

NATIONAL GRID ELECTRICITY DISTRIBUTION (EAST MIDLANDS) PLC

(incorporated and registered with limited liability in England and Wales under registration number 02366923)

and

NATIONAL GRID ELECTRICITY DISTRIBUTION (SOUTH WALES) PLC

(incorporated and registered with limited liability in England and Wales under registration number 02366985)

and

NATIONAL GRID ELECTRICITY DISTRIBUTION (SOUTH WEST) PLC

(incorporated and registered with limited liability in England and Wales under registration number 02366894)

and

NATIONAL GRID ELECTRICITY DISTRIBUTION (WEST MIDLANDS) PLC

(incorporated and registered with limited liability in England and Wales under registration number 03600574)

£6,000,000,000

Euro Medium Term Note Programme

Under this £6,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), National Grid Electricity Distribution (East Midlands) plc ("**NGED East Midlands**"), National Grid Electricity Distribution (South Wales) plc ("**NGED South Wales**"), National Grid Electricity Distribution (South West) plc ("**NGED South West**") and National Grid Electricity Distribution (West Midlands) plc ("**NGED West Midlands**") and, together with NGED East Midlands, NGED South Wales and NGED South West, the "**Issuers**", and each, an "**Issuer**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer of such Notes and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £6,000,000,000 (or its equivalent in other currencies calculated as described in the amended and restated dealer agreement dated 10 August 2023, as amended or supplemented from time to time, the "**Dealer Agreement**"), subject to increase as described in this Prospectus.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuers (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

Application has been made to the Financial Conduct Authority (the "**FCA**") in its capacity as competent authority for Notes issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the official list of the FCA (the "**Official List**") and to be admitted to trading on the main market of the London Stock Exchange plc (the "**London Stock Exchange**"). The Prospectus has been approved by the FCA as competent authority under Regulation (EU) 2017/1129 as it forms part of United Kingdom ("**UK**") domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**EUWA**") (the "**UK Prospectus Regulation**") and such approval should not be considered as an endorsement of the Issuers or the quality of the Notes that are the subject of this Prospectus. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Investors should make their own assessment as to the suitability of investing in the Notes.

References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's main market and have been admitted to the Official List. The London Stock Exchange's main market is a regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) 600/2014 on markets in financial instruments as it forms part of UK domestic law by virtue of the EUWA ("**UK MiFIR**").

Notice of the aggregate nominal amount of the Notes, interest (if any) payable in respect of the Notes, and the issue price of the Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of the Notes will (other than in the case of Exempt Notes, as defined below) be set out in a separate document containing the final terms for that Tranche ("**Final Terms**") which, with respect to the Notes to be admitted to the Official List and admitted to trading by the London Stock Exchange on the main market, will be delivered to the FCA and the London Stock Exchange on or before the date of issue of the Notes of such Tranche. Copies of Final Terms in relation to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service. In the case of Exempt Notes, notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of the Notes, and the issue price of the Notes and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the "**Pricing Supplement**"). In this Prospectus, any reference to Final Terms shall, in the case of Exempt Notes, be construed as a reference to the relevant Pricing Supplement.

The Programme provides that the Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or regulated or unregulated markets as may be agreed between the Issuer, the Trustee (as defined below) and the relevant Dealer(s). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any regulated or unregulated market ("**Exempt Notes**"). The FCA has neither approved nor reviewed information contained in this Prospectus in connection with Exempt Notes.

Each Series (as defined in "*Overview of the Programme*") of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**"). Notes in registered form ("**Registered Notes**") will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series (a "**Global Certificate**"). If the global notes (the "**Global Notes**" and each a "**Global Note**") are stated in the relevant Final Terms to be issued in new global note ("**NGN**") form they are intended to be eligible collateral for Eurosystem monetary policy and the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). If a Global Certificate is held under the New Safekeeping Structure (the "**NSS**"), the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg.

Global Notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**") and Global Certificates which are not held under the NSS will be deposited on the issue date to of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depository**").

The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "*Form of the Notes*".

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and are subject to United States tax law requirements. The Notes are being offered outside the United States in accordance with Regulation S under the Securities Act ("**Regulation S**") and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "*Form of the Notes*" for a description of the manner in which Notes will be issued.

Notes issued by each of the Issuers under the Programme are expected to be rated by Moody's Investors Service Limited ("**Moody's**") and/or S&P Global Ratings Europe Limited ("**S&P**"). S&P is not established in the UK but the rating it is expected to give to the Notes issued under the Programme will be endorsed by S&P Global Ratings UK Limited which is established in the UK and registered under Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). Moody's is established in the UK and registered under the UK CRA Regulation. Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above and/or any other rating agency. Where a Tranche is rated, such rating will be specified in the Final Terms and will not necessarily be the same as the rating assigned to the relevant Issuer by the relevant rating agency. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should consider carefully the risks set forth under Risk Factors on pages 13 to 30 prior to making investment decisions with respect to the Notes.

Arranger
NatWest Markets

Dealers

Barclays
HSBC
Mizuho
NatWest Markets
Santander Corporate & Investment Banking

BNP PARIBAS
Lloyds Bank Corporate Markets
MUFG
RBC Capital Markets

The date of this Prospectus is 10 August 2023

IMPORTANT NOTICES

This Prospectus comprises a base prospectus, in respect of all Notes other than Exempt Notes issued under the Programme, for the purposes of Article 8 of the UK Prospectus Regulation. When used in this Prospectus, "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA.

This Prospectus shall be read and construed together with any amendment or supplement hereto and with any documents deemed to be incorporated herein (see *Documents Incorporated by Reference* below). Furthermore, in relation to each Tranche, this Prospectus should be read and construed together with the Final Terms.

In the case of any Notes which are to be admitted to trading on a UK regulated market within the UK or offered to the public in the UK in circumstances which require the publication of a prospectus under the UK Prospectus Regulation, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

This Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision or order under the Securities Act.

Each Issuer accepts responsibility for the information contained in this Prospectus and the Final Terms for each Tranche issued by it under the Programme. To the best of the knowledge of the Issuers, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. Any information sourced from third parties contained in this Prospectus has been accurately reproduced (and is clearly sourced where it appears in the document) and, as far as the Issuers are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Subject as provided in the relevant Final Terms, the only persons authorised to use this Prospectus in connection with an offer of Notes are the persons named in the relevant Final Terms as the relevant Dealer or the Managers, as the case may be.

Tranches of Notes may be rated or unrated. Where a Tranche is rated, the rating assigned to such Tranche will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The rating of certain Tranches of Notes to be issued under the Programme may be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to the relevant Tranches of Notes has been issued by a credit rating agency established in the UK and registered under the UK CRA Regulation will be disclosed in the Final Terms.

Copies of each set of Final Terms will be available from the specified office set out below of each of the Paying Agents (as defined below) and (in the case of Notes to be admitted to the Official List) will be available from the registered office of the Issuer.

None of the Arranger, the Dealers nor the Trustee has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuers in connection with the Programme.

No person is or has been authorised by the Issuers, the Arranger, any of the Dealers or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Arranger, any Dealer or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuers, the Arranger, any of the Dealers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuers.

Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuers, the Arranger, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuers is correct at any time

subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger, the Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuers during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU as amended ("**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 as amended (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 as amended (the "**EU Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 as amended (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA (the "**UK MiFIR**"); or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by the EU PRIIPs Regulation as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a

distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the UK MiFIR Product Governance Rules) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

BENCHMARKS REGULATION – Amounts payable under Floating Rate Notes issued under the Programme may be calculated by reference to an index or a combination of indices. Any such index may constitute a benchmark for the purposes of the Benchmarks Regulation (Regulation (EU) 2016/1011) (the "EU BMR") as it forms part of UK domestic law by virtue of the EUWA (the "UK BMR"). If any such index does constitute such a benchmark, the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of the UK BMR. Not every index will fall within the scope of the UK BMR. Furthermore, the transitional provisions in Article 51 of the UK BMR apply such that the administrator of a particular benchmark may not currently be required to obtain authorisation or registration (or, if located outside the UK, recognition, endorsement or equivalence) at the date of the Final Terms. The registration status of any administrator under the UK BMR is a matter of public record and, save where required by applicable law, the Issuers do not intend to update the Final Terms to reflect any change in the registration status of the administrator.

SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION – In connection with Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), unless otherwise specified before an offer of Notes, each Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Arranger, the Dealers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, nor assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers, the Arranger, the Dealers or the Trustee which would permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except in circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the EEA, the UK, Japan, Hong Kong, Singapore, Canada, Switzerland and Belgium (see "*Subscription and Sale*"). None of the Issuers, the Arranger nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuers or any Dealer to publish or supplement a prospectus for such offer. In addition, if a jurisdiction requires that the offer of the Notes be made by a licenced broker or dealer and the Dealers or any affiliate of the Dealers is a licenced broker or dealer in that jurisdiction,

the offer shall be deemed to be made by the Dealers or such affiliates on behalf of the Issuers in such jurisdiction.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

All references in this Prospectus to "**Sterling**" and "**£**" refer to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland, references to "**euro**" and "**€**" refer to the currency introduced at the start of the third stage of the Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, references to "**U.S. Dollars**" and "**\$**" refer to the lawful currency for the time being of the United States of America and references to "**Canadian Dollars**", "**C\$**" or "**CAD**" refer to the lawful currency for the time being of Canada.

In making an investment decision, investors must rely on their own examination of the Issuers and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

NOTES ISSUED BY AN ISSUER ARE OBLIGATIONS SOLELY OF THAT ISSUER AND ARE ISSUED WITHOUT ANY RECOURSE WHATEVER TO THE OTHER ISSUERS HEREUNDER.

STABILISATION

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the "**Stabilisation Manager(s)**") (or persons acting on behalf of any Stabilisation Manager(s)) in the relevant Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules. Any profit or loss sustained as a consequence of any such over-allotment or stabilisation action shall, as against the Issuer, be for the account of the Stabilisation Manager(s).

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OVERVIEW OF THE PROGRAMME

The following description does not purport to be complete and is taken from, and is qualified in its entirety by (i) the remainder of this Prospectus and (ii) in relation to the terms and conditions of any particular Tranche, the relevant Final Terms.

Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" below shall have the same meanings in this Overview of the Programme.

Issuers	National Grid Electricity Distribution (East Midlands) plc
Legal Entity Identifier:	549300KXFU5Q7NZE9L79
	National Grid Electricity Distribution (South Wales) plc
Legal Entity Identifier:	549300RHOCSENK1FZ4116
	National Grid Electricity Distribution (South West) plc
Legal Entity Identifier:	549300UY9FEOG85HFK93
	National Grid Electricity Distribution (West Midlands) plc
Legal Entity Identifier:	549300L22M2RCLXON143
Description	Euro Medium Term Note Programme
Programme Size	Up to £6,000,000,000 (or its equivalent in other currencies, calculated as described in the Dealer Agreement) outstanding at any time. The Issuers may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Arranger	NatWest Markets Plc
Dealers	Banco Santander, S.A. Barclays Bank PLC BNP Paribas HSBC Bank plc Lloyds Bank Corporate Markets plc Mizuho International plc MUFG Securities EMEA plc NatWest Markets Plc RBC Europe Limited and any other Dealers appointed in accordance with the Dealer Agreement.

Trustee	HSBC Corporate Trustee Company (UK) Limited
Issuing and Paying Agent, Registrar, Transfer Agent and Calculation Agent	HSBC Bank plc
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a Series) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a Tranche) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Final Terms.
Distribution	Notes may be distributed by way of private or public placement and, in each case, on a syndicated or non-syndicated basis.
Currencies	Subject to any applicable legal or regulatory restrictions, any currency agreed between the relevant Issuer and the relevant Dealer.
Maturities	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.
Issue Price	Notes will be issued on a fully-paid basis and may be issued at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in bearer or registered form as described in " <i>Form of the Notes</i> ". Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year, otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as Global Certificates . A beneficial interest in a Global Certificate may be transferable for a Certificate in definitive form only in accordance with the rules and operating procedures of the relevant clearing system for the time being and in accordance with the detailed regulations in the Agency Agreement (as defined under " <i>Terms and Conditions of the Notes</i> ").
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes	Floating Rate Notes will bear interest at a rate determined separately for each Series as follows:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association Inc.; or
- (b) by reference to the Sterling Overnight Interest Average ("**SONIA**") or the Canadian Overnight Repo Rate Average ("**CORRA**") or EURIBOR or CDOR or HKD-HIBOR-HIBOR= or EUR-ISDA- EURIBOR Swap Rate 11:00 as adjusted for any applicable margin (and subject to the Benchmark Discontinuation provisions set out in Condition 4.10 if applicable).

Interest Periods will be selected by the relevant Issuer prior to issue and specified in the relevant Final Terms. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate, or both.

**Benchmark
Discontinuation**

On the occurrence of a Benchmark Event, the relevant Issuer may (subject to certain conditions and following consultation with an Independent Adviser) determine a Successor Rate, failing which an Alternative Rate and, in either case, an Adjustment Spread and any Benchmark Amendments in accordance with Condition 4.10.4.

**Index Linked
Interest Notes and
Index Linked
Redemption Notes**

Payments of interest and principal in respect of Index Linked Interest Notes and Index Linked Redemption Notes will be calculated by reference to an Index Ratio, derived from:

- (a) the UK Retail Prices Index (the "**RPI**") (all items) published by the Office for National Statistics or the relevant successor index ("**RPI Linked Notes**");
- (b) the UK Consumer Prices Index (the "**CPI**") (all items) published by the Office for National Statistics or the relevant successor index ("**CPI Linked Notes**"); or
- (c) the UK Consumer Prices Index including Owner Occupiers' Housing costs and Council Tax ("**CPIH**") (all items) published by the Office for National Statistics or the relevant successor index ("**CPIH Linked Notes**").

The relevant Index in respect of any Index Linked Interest Notes and Index Linked Redemption Notes will be specified in the Final Terms.

**Other provisions in
relation to Floating
Rate Notes and
Index Linked
Interest Notes**

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate, a step-up in the interest rate after a certain date or any combination of the foregoing.

Zero Coupon Notes

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

**Interest Periods
and Rates of
Interest**

The length of the interest periods for the Notes issued under the Programme and the applicable Interest Rate or its method of calculation may differ from time to time or be the same for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of Interest Accrual Periods permits the

Notes to bear interest at different rates in the same Interest Period. All such information will be set out in the relevant Final Terms.

Redemption Unless permitted by then current laws and regulations, Notes which have a maturity of less than one year must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

Optional Redemption The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the Noteholders, and if so the terms applicable to such redemption.

If specified in the relevant Final Terms, the relevant Issuer will have the option to redeem or purchase the Notes early at a Make-whole amount, or otherwise at any other amount specified, and at any time(s) specified in such Final Terms.

If specified in the relevant Final Terms, the relevant Issuer may elect to redeem all, but not some only, of the Notes of any Series at their Residual Holding Redemption Amount at any time if the Residual Holding Percentage or more of the aggregate nominal amount of such Notes originally issued shall have been redeemed or purchased and cancelled.

Early Redemption Except as provided in "Optional Redemption" and "Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity only for reasons related to taxation and in the case of Index Linked Notes only, for reasons related to the relevant Index.

Denomination of Notes Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer and as specified in the relevant Final Terms save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area (the "EEA") or in the UK or offered to the public in a Member State of the EEA or in the UK in circumstances which require the publication of a prospectus under the EU Prospectus Regulation (as defined below) or the UK Prospectus Regulation (as defined below), as applicable, will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency as at the date of issue of the Notes).

Taxation All payments of principal and interest in respect of the Notes and Coupons will be made without withholding or deduction for or on account of withholding taxes imposed by the UK, unless such deduction or withholding is required by law. In the event that any such withholding or deduction is required by law, the relevant Issuer will, save in certain limited circumstances provided in Condition 8 (*Taxation*), be required to pay additional amounts that result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required.

Negative Pledge The terms of the Notes will contain a negative pledge provision as further described in Condition 3.2 (*Status and Negative Pledge*).

Events of Default The events of default under the Notes are as specified below under "*Terms and Conditions of the Notes – Events of Default*".

Cross Acceleration	The terms of the Notes will contain a cross acceleration provision which applies in respect of each Issuer (and not in respect of the other Issuers' obligations) as further described in Condition 10 (<i>Events of Default</i>).
Status of the Notes	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (<i>Status and Negative Pledge</i>)) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Governing Law	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by English law.
Ratings	<p>Tranches of Notes may be rated or unrated. Where a Tranche is rated, the rating assigned to such Tranche will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p> <p>Whether or not each credit rating applied for in relation to the relevant Tranches of Notes has been issued by a credit rating agency established in the UK and registered under the UK CRA Regulation will be disclosed in the Final Terms.</p> <p>In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not (i) issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (ii) provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (iii) provided by a credit rating agency not established in the EEA which is certified under the EU CRA Regulation.</p> <p>Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not (i) issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (ii) provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (iii) provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.</p>
Listing and Admission to Trading	<p>Application has been made to the FCA for Notes issued under the Programme to be admitted to the Official List and to admit the Notes to trading on the main market of the London Stock Exchange. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the relevant Issuer and the relevant Dealer in relation to the Series.</p> <p>Notes which are neither listed nor admitted to trading may also be issued. The FCA has neither approved nor reviewed information contained in this Prospectus in connection with such Exempt Notes.</p>
Selling Restrictions	There are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the EEA, the UK, Japan, Hong Kong, Singapore, Canada, Switzerland and Belgium and such other restrictions as may be required in connection with the offering and sale of a particular Tranche (see " <i>Subscription and Sale</i> ").

RISK FACTORS

In purchasing Notes, investors assume the risk that any of the Issuers may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in any of the Issuers becoming unable to make all payments due. It is not possible to identify all such factors, as the Issuers may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuers' control. The Issuers have identified in this Prospectus a number of factors which could materially adversely affect their businesses and ability to make payments due. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision. Noteholders may lose the value of their entire investment in certain circumstances.

Words and expressions defined in "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meaning in this section.

Risks related to the Issuers' business activities and industry

A. Operational Risks relating to the Issuers and their businesses

The risks described under this heading A (Operational Risks relating to the Issuers and their businesses) have been categorised as operational risks. Operational risks relate to losses resulting from inadequate or failed internal processes, people and systems, or due to external events. Should an operational risk materialise without effective prevention or mitigation controls it would have a high level of impact. Operational risks are managed through policy, standards, procedure-based controls, active prevention and monitoring. This introductory paragraph in italicised text forms part of the risk factors in this section but is not a risk factor itself.

- **Significant injury or loss of life risk:** There is a risk of significant injury or loss of life to employees, contractors, or the public as a result of operational business activity because of a failure of a critical asset or system; or inadvertent or deliberate contact with the distribution network. This risk also includes similar safety impacts from environmental events. See "*Potentially harmful activities*" below.
- **Cyber security incident:** There is a risk that the Issuers fail to adequately anticipate and manage disruptive forces on their systems or to protect their systems from a cyber-incident that results in electricity outages for customers, loss of automated control of the electricity network, damage to assets, loss of data or compromised ability to provide critical customer services. See "*Infrastructure and IT systems*" below.
- **Sustained loss of customer supply:** There is a risk that the Issuers fail to predict and respond to a significant asset failure or severe weather event which causes significant disruption to customer power supply and their asset performance, or any of the Issuers' service response is inadequate, leading to customer harm, lasting reputational damage, loss of franchise or damage to investor confidence. See "*Infrastructure and IT systems*" and "*Potentially harmful activities*" below.
- **Business transformation:** There is a risk that the Issuers fail to identify and apply suitable technologies, practices and innovations to efficiently deliver their price control commitments, position their business for success in the next price control financial model ("RIIO-ED2") and beyond, and meet their own business objectives. See "*Infrastructure and IT systems*" below.

- **Delivering ED2 price control:** There is a risk that the Issuers fail to deliver the price control within the allowed settlement revenue because of uncertainty over delivery mechanisms, supply chain issues, poor industrial relations, weak resource management or funding gaps, leading to reputational damage or increased regulatory intervention. See “Customers, suppliers and counterparties” below. This risk is classed as a compliance risk but is also a strategic and regulatory risk. See "*Law, regulation and political and economic uncertainty*" below.

Further context on the Issuers' operational risks is set out below:

Potentially harmful activities

Aspects of the Issuers' activities could potentially harm employees, contractors, members of the public or the environment.

Potentially hazardous activities that arise in connection with the Issuers' businesses include the distribution of electricity. Electricity utilities also typically use and generate hazardous and potentially hazardous products and by-products. In addition, there may be other aspects of the Issuers' operations that are not currently regarded or proved to have adverse effects but could become so. A significant safety or environmental incident, or the failure of the Issuers' safety processes or of their occupational health plans, as well as the breach of the Issuers' regulatory or contractual obligations or their climate change targets, could materially adversely affect the Issuers' results of operations and their reputation. Safety is a fundamental priority for the Issuers, and they commit significant resources and expenditure to process safety and to monitoring personal safety, occupational health and environmental performance, and to meeting their obligations under negotiated settlements. The Issuers are subject to laws and regulations governing health and safety matters to protect the public and their employees and contractors, who could potentially be harmed by these activities, as well as laws and regulations relating to pollution, the protection of the environment, and the use and disposal of hazardous substances and waste materials. These expose the Issuers to costs and liabilities relating to the Issuers' operations and properties, including those inherited from predecessor bodies, whether currently or formerly owned by the Issuers, and sites used for the disposal of their waste. The cost of future environmental remediation obligations is often inherently difficult to estimate, and uncertainties can include the extent of contamination, the appropriate corrective actions and the Issuers' share of the liability. The Issuers are increasingly subject to regulation in relation to climate change and is affected by requirements to reduce their own carbon emissions (including their own commitment to reduce their greenhouse gas emissions to net zero by 2050) as well as to enable a reduction in energy use by their customers. If more onerous requirements are imposed or the Issuers' ability to recover these costs under regulatory frameworks changes, this could have a material adverse impact on the Issuers' business, reputation, results of operations and financial position.

Pandemics and epidemics

The Issuers face risks related to health epidemics and other outbreaks.

As seen in the context of COVID-19, pandemics and their associated countermeasures may affect countries, communities, supply chains and markets, including in the UK. The spread of such pandemics could have adverse effects on the Issuers' workforce, which could affect the Issuers' ability to maintain their networks and provide service. In addition, disruption of supply chains could adversely affect the Issuers' systems or networks. Pandemics can also result in extraordinary economic circumstances in the Issuers' markets which could negatively affect the liquidity and financial performance of those who use the Issuers' distribution systems. The extent to which pandemics may affect the Issuers' liquidity, business, financial condition, results of operations and reputation will depend on future developments, which are highly uncertain and cannot be predicted, and will depend on the severity of the relevant pandemic, the scope, duration, cost to the Issuers and overall economic impact of actions taken to contain it or treat its effects.

Infrastructure and IT systems

The Issuers may suffer a major network failure or interruption or may not be able to carry out critical operations due to the failure of infrastructure, data or technology or a lack of supply.

Operational performance could be materially adversely affected by a failure to maintain the health of the Issuers' assets or networks, inadequate forecasting of demand, inadequate record keeping or control of data or a failure of information systems (including critical national infrastructure and business critical enterprise systems) and supporting technology. This in turn could cause the Issuers to fail to meet agreed standards of service, incentive and reliability targets, or to be in breach of a licence, approval, regulatory requirement or contractual obligation. Even incidents that do not amount to a breach could result in adverse regulatory and financial consequences, as well as harming the Issuers' reputation. Where demand for electricity exceeds supply, including where the Issuers do not adequately forecast and respond to disruptions in energy supplies, and the Issuers balancing mechanisms are not able to mitigate this fully, a lack of supply to consumers may damage their reputation. In addition to these risks, the Issuers may be affected by other potential events that are largely outside their control such as the impact of the weather (including as a result of climate change and major storms), unlawful or unintentional acts of third parties, insufficient or unreliable supply, or force majeure. Weather conditions can affect financial performance and severe weather that causes outages or damages infrastructure, together with the Issuers' actual or perceived response, could materially adversely affect operational and potentially business performance and the Issuers' reputation. Malicious attack, sabotage or other intentional acts, including breaches of the Issuers' cyber security, may also damage their assets (which include critical national infrastructure) or otherwise significantly affect corporate activities and, as a consequence, have a material adverse impact on their reputation, business, results of operations and financial condition. Unauthorised access to, or deliberate breaches of, the Issuers' IT systems may also lead to manipulation of the Issuers' proprietary business data or customer information. Unauthorised access to private customer information may make the Issuers liable for a violation of data privacy regulations. Even where the Issuers establish business continuity controls and security against threats against their systems, these may not be sufficient.

Customers, suppliers and counterparties

Customers, suppliers and counterparties may not perform their obligations.

The Issuers' operations are exposed to the risk that customers, suppliers, banks and other financial institutions and others with whom the Issuers do business will not satisfy their obligations, which could materially adversely affect their respective financial positions. This risk is significant where the Issuers have concentrations of receivables from electricity utilities and their affiliates, as well as industrial customers and other purchasers, and may also arise where customers are unable to pay the Issuers as a result of increasing commodity prices or adverse economic conditions.

To the extent that counterparties are contracted with for physical commodities, and they experience events that impact their own ability to deliver, the Issuers may suffer supply interruption.

