

APPENDIX B

Comparative Table

1. PLC Ranking Issue

Provision	PLC Sub-debt language	PLC Sub-Notes language:
Subordination provision	<p><i>Schedule 2, Standard Terms, para 5(1)</i></p> <p>...the rights of the Lender in respect of the Subordinated Liabilities are subordinated to the Senior Liabilities...</p>	<p><i>Terms and Conditions of the Notes, Condition 3(a)</i></p> <p>The rights of the Noteholders in respect of the Notes are subordinated to the Senior Liabilities...</p>
Definitions	<p><i>Schedule 2, Standard Terms, para 1</i></p> <p>“Senior Liabilities” means all Liabilities except the Subordinated Liabilities and Excluded Liabilities.</p> <p>“Liabilities” means all present and future sums, liabilities and obligations payable or owing by the Borrower (whether actual or contingent, jointly or severally or otherwise, howsoever).</p> <p>“Subordinated Liabilities” means all Liabilities to the Lender in respect of each Advance made under this Agreement and all interest payable thereon.</p> <p>“Excluded Liabilities” means Liabilities which are expressed to be and, in the opinion of the Insolvency Officer of the Borrower, do, rank junior to the Subordinated Liabilities in any Insolvency of the Borrower.</p>	<p><i>Terms and Conditions of the Notes, Condition 1</i></p> <p>“Senior Liabilities” means all Liabilities except the Subordinated Liabilities and Excluded Liabilities.</p> <p>“Liabilities” means all present and future sums, liabilities and obligations payable or owing by the Issuer (whether actual or contingent, jointly or severally or otherwise, howsoever).</p> <p>“Subordinated Liabilities” means all Liabilities to the Noteholders in respect of the Notes and all other Liabilities of the Issuer which rank or are expressed to rank <i>pari passu</i> with the Notes.</p> <p>“Excluded Liabilities” means Liabilities which are expressed to be and, in the opinion of the Insolvency Officer of the Issuer, do, rank junior to the Subordinated Liabilities in any Insolvency of the Issuer.</p>
Payment condition	<p><i>Schedule 2, Standard Terms, para 5(1)(a)-(b)</i></p> <p>...and accordingly payment of any amount (whether principal, interest or otherwise) of the Subordinated Liabilities is conditional upon</p> <p>(a) (if an order has not been made or an effective resolution passed for the Insolvency of the Borrower and, being a partnership, the Borrower has not been dissolved) the Borrower being in compliance with not less than [100%/120%] of its Financial Resources Requirement immediately after payment by the Borrower and</p>	<p><i>Terms and Conditions of the Notes, Condition 3(a)</i></p> <p>...and accordingly payment of any amount (whether principal, interest or otherwise) in respect of the Notes is conditional upon:</p> <p>(i) (if an order has not been made or an effective resolution passed for the Insolvency of the Issuer) the Issuer being in compliance with not less than 100 per cent. Of its Financial Resources Requirement immediately after such payment, and accordingly no such amount which would otherwise fall due</p>

Provision	PLC Sub-debt language	PLC Sub-Notes language:
	<p>accordingly no such amount which would otherwise fall due for payment shall be payable except to the extent that –</p> <p>(i) Paragraph 4(3) has been complied with; and</p> <p>(ii) The Borrower could make such payment and still be in compliance with such Financial Resources Requirement; and</p> <p>(b) the Borrower being “solvent” at the time of, and immediately after, the payment by the Borrower and accordingly no such amount which would otherwise fall due for payment shall be payable except to the extent that the Borrower could make such payment and still be “solvent.”</p>	<p>for payment shall be payable except to the extent that (a) Condition 3(d) or Condition 6(g), as the case may be, has been complied with; and (b) the Issuer could make such payment and still be in compliance with such Financial Resources Requirement; and</p> <p>(ii) the Issuer being “solvent” at the time of, and immediately after, such payment, and accordingly no such amount which would otherwise fall due for payment shall be payable except to the extent that the Issuer could make such payment and still be solvent.</p>
Solvency condition	<p><i>Schedule 2, Standard Terms, para 5(2)</i></p> <p>...the Borrower shall be “solvent” if it is able to pay its Liabilities (other than the Subordinated Liabilities) in full disregarding –</p> <p>(a) obligations which are not payable or capable of being established or determined in the Insolvency of the Borrower; and</p> <p>(b) the Excluded Liabilities.</p>	<p><i>Terms and Conditions of the Notes, Condition 3(b)</i></p> <p>...the Issuer shall be “solvent” if it is able to pay its Liabilities (other than the Subordinated Liabilities) in full disregarding (i) obligations which are not payable or capable of being established or determined in the Insolvency of the Issuer, and (ii) the Excluded Liabilities.</p>

