

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.

ISIN: XS0103338496

**BG TRANSCO HOLDINGS plc**  
**(Incorporated with limited liability in England and Wales)**  
**£ 503,078,000**  
**7.0 per cent. Fixed Rate Bonds due 2024**

**Global Bond**

This is to certify that the bearer is entitled to the principal amount referred to in the next paragraph not exceeding

FIVE HUNDRED AND THREE MILLION AND SEVENTY EIGHT  
THOUSAND POUNDS STERLING

on 16 December 2024 (or such earlier date as such principal sum may become payable in accordance with the terms and conditions (the "Conditions") of the Bonds designated above (the "Bonds") set out in Schedule A upon presentation and surrender of this Global Bond and to interest at the rate of 7.0 per cent per annum on such principal sum in arrear on each Interest Payment Date in accordance with the Conditions. This Global Bond is issued subject to, and with the benefit of, the Trust Deed dated 14 December 1999 (the "Trust Deed") between BG Transco Holdings plc (the "Issuer") and The Bank of New York as trustee (the "Trustee").

The aggregate principal amount from time to time of this Global Bond shall be that amount not exceeding £503,078,000 as shall be shown by the latest entry in the fourth column of Schedule B, which shall be completed by or on behalf of the Principal Paying Agent upon the redemption or purchase and cancellation of Bonds represented by this Global Bond or exchange for Registered Bonds as described below. Schedule C shall be completed by or on behalf of the Principal Paying Agent in relation to payments of interest on this Global Bond.

This Global Bond is exchangeable in whole but not in part (free of charge to the holder) for Registered Bonds if: (i) Euroclear or Cedelbank (or any alternative clearing system on behalf of which the Global Receipt (as defined below) may be held) is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so by the holder giving notice to the Principal Paying Agent; or (ii) the Issuer would suffer a material disadvantage in respect of the Bonds as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 8 which would not be suffered were the Bonds in definitive registered form, a certificate to that effect signed by a Director of the Issuer is delivered to the Trustee and the Issuer gives notice to the Principal Paying Agent and the Bondholders of its intention to exchange the Global Bond for Registered Bonds; or (iii) the Depository (as defined below) notifies the Issuer that it is at any time unwilling or unable to continue to act as Depository and a successor is not appointed within 90 days by the holder giving notice to the Principal Paying Agent. "Global Receipt" and "Depository" have the meanings given to those terms in the Deposit Agreement dated 14 December 1999 between the Issuer and Royal Bank of Canada (CI) Limited relating to the Global Bonds.

On or after the Exchange Date the holder of this Global Bond may surrender this Global Bond to or to the order of the Principal Paying Agent. In exchange for this Global Bond, the Issuer shall deliver, or

procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive certificates representing Registered Bonds in registered form issued to and delivered to such persons and registered in such name or names as the holder of this Global Bond shall instruct the Issuer.

**"Exchange Date"** means a day falling not less than 60 days after the date on which the Issuer gives notice to the Trustee and the Bondholders of the issue of Registered Bonds and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the case of exchange on the grounds specified in (ii) and (iii) above on which Euroclear and Cedel are open.

Except as otherwise described in this Global Bond, this Global Bond is subject to the Conditions and the Trust Deed and, until it is exchanged for Registered Bonds, its holder shall be entitled to the same benefits as if it were the holder of the Registered Bonds for which it may be exchanged and as if such Registered Bonds had been issued on the date of this Global Bond.

This Global Bond shall not be valid or become obligatory for any purpose until authenticated by or on behalf of the Principal Paying Agent.

This Global Bond shall be governed by and construed in accordance with English law (except provisions relating to the U.S. Trust Indenture Act 1939, as amended, which will be governed by that act).

In witness of which the Issuer has caused this Global Bond to be signed on its behalf.

Dated 14 December 1999

**BG TRANSCO HOLDINGS plc**

By: P. HAMPTON

This Global Bond is authenticated by or on behalf of the Principal Paying Agent.

By:

D. HALL

.....