In addition, the Issuers may be impacted by supply chain disruptions and shortages of materials, equipment, labour and other resources that are critical to the Issuers' business operations, including the delivery of major projects. Long lead times for replacement parts could restrict the availability and delay the construction, maintenance or repair of items that are needed to support the Issuers' normal operations and may result in prolonged customer outages which could in turn lead to unrecovered costs for such services interruptions. Demand for electric equipment is increasing due to utilities' efforts to meet clean energy goals and in order to prepare for more frequent extreme weather events at a time when manufacturing capacity and supply are decreasing. Prices of materials, equipment, transportation and other resources have increased as a result of these supply chain disruptions and shortages, and may furthermore continue to increase as a result of inflation.

There is also a risk to the Issuers where they invest excess cash or enter into derivatives and other financial contracts with banks or other financial institutions. Banks who provide the Issuers with credit facilities may also fail to perform their obligations under those contracts.

B. Strategic and regulatory risks relating to the Issuers and their businesses

The risks described under this heading B (Strategic and regulatory risks relating to the Issuers and their businesses) have been categorised as strategic and regulatory risks. Strategic risk is the risk of failing to achieve the Issuers' overall strategic business plans and objectives, as well as failing to have the 'right' strategic plan. This introductory paragraph in italicised text forms part of the risk factors in this section but is not a risk factor itself.

The political climate and policy decisions of the Issuers' regulators in 2022/23 were key considerations in assessing strategic and regulatory risks.

- **Societal and stakeholder expectations:** There is a risk that the Issuers fail to understand and manage societal and stakeholders' expectations of their business because of weak stakeholder engagement, leading to reputational damage or increased regulatory intervention. See "*Law, regulation and political and economic uncertainty*" below.
- **Energy transition role and delivery of net zero:** There is a risk that the Issuers fail to meet their strategic principle of enabling the energy transition for all and that the Issuers fail to change sufficiently to enable the UK's transition to net zero or meet their own net zero commitments, because of planning to an incorrect strategic envelope, anticipatory investment arrangements not being acceptable to their regulators, implementing the wrong environmental plan, failure to meet customer expectations and delivery. See "*Law, regulation and political and economic uncertainty*", "*Growth and business development activity*" and "*Business performance*" below. Further context on the Issuers' strategic and regulatory risks is set out below:

Law, regulation and political and economic uncertainty

Changes in law or regulation or decisions by governmental bodies or regulators and increased political and economic uncertainty could materially adversely affect the Issuers.

The Issuers' businesses are utilities or networks subject to regulation by the UK government, the UK's Office of Gas and Electricity Markets ("**Ofgem**") and other authorities. Changes in law or regulation or regulatory policy and precedent (including any changes arising as a result of the UK's exit from the European Union) as well as legislation introduced to facilitate the attainment of net zero emissions targets, and decisions of governmental bodies or regulators, in the regions in which the Issuers operate could materially adversely affect them. The Issuers may fail to deliver any one of their customer, investor and wider stakeholder propositions due to increased political and economic uncertainty. If the Issuers fail to respond to or meet their respective own commitments as leaders in relation to climate change and the energy transition, they may not be able to influence future energy policy and deliver their strategy. Decisions or rulings concerning the following (as examples) could have a material adverse impact on the Issuers' results of operations, cash flows, the financial condition of the Issuers' businesses and the ability to develop those businesses in the future: the implementation of the RIIO-ED2 price controls; whether licences, approvals or agreements to operate or supply are granted, amended or renewed, whether consents for construction projects are granted in a timely manner or whether there has been any breach of the terms of a licence, approval or regulatory requirement; and timely recovery of incurred expenditure or obligations, the ability to pass through commodity costs, a decoupling of energy usage and revenue and other decisions relating to the impact of general economic conditions on the Issuers', their markets and customers, implications of climate change and of advancing energy technologies, whether aspects of their activities are contestable, the level of permitted revenues and dividend distributions for the Issuers' businesses and in relation to proposed business development activities.

Growth and business development activity

Failure by the Issuers to respond to external market developments and execute their growth strategy may negatively affect their performance. Conversely, new businesses or activities that the Issuers undertake alone, or with partners, may not deliver target outcomes and may expose the Issuers to additional operational and financial risk.

Failure by the Issuers to grow their core business sufficiently and have viable options for new future business over the longer term or failure to respond to the threats and opportunities presented by emerging technology or innovation (including for the purposes of adapting their networks to meet the challenges of increasing distributed energy resources) could negatively affect their credibility and reputation and jeopardise the achievement of intended financial returns. The Issuers' business development activities and the delivery of their growth ambition include acquisitions, disposals, joint ventures, partnering and organic investment opportunities such as development activities relating to changes to the energy mix and the integration of distributed energy resources and other advanced technologies. These are subject to a wide range of both external uncertainties (including the availability of potential investment targets and attractive financing and the impact of competition for onshore transmission) and internal uncertainties (including actual performance of National Grid and its business planning model assumptions and ability to integrate acquired businesses effectively). As a result, the Issuers may suffer unanticipated costs and liabilities and other unanticipated effects. The Issuers may also be liable for the past acts, omissions or liabilities of companies or businesses they have acquired, which may be unforeseen or greater than anticipated. In the case of joint ventures, the Issuers may have limited control over operations and their joint venture partners may have interests that diverge from the Issuers' interests. The occurrence of any of these events could have a material adverse impact on the Issuers' results of operations or financial condition and could also impact their ability to enter into other transactions.

Business performance

Current and future business performance may not meet the Issuers' expectations or those of their regulators and shareholders.

Earnings maintenance and growth from the Issuers' regulated electricity business will be affected by the Issuers' ability to meet or exceed efficiency targets and service quality standards set by, or agreed with, their regulators. If the Issuers do not meet these targets and standards, they may not achieve the expected benefits, their businesses may be materially adversely affected and their performance, results of operations and reputation may be materially harmed, and they may be in breach of regulatory or contractual obligations.

C. People risks

The risks described under this heading C (People risks) have been categorised as people risks. Building and fostering an engaged and talented team that has the knowledge, training, skills and experience to deliver the Issuers' strategic objectives is vital to their success. The Issuers are exposed to risk if they cannot attract, integrate and retain the talent they need at all levels of the business. This introductory paragraph in italicised text forms part of the risk factor in this section but is not a risk factor itself.

- **Capability and talent:** There is a risk that the Issuers fail to attract, retain, equip and inspire the necessary diverse talent to lead their businesses and deliver their business plans and the pipeline of talent is not sufficiently strong to fill roles as colleagues retire. Further context on the Issuers' people risks is set out in "Employees and others" below.

Employees and others

The Issuers may fail to attract, develop and retain employees with the competencies (including leadership and business capabilities), values and behaviours required to deliver their strategy and vision and ensure they are engaged to act in the Issuers' best interests.

The Issuers' ability to implement their strategy depends on the capabilities and performance of their employees and leadership at all levels of the business. The Issuers' ability to implement their strategy and vision may be negatively affected by the loss of key personnel or an inability to attract, integrate, engage and retain appropriately qualified personnel (including people with the skills to help the Issuers deliver on their net zero commitments), or if significant disputes arise with their employees. As a result, there may be a material adverse effect on the Issuers' businesses, financial condition, results of operations and prospects. There is a risk that an employee or someone acting on the Issuers' behalf may breach their internal controls or internal governance framework or may contravene applicable laws and regulations. This could have an impact on the Issuers' results of operations, their reputation and their relationship with their regulators and other stakeholders.

D. Compliance risk

Risks related to legal penalties, financial forfeiture and material loss

- **Regulatory and legal compliance:** There is a risk that non-compliance with a regulatory licence or statutory obligation adversely impacts customers or stakeholders and leads to a significant fine or damaged reputation.

This risk is classed as a compliance risk but is also a strategic and regulatory risk. See "*Law, regulation and political and economic uncertainty*" above.

E. Financial risks

The risks described under this heading E (Financial risks) have been categorised as financial risks. While all risks have a financial liability, financial risks are those which relate to financial controls and performance. While all risks have a direct or indirect financial impact, financial risks are those which relate to financial objectives and performance. Financial risk management is a critical process used to make investment decisions and aims to maximise investment returns and earnings for a given level of risk. None of the Issuers' financial risks are currently classified as group principal risks. This introductory paragraph in italicised text forms part of the risk factors in this section but is not a risk factor itself.

- **Interest rate risk:** The Issuers have issued debt to finance their operations, which exposes them to interest rate risk. The Issuers interest rate risk management policy includes achieving the lowest possible cost of debt financing, while managing volatility of interest rates, applying a prudent mix of fixed and floating debt, either directly or through the use of derivative financial instruments affecting a shift in interest rate exposures between fixed and floating rates, and also matching debt service requirements to projected cash flows. See "*Exchange rates, interest rates and commodity price indices*" below.
- **Credit risk:** A customer or counterparty to a financial instrument may fail to perform or fail to pay amounts due causing financial loss to the Issuers arising from cash and cash equivalents, derivative financial instruments and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables. See "*Exchange rates, interest rates and commodity price indices*" below as well as "*Customers, suppliers and counterparties*" above.
- **Inflation risk:** The Issuers' index-linked borrowings and interest liabilities are exposed to a risk of change in the carrying value due to changes in the UK RPI. See "*Exchange rates, interest rates and commodity price indices*" below.

- **Market risk:** Market risk is the risk that movements in market rates, including foreign exchange rates, interest rates and inflation may affect the Issuers' profit. The management of market risk is undertaken with risk limits approved by the Board. See "*Exchange rates, interest rates and commodity price indices*" below.
- **Foreign currency risk:** The Issuers' assets are principally Sterling denominated, but they have access to various international debt capital markets, and they raise foreign currency denominated debt and are therefore exposed to foreign currency risk on their borrowings. See "*Exchange rates, interest rates and commodity price indices*" below.
- **Liquidity risk:** The Issuers may not have sufficient funds to meet the obligations or commitments arising from their business operations and their financial liabilities. See "*Financing and liquidity*" below.

Exchange rates, interest rates and commodity price indices

Changes in foreign currency rates, interest rates or commodity prices could materially impact earnings or the Issuers' financial condition.

The Issuers' results of operations and net debt position may be affected because a significant proportion of their borrowings, derivative financial instruments and commodity contracts are affected by changes in interest rates, commodity price indices and exchange rates, in particular the U.S. Dollar-to-Sterling exchange rate. Furthermore, the Issuers' cash flow may be materially affected as a result of settling hedging arrangements entered into to manage their exchange rate, interest rate and commodity price exposure, or by cash collateral movements relating to derivative market values, which also depend on the Sterling exchange rate into Euro and other currencies.

Post-retirement benefit contributions

The Issuers may be required to make significant contributions to their defined benefit scheme.

The Issuers participate in pension schemes that cover substantially all of their respective employees. These schemes include four defined benefit schemes where the scheme assets are held independently of the Issuers' own financial resources. Estimates of the amount and timing of future funding for the scheme are based on actuarial assumptions and other factors including: the actual and projected market performance of the scheme assets; future long-term bond yields; average life expectancies; and relevant legal requirements. Actual performance of scheme assets may be affected by volatility in debt and equity markets. Changes in these assumptions or other factors may require the Issuers to make additional contributions to these pension schemes which, to the extent they are not recoverable under their respective price controls, could materially adversely affect the Issuers' respective results of operations and financial condition.

Financing and liquidity

An inability to access capital markets at commercially acceptable interest rates could affect how the Issuers maintain and grow their businesses.

The Issuers' businesses are financed through cash generated from its ongoing operations, bank lending facilities and the capital markets, particularly the long-term debt capital markets. Some of the debt issued by the Issuers is rated by credit rating agencies and changes to these ratings may affect both the Issuers' borrowing capacity and borrowing costs. In addition, restrictions imposed by regulators may also limit how the Issuers service the financial requirements of their current businesses or the financing of newly acquired or developing businesses. Financial markets can be subject to periods of volatility and shortages of liquidity - for example, as a result of unexpected political or economic events or other events such as the COVID-19 pandemic. If the Issuers were unable to access the capital markets or other sources of finance at commercially acceptable rates for a prolonged period, the Issuers' cost of

financing may increase, the discretionary and uncommitted elements of their respective proposed capital investment programmes may need to be reconsidered and the manner in which the Issuers implement their strategy may need to be reassessed. Such events could have a material adverse impact on the Issuers' business, results of operations and prospects.

Some of the Issuers' regulatory agreements impose lower limits for the long-term unsecured debt credit ratings that certain companies within the group must hold or the amount of equity within their capital structures, including a limit requiring the Issuers to hold an investment-grade long-term senior unsecured debt credit rating. In addition, some of the Issuers' regulatory arrangements impose restrictions on the way they can operate. These include regulatory requirements for the Issuers to maintain adequate financial resources within certain parts of their operating businesses and may restrict the ability of the Issuers and some of their subsidiaries to engage in certain transactions, including paying dividends, lending cash and levying charges. The inability to meet such requirements or the occurrence of any such restrictions may have a material adverse impact on the Issuers' respective business and financial condition.

The Issuers' debt agreements and banking facilities contain covenants, including those relating to the periodic and timely provision of financial information by the issuing entity and financial covenants such as restrictions on the level of subsidiary indebtedness. Failure to comply with these covenants, or to obtain waivers of those requirements, could in some cases trigger a right, at the lender's discretion, to require repayment of some of the Issuers' debt and may restrict the Issuers' ability to draw upon their respective facilities or access the capital markets.

F. Risks related to the structure of the Notes

Risks related to the structure of certain types of Notes which may be issued under the Programme

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer.

An Issuer may issue Notes that are callable, at the option of the Issuer, either at certain times or at any time during the life of the Notes. An optional redemption feature is likely to limit the market value of Notes. During any period when an Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

Such Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes

An Issuer may issue Notes with principal and/or interest determined by reference to an index derived from any of (i) the RPI, (ii) the CPI or (iii) the CPIH. Potential investors in such Notes should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) they may risk losing part of, or the entirety of, their investment, for example, if exchange

- rates or any other relevant index moves sufficiently in an unanticipated direction;
- (iv) payment of principal or interest may occur at a different time than expected;
 - (v) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero (for example, if the value of the relevant Index falls below the value of the relevant Index applicable at the Issue Date, then the amount of principal payable at the time of redemption may be less than the nominal amount of the Note);
 - (vi) an index may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies, or other indices; and
 - (vii) the timing of changes in an index may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the relevant Index, the greater the effect on yield.

Future changes or uncertainty with respect to EURIBOR and/or other relevant benchmarks may adversely affect the value of Floating Rate Notes which reference EURIBOR and/or other relevant benchmarks.

The Issuer may issue Floating Rate Notes, the interest rate on which fluctuates according to fluctuations in a specified interest rate benchmark. Reference rates and indices, including interest rate benchmarks used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**") including (but not limited to) EURIBOR, have in recent years been the subject of political and regulatory scrutiny and reform globally. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such Benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a Benchmark.

The EU BMR was published in the Official Journal of the European Union on 29 June 2016 and became applicable in the EU from 1 January 2018. The EU BMR applies to the provision of Benchmarks, the contribution of input data to a Benchmark and the use of a Benchmark within the EU. It, among other things, (i) requires Benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of Benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The UK BMR applies to the provision of Benchmarks, the contribution of input data to a Benchmark and the use of a Benchmark within the UK. It, among other things, (i) requires Benchmark administrators to be authorised or registered (or, if non-UK-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by UK supervised entities of Benchmarks of administrators that are not authorised or registered (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU BMR and the UK BMR could have a material impact on any Notes linked to or referencing a Benchmark, in particular, if the methodology or other terms of the Benchmark are changed in order to comply with the requirements of the EU BMR and/or the UK BMR. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the Benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of Benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements.

The potential elimination of any Benchmark, or changes in the manner of administration of any Benchmark, could require an adjustment to the Conditions, or result in other consequences, in respect of any Notes linked to such Benchmark. Such factors may have the following effects on certain Benchmarks: (i) discourage market participants from continuing to administer or contribute to the Benchmark, (ii) trigger changes in the rules or methodologies used in the Benchmark or (iii) lead to the disappearance of the Benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a Benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU BMR and/or the UK BMR in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

In the EU, the euro risk free rate working group for the euro area has published a set of guiding principles and high-level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk free rate working group published its recommendation on EURIBOR fallback trigger events and fallback rates.

See also the risk factor headed, "*Floating Rate Notes – Benchmark Discontinuation*" below.

The market continues to develop in relation to risk-free rates (including SONIA)

Investors should be aware that the market continues to develop in relation to risk-free rates, such as SONIA, as reference rates in the capital markets for Sterling bonds and their adoption as alternatives to the relevant interbank offered rates.

SONIA is a relatively new rate, and the Bank of England (or a successor), as administrator of SONIA, may make methodological or other changes that could change the value of SONIA, including changes related to the method by which SONIA is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, or timing related to the publication of SONIA. If the manner in which SONIA is calculated is changed, that change may result in a reduction of the amount of interest payable on the relevant Notes, which may adversely affect the trading prices of such Notes. The administrator of SONIA may withdraw, modify, amend, suspend or discontinue the calculation or dissemination of SONIA, respectively, in its sole discretion and without notice and has no obligation to consider the interests of holders of the Notes in calculating, withdrawing, modifying, amending, suspending, or discontinuing SONIA. In respect of any SONIA-referenced Notes for which the Rate of Interest is determined by reference to the SONIA Compounded Index, the SONIA Compounded Index may be modified or discontinued, and such SONIA-referenced Notes may bear interest by reference to a rate other than compounded SONIA, which could adversely affect the value of any such SONIA-referenced Notes.

In addition, market conventions for calculating the interest rate for bonds referencing risk-free rates continue to develop and market participants and relevant working groups are exploring alternative reference rates based on risk-free rates. For example, on 3 August 2020, the Bank of England, as the administrator of SONIA, began publishing the SONIA Compounded Index. Accordingly, the specific formula for calculating the rate used in the Notes may not be widely adopted by other market participants, if at all. An Issuer may in the future also issue Notes referencing risk-free rates that differ in terms of interest determination when compared with any previous Notes referencing risk-free rate rates issued by it. If the market adopts a different calculation method, that could adversely affect the market value of Notes.

Interest on Notes which reference a risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference

risk-free rates to reliably estimate the amount of interest which will be payable on such Notes. Further, if the Notes become due and payable under Condition 10, or are otherwise redeemed early on a date which is not an Interest Payment Date, the Rate of Interest payable shall be determined on the date the Notes became due and payable and shall not be reset thereafter.

Each risk-free rate is published and calculated by third parties based on data received from other sources and the relevant Issuer has no control over their respective determinations, calculations or publications. There can be no guarantee that the relevant risk-free rate (or SONIA Compounded Index) will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Notes linked to or which reference a such risk-free rate (or that any applicable benchmark fallback provisions provided for in the Conditions will provide a rate which is economically equivalent for holders of Notes). The Bank of England has no obligation to consider the interests of holders of Notes in calculating, adjusting, converting, revising or discontinuing the relevant risk-free rate (or SONIA Compounded Index). If the manner in which the relevant risk-free rate is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Notes that reference a risk-free rate. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Notes.

Risks relating to Floating Rate Notes linked to CDOR or CORRA

(i) The future discontinuance of the Canadian Dollar Offered Rate ("CDOR") might adversely affect the value of investments in Floating Rate Notes that reference CDOR

On 16 May 2022, Refinitiv Benchmark Services (UK) Limited, the administrator of CDOR, announced that the calculation and publication of all remaining tenors of CDOR will permanently cease after 28 June 2024 (the "**CDOR Cessation Date**"). Investors should be aware that, when CDOR is discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes that reference CDOR will be determined for the relevant period by the fallback provisions applicable to such Notes. If, during the term of any Floating Rate Notes linked to CDOR, CDOR is no longer quoted on the designated screen page, CDOR will be determined using the alternative methods described in the Conditions. Any of these alternative methods may result in interest payments on such Notes that are lower than or do not otherwise correlate over time with the interest payments that would have been made on the Floating Rate Notes if the designated CDOR screen page had remained available. Any of the foregoing may have an adverse effect on the value of and return on Floating Rate Notes that reference CDOR.

(ii) Regulation, reform, and the potential or actual discontinuation of CDOR, the Canadian Overnight Repo Rate Average ("CORRA") may adversely affect the value of, return on and trading market for the Note.

CDOR and CORRA are the subject of ongoing national and international regulatory guidance and proposals for reform. Some of these reforms are already effective, while others are still to be implemented or formulated. These reforms may cause such "benchmarks" to perform differently than in the past or to be discontinued entirely and may have other consequences that cannot be predicted.

Once CDOR is permanently discontinued on the CDOR Cessation Date, or if the Issuer determines that CORRA has been permanently or indefinitely discontinued, in relation to any Notes referencing CDOR or CORRA, as applicable, the Issuer, a Canadian calculation agent appointed by the Issuer or financial institution or investment bank appointed by the Issuer will determine an alternative rate and adjustments thereto in accordance with the Terms and Conditions.

After the CDOR Cessation Date or if a Benchmark Event occurs in relation to CORRA, a waterfall of alternative rates could be used to determine the rate of interest on any Notes referencing CDOR or CORRA, as applicable. Such fallback rates may not be a suitable replacement or successor for CDOR or CORRA, as applicable. If certain of the fallback rates are not available at the applicable interest determination date, the next alternative rate in the waterfall will be used. Uncertainty with respect to market conventions related to the calculation of these fallback rates and whether any alternative reference rate is a suitable replacement or successor for CDOR or CORRA may adversely affect the value of, return on and trading market for any Notes referencing CDOR or CORRA, as applicable.

The additional alternative rates for any Notes referencing CDOR or CORRA, as applicable, are uncertain. In particular, the rate (inclusive of any spreads or adjustments) recommended as the replacement for CORRA by a committee officially endorsed or convened by the Bank of Canada for the purpose of recommending a replacement for CORRA (which rate may be produced by the Bank of Canada or another administrator) and as provided by the administrator of that rate or, if that rate is not provided by the administrator thereof (or a successor administrator), published by an authorised distributor, has not been established as of the date hereof.

There is no assurance that the characteristics of any of the alternative rates for CDOR or CORRA will be similar to those of CDOR or CORRA prior to the CDOR Cessation Date, or prior to the date a Benchmark Event in relation to CORRA occurs, as applicable, or that any such alternative rate will produce the economic equivalent of such rates.

(iii) CORRA may not be a suitable substitute or successor for CDOR

As a rate based on transactions secured by Government of Canada treasury bills and bonds, CORRA does not measure unsecured corporate credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of corporations. This may mean that market participants would not consider CORRA or a term adjusted CORRA a suitable substitute or successor for CDOR, which may, in turn, lead to lessened market acceptance of CORRA. Further, multiple market conventions with respect to the implementation of CORRA as a base rate for floating rate notes or other securities may develop. The manner of calculation and related conventions with respect to the determination of interest rates based on CORRA in floating rate bond markets may differ materially compared with the manner of calculation and related conventions with respect to the determination of interest rates based on CORRA in other markets, such as the derivatives and loan markets. Uncertainty with respect to market conventions related to the implementation of CORRA and whether CORRA or a term adjusted CORRA is a suitable replacement or successor for CDOR may adversely affect the value of, return on and trading market for any Notes referencing CDOR or CORRA, as applicable.

(iv) The administrator of CORRA may make methodological or other changes that could change the value of CORRA and may withdraw, modify, amend, suspend or discontinue the calculation or dissemination of CORRA

The Bank of Canada has only been the administrator of CORRA since June 2020. The Bank of Canada may make methodological or other changes that could change the value of CORRA, including changes related to the method by which CORRA is calculated, eligibility criteria applicable to the transactions used to calculate CORRA or timing related to the publication of CORRA. In addition, CORRA is published by the Bank of Canada based on data received from sources other than the Issuer, and the Issuer has no control over the methods of calculation, publication schedule, rate revision practices or availability of CORRA. If interest payable during a floating rate period of any Notes references CORRA and the manner in which CORRA is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes during such period, which may adversely affect the trading prices on such Notes. The administrator of CORRA may withdraw, modify, amend, suspend or discontinue the calculation or dissemination of CORRA in its sole discretion and without notice and has no obligation to consider the interests of holders of the Notes or beneficial owners of interests in the Notes in calculating, withdrawing, modifying, amending, suspending or discontinuing

CORRA. Any of the factors noted above could adversely affect the rate of interest on Notes linked to CORRA, which could adversely affect the return on, value of and market for the Notes.

Floating Rate Notes – Benchmark Discontinuation

(i) Temporary unavailability of the Relevant Screen Page

Where Screen Rate Determination is specified as the manner in which the Rate of Interest (or any component part thereof) (as defined in Condition 4.8) in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (as defined in Condition 4.8) (or its successor or replacement). In circumstances where such Original Reference Rate (as defined in Condition 4.10.7) is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available, as to which see the risk factor headed "*Floating Rate Notes – Benchmark Discontinuation – (ii) Benchmark Events*" below.

Where the Relevant Screen Page is not available and no successor or replacement for the Relevant Screen Page is available but a Benchmark Event has not occurred, the Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate) but a Benchmark Event has not occurred, the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date (as defined in Condition 4.8). Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, Floating Rate Notes.

