capital requirement or any other equivalent capital requirement relating to the Issuer or the Insurance Group (other than the Minimum Capital Requirement) howsoever described in the Relevant Rules;

“**Solvency Condition**” has the meaning given in Condition 3(d);

“**sterling**” or “**£**” means the lawful currency of the United Kingdom from time to time;

“**Subsidiary**” has the meaning given to that term under section 1159 of the Companies Act;

“**Substituted Obligor**” has the meaning given in Condition 14(a);

“**successor in business**” has the meaning, with respect to the Issuer, given in the Trust Deed;

a “**Tax Event**” is deemed to have occurred if as a result of a Tax Law Change:

- (a) in making any Interest Payments on the Notes, the Issuer will or would on the next Interest Payment Date be required to pay Additional Amounts; or
- (b) the Issuer is no longer entitled to claim a deduction in respect of any Interest Payments in respect of the Notes in computing its taxation liabilities or the amount of such deduction is reduced in the Relevant Jurisdiction; or
- (c) the Notes are prevented from being treated as loan relationships for United Kingdom tax purposes; or
- (d) in respect of an Interest Payment, the Issuer would not to any material extent be able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date of issue of the Notes or any similar system or systems having like effect as may from time to time exist); or
- (e) the Notes or any part thereof are treated as a derivative or an embedded derivative for United Kingdom tax purposes; or
- (f) the Issuer would be subject to a tax liability in a Relevant Jurisdiction, or the receipt of income or profit would be subject to tax in a Relevant Jurisdiction, if a Trigger Event or an Automatic Conversion were to occur; or
- (g) the Issuer suffers or would suffer any other material adverse tax consequence in connection with the Notes in a Relevant Jurisdiction,

and, in any such case the Issuer could not avoid the foregoing by taking measures reasonably available to it;

“**Tax Law Change**” means a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change

in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions, which change or amendment (x) (subject to (y)) becomes effective on or after the Issue Date, or (y) in the case of a change in law, is enacted on or after the Issue Date;

**“Tier 1 Capital”** has the meaning given to such term by the Relevant Rules from time to time;

**“Tier 2 Capital”** has the meaning given to such term by the Relevant Rules from time to time;

**“Tier 3 Capital”** has the meaning given to such term by the Relevant Rules from time to time;

**“Tier 1 Own Funds”** means subordinated notes, ordinary shares or any other share capital of any class which constitute Tier 1 Capital for the purposes of the Issuer or the Insurance Group, whether on a solo, group or consolidated basis;

**“Transfer Agent”** has the meaning ascribed to it in the preamble to the Conditions;

a **“Trigger Event”** shall occur if at any time:

- (a) the amount of Own Fund Items eligible to cover the Solvency Capital Requirement is equal to or less than 75 per cent. of the Solvency Capital Requirement;
- (b) the amount of Own Fund Items eligible to cover the Minimum Capital Requirement is equal to or less than the Minimum Capital Requirement; or
- (c) a breach of the Solvency Capital Requirement has occurred and such breach has not been remedied within a period of three months from the date on which the breach was first observed;

**“Trigger Event Notice”** means the notice referred to as such in Condition 6 which shall be given by the Issuer to the Noteholders, in accordance with Condition 13, the Trustee, the Registrar, the Principal Paying Agent and the PRA, and which shall state with reasonable detail (i) the nature of the relevant Trigger Event, (ii) the basis of its calculation, (iii) the prevailing Conversion Price, (iv) the relevant Conversion Date (which may be a date prior to or following the date of the Trigger Event Notice) and (v) details of the Conversion Shares Depositary, (vi) details of the Conversion Shares Offer (if one is expected to occur) and (vii) details of how to give notices required or permitted by these Conditions to the Conversion Shares Depositary;