Authorised Signatory

**Schedule A**  
**Terms and Conditions of the Bonds**

## **Schedule A**

### **Terms and Conditions of the Bonds**

The up to £503 255 000 7.0 per cent. Fixed Rate Bonds due 2024 (together with any further bonds constituted pursuant to Condition 10 and forming a single series with them, the 'Fixed Rate Bonds') of BG Transco Holdings plc (the 'Issuer') form a series of Fixed Rate Bonds constituted by a trust deed dated 14 December 1999 (the 'Trust Deed') and made between the Issuer and The Bank of New York (the 'Trustee', which includes all persons for the time being the trustee or trustees of the Trust Deed (as defined below)). The Trustee shall act as trustee for the holders (as defined below) of the Fixed Rate Bonds in accordance with the provisions of the Trust Deed (copies of which, together with copies of the Paying Agency Agreement dated 14 December 1999 (the 'Paying Agency Agreement') between the Issuer, the initial Paying Agents (as defined below) and the Trustee are available for inspection at the registered office for the time being of the Trustee in London, being One Canada Square, London E14 5AL at the date of the Trust Deed, and at the specified office of each of the Principal Paying Agent and the other Paying Agents referred to in Condition 5 (together the 'Paying Agents')). The statements in these terms and conditions (the 'Conditions') include summaries of, and are subject to, the detailed provisions of the Trust Deed. If Fixed Rate Bonds in registered form ('Fixed Rate Registered Bonds') are issued upon exchange of interests in the Fixed Rate Global Bond (as defined below) in the limited circumstances as described in the Fixed Rate Global Bond, the terms and conditions of the Fixed Rate Registered Bonds will be as set out in the Trust Deed. The Bondholders (as defined below) are deemed to have notice of, are bound by, and are entitled to the benefit of, all of the provisions contained in the Trust Deed and are deemed to have notice of those provisions of the Paying Agency Agreement applicable to them. Expressions defined in the Trust Deed have the same meanings in these Conditions.

#### **1 Status**

The Fixed Rate Bonds constitute direct, unconditional and unsecured obligations of the Issuer and rank and shall at all times rank *pari passu* without any preference or priority among themselves. The payment obligations of the Issuer under the Fixed Rate Bonds shall (subject to such exceptions as are from time to time applicable under the laws of England) at all times rank at least equally with its other present and future unsecured obligations (other than subordinated obligations, if any) but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

#### **2 Form, denomination and title**

The Fixed Rate Bonds are in the denomination of £1 000 each and are represented by a global bond in bearer form without coupons attached (the 'Fixed Rate Global Bond') representing the entire aggregate principal amount of the Fixed Rate Bonds. Title to the Fixed Rate Global Bond will pass by delivery and, except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Trustee and the Paying Agents shall be entitled to treat the holder (as defined below) of the Fixed Rate Global Bond as the absolute owner of that Fixed Rate Global Bond for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and shall not be required to obtain any proof of ownership or as to the identity of the holder. In these Conditions, 'Bondholder' and 'holder' means the bearer of the Fixed Rate Global Bond.

The Fixed Rate Global Bond will be exchangeable in whole but not in part (free of charge to the holder) for Fixed Rate Registered Bonds if: (i) Euroclear or Cedelbank (or any alternative clearing system on behalf of which the Fixed Rate Global Receipt may be held) is closed for business for a continuous period of 14 days or more (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so or; (ii) the Issuer would suffer a material disadvantage in respect of the Fixed Rate Bonds as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 8 which would not be suffered were the Fixed Rate Bonds in definitive registered form, a certificate to such effect signed by a Director of the Issuer is delivered to the Trustee and the Issuer gives notice to the Principal Paying Agent and the Bondholders of its intention to exchange the Fixed Rate Global Bond for Fixed Rate Registered Bonds; or (iii) the Depository (as defined in the Trust Deed) notifies the Issuer that it is at any time unwilling or unable to continue to act as Depository and a successor depository is not appointed within 90 days. In the circumstances set out in (i), (ii) and (iii) above any Fixed Rate Registered Bonds issued in exchange for beneficial interests in the Fixed Rate Global Bond will be issued to and delivered to such persons and registered in such name or names, as the case may be, as the holder of the Fixed Rate Global Bond shall instruct the Registrar (as defined in the Trust Deed). It is expected that such instructions will be based upon directions received by Euroclear and Cedelbank from accountholders with respect to ownership of beneficial interests in the Fixed Rate Global Receipt. Notice of the issue of Fixed Rate Registered Bonds in the circumstances set out in (i), (ii) and (iii) above will be given promptly by the Issuer to the Trustee and to the Bondholders in accordance with Condition 12.