(ii) Benchmark Events

Benchmark Events (as defined in Condition 4.10.7) include (amongst other events) the permanent discontinuation of an Original Reference Rate. If the Issuer determines that a Benchmark Event has occurred, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser (as defined in Condition 4.10.7). After consulting with the Independent Adviser, the Issuer shall endeavour to determine a Successor Rate or, failing which, an Alternative Rate (each as defined in Condition 4.10.7) to be used in place of the Original Reference Rate. If the Issuer is unable to appoint an Independent Adviser it may make such determinations and adjustments by itself and in making such determinations and adjustments, the Issuer may be entitled to exercise substantial discretion.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Issuer, the Conditions provide that the Issuer may vary the Conditions, the Agency Agreement and/or the Trust Deed as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Issuer, the Conditions also provide that an Adjustment Spread (as defined in Condition 4.10.7) may be determined by the Issuer and applied to such Successor Rate or Alternative Rate.

The use of any Successor Rate or Alternative Rate to determine the Rate of Interest and the application of any Adjustment Spread (or the non-application of an Adjustment Spread in these circumstances) may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

(iii) Potential for a fixed rate return

The Issuer may not be able to determine a Successor Rate or Alternative Rate in accordance with the Conditions.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or is unable to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period (as defined in Condition 4.8) will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest.

Where the Issuer has been unable to determine a Successor Rate or Alternative Rate in respect of any given Interest Period, it will continue to attempt to appoint an Independent Adviser as soon as reasonably practicable before the next succeeding Interest Determination Date and/or to determine a Successor Rate or Alternative Rate to apply to the next succeeding and any subsequent Interest Periods, as necessary, together with any Adjustment Spread which may be applied as set out above.

Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

If the Issuer fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This risks the Floating Rate Notes, in effect, becoming fixed rate Notes.

(iv) ISDA Determination

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an "IBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the relevant Floating Rate Notes.

Fixed/Floating Rate Notes

An Issuer may issue Fixed/Floating Rate Notes under the Programme which bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since such Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If such Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than the prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If such Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on its Notes.

Notes issued at a substantial discount or premium

An Issuer may issue Zero Coupon Notes or interest paying Notes which are issued at a discount, and may issue Notes at a premium to par. The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Exchange rate risks and exchange controls may impact the Notes

An Issuer may issue Notes in any currency. The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the *Investor's Currency*) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the relevant Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

Interest rate risks relevant to Fixed Rate Notes

An Issuer may issue Notes which pay a fixed rate of Interest. Investment in Fixed Rate Notes involves the risk that if market interest rates increase during the life of the Notes (for example, if the prevailing bank interest rate in the relevant investor's jurisdiction were to increase), this could result in the rate of interest for the time being payable under the terms of the Notes becoming relatively less attractive which may in turn adversely affect the value of Fixed Rate Notes.

*Notes issued as "green", "sustainable" or other equivalently-labelled bonds ("**Eligible Bonds**") may not be a suitable investment for all investors seeking exposure to eligible assets*

The Final Terms relating to any specific Tranche may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Notes specifically for a portfolio of eligible green projects ("**Eligible Green Projects**") as described in the green financing framework (the "**Green Financing Framework**") published on National Grid plc's website at <https://investors.nationalgrid.com/debt-investors/green-financing/greenfinancing> and as updated from time to time. Prospective investors should have regard to the information set out in this Prospectus, the relevant Final Terms and the Green Financing Framework regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investors deem necessary. In connection with the issuance of Eligible Bonds, ISS-ESG (a sustainability consulting firm) has evaluated the Green Financing Framework and has issued an independent opinion confirming that the Eligible Green Projects described in the Green Financing Framework are aligned with the International Capital Market Association Green Bond Principles 2021 (the "**ICMA Green Bond Principles 2021**").

The relevant Issuer will exercise its judgement and sole discretion in determining the businesses and projects that will be financed or refinanced by the proceeds from such Notes. If the use of the proceeds of Notes is a factor in any potential investor's decision to invest in such Notes, that investor should carefully consider the disclosure in "*Use of Proceeds*" and consult with its legal or other advisers and

make any other investigation such investor deems necessary before making an investment in the Notes, including but not limited to, reviewing the prevailing Green Financing Framework.

No assurance is given by any Issuer, the Arranger or any Dealer that the use of such proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects. None of the Arranger or any of the Dealers shall be responsible for the ongoing monitoring of the use of proceeds in respect of any such Notes.

Furthermore, it should be noted that there is currently no clearly-defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance or representation is or can be given (whether by the Issuers, the Arranger, the Dealers, the Trustee or any other person) to investors that any projects or uses the subject of, or related to, any Eligible Green Projects will meet any or all investor expectations regarding such "green", "sustainable" or other equivalently-labelled performance objectives (including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment or Regulation (EU) 2020/852 as it forms part of UK domestic law by virtue of the EUWA) or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Green Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes and in particular with any Eligible Green Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Prospectus. Any such opinion or certification is not, nor should it be deemed to be, a recommendation by the Issuers, the Arranger, the Dealers, the Trustee or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as at the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuers, the Arranger, the Dealers, the Trustee or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuers, the Arranger, the Dealers, the Trustee or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the relevant Issuer to apply the proceeds of any Notes so specified for Eligible Green Projects in, or substantially in, the manner described in the relevant Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Projects will be capable of being implemented in, or substantially in, such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Green Projects. Nor can there be any assurance that such Eligible Green Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Notes.

Any such event or failure to apply the proceeds of any issue of Notes for any Eligible Green Projects as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the relevant Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance Eligible Green Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Risks related to all Notes issued under the Programme

Set out below is a description of material risks relating to the Notes generally:

Modification, waivers and substitution

The Conditions contain provisions for calling meetings (including meetings held by way of audio or video conference) of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend (or participate remotely in) and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders, agree to (a) any modification of any of the provisions of the Trust Deed or the Notes that is of a formal, minor or technical nature or is made to correct a manifest error; (b) any other modification (except as mentioned in the Trust Deed) and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the Notes or Coupons or the Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders; (c) any Benchmark Amendments (as defined in the Conditions) required by the Issuer pursuant to Condition 4.10; or (d) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 12.3 of the Conditions.

Change of law

The Conditions are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or to administrative practice after the date of issue of the relevant Notes and any such change could materially adversely impact the value of any investments affected by it.

Specified Denominations

The Notes are issued in the Specified Denomination shown in the relevant Final Terms. Such Final Terms may also state that the Notes will be tradable in the Specified Denomination and integral multiples in excess thereof but which are smaller than the Specified Denomination. Where such Notes are traded in the clearing systems, it is possible that the clearing systems may process trades which could result in amounts being held in denominations smaller than the Specified Denomination.

If Definitive Notes are required to be issued in relation to such Notes, a holder who does not hold a principal amount of Notes at least equal to the Specified Denomination in his account at the relevant time, may not receive all of his entitlement in the form of Definitive Notes and, consequently, may not be able to receive interest or principal in respect of all of his entitlement, unless and until such time as his holding becomes at least equal to the Specified Denomination.

The secondary market for Notes issued under the Programme

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rates, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

Notes issued by the Issuers under the Programme are expected to be rated BBB+ by S&P, and Baa1 by Moody's.

S&P is not established in the UK but the rating it is expected to give to the Notes issued under the Programme will be endorsed by S&P Global Ratings UK Limited, which is established in the UK and registered under the UK CRA Regulation. S&P is established in the European Union and registered under Regulation (EC) No 1060/2009 (the "**EU CRA Regulation**"). Moody's is established in the UK and registered under the UK CRA Regulation. Moody's Deutschland GmbH currently endorses ratings issued by Moody's for regulatory purposes in the EEA in accordance with the EU CRA Regulation. Moody's Deutschland GmbH is established in Germany and has been registered under the EU CRA Regulation. There can be no assurance that S&P Global Ratings UK Limited and Moody's Deutschland GmbH will continue to endorse ratings issued by S&P and Moody's, respectively.

In general, UK regulated investors are restricted under the UK CRA Regulation from using ratings for regulatory purposes in the UK unless such ratings are issued by a credit rating agency established in the UK and registered under the UK CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of ratings issued by non-UK rating agencies, unless the relevant ratings are endorsed by a UK-registered rating agency or the relevant non-UK rating agency is certified in accordance with the UK CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published on the FCA register in accordance with the UK CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated FCA register.

Similarly, EEA regulated investors are restricted under the EU CRA Regulation from using ratings for regulatory purposes in the EEA unless such ratings are issued by a rating agency established in the EEA and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of ratings issued by non-EEA rating agencies, unless the relevant ratings are endorsed by an EEA-registered rating agency or the relevant non-EEA rating agency is certified in accordance with the EU CRA Regulation (and such endorsement

action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published on the European Securities and Markets Authority ("**ESMA**") register in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA register.

If the status of the rating agency rating the Notes changes for the purposes of the UK CRA Regulation or the EU CRA Regulation, UK and/or EEA regulated investors may no longer be able to use the rating for regulatory purposes in the UK or the EEA, as applicable, which may impact the value of the Notes and their liquidity in the secondary market.

SUPPLEMENTAL PROSPECTUSES

Following the publication of this Prospectus, a supplemental prospectus may be prepared by the Issuers and approved by the FCA, which will constitute a supplemental prospectus in accordance with Article 23(1) of the UK Prospectus Regulation. Statements contained in any such supplemental prospectus (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

The Issuers will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplemental prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the FCA shall be incorporated in, and form part of, this Prospectus:

- (a) The directors' report, the independent auditor's report and financial statements set out at pages 58 to 115 of the annual report and financial statements of NGED East Midlands for the year ended 31 March 2022 (the "**NGED East Midlands 2022 Annual Report**"). For the avoidance of doubt, the statement contained on the cover page of the NGED East Midlands 2022 Annual Report may be disregarded as irrelevant for the purposes of investors and the NGED East Midlands 2022 Annual Report may be read in isolation with regard to the financial position of NGED East Midlands;
- (b) The directors' report, the independent auditor's report and financial statements set out at pages 58 to 119 of the annual report and financial statements of NGED East Midlands for the year ended 31 March 2023 (the "**NGED East Midlands 2023 Annual Report**"). For the avoidance of doubt, the statement contained on the cover page of the NGED East Midlands 2023 Annual Report may be disregarded as irrelevant for the purposes of investors and the NGED East Midlands 2023 Annual Report may be read in isolation with regard to the financial position of NGED East Midlands;
- (c) The directors' report, the independent auditor's report and financial statements set out at pages 58 to 114 of the annual report and financial statements of NGED West Midlands for the year ended 31 March 2022 (the "**NGED West Midlands 2022 Annual Report**"). For the avoidance of doubt, the statement contained on the cover page of the NGED West Midlands 2022 Annual Report may be disregarded as irrelevant for the purposes of investors and the NGED West Midlands 2022 Annual Report may be read in isolation with regard to the financial position of NGED West Midlands;
- (d) The directors' report, the independent auditor's report and financial statements set out at pages 58 to 118 of the annual report and financial statements of NGED West Midlands for the year ended 31 March 2023 (the "**NGED West Midlands 2023 Annual Report**"). For the avoidance of doubt, the statement contained on the cover page of the NGED West Midlands 2023 Annual Report may be disregarded as irrelevant for the purposes of investors and the NGED West Midlands 2023 Annual Report may be read in isolation with regard to the financial position of NGED West Midlands;
- (e) The directors' report, the independent auditor's report and financial statements set out at pages 56 to 112 of the annual report and financial statements of NGED South West for the year ended 31 March 2022 (the "**NGED South West 2022 Annual Report**"). For the avoidance of doubt, the statement contained on the cover page of the NGED South West 2022 Annual Report may be disregarded as irrelevant for the purposes of investors and the NGED South West 2022 Annual Report may be read in isolation with regard to the financial position of NGED South West;
- (f) The directors' report, the independent auditor's report and financial statements set out at pages 58 to 118 of the annual report and financial statements of NGED South West for the year ended 31 March 2023 (the "**NGED South West 2023 Annual Report**"). For the avoidance of doubt, the statement contained on the cover page of the NGED South West 2023 Annual Report may be disregarded as irrelevant for the purposes of investors and the NGED South West 2023 Annual Report may be read in isolation with regard to the financial position of NGED South West;
- (g) The directors' report, the independent auditor's report and financial statements set out at pages 61 to 115 of the annual report and financial statements of NGED South Wales for the year

ended 31 March 2022 (the "**NGED South Wales 2022 Annual Report**"). For the avoidance of doubt, the statement contained on the cover page of the NGED South Wales 2022 Annual Report may be disregarded as irrelevant for the purposes of investors and the NGED South Wales 2022 Annual Report may be read in isolation with regard to the financial position of NGED South Wales;

- (h) The directors' report, the independent auditor's report and financial statements set out at pages 59 to 120 of the annual report and financial statements of NGED South Wales for the year ended 31 March 2023 (the "**NGED South Wales 2023 Annual Report**"). For the avoidance of doubt, the statement contained on the cover page of the NGED South Wales 2023 Annual Report may be disregarded as irrelevant for the purposes of investors and the NGED South Wales 2023 Annual Report may be read in isolation with regard to the financial position of NGED South Wales;
- (i) The Terms and Conditions set out on pages 39 to 73 of the prospectus dated 27 April 2011 and issued by NGED East Midlands and NGED West Midlands;
- (j) The Terms and Conditions set out on pages 52 to 86 of the prospectus dated 10 September 2013 and issued by NGED East Midlands, NGED West Midlands, NGED South West and NGED South Wales;
- (k) The Terms and Conditions set out on pages 49 to 83 of the prospectus dated 14 April 2015 and issued by NGED East Midlands, NGED West Midlands, NGED South West and NGED South Wales;
- (l) The Terms and Conditions set out on pages 52 to 87 of the prospectus dated 9 September 2016 and issued by NGED East Midlands, NGED West Midlands, NGED South West and NGED South Wales;
- (m) The Terms and Conditions set out on pages 52 to 87 of the prospectus dated 15 September 2017 and issued by NGED East Midlands, NGED West Midlands, NGED South West and NGED South Wales;
- (n) The Terms and Conditions set out on pages 56 to 95 of the prospectus dated 14 August 2018 and issued by NGED East Midlands, NGED West Midlands, NGED South West and NGED South Wales;
- (o) The Terms and Conditions set out on pages 52 to 97 of the prospectus dated 12 August 2019 and issued by NGED East Midlands, NGED West Midlands, NGED South West and NGED South Wales;
- (p) The Terms and Conditions set out on pages 57 to 104 of the prospectus dated 21 August 2020 and issued by NGED East Midlands, NGED West Midlands, NGED South West and NGED South Wales; and
- (q) The Terms and Conditions set out on pages 67 to 117 of the prospectus dated 24 August 2022 and issued by NGED East Midlands, NGED West Midlands, NGED South West and NGED South Wales.

If the documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Prospectus for the purposes of the UK Prospectus Regulation except where such information or other documents are specifically incorporated by reference. Where reference is made to a website in this Prospectus, except in the case of any documents incorporated by reference herein which are available on such website, the contents of that website (including, for the avoidance of doubt, any

information on that website which appears in the documents incorporated by reference) shall not form part of this Prospectus and has not been scrutinised or approved by the FCA.

Copies of the documents incorporated by reference in this Prospectus may be viewed electronically and free of charge at: <https://www.nationalgrid.co.uk/about-us/annual-reports-and-financial-statements> and will be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at: <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

PRESENTATION OF FINANCIAL INFORMATION

The financial information relating to the Issuers, as incorporated by reference into this Prospectus in respect of the financial year ended 31 March 2022 and the financial year ended 31 March 2023, has been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("**FRS 101**") and in accordance with the provisions of the UK Companies Act 2006.

FORM OF THE NOTES

1 Issue of Notes

If the Global Notes or the Global Certificates are stated in the relevant Final Terms to be issued in NGN form or to be held under the NSS, respectively (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depository or a depository for an Alternative Clearing System (as defined below) including CDS Clearing and Depository Services Inc. ("**CDS**").

If the Global Note is a CGN, upon the initial deposit of a Global Note with a Common Depository or if the Global Certificate is not held under the NSS, registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg or Alternative Clearing System and delivery of the relevant Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg or depository for an Alternate Clearing System will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

In this Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all coupons in respect of interest that have not already been paid on the Global Note and a talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the schedules to the Trust Deed. On exchange in full of each permanent Global Note, the relevant Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

2 Relationship of accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for their share of each payment made by the relevant Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or the Global Certificates, 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 relevant Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the relevant Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3 **Exchange**

3.1 **Temporary Global Notes**

Whilst any Note is represented by a temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the temporary Global Note if the temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased Notes for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Issuing and Paying Agent (as defined under "*Terms and Conditions of the Notes*") ("**Certification**").

In respect of each Tranche initially represented by a temporary Global Note, on and after the date (the "**Exchange Date**") which is 40 days after such temporary Global Note is issued, interests in such temporary Global Note will be exchangeable (free of charge) upon a request as described therein for either (i) interests in a permanent Global Note of the same Series or (ii) Definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the relevant Final Terms and subject, in the case of Definitive Notes, to such notice period as is specified in the relevant Final Terms), in each case against Certification of beneficial ownership as described above unless such Certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive Definitive Notes. The holder of a temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the temporary Global Note for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused.

3.2 **Permanent Global Notes**

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such 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 in fact does so.

3.3 **Exchange for Definitive Notes**

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) (as shown in the Final Terms). A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations. If temporary Global Notes are exchangeable for Definitive Notes upon notice, then such Definitive Notes may only be issued to be held in clearing systems if in denominations equal to €100,000 (or equal to £100,000/\$200,000, as applicable) and integral multiples thereof.

3.4 Global Certificates

If the Final Terms state that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2.2 (*Transfer of Registered Notes*) may only be made in part:

- (i) if the relevant clearing system (other than CDS) 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 or if the Global Certificate is held by or on behalf of CDS and (a) CDS has notified the Issuer that it is unwilling or unable to continue to act as a depository for the Notes and a successor depository is not appointed by the Issuer within 90 working days after receiving such notice; or (b) CDS ceases to be a recognised clearing agency under the applicable Canadian or provincial securities legislation and no successor clearing system satisfactory to the Trustee is available within 90 working days after the Issuer becoming aware that CDS is no longer so recognised; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the relevant Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.4(i) or 3.4(ii) above, the registered holder has given the Registrar (as defined under "*Terms and Conditions of the Notes*") not less than 30 days' notice at its specified office of the registered holder's intention to effect such transfer.

3.5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the relevant Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or, if the Global Note is a NGN, the relevant Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system.

4 Amendment to Conditions

The temporary Global Notes, the permanent Global Notes and the Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions. The following is a summary of certain of those provisions:

4.1 Payment

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly

withheld or refused by or on behalf of the relevant Issuer. Payments on any temporary Global Note issued in compliance with the TEFRA D Rules before the Exchange Date will only be made in relation to such nominal amount of the temporary Global Note with respect to which there has been Certification dated no earlier than such due date for payment.

All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent provided for in the Conditions. If the Global Note is in CGN form, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 9.5 (*Appointment of Agents*) will apply to Definitive Notes only.

If the Global Note is in NGN form, the Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant clearing system and, in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a Global Note in NGN form will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. For the purpose of any payments made in respect of a Global Note, "in the relevant place of presentation" shall be disregarded in the definition of "business day" set out in Condition 7.7 (*Non-Business Days*).

All payments in respect of Notes represented by a Global Certificate held in Euroclear or Clearstream, Luxembourg will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Certificate. Such payments will be made to, or to the order of, the person whose name is entered on the Register (as defined under "*Terms and Conditions of the Notes*") at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means, in respect of CDS, a day on which CDS is open for business and, in respect of any other clearing system, Monday to Friday inclusive except 25 December and 1 January.

4.2 **Prescription**

Claims against the relevant Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date.

4.3 **Meetings**

The holder of a Global Note or of the Notes represented by a Global Certificate or single Certificate shall (so long as at least the required proportion of the aggregate principal amount of the outstanding Notes is represented by such holder) be treated as being two voters for the purposes of forming a quorum. The holder of a Global Note or of the Notes represented by a Global Certificate shall be treated as being entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes.

4.4 **Cancellation**

On cancellation of any Note represented by a permanent Global Note (other than upon its redemption), the relevant Issuer shall procure that details of such cancellation shall be entered *pro rata* in the records of the relevant clearing systems and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant clearing systems and represented by the permanent Global Note shall be reduced by the aggregate nominal amount of the Notes so cancelled.

4.5 **Issuer's Option**

Any option of the relevant Issuer provided for in the Conditions of any Notes shall, while such Notes are represented by a permanent Global Note or a Global Certificate, be exercised by the relevant Issuer giving notice to the Issuing and Paying Agent, the Noteholders and the relevant clearing systems (or procuring that such notice is given on its behalf) within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the case of a partial exercise of an option, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg or the Alternative Clearing System and shall be reflected in the records of Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion. Following the exercise of any such option, the relevant Issuer shall procure that the nominal amount of the Notes recorded in the records of the relevant clearing systems and represented by the permanent Global Note or Global Certificate shall be reduced accordingly.

4.6 **Noteholder's Option**

Any option of the Noteholders provided for in the Conditions of any Notes may, while such Notes are represented by a permanent Global Note or a Global Certificate, be exercised by the holder of such permanent Global Note or Global Certificate by giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the certificate numbers of the Notes in respect of which the option has been exercised. Following the exercise of any such option, the relevant Issuer shall procure that the nominal amount of the Notes recorded in the records of the relevant clearing systems and represented by the permanent Global Note or Global Certificate shall be reduced by the aggregate nominal amount stated in the relevant exercise notice.

4.7 **Trustee's Powers**

So long as any Note is held by or on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System, in considering the interests of Noteholders the Trustee may consider the interests (either individual or by category) of its accountholders or participants with entitlements to any such Note as if such accountholders or participants were the holder(s) thereof.

4.8 **Notices**

Notices required to be given in respect of the Notes represented by a Global Note (or Global Certificate, as applicable) may be given by their being delivered (so long as such Global Note or Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg and/or an Alternative Clearing System) to Euroclear, Clearstream, Luxembourg and/or such Alternative Clearing System, as the case may be, or otherwise to the holder of the Global Note (or Global Certificate, as applicable), rather than by publication as required by the Conditions.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes which is admitted to trading on the London Stock Exchange's main market will be substantially in the following form, duly completed to reflect the particular terms of the relevant Notes and their issue.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any [person subsequently offering, selling or recommending the Notes (a "**distributor**")]/[distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[Singapore Securities and Futures Act Product Classification – In connection with Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products] / [capital markets products other than prescribed capital

markets products] (as defined in the CMP Regulations 2018) and are [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).¹

[Date]

**[National Grid Electricity Distribution (East Midlands) plc]/[National Grid Electricity Distribution (South Wales) plc]/ [National Grid Electricity Distribution (South West) plc]/ [National Grid Electricity Distribution (West Midlands) plc]
(the "Issuer")**

Legal Entity Identifier: [•]

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
(the "Notes")**

**under the £6,000,000,000
Euro Medium Term Note Programme**

**Part A
Contractual Terms**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 10 August 2023 which [together with the supplementary Prospectus dated [•]] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Prospectus Regulation**"). This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplementary Prospectus[es]] [is] [are] available for viewing at and copies may be obtained from, the registered address of the Issuer at Avonbank, Feeder Road, Bristol BS2 0TB, United Kingdom and the office of the Issuing and Paying Agent at 8 Canada Square, London E14 5HQ, United Kingdom and [has/have] been published on the website of Regulatory News Services operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") contained in the Trust Deed dated [issue date of original Notes] a copy of which is set forth in the Prospectus dated [original date] and incorporated by reference into the Prospectus dated [date of current prospectus] and which are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Prospectus Regulation**") and must be read in conjunction with the Prospectus dated [date of current prospectus] [and the supplementary Prospectus], which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Prospectus dated [current date] [and the supplementary Prospectuses dated [•] and [•]] and these Final Terms. [The Prospectus [and the supplementary Prospectus] [is/are] available for viewing at and copies may be obtained from, the registered address of the Issuer at Avonbank, Feeder Road, Bristol BS2 0TB, United Kingdom and the office of the Issuing and Paying Agent at 8 Canada Square, London E14 5HQ, United Kingdom and [has/have] been published on the website of Regulatory News Services operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.]

1 Issuer: [National Grid Electricity Distribution (East Midlands) plc/
National Grid Electricity Distribution (West Midlands)]

¹ For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

plc/National Grid Electricity Distribution (South West)
plc/National Grid Electricity Distribution (South Wales) plc]²

2	Legal Entity Identifier (LEI)	[●]
3	Programme	[£●] Euro Medium Term Note Programme
4	(i) Series Number:	[●]
	(ii) [Tranche Number:	[●]]
	(iii) [Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [[●]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [26] below [which is expected to occur on or about [●]].]
5	Specified Currency or Currencies:	[●]
6	Aggregate Nominal Amount:	[●]
	[(i)] Series:	[●]
	[(ii)] Tranche:	[●]]
7	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
8	Specified Denomination(s):	[●] and integral multiples of [●] in excess thereof [up to and including [●]. No Notes in definitive form will be issued with a denomination above [●]].
9	Calculation Amount:	[●]
10	[(i)] Issue Date:	[●]
	[(ii)] Interest Commencement Date:	[[●]/Issue Date/Not Applicable]
11	Maturity Date:	[●] [Interest Payment Date falling on or nearest to [●]]
12	Interest Basis:	[[●] per cent. Fixed Rate] [[SONIA][CORRA][EURIBOR / [1 month, 2 months, 3 months, 6 months] CDOR / HKD-HIBOR-HIBOR= / EUR-ISDA-EURIBOR SWAP RATE-11:00][+/-] [●] per cent.] Floating Rate] [Zero Coupon] [Index Linked Interest] (see paragraph [15/16/17/18] below)
13	Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] per cent. of their nominal amount] [Index Linked Redemption]

² Delete as applicable.