**“Trust Deed”** has the meaning given in the preamble to these Conditions; and

**“Trustee”** has the meaning given in the preamble to these Conditions.

**PRINCIPAL PAYING AGENT AND TRANSFER AGENT**

**Citibank, N.A., London Branch**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**REGISTRAR**

**Citigroup Global Markets Europe AG**

Reuterweg 16  
60323 Frankfurt  
Germany



## Schedule 3 Provisions for Meetings of Noteholders

### Interpretation

- 1 In this Schedule:
- 1.1 references to a “**meeting**” are to a meeting of Noteholders and include, unless the context otherwise requires, any adjournment of such meeting;
- 1.2 “**agent**” means a proxy or a representative;
- 1.3 “**Alternative Clearing System**” has the meaning given in the Global Certificate;
- 1.4 “**Electronic Consent**” has the meaning set out in Paragraph 21;
- 1.5 “**Extraordinary Resolution**” means a resolution passed (A) at a meeting duly convened and held in accordance with this Trust Deed by a majority of at least 75 per cent. of the votes cast, (B) by a Written Resolution or (C) by an Electronic Consent;
- 1.6 references to “**persons representing a proportion of the Notes**” are to Noteholders or agents holding or representing in the aggregate at least that proportion in principal amount of the Notes for the time being outstanding; and
- 1.7 “**Written Resolution**” means a resolution in writing signed by the holders of not less than 75 per cent. in principal amount of the Notes outstanding.

### Appointment of Proxy or Representative

- 2 A proxy or representative may be appointed in the following circumstances:
- 2.1 A holder of Notes may, by an instrument in writing in the English language (a “**form of proxy**”) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar (or the Principal Paying Agent on its behalf) or other Transfer Agent not less than 48 hours before the time fixed for the relevant meeting, appoint any person (a “**proxy**”) to act on his or its behalf in connection with any meeting of the Noteholders and any adjourned such meeting.
- 2.2 Any holder of Notes which is a corporation may, by delivering to any Agent not later than 48 hours before the time fixed for any meeting a resolution of its directors or other governing body, authorise any person to act as its representative (a “**representative**”) in connection with any meeting of the Noteholders and any adjourned such meeting.
- 2.3 If the holder of a Note is an Alternative Clearing System or a nominee of an Alternative Clearing System and the rules or procedures of such Alternative Clearing System so require, such nominee or Alternative Clearing System may appoint proxies in accordance with, and in the form used, by such Alternative Clearing System as part of its usual procedures from time to time in relation to meetings of Noteholders. Any proxy so appointed may, by an instrument in writing in the English language in the form available from the specified office of the Registrar (or the Principal Paying Agent on its behalf), or in such other form as may have been approved by the Trustee at least seven days before the date fixed for a meeting, signed by the proxy or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and

delivered to the Registrar (or the Principal Paying Agent on its behalf) not later than 48 hours before the time fixed for any meeting, appoint the Principal Paying Agent or any employee of it nominated by it (the “**sub-proxy**”) to act on his or its behalf in connection with any meeting or proposed meeting of Noteholders. All references to “**proxy**” or “**proxies**” in this schedule other than in this Paragraph 2.3 shall be read so as to include references to “**sub-proxy**” or “**sub-proxies**”.

- 2.4** For so long as the Notes are eligible for settlement through an Alternative Clearing System’s book-entry settlement system and the rules or procedures of such Alternative Clearing System so require, the Issuer may fix a record date for the purpose of any meeting, provided such record date is no more than 10 days prior to the date fixed for such meeting which shall be specified in the notice convening the meeting.
- 2.5** Any proxy appointed pursuant to Paragraph 2.1 or 2.3 above or representative appointed pursuant to Paragraph 2.2 above shall, so long as such appointment remains in full force, be deemed, for all purposes in connection with the relevant meeting or adjourned meeting of the Noteholders, to be the holder of the Notes to which such appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder or owner, respectively.

### **Powers of Meetings**

- 3** A meeting shall, subject to the Conditions and without prejudice to any powers conferred on other persons by this Trust Deed, have power by Extraordinary Resolution:
- 3.1** to sanction any proposal by the Issuer or the Trustee for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer, whether or not those rights arise under this Trust Deed;
- 3.2** to sanction the exchange or substitution for the Notes of, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other entity;
- 3.3** to assent to any modification of this Trust Deed or the Notes proposed by the Issuer or the Trustee;
- 3.4** to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;
- 3.5** to give any authority, direction or sanction required to be given by Extraordinary Resolution;
- 3.6** to appoint any persons (whether Noteholders or not) as a committee or committees to represent the Noteholders’ interests and to confer on them any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;
- 3.7** to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of this Trust Deed or the Notes;
- 3.8** to approve a proposed new Trustee and to remove a Trustee;
- 3.9** to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under this Trust Deed and, for the avoidance of doubt, nothing in this paragraph shall be interpreted to mean that the consent of Noteholders is required in relation to any substitution that the Trustee is obliged to agree to or may otherwise agree to under Clause 14.2; and