### **3 Interest**

The Fixed Rate Bonds bear interest on the outstanding principal amount from the date of issue of the Fixed Rate Bonds (the 'Issue Date') at the rate of 7.0 per cent. per annum and such interest will be payable on 16 December in each year (each an 'Interest Payment Date') save for the first payment of interest which will be made on 16 December 2000 in respect of the period from and including 14 December 1999 to but excluding 16 December 2000. Each Fixed Rate Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. If interest is required to be calculated for a period less than one year, it will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed. The period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is called an 'Interest Period'.

### **4 Redemption and purchase**

#### **(a) Final redemption**

Unless previously redeemed as provided under Condition 4(b) or 4(c) or purchased and cancelled as provided under Condition 4(e) and 4(f), the Fixed Rate Bonds will be redeemed on 16 December 2024 at their principal amount.

#### **(b) Redemption at the option of the issuer**

The Issuer may, at any time, having given not less than 30 nor more than 45 days' notice to the Bondholders in accordance with Condition 12 (which notice shall be irrevocable), redeem the Fixed Rate Bonds in whole or in part (but, if in part, in integral multiples of £1 000 000 of the principal amount), at the Redemption Price and accrued interest.

For the purposes of these Conditions, the 'Redemption Price' shall mean the higher of (i) the nominal amount of the relevant Fixed Rate Bonds and (ii) the price at which the gross redemption yield of the Fixed Rate Bond (if it were to remain outstanding to its original maturity) would be equal to the gross redemption yield in respect of the Reference Fixed Rate Gilt (as defined below) on the basis of the arithmetic mean of the offered prices quoted for such stock on a dealing basis by three gilt-edged market makers at or about 3 p.m. on the Determination Date (as defined below) and on the basis that the gross redemption yield of the Fixed Rate Bonds and in respect of such stock shall be calculated on the basis indicated in the Bank of England Quarterly Bulletin, December 1983 as having been adopted by the Sub-committee of the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries, Vol. III, Part 1 1984, pages 162 to 166.

For this purpose, 'Determination Date' means the date falling four business days prior to the publication of the notice of redemption referred to in this Condition 4(b) and the 'Reference Fixed Rate Gilt' means the 8 per cent. Treasury Stock 2021 (or, if such stock is not in existence, such other stock issued by or on behalf of HM Government as the Issuer, on the advice of three brokers and/or gilt edged market makers (or such other three persons operating in the gilt edged market as the Issuer, after consultation with the Trustee, may select) may consider to be the most appropriate reference government stock for the Fixed Rate Bonds).

In the case of a partial redemption of Fixed Rate Bonds, Fixed Rate Bonds to be redeemed will be selected individually by lot in such place as the Trustee may approve and in such manner as the Trustee shall deem to be appropriate and fair, not more than 45 days before the date fixed for redemption. Each notice of redemption will specify the date fixed for redemption, the

relative redemption price, the aggregate principal amount and the serial numbers of the Fixed Rate Bonds to be redeemed and the aggregate principal amount of the Fixed Rate Bonds which will be outstanding after the partial redemption.

Upon the expiry of any notice as is referred to above the Issuer shall be bound to redeem the Fixed Rate Bonds to which the notice refers at the Redemption Price applicable at the date of such redemption together with interest accrued to but excluding the redemption date.