- 14 Change of Interest or Redemption/Payment Basis: [[●] / Not Applicable]
- 15 Put/Call Options: [Noteholders Put]
 [Issuer Call [(●)[-month] par call)]
 [Make-whole]
 (see paragraph [19/20/21/22/23] below)
- 16 Date [Board] approval for issuance of Notes obtained: [●] [and [●], respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 17 **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction (Condition 4.8): [30/360 / Actual/Actual ([ICMA]/ISDA) / Actual/365(Fixed) / Actual/360 / Actual/365 (Sterling) / 30E/360 / 360/360 / Bond Basis / 30E/360(ISDA) / Eurobond Basis / 30E/360 (ISDA) / Actual/Actual Canadian Compound Method]
- (vi) Determination Dates (Condition 4.8): [●] in each year
- 18 **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Interest Period(s): [●] [, subject to adjustment in accordance with the Business Day Convention set out in (iii) below/, not subject to any adjustment[, as the Business Day Convention in (iii) below is specified to be Not Applicable]
- (ii) Specified Interest Payment Dates: [Not Applicable] / [●] [, subject to adjustment in accordance with the Business Day Convention set out in (iii) below/, not subject to any adjustment[, as the Business Day Convention in (iii) below is specified to be Not Applicable]
- (iii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
- (iv) First Interest Payment Date: [Not Applicable]/[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iii) above/, not subject to any adjustment[, as the Business Day Convention in (iii) above is specified to be Not Applicable]]

- (v) Business Centre(s) (Condition 4.8): [●]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA]
- (vii) Specified Interest Period Date(s): [Not Applicable]/[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iii) above/, not subject to any adjustment[, as the Business Day Convention in (iii) above is specified to be Not Applicable]]
- (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
- (ix) Screen Rate Determination (Condition 4.2.3(b) / 4.2.3(c) / 4.2.3(f)):
- Reference Rate: [EURIBOR / [1 month, 2 months, 3 months, 6 months] CDOR / HKD-HIBOR-HIBOR= / EUR-ISDA-EURIBOR SWAP RATE-11:00]
[SONIA Compounded Index Rate / SONIA Compounded Daily Reference Rate [with Observation Shift] / [with Lag] where "p" is: [specify number] London Business Days *[being no less than 5 London Business Days]*] [CORRA where "p" is: [specify number] Toronto Business Days]
 - Interest Determination Date(s): [●] [TARGET] Business Days in [●] for [●] prior to [●]
[Second London Business Day prior to the start of each Interest Accrual Period]
[The first day in each Interest Accrual Period]
[Second day on which the T2 System is open prior to the start of each Interest Accrual Period]
[The date which is ["p"] [London] [Toronto] Business Days prior to each Interest Payment Date]
 - Relevant Screen Page: [●]
[[Bloomberg Screen Page: SONCINDEX] / see pages of authorised distributors for SONIA Compounded Index Rate] or [Bloomberg Screen Page: SONIO/N Index] / SONIA Compounded Daily Reference Rate as applicable]
 - Relevant Fallback Screen Page: [[Bloomberg Screen Page: SONIO/N Index] / see pages of authorised distributors for SONIA Compounded Daily Reference Rate as applicable] [●]
 - Observation Period: [Observation Shift]/[Lag]
 - "p": [●]

	<ul style="list-style-type: none"> • Reference Banks (if Primary Source is "Reference Banks"): 	[•]	
	(x) ISDA Determination (Condition 4.2.3(a)):	[Applicable/Not Applicable]	
	<ul style="list-style-type: none"> • Floating Rate Option: • Designated Maturity: • Reset Date: 	[•] [•] [•]	
	(xi) CDOR Rate Determination (Condition 4.2.3(d)):	[Applicable/Not Applicable]	
	<ul style="list-style-type: none"> • Interest Determination Date(s): 	[•] [[•] Business Days in [•] for [•] prior to [•]] [Second Toronto Business Day prior to the start of each Interest Accrual Period] [The first day in each Interest Accrual Period]	
	(xii) Linear Interpolation (Condition 4.2.3(f)):	[Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]	
	(xiii) Margin(s):	[[+/-][•] per cent. per annum] [Not Applicable]	
	(xiv) Minimum Rate of Interest:	[[•] per cent. per annum] [Not Applicable]	
	(xv) Maximum Rate of Interest:	[[•] per cent. per annum] [Not Applicable]	
	(xvi) Day Count Fraction (Condition 4.8):	[30/360 / Actual/Actual ([ICMA]/ISDA) / Actual/365(Fixed) / Actual/360 / Actual/365 (Sterling) / 30E/360 / 360/360 / Bond Basis / 30E/360(ISDA) / Eurobond Basis / 30E/360(ISDA)]	
19	Zero Coupon Note Provisions	[Applicable/Not	Applicable]
	(i) Amortisation Yield (Condition 6.4):	[•] per cent. per annum	
	(ii) Day Count Fraction (Condition 4.8):	[30/360 / Actual/Actual ([ICMA]/ISDA) / Actual/365(Fixed) / Actual/360 / Actual/365 (Sterling) / 30E/360 / 360/360 / Bond Basis / 30E/360(ISDA) / Eurobond Basis / 30E/360(ISDA)]	
	(iii) Amortised Face Amount:	[•]	
20	Index Linked Interest Note	[Applicable/Not Applicable]	
	(i) Index:	[RPI/CPI/CPIH]	

- | | |
|--|---|
| (ii) Interest Rate: | [●] per cent. per annum |
| (iii) Party responsible for calculating the Rate(s) of Interest, Interest Amount and Redemption Amount(s) (if not the Calculation Agent): | [[●] / Not Applicable] |
| (iv) Provisions for determining Coupon calculated by reference to Index and/or Formula: | [●] |
| (v) Interest Determination Date(s): | [●] |
| (vi) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted: | Condition(s) [5.3 to 5.5] apply |
| (vii) Interest Payment Dates: | [●] |
| (viii) First Interest Payment Date: | [●] |
| (ix) Interest Period(s): | [●] |
| (x) Business Day Convention: | [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] |
| (xi) Minimum Indexation Factor: | [Not Applicable/[●]] |
| (xii) Business Centre(s) (Condition 4.8): | [●] |
| (xiii) Maximum Indexation Factor: | [Not Applicable/[●]] |
| (xiv) Limited Indexation Month(s) or period for calculation of Limited Indexation Factor: | [●] per cent. per annum |
| (xv) Base Index Figure: | [●] |
| (xvi) Day Count Fraction (Condition 4.8): | [30/360 / Actual/Actual ([ICMA]/ISDA) / Actual/365(Fixed) / Actual/360 / Actual/365 (Sterling) / 30E/360 / 360/360 / Bond Basis / 30E/360(ISDA) / Eurobond Basis / 30E/360(ISDA)] |
| (xvii) "Index" or "Index Figure" (Condition 5.1): | Sub-paragraph [(i)/(ii)/(iii)] of the definition of "Index" or "Index Figure" as set out in Condition 5.1 shall apply |
| (xviii) Reference Gilt: | [●] |

PROVISIONS RELATING TO REDEMPTION

21	Residual Holding Call Option	[Applicable/Not Applicable]
	(i) Residual Holding Percentage:	[●] per cent.
	(ii) Party responsible for calculating the Residual Holding Redemption Amount (if not the Calculation Agent):	[[●] / Not Applicable]
	(iii) Benchmark Security:	[●]
	(iv) Benchmark Spread:	[●] per cent. per annum
	(v) Benchmark Day Count Fraction:	[●]
	(vi) Benchmark Yield:	[●]
22	Call Option³	[Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount
	(iii) If redeemable in part:	
	(a) Minimum nominal amount to be redeemed:	[●]
	(b) Maximum nominal amount to be redeemed:	[●]
	(iv) Option Exercise Date(s):	[●]
	(v) Notice periods (Condition 6.5.2):	Minimum Period: [15] [●] days Maximum Period: [30] [●] days
23	Make-whole Redemption Option	[Applicable/Not Applicable]
	(i) Make-whole Redemption Date(s):	[●]
	(a) Reference Bond:	[●]
		<i>(If a Par Call Commencement Date is specified below, the Reference Bond should most closely mature on the Par Call Commencement Date rather than the Maturity Date)</i>
	(b) Quotation Time:	[●]
	(c) Redemption Margin:	[[●] per cent.][None]
	(d) Determination Date:	[●]

³ This does not include the tax call in Condition 6.2 or the call option contained in Condition 6.5.1.

	(e) Par Call Commencement Date:	[●]			
	(f) Canada Yield Price:	[Applicable/Not Applicable] <i>[if Canada Yield Price is specified as being applicable, a Par Call Commencement Date must also be specified]</i>			
	(ii) If redeemable in part:				
	(a) Minimum nominal amount to be redeemed:	[●]			
	(b) Maximum nominal amount to be redeemed:	[●]			
	(iii) Notice periods (Condition 6.5.3):	Minimum Period: [15] [●] days Maximum Period: [30] [●] days			
24	Put Option	[Applicable/Not Applicable]			
	(i) Optional Redemption Date(s):	[●]			
	(ii) Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount			
	(iii) Option Exercise Date(s):	[●]			
	(iv) Notice periods (Condition 6.7):	Minimum Period: [15] [●] days Maximum Period: [30] [●] days			
	(v) Noteholders' Option Period:	[●]			
25	Restructuring Put Option	[Applicable/Not Applicable]			
26	Final Redemption Amount of each Note	[●] per Calculation Amount			
	(i) Index:	[RPI/CPI/CPIH]			
	(ii) Calculation Agent responsible for calculating the Final Redemption Amount:	[[●] / Not Applicable]			
	(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula:	The Final Redemption Amount per Note shall be its outstanding nominal amount adjusted in accordance with Condition 5.2			
	(iv) Determination Date(s):	[●]			
	(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted:	Condition(s) [5.3 to 5.5] shall apply			

- (vi) Payment Date: [●]
- (vii) Minimum Final Redemption Amount: [●] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [●] per Calculation Amount
- (ix) Notice Periods (Condition 5.6): Minimum Period: [30] [●] days
Maximum Period: [60] [●] days

27 **Early Redemption Amount**

- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6.2) or on Event of Default (Condition 10) or other early redemption: [●] per Calculation Amount
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 6.2) [Yes/No]
- (iii) Notice Periods (Condition 6.2): Minimum Period: [30] [●] days
Maximum Period: [45] [●] days

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28 **Form of Notes** **[Bearer Notes/Registered]:**

- (i) If issued in Bearer form: [temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]

[temporary Global Note exchangeable for Definitive Notes in the limited circumstances specified in the temporary Global Note]
- (ii) If issued in registered form: [Global Certificate registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream Luxembourg (that is, held under the NSS) [*name of Alternative Clearing System*] exchangeable for Certificates on [●] days' notice in the circumstances specified in the Global Certificate]

[permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]]

29 [New Global Note][NSS]: [Yes] [No] [Not Applicable]

- | | | |
|----|--|---|
| 30 | Financial Centre(s) or other special provisions relating to Payment Dates (Condition 7.7): | [Not Applicable/[●]] |
| 31 | Eligible Bonds: | [Yes] [No] |
| | | <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| | (i) [Reviewer(s):] | <i>[Name of sustainability rating agencies and name of third party assurance agent, if any and details of compliance opinion(s) and availability]</i> |
| | (ii) [Date of Second Party Opinion(s):] | [●] |

THIRD PARTY INFORMATION

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1 **LISTING AND TRADING**

- (i) Listing: London
- (ii) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's main market with effect from [●].
- (iii) Estimate of total expenses related to admission to trading: [●]

2 **RATINGS**

- Ratings: The Notes to be issued [have [not]been / are expected to be] rated:
[S&P Global Ratings Europe Limited ("S&P"): [●]
- An obligation rated '[●]' [*Insert definition of [●] available via weblink below*].
- The [plus (+) / minus (-)] [*Delete as applicable*] sign shows relative standing within the rating categories.
- (Source: S&P, https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352)
- [Moody's Investors Service Ltd. ("Moody's"): [●]
- An obligation rated '[●]' [*Insert definition of [●] available via weblink below*].
- The modifier ['1' indicates that the obligation ranks in the higher end of its generic category / '2' indicates a mid-range ranking / '3' indicates a ranking in the lower end of that generic rating category] [*Delete as applicable*].
- (Source: Moody's, <https://www.moody's.com/ratings-process/Ratings-Definitions/002002>)

3 **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

4 **REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS**

- [(i)] Reasons for the offer/use of proceeds: [●]
- [(ii)] Estimated net proceeds: [●]

5 **[Fixed Rate Notes only – YIELD**

Indication of yield: Calculated as [●] on the Issue Date

The yield is calculated on the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6 **[Index Linked Notes only – PERFORMANCE OF INDEX AND OTHER INFORMATION CONCERNING THE UNDERLYING**

- (i) Name of underlying index: [UK Retail Prices Index (RPI) (all items) published by the Office for National Statistics] / [UK Consumer Prices Index (CPI) (all items) published by the Office for National Statistics / UK Consumer Prices Index including Owner Occupiers' Housing costs and Council Tax (CPIH) (all items) published by the Office for National Statistics]
- (ii) Information about the Index, its volatility and past and future performance can be obtained from: Information on [RPI/CPI/CPIH] can be found at [www.statistics.gov.uk / www.epp.eurostat.ec.europa.eu]

7 **OPERATIONAL INFORMATION**

ISIN: [●]

Common Code: [●]

Trade Date: [●]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/[●]]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s)/Canadian Paying Agent (if any): [●]

[Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS,] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS,] Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the

Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

The aggregate principal amount of the Notes issued has been translated into Euro at the rate of [●], producing a sum of (for Notes not denominated in Euro): [Not Applicable/Euro [●]]

Benchmarks Regulation: Amounts payable under the Notes will be calculated by reference to [[specify benchmark]] which is provided by [administrator legal name]]. As at the date hereof, [[administrator legal name][appears]/[does not appear]] in the register of administrators and benchmarks established and maintained by the Financial Conduct Authority pursuant to Article 36 (*Register of administrators and benchmarks*) of Regulation (EU) 2016/1011 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK BMR")]/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] [does not fall within the scope of the UK BMR]] [by virtue of Article 2 of that regulation/the transitional provisions in Article 51 of the UK BMR apply] such that [administrator legal name] is not currently required to obtain authorisation or registration (or if located outside the United Kingdom, recognition, endorsement or equivalence)]/[Not Applicable]

8 DISTRIBUTION

- (i) US Selling Restrictions: Reg. S Compliance Category #[1/2/3]; [C Rules / D Rules / TEFRA not applicable]
- (ii) Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]
- (iii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
- (iv) [Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]]
- (v) Method of distribution: [Syndicated/Non-syndicated]
- (vi) If syndicated, names of Managers: [Not Applicable/give names]
- (vii) Stabilisation Manager(s) (if any): [Not Applicable/give names]
- (viii) If non-syndicated, name of Dealer: [Not Applicable/give name]
- (ix) Additional selling restrictions: [Not Applicable/give details]

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any [person subsequently offering, selling or recommending the Notes (a "**distributor**")]/[distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[Singapore Securities and Futures Act Product Classification – In connection with Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and are [Excluded] / [Specified] Investment Products

(as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.)⁴

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH THE EU PROSPECTUS REGULATION / THE UK PROSPECTUS REGULATION (AS AMENDED OR SUPERSEDED) FOR THE ISSUE OF NOTES DESCRIBED BELOW.

[Date]

**[National Grid Electricity Distribution (East Midlands) plc]/[National Grid Electricity Distribution (South Wales) plc]/ [National Grid Electricity Distribution (South West) plc]/ [National Grid Electricity Distribution (West Midlands) plc]
(the "Issuer")**

Legal Entity Identifier: [•]

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
(the "Notes")**

**under the £[•]
Euro Medium Term Note Programme**

**Part A
Contractual Terms**

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Prospectus dated 10 August 2023 [as supplemented by the supplement[s] dated [date[s]]] (the "**Prospectus**"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Prospectus. Copies of the Prospectus may be obtained from [address].

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the Prospectus [dated [original date] which are incorporated by reference in the Prospectus].

The Notes offered pursuant to this Pricing Supplement are offered pursuant to an exemption to Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA, as amended or superseded. The FCA has neither approved nor reviewed information contained in the Prospectus or this Pricing Supplement relating to the Notes offered.

1	Issuer:	[National Grid Electricity Distribution (East Midlands) plc/ National Grid Electricity Distribution (West Midlands) plc/ National Grid Electricity Distribution (South West) plc/ National Grid Electricity Distribution (South Wales) plc] ⁵
2	Legal Entity Identifier (LEI)	[•]
3	Programme	[£•] Euro Medium Term Note Programme
4	(i) Series Number:	[•]
	(ii) [Tranche Number:	[•]]

⁴ For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

⁵ Delete as applicable.

(iii)	[Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [[●]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [26] below [which is expected to occur on or about [●]].]
5	Specified Currency or Currencies:	[●]
6	Aggregate Nominal Amount:	[●]
	[(i)] Series:	[●]
	[(ii)] Tranche:	[●]
7	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
8	Specified Denominations:	[●] and integral multiples of [●] in excess thereof [up to and including [●]. No Notes in definitive form will be issued with a denomination above [●].]
9	Calculation Amount:	[●]
10	[(i)] Issue Date:	[●]
	[(ii)] Interest Commencement Date:	[[●]/Issue Date/Not Applicable]
11	Maturity Date:	[●] [Interest Payment Date falling on or nearest to [●]]
12	Interest Basis:	[[●] per cent. Fixed Rate] [[SONIA][CORRA][EURIBOR / [1 month, 2 months, 3 months, 6 months] CDOR / HKD-HIBOR-HIBOR= / EUR-ISDA-EURIBOR SWAP RATE-11:00][+/-] [●] per cent.] Floating Rate] [Zero Coupon] [Index Linked Interest] (see paragraph [15/16/17/18] below)
13	Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] per cent. of their nominal amount] [Index Linked Redemption]
14	Change of Interest or Redemption/Payment Basis:	[[●] / Not Applicable]
15	Put/Call Options:	[Noteholders Put] [Issuer Call [(●)[-month] par call)]] [Make-whole] (see paragraph [19/20/21/22/23] below)

- 16 Date [Board] approval for issuance of Notes obtained: [●] [and [●], respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 17 **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
 - (ii) Interest Payment Date(s): [●] in each year
 - (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
 - (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
 - (v) Day Count Fraction (Condition 4.8): [30/360 / Actual/Actual ([ICMA]/ISDA) / Actual/365(Fixed) / Actual/360 / Actual/365 (Sterling) / 30E/360 / 360/360 / Bond Basis / 30E/360(ISDA) / Eurobond Basis / 30E/360 (ISDA) / Actual/Actual Canadian Compound Method]
 - (vi) Determination Dates (Condition 4.8): [●] in each year
- 18 **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Interest Period(s): [●] [, subject to adjustment in accordance with the Business Day Convention set out in (iii) below/, not subject to any adjustment[, as the Business Day Convention in (iii) below is specified to be Not Applicable]
 - (ii) Specified Interest Payment Dates: [Not Applicable] / [●] [, subject to adjustment in accordance with the Business Day Convention set out in (iii) below/, not subject to any adjustment[, as the Business Day Convention in (iii) below is specified to be Not Applicable]
 - (iii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
 - (iv) First Interest Payment Date: [Not Applicable]/[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iii) above/, not subject to any adjustment[, as the Business Day Convention in (iii) above is specified to be Not Applicable]]
 - (v) Business Centre(s) (Condition 4.8): [●]
 - (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate
Determination/ISDA]
 - (vii) Specified Interest Period Date(s): [Not Applicable]/[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iii) above/, not subject to any adjustment[, as the Business Day Convention in (iii) above is specified to be Not Applicable]]

- (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
- (ix) Screen Rate Determination (Condition 4.2.3(b) / 4.2.3(c) / 4.2.3(f)): [Applicable/Not Applicable]
- Reference Rate: [EURIBOR / [1 month, 2 months, 3 months, 6 months] CDOR / HKD-HIBOR-HIBOR= / EUR-ISDA-EURIBOR SWAP RATE-11:00]
[SONIA Compounded Index Rate / SONIA Compounded Daily Reference Rate [with Observation Shift] / [with Lag] where "p" is: [specify number] London Business Days [being no less than 5 London Business Days]] [CORRA where "p" is: [specify number] Toronto Business Days]
 - Interest Determination Date(s): [●] [TARGET] Business Days in [●] for [●] prior to [●]
[Second London Business Day prior to the start of each Interest Accrual Period]
[The first day in each Interest Accrual Period]
[Second day on which the T2 System is open prior to the start of each Interest Accrual Period]
[The date which is ["p"] [London] [Toronto] Business Days prior to each Interest Payment Date]
 - Relevant Screen Page: [●]
[[Bloomberg Screen Page: SONCINDEX] / see pages of authorised distributors for SONIA Compounded Index Rate] or [Bloomberg Screen Page: SONIO/N Index] / SONIA Compounded Daily Reference Rate as applicable]
 - Relevant Fallback Screen Page: [[Bloomberg Screen Page: SONIO/N Index] / see pages of authorised distributors for SONIA Compounded Daily Reference Rate as applicable] [●]
 - Observation Period: [Observation Shift]/[Lag]
 - "p": [●]
 - Reference Banks (if Primary Source is "Reference Banks"): [●]
- (x) ISDA Determination (Condition 4.2.3(a)): [Applicable/Not Applicable]
- Floating Rate Option: [●]
 - Designated Maturity: [●]

	• Reset Date:	[•]	
(xi)	CDOR Rate Determination (Condition 4.2.3(d)):	[Applicable/Not Applicable]	
	• Interest Determination Date(s):	[•] [[•] Business Days in [•] for [•] prior to [•]] [Second Toronto Business Day prior to the start of each Interest Accrual Period] [The first day in each Interest Accrual Period]	
(xii)	Linear Interpolation (Condition 4.2.3(f)):	[Not Applicable / Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]	
(xiii)	Margin(s):	[[+/-][•] per cent. per annum] [Not Applicable]	
(xiv)	Minimum Rate of Interest:	[[•] per cent. per annum] [Not Applicable]	
(xv)	Maximum Rate of Interest:	[[•] per cent. per annum] [Not Applicable]	
(xvi)	Day Count Fraction (Condition 4.8):	[30/360 / Actual/Actual ([ICMA]/ISDA) / Actual/365(Fixed) / Actual/360 / Actual/365 (Sterling) / 30E/360 / 360/360 / Bond Basis / 30E/360(ISDA) / Eurobond Basis / 30E/360(ISDA)]	
19	Zero Coupon Note Provisions	[Applicable/Not	Applicable]
(i)	Amortisation Yield (Condition 6.4):	[•] per cent. per annum	
(ii)	Day Count Fraction (Condition 4.8):	[30/360 / Actual/Actual ([ICMA]/ISDA) / Actual/365(Fixed) / Actual/360 / Actual/365 (Sterling) / 30E/360 / 360/360 / Bond Basis / 30E/360(ISDA) / Eurobond Basis / 30E/360(ISDA)]	
(iii)	Amortised Face Amount:	[•]	
20	Index Linked Interest Note	[Applicable/Not Applicable]	
(i)	Index:	[RPI/CPI/CPIH]	
(ii)	Interest Rate:	[•] per cent. per annum	
(iii)	Party responsible for calculating the Rate(s) of Interest, Interest Amount and Redemption Amount(s) (if not the Calculation Agent):	[[•] / Not Applicable]	
(iv)	Provisions for determining Coupon calculated by	[•]	

	reference to Index and/or Formula:	
(v)	Interest Determination Date(s):	[●]
(vi)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted:	Condition(s) [5.3 to 5.5] apply
(vii)	Interest Payment Dates:	[●]
(viii)	First Interest Payment Date:	[●]
(ix)	Interest Period(s):	[●]
(x)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(xi)	Minimum Indexation Factor:	[Not Applicable/[●]]
(xii)	Business Centre(s) (Condition 4.8):	[●]
(xiii)	Maximum Indexation Factor:	[Not Applicable/[●]]
(xiv)	Limited Indexation Month(s) or period for calculation of Limited Indexation Factor:	[●] per cent. per annum
(xv)	Base Index Figure:	[●]
(xvi)	Day Count Fraction (Condition 4.8):	[30/360 / Actual/Actual ([ICMA]/ISDA) / Actual/365(Fixed) / Actual/360 / Actual/365 (Sterling) / 30E/360 / 360/360 / Bond Basis / 30E/360(ISDA) / Eurobond Basis / 30E/360(ISDA)]
(xvii)	"Index" or "Index Figure" (Condition 5.1):	Sub-paragraph [(i)/(ii)/(iii)] of the definition of "Index" or "Index Figure" as set out in Condition 5.1 shall apply
(xviii)	Reference Gilt:	[●]

PROVISIONS RELATING TO REDEMPTION

21	Residual Holding Call Option	[Applicable/Not Applicable]
(i)	Residual Holding Percentage:	[●] per cent.
(ii)	Party responsible for calculating the Residual Holding Redemption Amount (if not the Calculation Agent):	[[●] / Not Applicable]