2. LBHI2 Ranking Issue

Provision	LBHI2 Sub-debt language	LBHI2 Sub-Notes language: pre-2008 Amendments	LBHI2 Sub-notes language: post- 2008 Amendments
Subordination provision	<p><i>Schedule 2, Standard Terms, para 5(1)</i></p> <p>...the rights of the Lender in respect of the Subordinated Liabilities are subordinated to the Senior Liabilities...</p>	<p><i>Terms and Conditions of the Notes, Condition 3(a)</i></p> <p>The rights of the Noteholders against the Issuer in respect of the Notes are subordinated in right of payment to the Senior Creditors.</p>	<p><i>Terms and Conditions of the Notes, Condition 3(a)</i></p> <p>No change</p>
Definitions	<p><i>Schedule 2, Standard Terms, para 1</i></p> <p>“Senior Liabilities” means all Liabilities except the Subordinated Liabilities and Excluded Liabilities.</p> <p>“Liabilities” means all present and future sums, liabilities and obligations payable or owing by the Borrower (whether actual or contingent, jointly or severally or otherwise, howsoever).</p> <p>“Subordinated Liabilities” means all Liabilities to the Lender in respect of the Loan or each Advance made under this Agreement and all interest payable thereon.</p> <p>“Excluded Liabilities” means Liabilities which are expressed to be and, in the opinion of the Insolvency Officer of the Borrower, do, rank junior to the Subordinated Liabilities in any Insolvency of the Borrower.</p>	<p><i>Terms and Conditions of the Notes, Condition 3(b)</i></p> <p>“Senior Creditors” means creditors of the Issuer (i) who are unsubordinated creditors of the Issuer or (ii) who are subordinated creditors of the Issuer other than those with whose claims the claims of Noteholders are expressed to rank <i>pari passu</i> and those whose claims rank, or are expressed to rank, <i>pari passu</i> with or junior to, the claims of the Noteholders.</p>	<p><i>Terms and Conditions of the Notes, Condition 3(a)</i></p> <p>No change</p>
Payment	<i>Schedule 2, Standard Terms,</i>	<i>Terms and Conditions of the</i>	<i>Terms and Conditions of the</i>

Provision	LBHI2 Sub-debt language	LBHI2 Sub-Notes language: pre-2008 Amendments	LBHI2 Sub-notes language: post- 2008 Amendments
condition	<p><i>para 5(1)(a)-(b)</i></p> <p>...and accordingly payment of any amount (whether principal, interest or otherwise) of the Subordinated Liabilities is conditional upon</p> <p>(a) (if an order has not been made or an effective resolution passed for the Insolvency of the Borrower and, being a partnership, the Borrower has not been dissolved) the Borrower being in compliance with not less than 100% of its Financial Resources Requirement immediately after payment by the Borrower and accordingly no such amount which would otherwise fall due for payment shall be payable except to the extent that -</p> <p>i. paragraph 4(3) has been complied with; and</p> <p>ii. the Borrower could make such payment and still be in compliance with such Financial Resources Requirement: and</p> <p>(b) the Borrower being “solvent” at the time of, and immediately after, the payment by the Borrower and accordingly no such amount which would otherwise fall due for payment shall be payable except to the extent that the Borrower could make such payment and still be “solvent.”</p>	<p><i>Notes, Condition 3(a)</i></p> <p>...and accordingly payment of principal in respect of the Notes is conditional upon the Issuer being solvent at the time of, and immediately after, such payment and accordingly no such amount which would otherwise fall due for payment shall be payable except to the extent that the Issuer could make such payment and still be solvent immediately thereafter.</p>	<p><i>Notes, Condition 3(a)</i></p> <p>If any [sic.] time an order is made by a competent court, or a resolution passed, for the winding-up or dissolution of the Issuer (...) 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 Noteholder, if, on the day prior to commencement of the winding-up and thereafter, such Noteholder were the holder of one of a class of preference shares in the capital of the Issuer having a preferential right to a return of assets in a winding-up of the Issuer over</p> <p>(i) the holders of all other classes of issued shares in each case for the time being in the capital of the Issuer and;</p> <p>(ii) the Notional Holders,</p> <p>on the assumption that such preference share was entitled to receive, on a return of assets in such a winding-up, an amount equal to the principal amount of such Note together with Arrears of Interest (if any) and any accrued interest (other than Arrears of Interest).</p>
	<i>Schedule 2, Standard Terms,</i>	<i>Terms and Conditions of the</i>	<i>Terms and Conditions of the</i>

Provision	LBHI2 Sub-debt language	LBHI2 Sub-Notes language: pre-2008 Amendments	LBHI2 Sub-notes language: post- 2008 Amendments
Solvency condition/ notional preference share mechanism	<p><i>para 5(2)(a)-(b)</i></p> <p>...the Borrower shall be “solvent” if it is able to pay its Liabilities (other than the Subordinated Liabilities) in full disregarding –</p> <p>(a) obligations which are not payable or capable of being established or determined in the Insolvency of the Borrower; and</p> <p>(b) the Excluded Liabilities.</p>	<p><i>Notes, Condition 3(b)</i></p> <p>... the Issuer shall be “solvent” if (i) it is able to pay its debts as they fall due and (ii) its Assets exceed its Liabilities (each as defined below) (other than its Liabilities to persons who are not Senior Creditors).</p> <p>“Assets” means the unconsolidated gross assets of the Issuer and “Liabilities” means the unconsolidated gross liabilities of the Issuer, all as shown by the latest published audited balance sheet of the Issuer, but adjusted for contingencies and for subsequent events...</p>	<p><i>Notes, Condition 3(a)</i></p> <p>“Notional Holder” means any creditor of the Issuer whose claims against the Issuer on a winding-up are quantified as though they held a Notional Share.</p> <p>“Notional Share” means any notional and unissued shares in the capital of the Issuer which have a preferential right to a return of assets in the winding-up of the Issuer over the holders of all other classes of issued shares for the time being in the capital of the Issuer but not further or otherwise.</p> <p><i>The Notes are intended to have a right of return of assets in the winding up or dissolution of the Issuer in priority to the rights of the holders of any securities of the Issuer which qualify (or, save where their non-qualification is due only to any applicable limitation on the amount of such capital, would qualify) as Upper Tier 2 Capital or Tier 1 Capital (within the respective meanings given to such terms in the General Prudential Sourcebook published by the Financial Services Authority, as amended, supplemented or replaced from time to time).</i></p>