**(c) Redemption for taxation reasons**

If the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that on the occasion of the next payment in respect of the Fixed Rate Bonds the Issuer would be unable to make such payment without having to pay additional amounts as described in Condition 8, and such requirement arises by reason of any actual or proposed change in, or amendment to, the laws or regulations of the United Kingdom or any political sub-division of the United Kingdom or taxing authority in the United Kingdom or in the interpretation or application of those laws or regulations, which change or amendment becomes effective on or after the Issue Date, and such inability cannot be avoided by the Issuer taking reasonable measures (such measures not involving any material additional payments by, or expense for, the Issuer) the Issuer may, having given not less than 30 nor more than 45 days' notice to the Bondholders in accordance with Condition 12, redeem all, but not a portion, of the Fixed Rate Bonds at their principal amount together with interest accrued to the date of redemption, provided that the date fixed for redemption shall not be earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or make such withholding or deduction, as the case may be, were a payment in respect of the Fixed Rate Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 4(c), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the inability referred to above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of this condition precedent, in which event it shall be conclusive and binding on the Bondholders. Any notice of redemption given to Bondholders by the Issuer under this Condition 4(c) shall be irrevocable.

Upon expiry of any notice referred to above the Issuer shall be bound to redeem the Fixed Rate Bonds to which the notice refers at their principal amount together with interest accrued to but excluding the redemption date.

The Issuer shall not give a notice under this Condition 4(c) if it has already given a notice under Condition 4(b) above which has not expired.

**(d) Purchases**

The Issuer or any subsidiary undertaking (as defined in the Trust Deed) of the Issuer may at any time purchase or procure others to purchase for its account Fixed Rate Bonds in the open market or otherwise at any price.

**(e) Cancellation**

All Fixed Rate Bonds redeemed or purchased by the Issuer under this Condition 4 shall, in the case of redemption or a purchase by the Issuer, be cancelled forthwith.

**(f) Purchase by subsidiary undertakings**

Any Fixed Rate Bonds purchased by any subsidiary undertaking of the Issuer may be resold but, while held by such person, will not entitle the Bondholder to vote at, or to be counted in the quorum for, any meeting of Bondholders and such Fixed Rate Bonds will not, for the purposes of the provisions contained in the Trust Deed concerning meeting of Bondholders, be regarded as being in issue.

**5 Payments**

- (a) Payments of principal and interest will be made against presentation and (in the case of the final payment of principal and all outstanding accrued interest) surrender of the Fixed Rate Global Bond at the specified office of any Paying Agent.
- (b) Each such payment in respect of the Fixed Rate Global Bond will be made by a cheque drawn on or a branch of, or by transfer to a sterling account maintained by the payee with, a bank in London.
- (c) A record of each payment made on the Fixed Rate Global Bond, distinguishing between payment of principal and interest, will be made on the Fixed Rate Global Bond by the Paying Agent and such record shall be prima facie evidence that the payment in question has been made.
- (d) The names of the initial Principal Paying Agent and other Paying Agents and their respective specified offices appear at the end of these Conditions.
- (e) All payments are subject in all cases to any fiscal or other laws and regulations applicable to them in the place of payment, but without prejudice to the provisions of Condition 8.

- (f) If the due date for payment of any amount of principal or interest in respect of the Fixed Rate Global Bond is not at any place of presentation of the Fixed Rate Global Bond a business day, then the holder will not be entitled to payment of the amount due until the next following business day at such place and will not be entitled to any further interest or other payment in respect of any such delay. In this Condition, 'business day' means any day on which banks are open for business in the relevant place of presentation and in London and (if the place of presentation is not London) on which dealings in foreign currencies may be carried on in such place of presentation.
- (g) The Issuer reserves the right at any time to terminate the appointment of any Paying Agent and, with the approval of the Trustee, to vary the terms of the appointment of any Paying Agent or to appoint additional or other Paying Agents provided that it will at all times maintain a Principal Paying Agent and Paying Agents having between them specified offices in a major city approved by the Trustee in Europe outside the United Kingdom and, so long as the Fixed Rate Bonds are listed on the London Stock Exchange, in London. Any variation, termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 nor less than 30 days' prior notice of that variation, termination or appointment shall have been given by the Issuer to the Bondholders in accordance with Condition 12.
- (h) The holder of the Fixed Rate Global Bond is the only person entitled to receive payments of principal and interest on the Fixed Rate Bonds represented by the Fixed Rate Global Bond and the obligations of the Issuer will be discharged by payment to, or to the order of, the holder of the Fixed Rate Global Bond for each amount so paid. No person other than the holder of the Fixed Rate Global Bond shall have any claim against the Issuer for any payments due on the Fixed Rate Global Bond.