- (iii) Benchmark Security: [●]
 - (iv) Benchmark Spread: [●] per cent. per annum
 - (v) Benchmark Day Count Fraction: [●]
 - (vi) Benchmark Yield: [●]
- 22 **Call Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note: [●] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum nominal amount to be redeemed: [●]
 - (b) Maximum nominal amount to be redeemed: [●]
 - (iv) Option Exercise Date(s): [●]
 - (v) Notice periods (Condition 6.5.2): Minimum Period: [15] [●] days
Maximum Period: [30] [●] days
- 23 **Make-whole Redemption Option** [Applicable/Not Applicable]
- (i) Make-whole Redemption Date(s): [●]
 - (c) Reference Bond: [●]
(If a Par Call Commencement Date is specified below, the Reference Bond should most closely mature on the Par Call Commencement Date rather than the Maturity Date)
 - (d) Quotation Time: [●]
 - (e) Redemption Margin: [[●] per cent.][None]
 - (f) Determination Date: [●]
 - (g) Par Call Commencement Date: [●]
 - (h) Canada Yield Price: [Applicable/Not Applicable] *[if Canada Yield Price is specified as being applicable, a Par Call Commencement Date must also be specified]*
 - (ii) If redeemable in part:

	(i) Minimum nominal amount to be redeemed:	[●]			
	(j) Maximum nominal amount to be redeemed:	[●]			
	(iii) Notice periods (Condition 6.5.3):	Minimum Period: [15] days Maximum Period: [30] [●] days	[●]		days
24	Put Option	[Applicable/Not Applicable]			
	(i) Optional Redemption Date(s):	[●]			
	(ii) Optional Redemption Amount(s) of each Note:	[●] per Calculation Amount			
	(iii) Option Exercise Date(s):	[●]			
	(iv) Notice periods (Condition 6.7):	Minimum Period: [15] days Maximum Period: [30] [●] days	[●]		days
	(v) Noteholders' Option Period:	[●]			
25	Restructuring Put Option	[Applicable/Not Applicable]			
26	Final Redemption Amount of each Note	[●] per Calculation Amount			
	(i) Index:	[RPI/CPI/CPIH]			
	(ii) Calculation Agent responsible for calculating the Final Redemption Amount:	[[●] / Not Applicable]			
	(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula:	The Final Redemption Amount per Note shall be its outstanding nominal amount adjusted in accordance with Condition 5.2			
	(iv) Determination Date(s):	[●]			
	(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted:	Condition(s) [5.3 to 5.5] shall apply			
	(vi) Payment Date:	[●]			
	(vii) Minimum Final Redemption Amount:	[●] per Calculation Amount			
	(viii) Maximum Final Redemption Amount:	[●] per Calculation Amount			

(ix) Notice Periods (Condition 5.6): Minimum Period: [30] [●] days
Maximum Period: [60] [●] days

27 **Early Redemption Amount**

(i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6.2) or on Event of Default (Condition 10) or other early redemption: [●] per Calculation Amount

(ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 6.2) [Yes/No]

(iii) Notice Periods (Condition 6.2): Minimum Period: [30] [●] days
Maximum Period: [45] [●] days

GENERAL PROVISIONS APPLICABLE TO THE NOTES

28 **Form of Notes** **[Bearer Notes/Registered]:**

(i) If issued in Bearer form: [temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]

[temporary Global Note exchangeable for Definitive Notes in the limited circumstances specified in the temporary Global Note]

(ii) If issued in registered form: [Global Certificate registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream Luxembourg (that is, held under the NSS) [*name of Alternative Clearing System*] exchangeable for Certificates on [●] days' notice in the circumstances specified in the Global Certificate]

[permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]]

29 [New Global Note][NSS]: [Yes] [No] [Not Applicable]

30 Financial Centre(s) or other special provisions relating to Payment Dates (Condition 7.7): [Not Applicable/[●]]

31 Eligible Bonds: [Yes] [No]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) [Reviewer(s):] *[Name of sustainability rating agencies and name of third party assurance agent, if any and details of compliance opinion(s) and availability]*

- (ii) [Date of Second Party Opinion(s):] [●]

THIRD PARTY INFORMATION

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1 RATINGS

Ratings: The Notes to be issued [have [not]been / are expected to be] rated:

[S&P Global Ratings Europe Limited ("S&P"): [●]

An obligation rated '[●]' [*Insert definition of [●] available via weblink below*].

The [plus (+) / minus (-)] [*Delete as applicable*] sign shows relative standing within the rating categories.

(Source: S&P, https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352)

[Moody's Investors Service Ltd. ("Moody's"): [●]

An obligation rated '[●]' [*Insert definition of [●] available via weblink below*].

The modifier ['1' indicates that the obligation ranks in the higher end of its generic category / '2' indicates a mid-range ranking / '3' indicates a ranking in the lower end of that generic rating category] [*Delete as applicable*].

(Source: Moody's, <https://www.moody.com/ratings-process/Ratings-Definitions/002002>)

2 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

3 REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

[(i)] Reasons for the offer/use of proceeds: [●]

[(ii)] Estimated net proceeds: [●]

4 [Fixed Rate Notes only – YIELD

Indication of yield: Calculated as [●] on the Issue Date

The yield is calculated on the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5 [Index Linked Notes only – PERFORMANCE OF INDEX AND OTHER INFORMATION CONCERNING THE UNDERLYING

(i) Name of underlying index: [UK Retail Prices Index (RPI) (all items) published by the Office for National Statistics] / [UK Consumer Prices Index (CPI) (all items) published by the Office for National Statistics / UK Consumer Prices

Index including Owner Occupiers' Housing costs and Council Tax (CPIH) (all items) published by the Office for National Statistics]

- (ii) Information about the Index, its volatility and past and future performance can be obtained from: Information on [RPI/CPI/CPIH] can be found at [www.statistics.gov.uk / www.epp.eurostat.ec.europa.eu]

6 OPERATIONAL INFORMATION

ISIN: [●]

Common Code: [●]

Trade Date: [●]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/[●]]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s)/Canadian Paying Agent (if any): [●]

[Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS,] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS,] Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

The aggregate principal amount of the Notes issued has been translated into Euro at the rate of [●], producing a sum of [Not Applicable/Euro [●]]

(for Notes not denominated in Euro):

Benchmarks Regulation: Amounts payable under the Notes will be calculated by reference to *[[specify benchmark]]* which is provided by *[administrator legal name]*. As at the date hereof, *[[administrator legal name]]* *[appears]/[does not appear]* in the register of administrators and benchmarks established and maintained by the Financial Conduct Authority pursuant to Article 36 (*Register of administrators and benchmarks*) of Regulation (EU) 2016/1011 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK BMR")/*[As far as the Issuer is aware, as at the date hereof, [specify benchmark] [does not fall within the scope of the UK BMR][by virtue of Article 2 of that regulation/the transitional provisions in Article 51 of the UK BMR apply] such that [administrator legal name] is not currently required to obtain authorisation or registration (or if located outside the United Kingdom, recognition, endorsement or equivalence)]/[Not Applicable]*

7 DISTRIBUTION

- (i) US Selling Restrictions: Reg. S Compliance Category #*[1/2/3]*; *[C Rules / D Rules / TEFRA not applicable]*
- (ii) Prohibition of Sales to UK Retail Investors: *[Applicable/Not Applicable]*
- (iii) Prohibition of Sales to EEA Retail Investors: *[Applicable/Not Applicable]*
- (iv) *[Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]]*
- (v) Method of distribution: *[Syndicated/Non-syndicated]*
- (vi) If syndicated, names of Managers: *[Not Applicable/give names]*
- (vii) Stabilisation Manager(s) (if any): *[Not Applicable/give names]*
- (viii) If non-syndicated, name of Dealer: *[Not Applicable/give name]*
- (ix) Additional selling restrictions: *[Not Applicable/give details]*

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, save for the text in italics and subject to completion by Part A of the relevant Final Terms, will be endorsed on the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (a) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (b) these terms and conditions as so completed (and subject to simplification by the disapplication of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms which are not defined in these Conditions will have the meanings given to them in the Trust Deed or Part A of the relevant Final Terms.

References in these terms and conditions (the "**Conditions**") to "**Notes**" (as defined below) are to the Notes of one Series only of the relevant Issuer (as defined below), not to all Notes that may be issued under the Programme.

National Grid Electricity Distribution (East Midlands) plc ("**NGED East Midlands**"), National Grid Electricity Distribution (West Midlands) plc ("**NGED West Midlands**"), National Grid Electricity Distribution (South West) plc ("**NGED South West**") and National Grid Electricity Distribution (South Wales) plc ("**NGED South Wales**") (each an "**Issuer**" and together, the "**Issuers**") have established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to £6,000,000,000 in aggregate principal amount of notes (the "**Notes**"). The Notes, are constituted by a Trust Deed (as amended or supplemented from time to time, the "**Trust Deed**") dated 10 August 2023 between the Issuers and HSBC Corporate Trustee Company (UK) Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). The relevant Final Terms will specify the Issuer of each Series of Notes and, in the context of a Tranche of Notes, references in these Conditions to the "Issuer" shall be construed accordingly. Notes issued by each Issuer are obligations solely of that Issuer and without recourse whatsoever to any other Issuer. These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of Registered Notes, the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated 10 August 2023 has been entered into in relation to the Notes between the Issuers, the Trustee, HSBC Bank plc, London Branch as initial issuing and paying agent, the paying agents and the other agent(s) named in it. The issuing and paying agent, the paying agent(s), the registrar, the transfer agent(s) and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent) the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar) and the "**Calculation Agent(s)**". The Paying Agents, the Transfer Agents and the Calculation Agent(s) are referred to together as the "**Agents**".

Copies of the Trust Deed and the Agency Agreement are available for inspection upon reasonable request during usual business hours at the registered office of the Trustee (as at 10 August 2023 at 8 Canada Square London E14 5HQ) and at the specified offices of the Paying Agents.

The Noteholders, the holders of the interest coupons (the "**Coupons**") appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

As used in these Conditions, a Tranche means Notes which are identical in all respects and a Series means a series of Notes comprising of one or more Tranches of Notes which are identical save for the issue date, issue price and/or the first payment of interest.

Any reference in these Conditions to Final Terms shall be deemed to include a reference to Pricing Supplement, where relevant.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or registered form ("**Registered Notes**") in the Specified Denomination(s) specified in the relevant Final Terms and are serially numbered as specified in the relevant Final Terms.

Notes of one Specified Denomination are not exchangeable for Notes of another Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note or an Index Linked Redemption Note or a combination of any of the preceding, depending upon the Interest and Redemption/Payment Basis specified in the relevant Final Terms.

If this Note is an Exempt Note, the Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note or a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown in the Pricing Supplement.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Talons may be required if more than twenty seven coupon payments are to be made with regards to the relevant Notes.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2.3, each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuers shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them in the Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

*For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such*

nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions Noteholder and holder of Notes and related expressions shall be construed accordingly.

2 No Exchange of Notes and Transfers of Registered Notes

- 2.1 **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- 2.2 **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuers, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- 2.3 **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of the Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- 2.4 **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2.2 or 2.3 shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6.7) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2.4, "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- 2.5 **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- 2.6 **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, or (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6.5 or (iii) after any such Note has been called for redemption by the Issuer pursuant to Condition 6.2 or 6.5 or (iv) where the Noteholder has exercised its right to require redemption pursuant to Condition 6.6 or 6.7 or (v) during the period of seven days ending on (and including) any Record Date.

3 Status and Negative Pledge

3.1 Status

The Notes and the Coupons relating to them constitute direct, unconditional and unsecured obligations of the Issuer and rank *pari passu* without any preference or priority among themselves. The payment obligations of the Issuer under the Notes and Coupons shall, subject to such exceptions as are from time to time applicable under the laws of England and as provided in Condition 3.2, rank equally with all other present and future unsecured obligations (other than subordinated obligations, if any) of the Issuer.

3.2 Negative Pledge

So long as any Note or Coupon of the Issuer remains outstanding (as defined in the Trust Deed) the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Indebtedness, or any guarantee of or indemnity in respect of any Relevant Indebtedness unless, at the same time or prior thereto, the Issuer's obligations under the Notes, the Coupons and the Trust Deed (a) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, in each case to the satisfaction of the Trustee, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of these Conditions, "**Relevant Indebtedness**" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which (in each case, with the agreement of the Issuer) is quoted, listed or ordinarily dealt in on any stock exchange.

4 Interest

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, payable in arrear on each Interest Payment Date. The amount of Interest payable shall be determined in accordance with Condition 4.6.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon

Amount, or, if applicable, the Broken Amount so specified and in the case of a Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

4.2 Interest on Floating Rate Notes and Index Linked Interest Notes

4.2.1 Interest Payment Dates

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of Interest payable shall be determined in accordance with Condition 4.6. Such Interest Payment Date(s) is/are either specified in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period specified in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

4.2.2 Business Day Convention

If any date which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is (a) the Floating Rate Convention, such date shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (b) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (c) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month, in that event such date shall be brought forward to the immediately preceding Business Day or (d) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

4.2.3 Rate of Interest for Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(a) ISDA Determination: Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (a), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate which would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option is as specified in the relevant Final Terms;

- (ii) the Designated Maturity is a period specified in the relevant Final Terms; and
- (iii) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (a), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

- (b) Screen Rate Determination for Floating Rate Notes not referencing SONIA:
 - (i) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, and unless the Reference Rate in respect of the relevant Series of Floating Rate Notes is specified in the relevant Final Terms as being "SONIA Compounded Index Rate", "SONIA Compounded Daily Reference Rate", "CDOR" or "CORRA" the Rate of Interest for each Interest Accrual Period will, subject to Condition 4.10 and as provided below, be either:
 - (x) the offered quotation; or
 - (y) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at (1) 11:00 a.m. Brussels time, in the case of EURIBOR ("**EURIBOR**"); or (2) 11:00 a.m. Hong Kong time, in the case of HKD-HIBOR-HIBOR= ("**HKD-HIBOR-HIBOR=**"); or (3) 11:00 a.m. Frankfurt time, in the case of EUR-ISDA-EURIBOR Swap Rate-11:00 ("**EUR-ISDA-EURIBOR Swap Rate-11:00**"), on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.
 - (ii) If the Relevant Screen Page is not available or if, sub-paragraph (i)(x) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (i)(y) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Issuer shall request, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is EUR-ISDA-EURIBOR Swap Rate-11:00, the principal office of each of the Reference Banks or, if the Reference Rate is HKD-HIBOR-HIBOR=, the principal Hong Kong office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is: (1) EURIBOR, at approximately 11.00 a.m. (Brussels time), or (2) EUR-ISDA-EURIBOR Swap Rate-11:00, at approximately 11:00 a.m. (Frankfurt time), or (3) HKD-HIBOR-HIBOR=, at approximately 11:00

a.m. (Hong Kong time), on the Interest Determination Date in question. If, two (in the case of EURIBOR or HKD-HIBOR-HIBOR=); or three (in the case of EUR-ISDA-EURIBOR Swap Rate-11:00), or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent;

- (iii) If paragraph (ii) above applies and the Calculation Agent determines that fewer than the specified number of Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be (1) in case the Reference Rate is EURIBOR, the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market; (2) in case the Reference Rate is EUR-ISDA-EURIBOR Swap Rate-11:00, the rate shall be the arithmetic mean of the mid-market annual swap rate quotations provided by the principal office of each of the Reference Banks, 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); and (3) in the case of HKD-HIBOR-HIBOR, the arithmetic mean of the quotations as communicated to (and at the request of) the Calculation Agent by major banks in Hong Kong, for loans in Hong Kong Dollars to leading European banks for a period of the applicable maturity as at approximately 11:00 a.m. Hong Kong time, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (c) Screen Rate Determination for Floating Rate Notes referencing SONIA:

- (A) SONIA Compounded Index Rate

Where (i) Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined

and (ii) the Reference Rate is specified in the relevant Final Terms as being "SONIA Compounded Index Rate", the Rate of Interest for each Interest Accrual Period will, subject to Conditions 4.5 and 4.10, be the SONIA Compounded Index Rate, where:

"**SONIA Compounded Index Rate**" means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Accrual Period (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards,

$$\left(\frac{SONIA\ Compounded\ Index_{END}}{SONIA\ Compounded\ Index_{START}} - 1 \right) \times \left(\frac{365}{d} \right)$$

provided, however, that, and subject to Condition 4.10, if the SONIA Compounded Index Value is not available in relation to any Interest Accrual Period on the Relevant Screen Page or on the Bank of England's website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA Compounded Index) for the determination of either or both of SONIA Compounded Index_{START} and SONIA Compounded Index_{END}, the Rate of Interest shall be calculated for such Interest Accrual Period on the basis of the SONIA Compounded Daily Reference Rate as set out in Condition 4.2.3(c)(B) as if SONIA Compounded Daily Reference Rate with Observation Shift had been specified in the relevant Final Terms and the Relevant Screen Page shall be deemed to be the Relevant Fallback Screen Page as specified in the relevant Final Terms,

where:

"*d*" means the number of calendar days in the relevant Observation Period;

"**London Business Day**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**Observation Period**" means, in respect of an Interest Accrual Period, the period from (and including) the date falling "*p*" London Business Days prior to the first day of such Interest Accrual Period (and the first Observation Period shall begin on and include the date which is "*p*" London Business Days prior to the Interest Commencement Date) and ending on (but excluding) the date which is "*p*" London Business Days prior to the relevant Interest Payment Date (or the date falling "*p*" London Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"*p*" means, for any Interest Accrual Period the whole number specified in the relevant Final Terms (or, if no such number is so specified, five

London Business Days, provided that a number lower than five shall only be so specified with the prior agreement of the Calculation Agent) representing a number of London Business Days;

"**SONIA Compounded Index**" means the index known as the SONIA Compounded Index administered by the Bank of England (or any successor administrator thereof);

"**SONIA Compounded Index_{END}**" means the SONIA Compounded Index Value on the last day of the relevant Observation Period;

"**SONIA Compounded Index_{START}**" means the SONIA Compounded Index Value on the first day of the relevant Observation Period; and

"**SONIA Compounded Index Value**" means in relation to any London Business Day, the value of the SONIA Compounded Index as published by authorised distributors on the Relevant Screen Page on such London Business Day or, if the value of the SONIA Compounded Index cannot be obtained from the Relevant Screen Page, as published on the Bank of England's Website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA Compounded Index) on such London Business Day.

(B) SONIA Compounded Daily Reference Rate

Where (i) Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and (ii) the Reference Rate is specified in the relevant Final Terms as being SONIA Compounded Daily Reference Rate, the Rate of Interest for each Interest Accrual Period will, subject to Conditions 4.5 and 4.10, be the SONIA Compounded Daily Reference Rate as follows,

"**SONIA Compounded Daily Reference Rate**" means, in respect of an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards,

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

"**London Business Day**", "**Observation Period**" and "**p**" have the respective meanings set out under Condition 4.2.3(c)(A);

"**d**" is the number of calendar days in the relevant:

- (i) Observation Period, where Observation Shift is specified in the relevant Final Terms; or

- (ii) Interest Accrual Period, where Lag is specified in the relevant Final Terms;

" d_o " is the number of London Business Days in the relevant:

- (i) Observation Period, where Observation Shift is specified in the relevant Final Terms; or
- (ii) Interest Accrual Period, where Lag is specified in the relevant Final Terms;

" i " is a series of whole numbers from one to d_o , each representing the relevant London Business Day in chronological order from, and including, the first London Business Day in the relevant:

- (i) Observation Period, where Observation Shift is specified in the relevant Final Terms to, and including, the last London Business Day in the relevant Observation Period; or
- (ii) Interest Accrual Period, where Lag is specified in the relevant Final Terms to, and including, the last London Business Day in the relevant Interest Accrual Period;

" n_i ", for any London Business Day " i ", means the number of calendar days from, and including, such London Business Day " i " up to, but excluding, the following London Business Day;

" $SONIA_i$ " means, in relation to any London Business Day, the SONIA reference rate in respect of:

- (i) that London Business Day " i ", where Observation Shift is specified in the relevant Final Terms; or
- (ii) the London Business Day (being a London Business Day falling in the relevant Observation Period) falling " p " London Business Days prior to the relevant London Business Day " i ", where Lag is specified in the relevant Final Terms; and

the "**SONIA reference rate**", in respect of any London Business Day, is a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page on the next following London Business Day or, if the Relevant Screen Page is unavailable, as published by authorised distributors on such London Business Day or, if SONIA cannot be obtained from the Relevant Screen Page, as published on the Bank of England's Website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA reference rate).

- (C) Subject to Condition 4.10, where either (i) SONIA Compounded Daily Reference Rate is specified in the relevant Final Terms, or (ii) the SONIA Compounded Index Rate is specified in the relevant Final Terms and Condition 4.2.3(c)(B) applies, if, in respect of any London Business Day, the SONIA reference rate is not available on the Relevant Screen Page or Relevant Fallback Screen Page as applicable, (or as otherwise

provided in the relevant definition thereof) or as published on the Bank of England's website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA reference rate), such Reference Rate shall be:

- (i) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5.00 p.m. (or, if earlier, close of business) on the relevant London Business Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or
- (ii) if such Bank Rate is not available, the SONIA reference rate published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof) or (if later) as published on the Bank of England's website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA reference rate) for the first preceding London Business Day on which the SONIA reference rate was published on the Relevant Screen Page (or as otherwise provided in the relevant definition thereof) or (if later) as published on the Bank of England's website at www.bankofengland.co.uk/boeapps/database/ (or such other page or website as may replace such page for the purposes of publishing the SONIA reference rate), and

in each case, SONIA_i shall be interpreted accordingly.

- (D) If the Rate of Interest cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 4.10, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Accrual Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period).
- (E) If the relevant Series of Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Notes

became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Accrual Period had been shortened accordingly.

- (d) **CDOR Rate Determination:** Where CDOR Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be the sum of the Margin and the average bid rate (expressed as an annual percentage rate) rounded to the nearest one-hundred-thousandth of one per cent. (with 0.000005 per cent. being rounded up) for bankers' acceptances in Canadian dollars for the relevant Interest Accrual Period which appears on the Reuters Screen CDOR Page (being the Relevant Screen Page) as of approximately 10:15 a.m. (Toronto time) (or the amended publication time for CDOR, if any, specified by Refinitiv Benchmark Services (UK) Limited (or any successor thereto) as CDOR administrator (the "**Administrator**") in accordance with its CDOR methodology, as amended from time to time) on the Interest Determination Date, all as determined by the Calculation Agent; provided that if such rate does not appear on the Relevant Screen Page on such day and such day is on or before the CDOR Cessation Date, then CDOR for such Interest Determination Date will be determined using an Alternative CDOR Page as of an Alternative Time on such day. If no such Alternative CDOR Page is available on such day and such day is on or before the CDOR Cessation Date, CDOR for such Interest Determination Date shall be the average of the bid rates of interest (expressed and rounded as set forth above) for Canadian dollar bankers' acceptances with maturities equal to the relevant Interest Accrual Period for same day settlement as quoted by such of the Schedule I banks (as defined in the Bank Act (Canada)) as may quote such a rate as of approximately 10:15 a.m., Toronto time, on such Interest Determination Date.

As used in the foregoing terms and provisions relating to the determination of CDOR:

"Alternative CDOR Page" shall mean the display, designated as page "CDOR" on Bloomberg, or an equivalent service that displays average bid rates of interest for Canadian dollar bankers' acceptances having the index maturity specified in the applicable supplement.

"Alternative Time" for any Alternative CDOR Page, shall mean the time of day at which such Alternative CDOR Page becomes available.

"Reuters Screen CDOR Page" means the display designated as page "CDOR03" on the Refinitiv Benchmark Services (UK) Limited (or such other page as may replace the CDOR page on that service) for purposes of publishing or displaying, among other things, Canadian dollars bankers' acceptance rates.

If CDOR cannot be determined as described above on any Interest Determination Date and such Interest Determination Date is on or before the CDOR Cessation Date, then CDOR for that Interest Determination Date will be equal to CDOR in effect for the prior Interest Accrual Period or, in the case of the first Interest Accrual Period during the Floating Rate Period, the most recent rate that could have been determined in accordance with the first sentence of the preceding paragraph had the interest rate been a floating rate during the Fixed Rate Period.

Notwithstanding the foregoing, if the Issuer or its designee determines that any of the events described below in paragraphs (i), (ii), (iii), (iv) or (v) have occurred, the Calculation Agent shall substitute for CDOR the alternative rates contemplated by paragraphs (i), (ii), (iii), (iv) or (v), but subject to the provisions of paragraph (vi) as applicable, provided that: (a) the rate set out in paragraph (ii) shall only apply if the rate set out in paragraph (i) is not available, (b) the rate set out in paragraph (iii) shall only apply if neither rate set out in paragraphs (i) or (ii) is available, (c) the rate set out in paragraph (iv) shall only apply if none of the rates set out in paragraphs (i), (ii) or (iii) are available, and (d) the rate set out in paragraph (v) shall only apply if none of the rates set out in paragraphs (i), (ii), (iii) or (iv) are available.

(i) *CDOR Cessation Date*

After the CDOR Cessation Date, the Rate of Interest will, subject to the provisions of paragraph (vi) below as applicable, be determined as if references to CDOR were references to Fallback Rate (CORRA) for the Original IBOR Rate Record Day that corresponds to the first Toronto Business Day of a relevant Interest Accrual Period (each a "**Reset Date**"), as most recently provided or published as at 11:30 a.m., Toronto time, on the related Fallback Observation Day. If neither Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time) provides, nor authorised distributors publish, Fallback Rate (CORRA) for that Original IBOR Rate Record Day at, or prior to, 11:30 a.m., Toronto time, on the related Fallback Observation Day and a Fallback Index Cessation Effective Date with respect to Fallback Rate (CORRA) has not occurred, then the rate for that Reset Date will be Fallback Rate (CORRA) as most recently provided or published at that time for the most recent Original IBOR Rate Record Day, notwithstanding that such day does not correspond to the Reset Date.