**3.10** to discharge or exonerate the Trustee from any liability in respect of any act or omission for which it may become responsible under this Trust Deed or the Notes,

provided that the special quorum provisions in Paragraph 10 shall apply to any Extraordinary Resolution (a “**special quorum resolution**”) for the purpose of Paragraph 3.2 or 3.8 or for the purpose of making a modification to this Trust Deed or the Notes which would have the effect of:

- (a) modifying any date of optional redemption on the Notes or the dates on which interest is payable on them;
- (b) reducing or cancelling the principal amount of, or interest on, the Notes, save as provided in the Conditions or varying the method or basis of calculating the rate or rates or amount of interest or the basis for calculating the amounts of any interest in respect of the Notes;
- (c) amending the status or subordination of the Notes;
- (d) changing the currency of payment of the Notes;
- (e) modifying the provisions in this schedule concerning the quorum required at a meeting or the majority required to pass an Extraordinary Resolution;
- (f) varying the definition of Trigger Event; or
- (g) amending this proviso.

### **Convening a Meeting**

**4** The Issuer or the Trustee may at any time convene a meeting. If it receives a written request by Noteholders holding at least 10 per cent. in principal amount of the Notes for the time being outstanding and is indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses, the Trustee shall convene a meeting. Every meeting shall be held at a time and place approved by the Trustee.

**5** At least 21 days’ notice (exclusive of the day on which the notice is given and of the day of the meeting) shall be given to the Noteholders. A copy of the notice shall be given by the party convening the meeting to the other parties. The notice shall specify the day, time and place of the meeting and, unless the Trustee otherwise agrees, the nature of the resolutions to be proposed and shall explain how Noteholders may appoint proxies or representatives and the details of the time limits applicable.

### **Chairman**

**6** The chairman of a meeting shall be such person as the Trustee may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes from the time fixed for the meeting, the Noteholders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman.

**7** The chairman may, but need not, be a Noteholder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.

## Attendance

- 8 The following may attend and speak at a meeting:
- 8.1 Noteholders and agents;
  - 8.2 the chairman;
  - 8.3 the Issuer and the Trustee (through their respective representatives) and their respective financial and legal advisers; and
  - 8.4 any other person approved by the meeting or the Trustee.

No one else may attend or speak.

## Quorum and Adjournment

- 9 No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Noteholders or if the Issuer and the Trustee agree, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.
- 10 One or more Noteholders or agents present in person shall be a quorum:
- 10.1 in the cases marked “**No minimum proportion**” in the table below, whatever the proportion of the Notes which they represent; and
  - 10.2 in any other case, only if they represent the proportion of the Notes shown by the table below:

Column 1	Column 2	Column 3
Purpose of meeting	Any meeting except one referred to in column 3	Meeting previously adjourned through want of a quorum
	Required proportion	Required proportion
To pass a special quorum resolution	Two thirds of the principal amount of the Notes	One third of the principal amount of the Notes
To pass any other Extraordinary Resolution	A clear majority	No minimum proportion
Any other purpose	10 per cent.	No minimum proportion

- 11 The chairman may, with the consent of (and shall if directed by) a meeting, adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this Paragraph 11 or Paragraph 9.
- 12 At least 10 days’ notice of a meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and that notice shall state the quorum required

at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

## **Voting**

- 13** Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer, the Trustee or one or more persons representing two per cent. of the Notes.
- 14** Unless a poll is demanded, a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.
- 15** If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.
- 16** A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.
- 17** On a show of hands, every person who is present in person and who produces a Note or is a proxy has one vote. On a poll, every such person has one vote for £1,000 in principal amount of Notes so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.
- 18** In case of equality of votes, the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

## **Effect and Publication of an Extraordinary Resolution**

- 19** An Extraordinary Resolution shall be binding on all the Noteholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution to Noteholders within 14 days but failure to do so shall not invalidate the resolution.