## **6 Repayment on event of default and enforcement**

Upon the happening of any of the events listed in (a) to (f) of this Condition and the Trustee giving written notice to the Issuer to such effect, the outstanding Fixed Rate Bonds will become immediately due and repayable at their principal amount together with accrued interest.

If the event falls within (b) to (f) of this Condition, no such notice may be given by the Trustee unless the Trustee certifies to the Issuer that the happening of such event is in its opinion materially prejudicial to the interests of the Bondholders. Subject to such certification, the Trustee may, at its discretion, and if so requested in writing by the holders of not less than one-quarter in principal amount of the Fixed Rate Bonds for the time being outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders shall, give such notice provided that the Trustee has been indemnified to its satisfaction.

These events are that:

- (a) the Issuer defaults for more than 30 days in the payment of any principal or interest due in respect of the Fixed Rate Bonds; or
- (b) the Issuer defaults in the performance or observance of any obligation or provision under the Trust Deed or the Fixed Rate Bonds (other than any obligation for the payment of any principal or interest in respect of the Fixed Rate Bonds) which continues for more than 90 days after written notice of that default having been given to the Issuer by the Trustee (except where the Trustee has certified to the Issuer that such default is incapable of remedy, in which case no such notice or continuation will be required); or
- (c) a resolution is passed, or a final order of a court in the United Kingdom is made and, where possible, not discharged or stayed within a period of 90 days, that the Issuer be wound up or dissolved; or
- (d) an encumbrancer takes possession or an administrative or other receiver or similar officer is appointed of the whole or substantially the whole of the assets or undertaking of the Issuer or an administration or similar order is made in relation to the Issuer unless that taking of possession, appointment or order is released, discharged or cancelled within 90 days; or
- (e) the Issuer ceases to carry on all or substantially all of its business; or
- (f) the Issuer is adjudicated bankrupt or insolvent by a court of competent jurisdiction in England or is unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986.

At any time after the Fixed Rate Bonds have become due and repayable, the Trustee may, at its discretion and without further notice, but subject as provided in the Conditions, take such proceedings against the Issuer as it may think fit to enforce repayment of the Fixed Rate Bonds together with accrued interest but it shall not be bound to take any such proceedings unless: (i) it has been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of not less than one-quarter in principal amount of the outstanding Fixed Rate Bonds; and (ii) it has been indemnified to its satisfaction. Only the Trustee may pursue the remedies available under the general law or under the Trust Deed to enforce the

rights of the Bondholders and no such holder will be entitled to proceed against the Issuer unless the Trustee, having become bound to do so in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. This limitation does not apply to a suit instituted by a Bondholder for enforcement of payment of the principal of, interest on, or any other amounts payable under, the Fixed Rate Bonds of the Bondholder on or after the respective due dates. No Bondholder may pursue any remedy with respect to these Fixed Rate Bonds unless: (i) that Bondholder has previously given the Trustee notice that an Event of Default is continuing; (ii) Bondholders of at least one-quarter in principal amount of the outstanding Fixed Rate Bonds have requested the Trustee to pursue the remedy; (iii) those Bondholders have offered the Trustee security or indemnity to the Trustee's satisfaction against loss, liability or expense; (iv) the Trustee has not complied with that request within 60 days after receipt of the request and the offer of security or indemnity to the Trustee's satisfaction; and (v) the Bondholders holding a majority in principal amount of the outstanding Fixed Rate Bonds have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within this period of 60 days.

## **7 Prescription**

Claims in respect of principal of and interest on Fixed Rate Bonds will become void unless made within ten years and five years respectively from the Relevant Date in respect of them.