(ii) *Fallback Rate (CORRA)*

Upon the occurrence of a Fallback Index Cessation Event with respect to Fallback Rate (CORRA), the rate for a Reset Date for a relevant Interest Accrual Period in respect of which the Fallback Observation Day occurs on or after the Fallback Index Cessation Effective Date with respect to Fallback Rate (CORRA) will be the Canadian Overnight Repo Rate Average ("**CORRA**") administered by the Bank of Canada (or any successor administrator), to which the Calculation Agent shall apply the most recently published spread, as at the Fallback Index Cessation Effective Date with respect to Fallback Rate (CORRA), referred to in the definition of "**Fallback Rate (CORRA)**" after making such adjustments to CORRA as are necessary to account for any difference in term structure or tenor of CORRA by comparison to Fallback Rate (CORRA) and by reference to the Bloomberg IBOR Fallback Rate Adjustments Rule Book.

(iii) *CORRA*

If neither the administrator nor authorised distributors provide or publish CORRA and a Fallback Index Cessation Effective Date with respect to CORRA has not occurred, then, in respect of any day for which CORRA is required, references to CORRA will be deemed to be references to the last provided or published CORRA.

If a Fallback Index Cessation Effective Date occurs with respect to each of Fallback Rate (CORRA) and CORRA, then the rate for a Reset Date for a

relevant Interest Accrual Period in respect of which the Fallback Observation Day occurs on or after the Fallback Index Cessation Effective Date with respect to Fallback Rate (CORRA) (or, if later, the Fallback Index Cessation Effective Date with respect to CORRA) will be the CAD Recommended Rate, to which the Calculation Agent shall apply the most recently published spread, as at the Fallback Index Cessation Effective Date with respect to Fallback Rate (CORRA), referred to in the definition of "**Fallback Rate (CORRA)**" after making such adjustments to the CAD Recommended Rate as are necessary to account for any difference in term structure or tenor of the CAD Recommended Rate by comparison to Fallback Rate (CORRA) and by reference to the Bloomberg IBOR Fallback Rate Adjustments Rule Book.

(iv) CAD Recommended Rate

If there is a CAD Recommended Rate before the end of the first Toronto Business Day following the Fallback Index Cessation Effective Date with respect to Fallback Rate (CORRA) (or, if later, the end of the first Toronto Business Day following the Fallback Index Cessation Effective Date with respect to CORRA) but neither the administrator nor authorised distributors provide or publish the CAD Recommended Rate and a Fallback Index Cessation Effective Date with respect to it has not occurred, then, in respect of any day for which the CAD Recommended Rate is required, references to the CAD Recommended Rate will be deemed to be references to the last provided or published CAD Recommended Rate.

If there is no CAD Recommended Rate before the end of the first Toronto Business Day following the Fallback Index Cessation Effective Date with respect to Fallback Rate (CORRA) (or, if later, the end of the first Toronto Business Day following the Fallback Index Cessation Effective Date with respect to CORRA); or there is a CAD Recommended Rate and a Fallback Index Cessation Effective Date subsequently occurs with respect to it, then the rate for a Reset Date for a relevant Interest Accrual Period in respect of which the Fallback Observation Day occurs on or after the Fallback Index Cessation Effective Date with respect to Fallback Rate (CORRA) (or, if later, the Fallback Index Cessation Effective Date with respect to CORRA) or the Fallback Index Cessation Effective Date with respect to the CAD Recommended Rate (as applicable) will be Bank of Canada's Target for the Overnight Rate as set by the Bank of Canada and published on the Bank of Canada's Website (the "**BOC Target Rate**"), to which the Calculation Agent shall apply the most recently published spread, as at the Fallback Index Cessation Effective Date with respect to Fallback Rate (CORRA), referred to in the definition of "**Fallback Rate (CORRA)**" after making such adjustments to the BOC Target Rate as are necessary to account for any difference in term structure or tenor of the BOC Target Rate by comparison to Fallback Rate (CORRA) and by reference to the Bloomberg IBOR Fallback Rate Adjustments Rule Book.

(v) BOC Target Rate

If neither the administrator nor authorised distributors provide or publish the BOC Target Rate and a Fallback Index Cessation Effective Date with respect to the BOC Target Rate has not occurred, then, in respect of any day for which the BOC Target Rate is required, references to the BOC Target Rate will be deemed to be references to the last provided or published BOC Target Rate.

(vi) Notwithstanding the foregoing, in connection with the implementation of an Applicable Fallback Rate, the Issuer or its designee may make such adjustments to the Applicable Fallback Rate or the spread thereon, as well as the Business Day Convention, Reset Dates and related provisions and definitions including the Fallback Observation Day, in each case that are consistent with accepted market practice for the debt obligations such as the Notes in such circumstances.

(vii) *Definitions.* For the purposes of paragraphs (i)-(vi) above, the following terms shall have the meaning set out below:

"Applicable Fallback Rate" means one of Fallback Rate (CORRA), CORRA, the CAD Recommended Rate, or the BOC Target Rate, as applicable;

"Bloomberg IBOR Fallback Rate Adjustments Rule Book" means the IBOR Fallback Rate Adjustments Rule Book published by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time) as updated from time to time in accordance with its terms;

"CAD Recommended Rate" means the rate (inclusive of any spreads or adjustments) recommended as the replacement for CORRA by a committee officially endorsed or convened by the Bank of Canada for the purpose of recommending a replacement for CORRA (which rate may be produced by the Bank of Canada or another administrator) and as provided by the administrator of that rate or, if that rate is not provided by the administrator thereof (or a successor administrator), published by an authorised distributor;

"CDOR Cessation Date" means, in respect of one or more Index Cessation Events, the first date on which CDOR is no longer provided. If CDOR ceases to be provided on the Relevant Original Fixing Date but it was provided at the time at which it is to be observed pursuant to the terms of the Notes, then the CDOR Cessation Date will be the next day on which the rate would ordinarily have been published;

"Fallback Index Cessation Effective Date" means, in respect of a Fallback Index Cessation Event, the first date on which the Applicable Fallback Rate is no longer provided. If the Applicable Fallback Rate ceases to be provided on the same day that it is required to determine the rate for a Reset Date pursuant to the terms of the Notes but it was provided at the time at which it is to be observed pursuant to the terms of the Notes (or, if no such time is specified in the Notes, at the time at which it is ordinarily published), then the Fallback Index Cessation Effective Date will be the next day on which the rate would ordinarily have been published.

"Fallback Index Cessation Event" means:

(A) a public statement or publication of information by or on behalf of the administrator or provider of the Applicable Fallback Rate announcing that it has ceased or will cease to provide the Applicable Fallback Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider that will continue to provide the Applicable Fallback Rate; or

(B) if the Applicable Fallback Rate is:

(1) Fallback Rate (CORRA), a public statement or publication of information by the regulatory supervisor for the administrator of Fallback Rate (CORRA), the Bank of Canada, an insolvency official with jurisdiction over the administrator for Fallback Rate (CORRA), a resolution authority with jurisdiction over the administrator for Fallback Rate (CORRA) or a court or an entity with similar insolvency or resolution authority over the administrator for Fallback Rate (CORRA), which states that the administrator of Fallback Rate (CORRA) has ceased or will cease to provide the Fallback Rate (CORRA) permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide Fallback Rate (CORRA); or

(2) CORRA, the CAD Recommended Rate, or the BOC Target Rate, a public statement or publication of information by the regulatory supervisor for the administrator or provider of the Applicable Fallback Rate, the Bank of Canada, an insolvency official with jurisdiction over the administrator or provider for the Applicable Fallback Rate, a resolution authority with jurisdiction over the administrator or provider for the Applicable Fallback Rate or a court or an entity with similar insolvency or resolution authority over the administrator or provider for the Applicable Fallback Rate, which states that the administrator or provider of the Applicable Fallback Rate has ceased or will cease to provide the Applicable Fallback Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider that will continue to provide the Applicable Fallback Rate;

"Fallback Observation Day" means, in respect of a Reset Date and the relevant Interest Accrual Period to which that Reset Date relates, the day that is two Toronto Business Days preceding the related Interest Payment Date;

"Fallback Rate (CORRA)" means the term adjusted CORRA plus the spread relating to CDOR, in each case, for a relevant Interest Accrual Period provided by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time), as the provider of term adjusted CORRA and the spread, on the Fallback Rate (CORRA) Screen (or by other means) or provided to, and published by, authorised distributors;

"Fallback Rate (CORRA) Screen" means the Bloomberg Screen corresponding to the Bloomberg ticker for the fallback for CDOR for a relevant Interest Accrual Period accessed via the Bloomberg Screen Page (or, if applicable, accessed via the Bloomberg Screen) or any other published source designated by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time);

"Index Cessation Event" means:

(A) a public statement or publication of information by or on behalf of the Administrator announcing that it has ceased or will cease to provide CDOR permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide CDOR; or (B) a public statement or publication of information by the regulatory supervisor for the Administrator, the Bank of Canada, an insolvency official with jurisdiction over the administrator for CDOR, a resolution authority with jurisdiction over the administrator for CDOR or a court or an entity with similar insolvency or resolution authority over the administrator for CDOR, which states that the Administrator has ceased or will cease to provide

CDOR permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide CDOR;

"**Original IBOR Rate Record Day**" means Original IBOR Rate Record Date as that term is used on the Fallback Rate (CORRA) Screen; and

"**Relevant Original Fixing Date**" means, unless otherwise agreed, the day on which CDOR would have been observed.

Any decision or determination pursuant to the terms and provisions set forth in the preceding paragraphs not made by the Calculation Agent will be made by the Issuer in its sole discretion and will be conclusive and binding on the Agent, the Calculation Agent, the holders of the Notes and the beneficial owners of interests in the Notes, absent manifest error. In addition, the Issuer may designate an entity (which may be its affiliate) to make any determination or decision that it has the right to make in connection with such terms and provisions.

- (e) CORRA: Where (i) Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and (ii) the Reference Rate is specified in the relevant Final Terms as being CORRA, the Rate of Interest for each Interest Accrual Period will, subject to Conditions 4.5 and 4.10, be Compounded Daily CORRA as follows;

"**Compounded Daily CORRA**" means the rate of return of a daily compounded interest investment (with the daily Canadian Dollar overnight repurchase rate as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the relevant Interest Determination Date, as follows and the resulting percentage will be rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{CORRA_{i-pTBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d₀**" is the number of Toronto Business Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers from one to d₀, each representing the relevant Business Day in chronological order from, and including, the first Toronto Business Day in the relevant Interest Accrual Period;

"**n_i**" for any Business Day "i", means the number of calendar days from, and including, such Business Day "i" to, but excluding, the following Business Day (which is "i" + 1);

"**Observation Period**" means the period from, and including, the date falling "p" Business Days prior to the relevant Interest Payment Date (and the first Interest Accrual Period shall begin on and include the Issue Date) and ending on, but excluding, the date falling "p" Toronto Business Days prior to the next Interest Payment Date for such Interest Accrual Period (or the date falling "p"

Toronto Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"Toronto Business Day" a day on which Schedule I banks under the Bank Act (Canada) are open for business in the city of Toronto, Canada;

"CORRA_{i-pTBD}" means the CORRA rate for the Toronto Business Day falling "p" number of Toronto Business Days prior to the relevant Toronto Business Day "i"; and

"CORRA" with respect to any Toronto Business Day is a reference rate equal to the daily Canadian Overnight Repo Rate Average rate for that day, as published by the Bank of Canada, as the administrator of such rate (or any successor administrator of such rate) on the website of the Bank of Canada or any successor website, in each case as it appears on the Bank of Canada website at 11:30 am, Toronto time, on the Toronto Business Day immediately following that day.

If, in respect of any Toronto Business Day in the relevant Observation Period, the applicable CORRA reference rate is not available or has not otherwise been published by the authorised administrator and there has been no Benchmark Event, then (i) the CORRA reference rate shall be equal to the prevailing Bank of Canada target for the overnight rate as displayed on the Bank of Canada website (or any successor website or official publication of the Bank of Canada) on such Toronto Business Day or, if the Bank of Canada does not target a single rate, the mid-point of the target range set by the Bank of Canada and so published (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range, rounded, if necessary, to the nearest second decimal place, 0.005 being rounded upwards), and (ii) if no such overnight rate exists the CORRA reference rate in respect of such Toronto Banking Day shall be the CORRA reference rate in respect of the last Toronto Business Day for which such CORRA reference rate was published by the authorised administrator.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions and there has not been a Benchmark Event, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Accrual Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period).

If the Notes become due and payable prior to the Maturity Date, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the Final Terms, be deemed to be the date on which the Notes became due and payable and the Rate of Interest on the Notes shall, for so long

as any such Notes remain outstanding, be the Rate of Interest determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Accrual Period had been shortened accordingly.

- (f) **Linear Interpolation:** Where Linear Interpolation is specified in the relevant Final Terms as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified in the relevant Final Terms as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified in the relevant Final Terms as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as the Issuer, in consultation with an Independent Adviser (as defined in Condition 4.10.7) appointed by the Issuer acting in good faith and in a commercially reasonable manner in its reasonable discretion, determines appropriate.

"Applicable Maturity" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

4.2.4 *Rate of Interest for Index Linked Interest Notes*

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue accordingly.

4.3 **Zero Coupon Notes**

Where a Note, the Interest Basis of which is specified to be Zero Coupon, is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6.4.1(ii)).

4.4 **Accrual of Interest**

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 8).

4.5 **Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding**

- (i) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4.2.3(b), Condition 4.2.3(c), Condition 4.2.3(e) or Condition 4.2.3(f) above, as applicable, by

adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.

- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency which is available as legal tender in the country of such currency.

4.6 Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount as specified in the relevant Final Terms, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

4.7 Determination and Publication of Rates of Interest, Interest Amounts and Redemption Amounts

The Calculation Agent shall as soon as practicable on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, the Interest Period or the Interest Payment Date, calculate the Redemption Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period, the Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the second Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4.2.2, the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an

extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall, subject, in the case of each of the SONIA Compounded Index Rate and the SONIA Compounded Daily Reference Rate, to Condition 4.2.3(c)(E), and in the case of CORRA, to the last paragraph of Condition 4.2.3(f), nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

4.8 Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Business Day" means:

- (a) in the case of a currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency (which in the case of: (i) Canadian dollars is Toronto; and (ii) in the case of Australian dollars is Sydney); and/or
- (b) in the case of Euro, a day on which the T2 is operating (a "**T2 Business Day**"); and/or
- (c) in the case of a currency and/or one or more Business Centres as specified in the relevant Final Terms, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency or, if no currency is indicated, generally in each of the Business Centres.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the "Calculation Period"):

- (a) if "Actual/Actual" or "Actual/Actual-ISDA" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (b) if "Actual/365 (Fixed)" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (c) if "Actual/360" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (d) if Actual/365 (Sterling) is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Period Date falling in a leap year, 366;
- (e) "if "30/360", "360/360" or "Bond Basis" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (f) "if "30E/360" or "Eurobond Basis" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (g) "if "30E/360 (ISDA)" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30;

(h) if "Actual/Actual-ICMA" is specified in the relevant Final Terms:

if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of (x) the actual number of days in such Determination Period and (y) the number of Determination Periods in any year; and

if the Calculation Period is longer than one Determination Period, the sum of:

- (1) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (a) the actual number of days in such Determination Period and (b) the number of Determination Periods in any year; and
- (2) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of (a) the actual number of days in such Determination Period and (b) the number of Determination Periods in any year,

where:

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"Determination Date" means the date specified as such in the relevant Final Terms or, if none is so specified, the Interest Payment Date; and

- (i) if "Actual/Actual Canadian Compound Method" is specified in the relevant Final Terms, whenever it is necessary to compute any amount of accrued interest in respect of the Notes for a period of less than one full year, other than in respect of any specified Interest Amount, such interest will be calculated on the basis of the actual number of days in the Calculation Period and a year of 365 days.

"Euro-zone" means the region comprising of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended.

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"Interest Amount" means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the relevant Final Terms, shall mean the Fixed Coupon Amount or Broken Amount specified in the relevant Final Terms as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the relevant Final Terms.

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (a) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (b) the day falling two Business Days in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Euro or (c) the day falling two T2 Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is Euro.

"Interest Payment Date" means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms, as the same may be adjusted in accordance with the relevant Business Day Convention.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date unless otherwise specified in the relevant Final Terms.

"Interest Period Date" means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

"ISDA Definitions" means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc., as may be supplemented or amended from time to time.

"Rate of Interest" means the rate of interest payable from time to time in respect of this Note and that is either specified on, or calculated in accordance with the provisions of, the relevant Final Terms.

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount, the Residual

Holding Redemption Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of the relevant Final Terms.

"**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in the case of HKD-HIBOR-HIBOR=, four major banks in the Hong Kong interbank market and in the case of EUR-ISDA-EURIBOR Swap Rate-11:00, five leading swap dealers in the interbank market, in each case selected by the Issuer or as specified in the relevant Final Terms.

"**Reference Rate**" means the rate specified as such in the relevant Final Terms.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms.

"**Specified Currency**" means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated.

"**T2**" means the real time gross settlement system operated by the Eurosystem which was launched on 20 March 2023 or any successor thereto or replacement thereof.

4.9 Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount or Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) which is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as specified in this paragraph.

4.10 Benchmark Discontinuation

This Condition 4.10 applies only where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined.

4.10.1 Independent Adviser

Notwithstanding Conditions 4.2.3(b)(ii), 4.2.3(b)(iii), 4.2.3(c)(C) and 4.2.3(c)(D) if the Issuer determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.10.2) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4.10.4).

In making such determination and any other determination pursuant to this Condition 4.10, the Issuer shall act in good faith and in a commercially reasonable manner. In the absence of fraud, the Independent Adviser shall have no liability whatsoever to the Trustee, the Paying Agents, or the Noteholders for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4.10.

If the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.10.1 prior to the date three Business Days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4.10.

In no event shall any of the Trustee, the Calculation Agent, the Paying Agents be responsible for determining whether a Benchmark Event has occurred or monitoring whether or not such event has or is likely to occur, any substitute for any existing rate, or for making any adjustments to any alternative benchmark or spread thereon, the business day convention, interest determination dates or any other relevant methodology for calculating any such substitute or successor benchmark. In connection with the foregoing, each of the Trustee, the Calculation Agent, the Paying Agents will be entitled to conclusively rely on any determinations made by the Issuer, its designee or the Independent Adviser and will have no liability for such actions taken at the direction of the Issuer or its designee.

4.10.2 Successor Rate or Alternative Rate

If the Issuer, following consultation with the Independent Adviser or acting alone, as the case may be, determines that:

- (a) there is a Successor Rate, then such Successor Rate and any applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.10); or
- (b) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and any applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.10).

4.10.3 Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Issuer, following consultation with the Independent Adviser

is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

4.10.4 Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, any applicable Adjustment Spread is determined in accordance with this Condition 4.10 and the Issuer, following consultation with the Independent Adviser, determines (i) that amendments to these Terms and Conditions, the Agency Agreement and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) any applicable Adjustment Spread (provided that the amendments do not, without the consent of the Calculation Agent, impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions attached to it) (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.10.5, without any requirement for the consent or approval of Noteholders, vary these Conditions, the Agency Agreement and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and the Issuing and Paying Agent of a certificate signed by two Directors of the Issuer pursuant to Condition 4.10.5, the Trustee and the Issuing and Paying Agent shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in using its reasonable endeavours to effect any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed) and the Trustee and the Issuing and Paying Agent shall not be liable to any party for any consequences thereof, provided that the Trustee and the Issuing and Paying Agent shall not be obliged so to concur if in the opinion of the Trustee or the Issuing and Paying Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities, such Benchmark Amendment would be inoperable, or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 4.10.4, the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

4.10.5 Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4.10 will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 15, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee and the Issuing and Paying Agent of the same, the Issuer shall deliver to the Trustee and the Issuing and Paying Agent a certificate signed by two Directors of the Issuer:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) any applicable Adjustment Spread

and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4.10; and

- (b) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) any applicable Adjustment Spread.

The Trustee and the Issuing and Paying Agent shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's and the Issuing and Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

4.10.6 Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 4.10.1, 4.10.2, 4.10.3 and 4.10.4, the Original Reference Rate and the fallback provisions provided for in Condition 4.2.3 will continue to apply unless and until the Issuer determines that a Benchmark Event has occurred and the relevant Paying Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4.10.5.

4.10.7 Definitions

As used in this Condition 4.10:

"Adjustment Spread" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (b) the Issuer, following consultation with the Independent Adviser or acting alone, as the case may be, determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied)
- (c) the Issuer, following consultation with the Independent Adviser or acting alone, as the case may be, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

"Alternative Rate" means an alternative benchmark or screen rate which the Issuer following consultation with the Independent Adviser, determines is customarily applied in international debt capital markets transactions for the purposes of

determining floating rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"Benchmark Amendments" has the meaning given to it in Condition 4.10.4.

"Benchmark Event" means:

- (a) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (e) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (f) it has or will become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholders using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (2) and (3) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, respectively, (b) in the case of sub-paragraph (4) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (5) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

"Independent Adviser" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer at its own expense under Condition 4.10.1 and notified in writing to the Trustee.

"Original Reference Rate" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes or, if applicable, any other Successor or Alternative Rate (or any component part thereof) determined and applicable to the Notes pursuant to the earlier operation of Condition 4.10.

"Relevant Nominating Body" means, in respect of a benchmark or screen rate (as applicable):

- (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"Successor Rate" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body

5 Indexation

This Condition 5 is applicable only if the relevant Final Terms specifies the Notes as Index Linked Notes.

5.1 Definitions

For the purposes of Conditions 5.1 to 5.6, unless the context otherwise requires, the following defined terms shall have the following meanings:

"Base Index Figure" means (subject to Condition 5.3(i)) the base index figure as specified in the relevant Final Terms;

"CPI" means the UK Consumer Prices Index (for all items) published by the Office for National Statistics (January 2015 = 100) or any comparable index which may replace the UK Consumer Prices Index for the purpose of calculating the amount payable on repayment of the Indexed Benchmark Gilt (if any). Where CPI is specified as the Index in the relevant Final Terms, any reference to the "Index Figure" which is specified in the relevant Final Terms as:

- (a) applicable to the first calendar day of any month shall, subject as provided in Conditions 5.3 and 5.5, be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or
- (b) applicable to any other day in any month shall, subject as provided in Conditions 5.3 and 5.5, be calculated by linear interpolation between (x) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in paragraph (i) above and (y) the Index Figure applicable to the first calendar day of the month following, calculated as specified in paragraph (i) above and rounded to the nearest fifth decimal place.

"CPIH" means the all items consumer prices index including owner occupiers' housing costs and council tax for the United Kingdom published by the Office for National Statistics (January 2015 = 100) or any comparable index which may replace the all items consumer prices index including owner occupiers' housing costs and council tax for the United Kingdom for the purpose of calculating the amount payable on repayment of the Indexed Benchmark Gilt (if any). Where CPIH is specified as the Index in the relevant Final Terms, any reference to the "Index Figure" which is specified in the relevant Final Terms as:

- (a) applicable to the first calendar day of any month shall, subject as provided in Conditions 5.3 and 5.5, be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or
- (b) applicable to any other day in any month shall, subject as provided in Conditions 5.3 and 5.5, be calculated by linear interpolation between (x) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in paragraph (i) above and (y) the Index Figure applicable to the first calendar day of the month following, calculated as specified in paragraph (i) above and rounded to the nearest fifth decimal place;

"His Majesty's Treasury" means His Majesty's Treasury or any officially recognised party performing the function of a calculation agent (whatever such party's title), on its or its successor's behalf, in respect of the Reference Gilt;

"Index" means, subject as provided in Condition 5.3(i), either CPI, CPIH or RPI as specified in the relevant Final Terms;

"Indexed Benchmark Gilt" means the index-linked Sterling obligation of the United Kingdom Government listed on the Official List of the Financial Conduct Authority (in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended) and traded on the London Stock Exchange whose average maturity most closely matches that of the Notes as a gilt-edged market maker or other adviser selected by the Issuer (an "Indexation Adviser") shall determine to be appropriate;

"Index Figure" has the definition given to such term in the definition of "CPI", "CPIH" or "RPI", as applicable;

"Index Ratio" applicable to any month or date, as the case may be, means the Index Figure applicable to such month or date, as the case may be, divided by the Base Index Figure and rounded to the nearest fifth decimal place;

"Limited Index Ratio" means (a) in respect of any month or date, as the case may be, prior to the relevant Issue Date, the Index Ratio for that month or date, as the case may be, (b) in respect of any Limited Indexation Date after the relevant Issue Date, the product of the Limited Indexation Factor for that month or date, as the case may be, and the Limited Index Ratio as previously calculated in respect of the month or date, as the case may be, twelve months prior thereto; and (c) in respect of any other month, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month;

"Limited Indexation Date" means any date falling during the period specified in the relevant Final Terms for which a Limited Indexation Factor is to be calculated;

"Limited Indexation Factor" means, in respect of a Limited Indexation Month or Limited Indexation Date, as the case may be, the ratio of the Index Figure applicable to that month or date, as the case may be, divided by the Index Figure applicable to the month or date, as the case may be, twelve months prior thereto, provided that (a) if such ratio is greater than the Maximum Indexation Factor specified in the relevant Final Terms, it shall be deemed to be equal to such Maximum Indexation Factor and (b) if such ratio is less than the Minimum Indexation Factor specified in the relevant Final Terms, it shall be deemed to be equal to such Minimum Indexation Factor;

"Limited Indexation Month" means any month specified in the relevant Final Terms for which a Limited Indexation Factor is to be calculated;

"Limited Index Linked Notes" means Index Linked Notes to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the relevant Final Terms) applies;

"Redemption Date" means any date on which the Notes are redeemed in accordance with Condition 5.6, Condition 6.1, Condition 6.2, Condition 6.4, Condition 6.5, Condition 6.6 or Condition 6.7;

"Reference Gilt" means the index-linked Treasury Stock/Treasury Gilt specified as such in the relevant Final Terms for so long as such gilt is in issue, and thereafter such issue of index-linked Treasury Stock/Treasury Gilt determined to be appropriate by an Indexation Adviser; and

"RPI" means the UK Retail Prices Index (for all items) published by the Office for National Statistics (January 1987 = 100) or any comparable index which may replace the UK Retail Prices Index for the purpose of calculating the amount payable on repayment of the Reference Gilt. Where RPI is specified as the Index in the relevant Final Terms, any reference to the "Index Figure" which is specified in the relevant Final Terms as:

- (a) applicable to a particular month, shall, subject as provided in Conditions 5.3 and 5.5, be construed as a reference to the Index Figure published in the seventh month prior to that particular month and relating to the month before that of publication; or
- (b) applicable to the first calendar day of any month shall, subject as provided in Conditions 5.3 and 5.5, be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or
- (c) applicable to any other day in any month shall, subject as provided in Conditions 5.3 and 5.5, be calculated by linear interpolation between (x) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in paragraph (ii) above and (y) the Index Figure applicable to the first calendar day of the month following, calculated as specified in paragraph (ii) above and rounded to the nearest fifth decimal place.