## **Minutes**

- 20** Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved, every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

## **Written Resolutions and Electronic Consent**

- 21** Subject to this Paragraph 21, a Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

For so long as the Notes are in the form of a Global Certificate registered in the name of any nominee for one or more of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System, then, in respect of any resolution proposed by the Issuer or the Trustee:

- 21.1** where the terms of the proposed resolution have been notified to the Noteholders through the relevant clearing system(s), both the Issuer and the Trustee shall be entitled to rely upon approval of such resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding (“**Electronic Consent**”). Neither the Issuer nor the Trustee shall be liable or responsible to anyone for such reliance; and
- 21.2** where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer has obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. As used in this Paragraph 21.2, “**commercially reasonable evidence**” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

A Written Resolution and/or Electronic Consent shall take effect as an Extraordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Noteholders, whether or not they participated in such Written Resolution and/or Electronic Consent.

### **Trustee’s Power to Prescribe Regulations**

- 22** Subject to all other provisions in this Trust Deed, the Trustee may, without the consent of the Noteholders, prescribe such further regulations regarding the holding of meetings and attendance and voting at them as it in its sole discretion determines including (without limitation) such requirements as the Trustee thinks reasonable to satisfy itself that the

persons who purport to make any requisition in accordance with this Trust Deed are entitled to do so and to satisfy itself that persons who purport to attend or vote at a meeting are entitled to do so.

**Schedule 4**  
**Form of Directors' Certificate**

*[on the headed paper of the Issuer]*

To: Citibank, N.A., London Branch  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

27 October 2020

Dear Sirs

**Phoenix Group Holdings plc £500,000,000 Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes**

This certificate is delivered to you in accordance with Clause 8.5 of the Trust Deed dated 27 October 2020 and amended and restated on 12 December 2018 (the “**Trust Deed**”) and made between Phoenix Group Holdings plc (the “**Issuer**”) and Citibank, N.A., London Branch (the “**Trustee**”). All words and expressions defined in the Trust Deed shall (save as otherwise provided herein or unless the context otherwise requires) have the same meanings herein.

The undersigned, having made all reasonable enquiries to the best of their knowledge, information and belief:

- (a) As at [●]<sup>1</sup>, there has not been an Issuer Winding-Up or any non-payment of sums when due in respect of the Notes (as provided in Condition 11) [other than [●]]<sup>2</sup> and no such event has occurred at any time since [●]<sup>3</sup> [the Certification Date (as defined in the Trust Deed) of the last certificate delivered under Clause 8.5<sup>4</sup>]/[the date of this Trust Deed] [other than [●]]<sup>5</sup>; and
- (b) From and including [●]<sup>3</sup> [the Certification Date of the last certificate delivered under Clause 8.5<sup>4</sup>]/[the date of this Trust Deed] to and including [●]<sup>1</sup>, the [Issuer] confirms that there has been no breach in respect of its obligations under the Trust Deed [other than [●]]<sup>6</sup>.

For and on behalf of

**Director**

**Director**

---

<sup>1</sup> Specify a date not more than 5 days before the date of delivery of the certificate.

<sup>2</sup> If any Issuer Winding-Up or non-payment event did exist, give details; otherwise delete.

<sup>3</sup> Insert date of Trust Deed in respect of the first certificate delivered under Clause 8.5, otherwise delete.

<sup>4</sup> Include unless the certificate is the first certificate delivered under Clause 8.5, in which case delete.

<sup>5</sup> If any Issuer Winding-Up or non-payment event did exist, give details; otherwise delete.

<sup>6</sup> If the Issuer has failed to comply with any obligation(s), give details; otherwise delete.

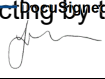
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**This Trust Deed** is delivered on the date stated at the beginning.

**EXECUTED** as a **DEED** by **PHOENIX GROUP HOLDINGS PLC**

acting by two directors

  
\_\_\_\_\_ Signature of director  
F6607621210E455...

Rakesh Thakrar Name of director

DocuSigned by:  
  
\_\_\_\_\_ Signature of director  
ADA1DED692F942B...

Andy Briggs Name of director

**EXECUTED AND DELIVERED AS A DEED**

**BY CITIBANK, N.A., LONDON BRANCH:**

By:



Title:

Georgia Mitchell  
Vice President