## **8 Taxation**

The Issuer shall make all payments of principal and interest in respect of the Fixed Rate Bonds (other than payments of interest in respect of Fixed Rate Registered Bonds, which shall be made subject to the deduction of any United Kingdom income tax required to be withheld or deducted) free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or Government charges of whatever nature ('Taxes') imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political sub-division of the United Kingdom, or any authority of or in the United Kingdom having power to tax, unless the withholding or deduction of such Taxes is required by law. In that event (other than where the deduction or withholding is in respect of Fixed Rate Registered Bonds) the Issuer will pay such additional amounts of principal and interest as will result in the payment to the Bondholders of the amounts which would otherwise have been receivable in respect of the Fixed Rate Bonds had no such withholding or deduction been made, except that no such additional amount shall be payable in respect of any Fixed Rate Bond presented for payment:

- (a) by or on behalf of a Bondholder who is liable to such Taxes on such Fixed Rate Bond by reason of his having some connection with the United Kingdom other than the mere holding of such Fixed Rate Bond; or
- (b) in the United Kingdom; or
- (c) by or on behalf of a Bondholder who would not be liable or subject to such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (d) more than 30 days after the Relevant Date except to the extent that the holder of the Fixed Rate Bond would have been entitled to such additional amounts on presenting such Fixed Rate Bond for payment on the last day of such period of 30 days.

For the purposes of these Conditions, 'Relevant Date' in relation to any Fixed Rate Bond means 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 on which notice is duly given to the Bondholders in accordance with Condition 12 that, upon further presentation of the Fixed Rate Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to 'principal' and 'interest' shall be deemed also to refer to any additional amounts which may be payable under this Condition or any obligation undertaken in addition to or in substitution for it under the Trust Deed.

## **9 Modification, waiver, substitution of principal debtor and meetings of the Bondholders**

- (a) The Trustee may, without the consent of the Bondholders, agree to any modification of the Trust Deed or the Fixed Rate Bonds which the Trustee considers is not materially prejudicial to the interests of the Bondholders but such power shall not extend to any such modification which would require a special quorum (if such modification were to be made by Extraordinary Resolution of Bondholders as referred to in Condition 9(c)) otherwise than in the case of manifest error. The Trustee may, without the consent of the Bondholders at any time, but only if in its opinion not materially prejudicial to the interests of the Bondholders, waive or authorise any breach or proposed breach by the Issuer of any of the covenants or provisions in the Trust Deed or the Fixed Rate Bonds or determine that any Event of Default will not be treated as such provided that the Trustee will not exercise such power in contravention of any express direction given by an Extraordinary Resolution. Any such waiver, authorisation or determination will be binding on the Bondholders and, if the Trustee requires, will be notified to the Bondholders as soon as is practicable. The Trust Deed



contains, in addition, provisions permitting but not requiring the Trustee to agree, without the consent of the Bondholders, on or after the Specified Date (as defined below) to such modifications to the Fixed Rate Bonds and the Trust Deed in order to facilitate payment of interest in euro and redemption at the euro equivalent of the sterling principal amount of the Fixed Rate Bonds and associated reconventioning, renormalisation and related matters as may be proposed by the Issuer (and confirmed by an independent financial institution appointed by the Issuer and approved by the Trustee to be in conformity with then applicable market conventions) provided that the Issuer shall be under no obligation to make any such proposals. For these purposes, 'Specified Date' means the date on which the United Kingdom participates in the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community or otherwise participates in European Economic and Monetary Union in a similar manner.

- (b) The Trustee may also agree, without any such consent, to the substitution in place of the Issuer of the Successor in Business (as defined in the Trust Deed) of the Issuer or any subsidiary of the Issuer or any Subsidiary of the Successor in Business as principal debtor under the Fixed Rate Bonds and the Trust Deed, subject to the relevant provisions of the Trust Deed, to such requirements as the Trustee may direct in the interests of the Bondholders and to the Fixed Rate Bonds being guaranteed by the Issuer (or the Successor in Business) unless the Substituted Obligor (as defined in the Trust Deed) is the Successor in Business.
- (c) The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or the provisions of the Trust Deed. Meetings may be convened by the Issuer, the Trustee or at the request of holders of at least 10 per cent. in outstanding principal amount of the Fixed Rate Bonds. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons present holding or representing a clear majority in principal amount of the Fixed Rate Bonds for the time being outstanding, or at any adjourned such meeting one or more persons present being or representing Bondholders whatever the principal amount of the Fixed Rate Bonds so held or represented, except that at any meeting the business of which includes consideration of proposals, among other things, (i) to modify the maturity of the Fixed Rate Bonds or the dates on which interest is payable in respect of the Fixed Rate Bonds, (ii) to reduce or cancel the principal amount of or interest on the Fixed Rate Bonds, (iii) to change the currency of payment of the Fixed Rate Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to amend the provisions of the Trust Deed requiring a special quorum (as defined below), the necessary quorum (a 'special quorum') for passing an Extraordinary Resolution is one or more persons present holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in principal amount of the Fixed Rate Bonds for the time being outstanding. A resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Trust Deed provides that a resolution in writing signed by the holders of 95 per cent. in principal amount of the Fixed Rate Bonds will be binding on all Bondholders.
- (d) Any such modification, waiver, authorisation or substitution will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modification or substitution will be notified to the Bondholders as soon as practicable in accordance with Condition 12.
- (e) 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, authorisation, determination or substitution), the Trustee will have regard to the interests of the Bondholders as a class and in particular, but without prejudice to the generality of the above, will not have regard to the consequence of such exercise for individual Bondholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction or, any particular territory.