5.2 Application of the Index Ratio

Each payment of interest and principal in respect of the Notes shall be the amount provided in, or determined in accordance with, these Conditions, multiplied by the Index Ratio or Limited Index Ratio in the case of Limited Index Linked Notes applicable to the month or date, as the case may be, in or on which such payment falls to be made and rounded in accordance with Condition 4.5.

5.3 Changes in Circumstances Affecting the Index

- (i) Change in base: If at any time and from time to time the Index is changed by the substitution of a new base therefor, then with effect from the month from and including that in which such substitution takes effect or the first date from and including that on which such substitution takes effect, as the case may be, (1) the definition of "Index" and "Index Figure" in Condition 5.1 shall be deemed to refer to the new date, or month or year (as applicable) in substitution for January 1987 (where RPI is specified as the Index in the relevant Final Terms) or 2015 (where CPI or CPIH is specified as the Index in the relevant Final Terms) (or, as the case may be, to such other date, month or year as may have been substituted therefor), and (2) the new Base Index Figure shall be the product of the existing Base Index Figure and the Index

Figure for the date on which such substitution takes effect, divided by the Index Figure for the date immediately preceding the date on which such substitution takes effect.

- (ii) Delay in publication of RPI if paragraph (i) of the definition of Index Figure for RPI is applicable: If the Index Figure which is normally published in the seventh month and which relates to the eighth month (the "**relevant month**") before the month in which a payment is due to be made is not published on or before the fourteenth Business Day before the date on which such payment is due (the "**date for payment**"), the Index Figure applicable to the month in which the date for payment falls shall be (1) such substitute index figure (if any) as the Trustee considers (acting solely on the advice of the Indexation Adviser) to have been published by the United Kingdom Debt Management Office or the Bank of England, as the case may be, (or such other body designated by the UK Government for such purpose) for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Trustee (acting solely on the advice of the Indexation Adviser)) or (2) if no such determination is made by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 4.3(i)) before the date for payment.
- (iii) Delay in publication of relevant Index if paragraph (i) and/or (ii) of the definition of Index Figure for CPI or CPIH is applicable or if paragraph (ii) and/or (iii) of the definition of Index Figure for RPI is applicable: If the Index Figure relating to any month (the "**calculation month**") which is required to be taken into account for the purposes of the determination of the Index Figure for any date is not published on or before the fourteenth Business Day before the date on which such payment is due (the "**date for payment**"), the Index Figure applicable for the relevant calculation month shall be (1) such substitute index figure (if any) as the Trustee considers (acting solely on the advice of the Indexation Adviser) to have been published by the United Kingdom Debt Management Office or the Bank of England, as the case may be, (or such other body designated by the UK Government for such purpose) for the purposes of indexation of payments on the Reference Gilt or the Indexed Benchmark Gilt (as applicable) or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Trustee (acting solely on the advice of the Indexation Adviser)) or (2) if no such determination is made by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 4.3(i)) before the date for payment.

5.4 Application of Changes

Where the provisions of Condition 5.3(ii) or Condition 5.3(iii) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls or the date for payment, as the case may be, shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 5.3(ii)(2) or Condition 5.3(iii)(2), the Index Figure relating to the relevant month or relevant calculation month, as the case may be, is subsequently published while a Note is still outstanding, then:

- (i) in relation to a payment of principal or interest in respect of such Note other than upon final redemption of such Note, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced, as the case may be, by an amount equal to the shortfall or excess, as the case may be, of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 5.3(ii)(2) or Condition 5.3(iii)(2) below or above the amount of the relevant payment that would have been due if the Index Figure

subsequently published had been published on or before the fourteenth Business Day before the date for payment; and

- (ii) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

5.5 Material Changes to or Cessation of the Index

- (i) Material changes to the relevant Index:
 - (a) CPI and CPIH: Where CPI or CPIH is specified in the relevant Final Terms as the Index and:
 - (1) if notice is published by His Majesty's Treasury, or on its behalf, following a change to the coverage or the basic calculation of such Index, then the Calculation Agent shall make any such adjustments to the Index consistent with any adjustments made to the Index as applied to the relevant Indexed Benchmark Gilt; or
 - (2) any change is made to the coverage or the basic calculation of such Index which constitutes a fundamental change which would, in the opinion of either the Issuer or the Trustee (acting solely on the advice of an Indexation Adviser), be materially prejudicial to the interests of the Issuer or the Noteholders, as the case may be, the Issuer or the Trustee (as applicable) shall give written notice of such occurrence to the other party.

Promptly after the giving of such notice, the Issuer and the Trustee (acting solely on the advice of the Indexation Adviser) together shall seek to agree for the purpose of the Notes one or more adjustments to CPI or CPIH (as applicable) or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Noteholders in no materially better and no materially worse position than they would have been had the relevant fundamental change to CPI or CPIH (as applicable) not been made.

If the Issuer and the Trustee (acting solely on the advice of the Indexation Adviser) fail to reach agreement as mentioned above within 20 Business Days following the giving of notice as mentioned above, a bank or other person in London shall be appointed by the Issuer and the Trustee or, failing agreement on and the making of such appointment within 20 Business Days following the expiry of the 20 day period referred to above, by the Trustee (acting solely on the advice of the Indexation Adviser) (in each case, such bank or other person so appointed being referred to as the "**Expert**"), to determine for the purpose of the Notes one or more adjustments to CPI or CPIH (as applicable) or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Noteholders in no materially better and no materially worse position than they would have been had the relevant fundamental change to CPI or CPIH (as applicable) not been made. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert and of any Indexation Adviser and of any of the Issuer and the Trustee in connection with such appointment shall be borne by the Issuer.

- (b) RPI: Where RPI is specified in the relevant Final Terms as the Index and if notice is published by His Majesty's Treasury, or on its behalf, following a change to the coverage or the basic calculation of such Index, then the Calculation Agent shall make any such adjustments to the Index consistent with any adjustments made to the Index as applied to the Reference Gilt.

(ii) Cessation of the relevant Index:

If the Trustee and the Issuer have been notified by the Calculation Agent that the relevant Index has ceased to be published, or if His Majesty's Treasury or the Office for National Statistics, as the case may be, or a person acting on its behalf, announces that it has ceased to publish the relevant Index, then the Calculation Agent shall determine a successor index *in lieu* of any previously applicable index (the "**Successor Index**") by using the following methodology:

- (a) if at any time a successor index has been designated by His Majesty's Treasury in respect of the Reference Gilt, such successor index shall be designated the "Successor Index" for the purposes of all subsequent Interest Payment Dates, notwithstanding that any other Successor Index may previously have been determined under paragraph (b) or (c) below. This provision will only be applicable when RPI is specified in the relevant Final Terms as the Index; or
- (b) the Issuer and the Trustee (acting solely on the advice of the Indexation Adviser) together shall seek to agree for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Noteholders in no materially better and no materially worse position than they would have been had the Index not ceased to be published. If the relevant Final Terms specify RPI as the Index then this paragraph (b) will only be applicable provided the Successor Index has not been determined under paragraph (a) above; or
- (c) if the Issuer and the Trustee (acting solely on the advice of the Indexation Adviser) fail to reach agreement as mentioned above within 20 Business Days following the giving of notice as mentioned in the first paragraph under this Condition 5.5(ii) above, a bank or other person in London shall be appointed by the Issuer and the Trustee or, failing agreement on and the making of such appointment within 20 Business Days following the expiry of the 20 day period referred to above, by the Trustee (acting solely on the advice of the Indexation Adviser) (in each case, such bank or other person so appointed being referred to as the "**Expert**"), to determine for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Noteholders in no materially better and no materially worse position than they would have been had the Index not ceased to be published. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert and of any Indexation Adviser and of any of the Issuer and the Trustee in connection with such appointment shall be borne by the Issuer.

- (iii) Adjustment or replacement: The Index shall be adjusted or replaced by a substitute index pursuant to the foregoing paragraphs, as the case may be, and references in these Conditions to the Index and to any Index Figure shall be deemed amended in such manner as the Trustee (acting solely on the advice of the Indexation Adviser) and the Issuer agree are appropriate to give effect to such adjustment or replacement. Such amendments shall be effective from the date of such notification and binding

upon the Issuer, the Trustee and the Noteholders, and the Issuer shall give notice to the Noteholders in accordance with Condition 15 of such amendments as promptly as practicable following such notification or adjustment.

5.6 Redemption for Index Reasons

If either (i) the Index Figure for three consecutive months is required to be determined on the basis of an Index Figure previously published as provided in Condition 5.3(ii)(2) or 5.3(iii)(2), as applicable and the Trustee has been notified by the Calculation Agent that publication of the Index has ceased or (ii) notice is published by His Majesty's Treasury, or on its behalf, following a change in relation to the Index, offering a right of redemption to the holders of the Reference Gilt or the Indexed Benchmark Gilt (as applicable), and (in either case) no amendment or substitution of the Index shall have been designated by His Majesty's Treasury in respect of the Reference Gilt or the Indexed Benchmark Gilt (as applicable) to the Issuer and such circumstances are continuing, the Issuer may, upon giving not more than 60 nor less than 30 days' notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) in accordance with Condition 15, redeem all, but not some only, of the Notes at their principal amount together with interest accrued but unpaid up to and including the date of redemption (in each case adjusted in accordance with Condition 5.2).

6 Redemption, Purchase and Options

6.1 Final Redemption

Unless previously redeemed, purchased and cancelled as provided below, this Note will be redeemed at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) on the Maturity Date specified in the relevant Final Terms provided.

6.2 Redemption for Taxation Reasons

If, on the occasion of the next payment in respect of the Notes the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that it would be unable to make such payment without having to pay additional amounts as described in Condition 8, and such requirement to pay such additional amounts arises by reason of a change in the laws of the United Kingdom or any political sub-division of the United Kingdom or taxing authority in the United Kingdom or any political sub-division of the United Kingdom or in the interpretation or application of the laws of the United Kingdom or any political sub-division of the United Kingdom or in any applicable double taxation treaty or convention, which change becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and such requirement 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, at its option, at any time, having given not less than 30 nor more than 45 days' notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption 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 Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the requirement 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 the condition precedent

set out above in which event it shall be conclusive and binding on all Noteholders and Couponholders.

6.3 Purchases

The Issuer and any of its subsidiary undertakings may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons appertaining to them are attached or surrendered with them) in the open market or otherwise at any price.

6.4 Early Redemption

6.4.1 *Zero Coupon Notes*

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6.2 or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the "**Amortisation Yield**" (which, if none is specified in the relevant Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6.2 or, if applicable, Condition 6.5 or 6.6 or upon it becoming due and payable as provided in Condition 10, is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference in that sub-paragraph to the date on which the Note becomes due and payable was replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4.3.

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the relevant Final Terms.

6.4.2 *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 6.4.1), upon redemption of such Note pursuant to this Condition 6.4 or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified in the relevant Final Terms.

6.5 Redemption at the Option of the Issuer and Exercise of Issuer's Options

- 6.5.1 If (i) Residual Holding Call Option is specified in the relevant Final Terms, and (ii) if at any time the Residual Holding Percentage (as specified in the relevant Final Terms) or more of the aggregate nominal amount of Notes originally issued shall have been redeemed or purchased and cancelled, the Issuer shall have the option to redeem such outstanding Notes in whole, but not in part, at their Residual Holding Redemption Amount (as specified in the relevant Final Terms). Unless otherwise specified in the relevant Final Terms, the Residual Holding Redemption Amount will be calculated by an independent financial advisor by discounting the outstanding nominal amount of the Notes and the remaining interest payments (if applicable) to the Maturity Date by a rate per annum (expressed as a percentage to the nearest one hundred thousandth of a percentage point (with halves being rounded up)) equal to the Benchmark Yield (as specified in the relevant Final Terms), being the yield on the Benchmark Security at the close of business on the third Business Day prior to the date fixed for such redemption, plus the Benchmark Spread (as specified in the relevant Final Terms). Where the specified calculation is to be made for a period of less than one year, it shall be calculated using the Benchmark Day Count Fraction (as specified in the relevant Final Terms). The Issuer will give not less than 15 nor more than 30 days' irrevocable notice to the Noteholders and the Trustee of any such redemption pursuant to this Condition 6.5.1.
- 6.5.2 If Call Option is specified in the relevant Final Terms, the Issuer may, unless an Exercise Notice has been given pursuant to Condition 6.6 or 6.7, as applicable, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms), redeem, or exercise any Issuer's option in relation to, all or, if so provided, some of such Notes on any Optional Redemption Date(s) or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued up to but excluding the Optional Redemption Date. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount (if any) permitted to be redeemed specified in the relevant Final Terms and no greater than the maximum nominal amount (if any) permitted to be redeemed specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the serial numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws, listing authority and stock exchange requirements.

- 6.5.3 If Make-whole Redemption Option is specified in the relevant Final Terms as applicable, the Issuer may, unless an Exercise Notice has been given pursuant to Condition 6.6 or 6.7, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms), redeem, or exercise any Issuer's option in relation to, all or, if so provided, some of such Notes on any Make-whole Redemption Date(s). Any such redemption of Notes shall be at an amount equal to the higher of the following, in

each case together with interest accrued to but excluding the Make-whole Redemption Date:

- (i) the nominal amount of the Note; and
- (ii) (a) the nominal amount of the Note multiplied by the price (as reported in writing to the Issuer and the Trustee by a financial adviser (the "**Financial Adviser**") appointed by the Issuer and approved by the Trustee) expressed as a percentage (rounded to the nearest fifth decimal places, 0.000005 being rounded upwards) at which the Gross Redemption Yield to maturity on such Note (or, if a Par Call Commencement Date is specified in the relevant Final Terms, the Gross Redemption Yield to the Par Call Commencement Date) on the Determination Date specified in the relevant Final Terms is equal to the Gross Redemption Yield at the Quotation Time specified in the relevant Final Terms on the Determination Date of the Reference Bond specified in the relevant Final Terms (or, where the Financial Adviser advises the Trustee that, for reasons of illiquidity or otherwise, such Reference Bond is not appropriate for such purpose, such other government stock as such Financial Adviser may recommend) plus any applicable Redemption Margin specified in the relevant Final Terms; or (b) if Canada Yield Price is specified in the relevant Final Terms, (1) at any time prior to the Par Call Commencement Date, the Canada Yield Price and (2) at any time on or after the Par Call Commencement Date, but prior to the Maturity Date, the nominal amount of the Notes.

Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount (if any) permitted to be redeemed specified in the relevant Final Terms and no greater than the maximum nominal amount (if any) permitted to be redeemed specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate (or the Notes to be redeemed will be selected by the Canadian Paying Agent (as specified in the relevant Final Terms) in such manner as the Canadian Paying Agent deems appropriate and as approved by the Trustee), subject to compliance with any applicable laws, clearing systems, listing authority and stock exchange requirements.

In this Condition:

"Canada Yield Price" means the price, calculated on the business day preceding the redemption date of the Notes (the "**Yield Determination Date**") equal to the net present value of all scheduled payments of outstanding principal and interest on the Notes to be redeemed (not including any portion of the payment of interest accrued as of the redemption date) from the redemption date of the Notes to be redeemed to the Par Call Commencement Date specified in the relevant Final Terms (and assuming, for this purpose, that the Notes are scheduled to mature on the Par Call Commencement Date) using as a discount rate the Government of Canada Yield plus any applicable Redemption Margin specified in the relevant Final Terms.

"Government of Canada Yield" means with respect to any redemption date, the arithmetic average (rounded to the nearest 1/100 of 1 per cent.) of the yield to

maturity, provided by two major Canadian investment dealers selected by the Issuer as at noon (Toronto time) on the Yield Determination Date, as the yields which a non-callable Government of Canada bond would carry if issued, in Canadian dollars in Canada, at 100 per cent. of its principal amount on such date with a term to maturity which most closely approximates the remaining term to the Par Call Commencement Date.

"**Gross Redemption Yield**" means a yield calculated in accordance with generally accepted market practice at such time, as advised to the Trustee by the Financial Adviser.

6.6. Redemption at the Option of Noteholders following a Restructuring Event

6.6.1. If Restructuring Put Option is specified in the relevant Final Terms, and:

(i) if, at any time while any of the Notes remains outstanding, a Restructuring Event (as defined below) occurs and prior to the commencement of or during the Restructuring Period (as defined below):

(a) an independent financial adviser (as described below) shall have certified in writing to the Trustee that such Restructuring Event will not be or is not, in its opinion, materially prejudicial to the interests of the Noteholders; or

(b) if there are Rated Securities (as defined below), each Rating Agency (as defined below) that at such time has assigned a current rating to the Rated Securities confirms in writing to the Issuer at its request (which it shall make as set out below) that it will not be withdrawing or reducing the then current rating assigned to the Rated Securities by it from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Bal, or their respective equivalents for the time being, or worse) or, if the Rating Agency shall have already rated the Rated Securities below investment grade (as described above), the rating will not be lowered by one full rating category or more, in each case as a result, in whole or in part, of any event or circumstance comprised in or arising as a result of the applicable Restructuring Event,

the following provisions of this Condition 6.6 shall cease to have any further effect in relation to such Restructuring Event.

(ii) if, at any time while any of the Notes remains outstanding, a Restructuring Event occurs and (subject to Condition 6.6.1(i)):

(a) within the Restructuring Period, either:

(A) if at the time such Restructuring Event occurs there are Rated Securities, a Rating Downgrade (as defined below) in respect of such Restructuring Event also occurs; or

(B) if at such time there are no Rated Securities, a Negative Rating Event (as defined below) in respect of such Restructuring Event also occurs; and

(b) an independent financial adviser shall have certified in writing to the Trustee that such Restructuring Event is, in its opinion, materially prejudicial to the interests of the Noteholders (a "**Negative Certification**"),

then, unless at any time the Issuer shall have given notice under Condition 6.5 or the holder shall have given notice under Condition 6.7 (if applicable), the holder of each Note will, upon the giving of a Put Event Notice (as defined below), have the option (the "**Restructuring Put Option**") to require the Issuer to redeem or, at the option of the Issuer, purchase (or procure the purchase of) that Note on the Put Date (as defined below), at its Optional Redemption Amount (specified in the relevant Final Terms) together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date.

A Restructuring Event shall be deemed not to be materially prejudicial to the interests of the Noteholders if, notwithstanding the occurrence of a Rating Downgrade or a Negative Rating Event, the rating assigned to the Rated Securities by any Rating Agency is subsequently increased to, or, as the case may be, there is assigned to the Notes or other unsecured and unsubordinated debt of the Issuer having an initial maturity of five years or more by any Rating Agency, an investment grade rating ((BBB-/Baa3) or their respective equivalents for the time being) or better prior to any Negative Certification being issued.

Any Negative Certification shall be conclusive and binding on the Trustee, the Issuer and the Noteholders. The Issuer may, at any time, with the approval of the Trustee appoint an independent financial adviser for the purposes of this Condition 6.6. If, within five business days following the occurrence of a Rating Downgrade or a Negative Rating Event, as the case may be, in respect of a Restructuring Event, the Issuer shall not have appointed an independent financial adviser for the purposes of Condition 6.6.1(ii)(b) and (if so required by the Trustee) the Trustee is indemnified and/or prefunded and/or secured to its satisfaction against the costs of such adviser, the Trustee may appoint an independent financial adviser for such purpose following consultation with the Issuer.

6.6.2. Promptly upon the Issuer becoming aware that a Put Event (as defined below) has occurred, and in any event not later than 14 days after the occurrence of a Put Event, the Issuer shall, and at any time upon the Trustee if so requested by the holders of at least one-quarter in nominal amount of the Notes then outstanding shall, give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 15 specifying the nature of the Put Event and the procedure for exercising the Restructuring Put Option.

6.6.3. To exercise the Restructuring Put Option, the holder of a Note must comply with the provisions of Condition 6.7. The applicable notice period for the purposes of Condition 6.7, as applied to a Restructuring Put Option, shall be the period (the "**Put Period**") of 45 days after that on which a Put Event Notice is given. Subject to the relevant Noteholder having complied with Condition 6.7, the Issuer shall redeem or, at the option of that Issuer, purchase (or procure the purchase of) the relevant Note on the fifteenth day after the date of expiry of the Put Period (the "**Put Date**") unless previously redeemed or purchased.

6.6.4. For the purposes of these Conditions:

- (i) "**Distribution Licence**" means an electricity distribution licence granted under section 6(1)(c) of the Electricity Act.
- (ii) "**Distribution Services Area**" means, in respect of a Issuer, the area specified as such in the distribution licence granted to it on 1 October 2001 under section 6(1)(c) of the Electricity Act 1989 (as amended by section 30 of the Utilities Act 2000), as of the date of such distribution licence.

- (iii) A "**Negative Rating Event**" shall be deemed to have occurred if (1) a Issuer does not, either prior to or not later than 14 days after the date of the relevant Restructuring Event, seek, and thereupon use all reasonable endeavours to obtain, a rating of the Notes or any other unsecured and unsubordinated debt of that Issuer having an initial maturity of five years or more from a Rating Agency or (2) if it does so seek and use such endeavours, it is unable, as a result of such Restructuring Event, to obtain such a rating of at least investment grade (BBB-/Baa3, or their respective equivalents for the time being).
- (iv) A "**Put Event**" occurs on the date of the last to occur of (1) a Restructuring Event, (2) either a Rating Downgrade or, as the case may be, a Negative Rating Event and (3) the relevant Negative Certification.
- (v) "**Rating Agency**" means S&P Global Ratings Europe Limited or any of its subsidiaries and their successors or Moody's Investors Service Limited or any of its subsidiaries and their successors or any rating agency substituted for any of them (or any permitted substitute of them) by the Issuer from time to time with the prior written approval of the Trustee.
- (vi) A "**Rating Downgrade**" shall be deemed to have occurred in respect of a Restructuring Event if the then current rating assigned to the Rated Securities by any Rating Agency (whether provided by a Rating Agency at the invitation of the Issuer or by its own volition) is withdrawn or reduced from an investment grade rating (BBB-/Baa3), (or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Bal) (or their respective equivalents for the time being) or worse or, if the Rating Agency shall then have already rated the Rated Securities below investment grade (as described above), the rating is lowered one full rating category or more.
- (vii) "**Rated Securities**" means the Notes, if at any time and for so long as they have a rating from a Rating Agency, and otherwise any other unsecured and unsubordinated debt of a Issuer having an initial maturity of five years or more which is rated by a Rating Agency.
- (viii) "**Restructuring Event**" means the occurrence of any one or more of the following events:
 - (a)
 - (A) the Secretary of State for Business, Energy and Industrial Strategy (or any successor) giving the Issuer written notice of any revocation of its Distribution Licence; or
 - (B) the Issuer agreeing in writing with the Secretary of State for Business, Energy and Industrial Strategy (or any successor) to any revocation or surrender of its Distribution Licence; or
 - (C) any legislation (whether primary or subordinate) being enacted which terminates or revokes the Distribution Licence of the Issuer,

except, in each such case, in circumstances where a licence or licences on substantially no less favourable terms is or are granted to the Issuer or a wholly-owned subsidiary of the Issuer where such subsidiary at the time of such grant either executes in favour of the Trustee an unconditional and irrevocable guarantee in respect of all Notes issued by the Issuer in such form as the Trustee may approve or becomes the primary obligor under the Notes issued by the Issuer in accordance with Condition 12.3; or

- (b) any modification (other than a modification which is of a formal, minor or technical nature) being made to the terms and conditions upon which an Issuer is authorised and empowered under relevant legislation to distribute electricity in the Distribution Services Area unless two directors of such Issuer have certified in good faith to the Trustee that the modified terms and conditions are not materially less favourable to the business of that Issuer; or
 - (c) any legislation (whether primary or subordinate) is enacted which removes, qualifies or amends (other than an amendment which is of a formal, minor or technical nature) the duties of the Secretary of State for Business, Energy and Industrial Strategy (or any successor) and/or the Gas and Electricity Markets Authority (or any successor) under section 3A of the Electricity Act 1989 (as amended by the Utilities Act 2000) (as this may be amended from time to time) unless two directors of such Issuer have certified in good faith to the Trustee that such removal, qualification or amendment does not have a materially adverse effect on the financial condition of that Issuer.
- (ix) "**Restructuring Period**" means:
- (a) if at the time a Restructuring Event occurs there are Rated Securities, the period of 90 days starting from and including the day on which that Restructuring Event occurs; or
 - (b) if at the time a Restructuring Event occurs there are no Rated Securities, the period starting from and including the day on which that Restructuring Event occurs and ending on the day 90 days following the later of (aa) the date (if any) on which the Issuer shall seek to obtain a rating as contemplated by the definition of Negative Rating Event; (bb) the expiry of the 14 days referred to in the definition of Negative Rating Event and (cc) the date on which a Negative Certification shall have been given to the Trustee in respect of that Restructuring Event.