## **10 Further issues**

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds either ranking *pari passu* in all respects (or in all respects save for the first payment of interest on such further bonds) and so that the further bonds shall be consolidated and form a single series with the outstanding Fixed Rate Bonds constituted by the Trust Deed and a deed supplemental to it or subject to the Trustee's prior approval upon such terms as to ranking, interest, conversion, premium, redemption and otherwise as the Issuer may at the time of the issue of such further bonds determine. Any further bonds forming a single series with the outstanding Fixed Rate Bonds constituted by the Trust Deed and a deed supplemental to it shall, and any other further bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of bonds of other series in certain circumstances where the Trustee so decides.

## **11 Replacement of the Fixed Rate Bonds**

If a Fixed Rate Bond is mutilated, defaced, lost, stolen or destroyed, it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Paying Agent for the time being in London on payment of such fees and

costs as may be incurred in connection with that replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Fixed Rate Bonds must be surrendered before replacements will be issued.

## **12 Notices**

All notices to the Bondholders will be valid if published in a leading daily newspaper in the English language of general circulation in London or, if in any case this is not, in the opinion of the Trustee, practicable, in at least one leading daily English language newspaper with circulation in Europe approved by the Trustee. It is expected that publication will be made in the *Financial Times*. Such notice will be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication.

## **13 Indemnification of the Trustee**

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

The Trustee is entitled to enter into business transactions with the Issuer or any of its subsidiary undertakings, parent undertakings, joint ventures or associated undertakings without accounting for any profit resulting from these transactions and to act as trustee for the holders of any other securities issued by the Issuer or any of its subsidiary undertakings, parent undertakings, joint ventures or associated undertakings.

## **14 Governing law**

The Fixed Rate Bonds and the Trust Deed are governed by, and shall be construed in accordance with, English law (except provisions relating to the U.S. Trust Indenture Act 1939, as amended, which will be governed by that act).

**Principal Paying Agent**

**Royal Bank of Canada Trust Company (Jersey) Limited**

**PO Box 194  
12-21 Broad Street  
St Helier  
Jersey  
JE4 8RR**

**Paying Agent**

**Royal Bank of Canada Europe Limited**

**71 Queen Victoria Street  
London  
EC4V 4DE**

**Schedule B**  
**Principal Amount of this Global Bond**

Reductions in the principal amount of this Global Bond following redemption or the purchase and cancellation of Bonds are entered in the second and third columns below.

<b>Date</b>	<b>Reason for reduction in the principal amount of this Global Bond<sup>a</sup></b>	<b>Amount of such reduction</b>	<b>Principal amount of this Global Bond following such reduction</b>	<b>Notation made by or on behalf of the Principal Paying Agent</b>
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<sup>a</sup> State whether reduction following (1) redemption of Bonds or (2) purchase and cancellation of Bonds.

**Schedule C**  
**Interest Payments on this Global Bond**

The following payments of interest on this Global Bond and the Bonds represented by this Global Bond have been made:

<b>Date made</b>	<b>Amount of Interest due and payable</b>	<b>Amount of interest paid</b>	<b>Notation made by or on behalf of the Principal Paying Agent</b>
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