A Rating Downgrade or a Negative Rating Event or a non-investment grade rating shall be deemed not to have occurred as a result or in respect of a Restructuring Event if the Rating Agency making the relevant reduction in rating or, where applicable, refusal to assign a rating of at least investment grade as provided in this Condition 6.6, does not announce or publicly confirm or inform the Issuer in writing at its request (which it shall make as set out in the following paragraph) that the reduction or, where applicable, declining to assign a rating of at least investment grade, was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of the applicable Restructuring Event.

The Issuer undertakes to contact the relevant Rating Agency immediately following that reduction, or where applicable the refusal to assign a rating of at least investment grade, to confirm whether that reduction, or refusal to assign a rating of at least investment grade was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of the applicable Restructuring Event. The Issuer shall notify the Trustee immediately upon receipt of any such confirmation from the relevant Rating Agency.

6.7. Redemption at the Option of Noteholders

If Put Option is specified in the relevant Final Terms, the Issuer shall, at the option of any Noteholder, upon such Noteholder giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Note on the Optional Redemption Date(s) (as specified in the relevant Final

Terms) at its Optional Redemption Amount (as specified in the relevant Final Terms) together with interest accrued to the date fixed for redemption.

To exercise such option (which must be exercised on an Option Exercise Date) the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Notes with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Option Period (as specified in the Final Terms). No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

6.8. Cancellation

All Notes redeemed pursuant to any of the foregoing provisions will be cancelled forthwith together with all unmatured Coupons and unexchanged Talons attached thereto. All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may, at the option of the Issuer be held by or may be surrendered together with all unmatured Coupons and all unexchanged Talons attached to them to a Paying Agent for cancellation, but may not be resold and when held by the Issuer or any of its respective Subsidiaries shall not entitle the holder to vote at any meeting of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Noteholders or for the purposes of Condition 12.

7 Payments and Talons

7.1 Payments: Bearer Notes

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7.6.4) or Coupons (in the case of interest, save as specified in Condition 7.6.4), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre for that currency; provided that in the case of Euro, the transfer shall be in a city in which banks have access to T2.

7.2 Registered Notes:

- (a) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (b) below.
- (b) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the day before the due date for payment thereof (the Record Date). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

7.3 Payments in the United States

Notwithstanding the above, if any Notes are denominated in U.S. dollars, payments in respect of them may be made at the specified office of any Paying Agent in New York City in the same manner as specified above if (a) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (b) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (c) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

7.4 Payments subject to Fiscal Laws etc.

Save as provided in Condition 8, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

7.5 Appointment of Agents

The Issuing and Paying Agent, the Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent, or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (a) an Issuing and Paying Agent, (b) a Registrar in relation to Registered Notes, (c) a Transfer Agent in relation to Registered Notes, (d) a Paying Agent (which may be the Issuing and Paying Agent) having its specified office in a major European city, (e) a Calculation Agent where the Conditions so require one, (f) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, a Paying Agent having a specified office in such place as may be required by the rules and regulations of any other relevant stock exchange, listing authority or other relevant authority, and (g) so long as the Notes clear in a clearing system other than or in addition to Euroclear and Clearstream, Luxembourg, a Paying Agent that is able to make payments to such clearing system in accordance with the rules and procedure of such clearing system. As used in these Conditions, the terms "Issuing and Paying Agent", "Registrar", "Transfer Agent", "Calculation Agent", and "Paying Agent" include any additional or replacement Issuing and Paying Agent, Registrar, Transfer Agent, Calculation Agent or Paying Agent appointed under this Condition.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Notes denominated in U.S. dollars in the circumstances described in Condition 7.3.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 15.

7.6 Unmatured Coupons and unexchanged Talons

7.6.1 Upon the due date for redemption of any Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

- 7.6.2 Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- 7.6.3 Where any Note which provides that the relevant Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- 7.6.4 If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note or Certificate representing it. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of that Note against presentation of that Note as the case may be.

7.7 Non-Business Days

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Financial Centres" in the relevant Final Terms and:

- 7.7.1 (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency (which in the case of Australian dollars is Sydney); or
- 7.7.2 (in the case of a payment in Euro) which is a T2 Business Day.

7.8 Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (but excluding any Coupons which may have become void pursuant to Condition 9).

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons will be made without withholding or deduction for or on account of, any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the United Kingdom or any political sub-division of the United Kingdom or any authority in or of the United Kingdom having power to tax, unless such withholding or deduction is compelled by law. In that event, the Issuer will pay such additional amounts of principal and interest as will result in the receipt by the Noteholders or, as the case may be, the Couponholders of the amounts which would otherwise have been received by them in respect of the Notes or Coupons had no withholding or deduction been made, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (a) by or on behalf of, a person who is liable to such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of such Note or Coupon; or
- (b) by or on behalf of a person who would not be liable or subject to such deduction or withholding by making a declaration of non-residence or other claim for exemption to a tax authority; or
- (c) more than 30 days after the Relevant Date except to the extent that the holder would have been entitled to such additional amounts on presenting the same for payment on such 30th day.

Notwithstanding any other provision of the Terms and Conditions or the Trust Deed, any amounts to be paid on the Notes by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon 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 Noteholders in accordance with Condition 15 that, upon further presentation of the Note (or relative Certificate) or Coupon 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 (a) "principal" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (b) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (c) "principal" and/or "interest" shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9 Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless presented for payment within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events (each an "**Event of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer at its registered office that the Notes are, and they shall accordingly immediately become due and repayable at their Redemption Amount together with accrued interest (if any) to the date of payment:

- (a) Non-Payment: there is default for more than 30 days in the payment of any principal or interest due in respect of the Notes; or
- (b) Breach of Other Obligations: there is default in the performance or observance by the Issuer of any other obligation or provision under the Trust Deed or the Notes (other than any obligation for the payment of any principal or interest in respect of the Notes) which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 90 days after notice of such default shall have been given to the Issuer by the Trustee; or
- (c) Cross-Acceleration: if (i) any other present or future Relevant Indebtedness of the Issuer becomes due and payable prior to its stated maturity by reason of any actual event of default or (ii) any amount in respect of such Relevant Indebtedness is not paid when due or, as the case may be, within any applicable grace period, provided that the aggregate amount of the Relevant Indebtedness in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds £100,000,000.
- (d) Winding-up: 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
- (e) Enforcement Proceedings: attachment is made of the whole or substantially the whole of the assets or undertakings of the Issuer and such attachment is not released or cancelled within 90 days or 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 and such taking of possession, appointment or order is not released, discharged or cancelled within 90 days; or
- (f) Insolvency: the Issuer ceases to carry on all or substantially all of its business or is unable to pay its debts within the meaning of Section 123(1)(e) or Section 123(2) of the Insolvency Act 1986; or
- (g) Bankruptcy: the Issuer is adjudged bankrupt or insolvent by a court of competent jurisdiction in its country of incorporation,

provided that in the case of paragraph (b) the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

11 Enforcement

The Trustee may, at its discretion and without further notice, institute such actions, steps or proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes or under the Trust Deed, but shall not be bound to do so unless:

- (a) it has been so directed by an Extraordinary Resolution or in writing by the holders of at least one-quarter of the principal amount of the Notes outstanding; and
- (b) it has been indemnified and/or secured and/or prefunded to its satisfaction.

No Noteholder or Couponholder shall be entitled to institute such actions, steps or proceedings directly against the Issuer unless the Trustee, having become bound to proceed as specified above, fails or is unable to do so within 60 days and such failure or inability is continuing.

12 Meetings of Noteholders, Modifications and Substitution

12.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders (including, in respect of the Trust Deed, meetings held by way of audio or video conference) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. An Extraordinary Resolution duly passed at any such meeting shall be binding on all Noteholders (whether or not they were present at the meeting at which such resolution was passed) and Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest on the Notes, (b) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) if a Minimum and/or a Maximum Rate of Interest is shown on the face of the Note, to reduce any such Minimum and/or Maximum Rate of Interest, (e) to vary any method of calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, (f) to take any steps that as specified in this Note may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, and (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution will only be binding if passed at a meeting of the Noteholders (or at any adjournment of that meeting) at which a special quorum (as defined in the Trust Deed) is present. A resolution in writing signed by the holders of not less than 95 per cent. in nominal amount of the Notes will be binding on all Noteholders and Couponholders. The Issuer may convene a meeting of Noteholders jointly with the holders of all other Notes issued pursuant to the Agency Agreement and not forming a single series with the Notes to which meeting the provisions referred to above apply as if all such Notes formed part of the same series, provided that the proposals to be considered at such meeting affect the rights of the holders of the Notes of each series attending the meeting in identical respects (save insofar as the Conditions applicable to each such series are not identical).

12.2 Modification of the Trust Deed

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (a) any modification of any of the provisions of the Trust Deed, the Notes, the Coupons or these Conditions that is of a formal, minor or technical nature or is made to correct a manifest error, and (b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Notes, the Coupons or these Conditions that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. In addition, the Trustee shall be obliged to concur with the Issuers in using its reasonable endeavours to effect any Benchmark Amendments in the circumstances and as otherwise set out in Condition 4.10 without the consent or approval of the Noteholders and Couponholders. Any such modification, authorisation or waiver shall be binding on all Noteholders and Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

12.3 Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of any other

company in place of the Issuer or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

12.4 Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

13 Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, listing authority and stock exchange regulations, at the specified office of such other Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar or Transfer Agent (in the case of Certificates) as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15 on payment by the claimant of the fees and costs incurred in connection with that replacement and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificates, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Certificates, Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

14 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further Notes having the same terms and conditions as the Notes and so that such further issue shall be consolidated and form a single series with such Notes.

References in these Conditions to the Notes include (unless the context requires otherwise) any other Notes issued pursuant to this Condition and forming a single series with the Notes. Any such further Notes forming a single series with Notes constituted by the Trust Deed or any deed supplemental to it shall, and any other Notes may (with the consent of the Trustee), be constituted by the Trust Deed.

The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of Notes of other series if the Trustee so decides.

15 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective address in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily English language newspaper of general circulation in the United Kingdom (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such

publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

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

16 Indemnification of Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including but not limited to provisions relieving it from any obligation to (a) appoint an independent financial adviser and (b) take proceedings to enforce repayment 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.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

18 Governing Law and Jurisdiction

- 18.1 The Notes, the Coupons and any non-contractual obligations arising out of or connected with them are governed by, and shall be construed in accordance with, English law.
- 18.2 The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising from or connected with the Notes.
- 18.3 The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- 18.4 Nothing in this Condition 18 prevents the Trustee or any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Trustee or Noteholders may take concurrent Proceedings in any number of jurisdictions.

USE OF PROCEEDS

The net proceeds of the issue of each Series of Notes will be used by the relevant Issuer for its general corporate purposes. If in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

In particular, if so specified in the Final Terms, the relevant Issuer will apply the net proceeds from an offer of Notes specified as "Eligible Bonds" for "Eligible Green Projects".

"Eligible Green Projects" means projects within the following eligible categories: (i) renewable energy; (ii) energy efficiency; (iii) green buildings; (iv) clean transportation; (v) pollution prevention and control; and (vi) environmentally sustainable management of living natural resources and land use.

Eligible Green Projects have been (or will be, as the case may be) selected by the relevant Issuer in accordance with the broad categorisation of eligibility for green projects set out in the ICMA Green Bond Principles 2021, and are further described in the Green Financing Framework published on National Grid plc's website at <https://investors.nationalgrid.com/debt-investors/green-financing/greenfinancing> and as updated from time to time. In connection with the issuance of Eligible Bonds, ISS-ESG (a sustainability consulting firm) has evaluated the Issuers' Green Financing Framework and has issued an independent opinion confirming that the Eligible Green Projects described in the Green Financing Framework are aligned with the ICMA Green Bond Principles 2021. ISS-ESG's independent opinion is also available for viewing at <https://investors.nationalgrid.com/debt-investors/green-financing/greenfinancing>.

According to the definition criteria set out by the ICMA Green Bond Principles 2021, only Tranches of Notes financing or refinancing Eligible Green Projects meeting the Eligibility Criteria set out in the Green Financing Framework will be classified as "Eligible Bonds".

For the avoidance of doubt, neither the Green Financing Framework nor ISS-ESG's independent opinion forms part of this Prospectus.

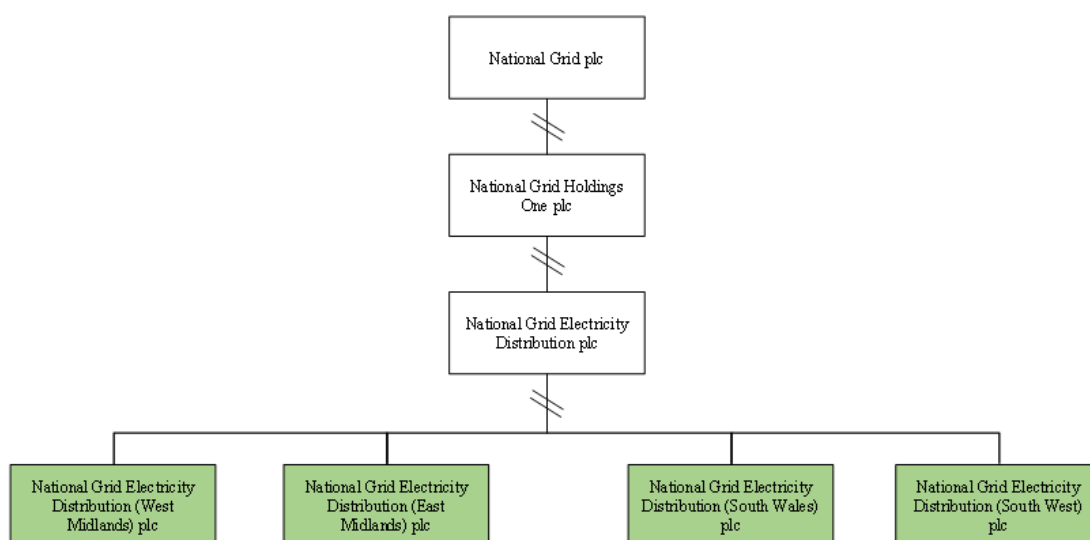
DESCRIPTION OF THE ISSUERS

History

The Issuers are the regulated monopoly distributors of electricity in the Midlands area of England, the South West of England and South Wales. The Issuers are wholly owned subsidiaries of National Grid Electricity Distribution plc (formerly Western Power Distribution plc) (registered number 09223384) ("**NGED**", together with National Grid Electricity Distribution Network Holdings Limited (registered number 08857746), NGED East Midlands, NGED West Midlands, NGED South West and NGED South Wales, the "**NGED Group**").

The NGED Group is owned by National Grid Electricity Distribution plc, which is a public limited company registered in England and Wales. On 14 June 2021, PPL Corporation ("**PPL**") completed the sale transaction of its UK investment in the NGED Group to National Grid plc ("**National Grid**"). On completion of the sale, the ultimate controlling parent of the NGED Group is National Grid, registered in England and Wales. National Grid is an energy company operating in the UK and the United States of America. As part of the integration of the NGED Group into the National Grid Group, on 20 September 2022, the names of each of the companies within the NGED Group were changed to 'National Grid Electricity Distribution' from 'Western Power Distribution'.

NGED Summary Group Structure Chart



Please note that this is an abbreviated structure chart

Description of Principal Activity

The Issuers' principal activity is the distribution of electricity to industrial, commercial, and domestic customers within their regulated area. There are fourteen distribution network operators ("**DNOs**") in the United Kingdom and each Issuer is a DNO. The Issuers operate the four contiguous licensed distribution networks in East Midlands, West Midlands, South Wales, and South West England. As required by the Office of Gas and Electricity Markets ("**Ofgem**") in its regulation of the Issuers, they are separate legal entities.

The Issuers' combined network is the largest in the UK, with their four DNOs together delivering electricity to approximately 8.0 million (2022: 8.0 million) customers, and employing over 6,600 staff. The Issuers' combined networks ("**Networks**") comprise approximately 89,000 kilometres of overhead lines, 139,000 kilometres of underground cable, and 190,000 transformers. They maintain their network assets to ensure the safe and reliable distribution of electricity to homes and businesses across their four regions.

The Issuers' customers are registered with licensed electricity suppliers, who in turn pay the NGED Group for use of the Networks. Their costs are regulated and based on an agreed allowance by Ofgem on average (based on a consumption of 3,100 kilowatt hours) customers pay £113.49 per annum (2022: £90.25 per annum) for electricity distribution costs. The Issuers' costs form part of the bill to customers from the electricity suppliers. The increase in the average bill is primarily due to the recovery of Last Resort Supply Payment ("**LRSP**") claims arising due to significant supplier liquidations in 2021. Excluding the impact of the recovery of these claims, the Issuers' customers have paid £97.25 per annum for the electricity distribution costs.

The Issuers provide a reliable and efficient power supply at an affordable price and support the most vulnerable people in the areas they serve. The Issuers believe that the use of in-house regional resources is crucial for cost-effective and reliable delivery, which is why they use geographically based teams to serve each area. The Issuers' staff know the area, network, local developments, and communities, enabling them to provide efficient, high-quality customer service. The critical role they play in society is changing. As well as keeping the lights on today, they are also committed to driving a more sustainable future. It is the Issuers' mission to respond to the changing energy landscape and support the UK's legislated ambition of achieving net zero carbon emissions by 2050.

Regulation applying to the Issuers

The distribution licences held by the Issuers authorise the licensees to distribute electricity in order to provide a supply. Each licence is granted in perpetuity and can only be revoked by Ofgem by giving no less than 25 years' notice or in circumstances where the licensee is in breach of the licence conditions.

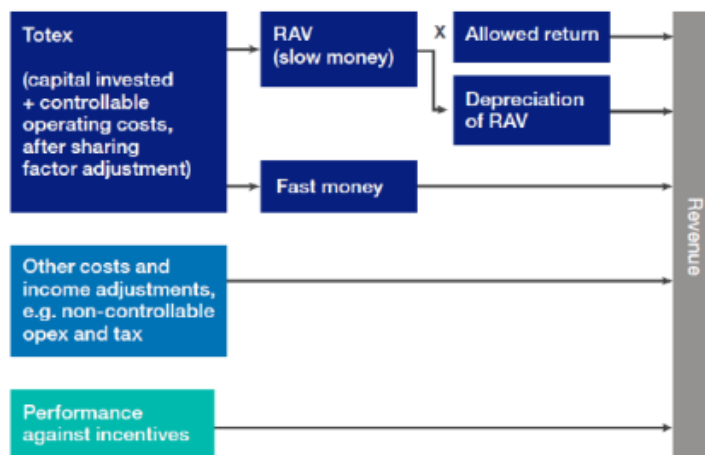
Failure of an Issuer to comply with its licence could lead to enforcement action by Ofgem. In cases of breach of licence, Ofgem has the power to issue compliance orders, to levy fines of up to 10 per cent. of turnover and/or issue consumer redress orders (where the licensee is required to compensate consumers). In certain circumstances, such as insolvency or failure to comply with an enforcement order, the distribution licence itself may be revoked.

RIIO price controls

DNOs are natural monopolies and to ensure the provision of value-for-money services for consumers, are regulated by the Gas and Electricity Markets Authority, which operates through Ofgem. The operations of the NGED Group are regulated under the distribution licences which set the requirements that the Issuers need to deliver for their customers. The NGED Group operates under one regulatory framework, the RIIO-ED model. Ofgem sets price controls in which they determine the amount of revenue a network company can charge its customers, alongside an agreed set of outputs. In addition to the base level of revenue which DNOs are allowed to earn, there are incentives and penalties to encourage licensees to innovate and deliver various outputs relating to customer service, network performance, the environment, connections and efficiency.

Allowed revenue to fund totex (a component of total allowable expenditure, and broadly the sum of operating expenditure and capital expenditure) costs is split between RIIO 'fast' and 'slow' money categories using specified ratios that are fixed for the duration of the price control. Fast money represents the amount of totex the Issuers are able to recover in the year of expenditure. Slow money is added to the Regulatory Asset Value ("**RAV**") of the Issuers. In addition to fast money, each year the Issuers are allowed to recover regulatory depreciation, i.e., a portion of the RAV, and a return on the outstanding RAV balance. The RAV is also indexed to a measure of inflation, using RPI for RIIO ED-1 and CPIH for RIIO ED-2 (see below).

Simplified illustration of RIIO regulatory building blocks:



The RIIO-ED1 price control

From 1 April 2015, Ofgem set an eight-year electricity price control (known as "**RIIO-ED1**"). The Issuers submitted an outputs-based business plan for the RIIO-ED1 period (2015-2023), which was accepted by Ofgem as "well justified" and could therefore "fast-track" all four NGED Group licensed areas; the only DNO group to be fast-tracked. The NGED Group's modified licences took effect from 1 April 2015. National Grid's 76 commitments within the RIIO-ED1 business plan fall within the following six categories: safety, reliability, environment, connections, customer satisfaction, and social obligations.

These price controls included a number of mechanisms designed to help achieve their objectives. These include financial incentives that encouraged the Issuers to:

- efficiently deliver, through investment and maintenance, the network outputs that customers and stakeholders require, including reliable supplies, new connections, and infrastructure capacity; and
- innovate so the Issuers can continuously improve the services they provide to their customers, stakeholders, and communities.

The RIIO-ED2 price control

RIIO-ED2, covering the period April 2023 to March 2028, is the second price control to be set under the RIIO model. The final submission of the Issuers' business plan was made on 1 December 2021 and Ofgem's Final Determination was published on 30 November 2022. Following the acceptance of the Final Determination, the Issuers have prepared an RIIO-ED2 delivery plan which sets out how they will continue to improve on their already industry-leading standards while adapting to the changing needs of their customers and the environment in which they operate. The Issuers' business plan for RIIO-ED1, 2015-2023, was ambitious and industry-leading. Building on this platform, the Issuers have listened to their stakeholders and aim to deliver an even bolder set of stretching commitments for RIIO-ED2, driving a smart, sustainable energy revolution for the communities they serve. The RIIO-ED2 delivery plan contains 420 ambitious core commitments and more than 400 wider commitments, all designed to achieve four crucial outcomes for the Issuers' customers:

- **Affordability:** The Issuers will continue to deliver the highest standards of safety, reliability, and customer service that customers have come to expect from them. The Issuers aim to have power cuts at their lowest-ever levels and customer satisfaction at its highest at over 93 per cent. Crucially, they aim to achieve all of this while keeping the Issuers' portion of the average domestic customer bill affordable.

- **Sustainability:** The Issuers support the UK's ambitions to achieve net zero carbon emissions by 2050, driving crucial changes in energy usage and customer green behaviour. The Issuers aim to set the benchmark by targeting net zero in their own operations by 2043. They have also committed to reducing absolute Scope 1 and 2 GHG emissions by 63 per cent. by 2035 from a 2020 base year. UK ED's 2035 interim measures have been validated by the Science Base Target initiative as being aligned to a 1.5-degree pathway.
- **Connectability:** A lack of network capacity should not be a barrier for the Issuers' customers. The Issuers aim to ensure that the Networks can cater to up to 1.5 million additional electric vehicles, 600,000 heat pumps, and a significant increase in renewable generation over the next five years.
- **Vulnerability:** The Issuers aim to deliver a first-class programme of inclusive support, to include offering 600,000 smart energy action plans for vulnerable customers each year, so as to ensure that no one is left behind in a smart future. The Issuers also aim to more than double its groundbreaking fuel poverty support to deliver over £60 million of savings for 113,000 fuel poor customers over the course of RIIO-ED2.

Description of National Grid Electricity Distribution (East Midlands) plc

NGED East Midlands is the regulated monopoly distributor of electricity in the East Midlands area of England. NGED East Midlands was incorporated as a public limited company under the Companies Act 1985 on 1 April 1989. The registered office of NGED East Midlands is at Avonbank, Feeder Road, Bristol, BS2 0TB.

NGED East Midlands, formerly known as Central Networks East plc and then Western Power Distribution (East Midlands) plc, changed its name to National Grid Electricity Distribution (East Midlands) plc on 20 September 2022. At the date of this Prospectus NGED East Midlands has no subsidiary companies.

Its network covers approximately 16,000 square kilometres, extending from the Lincolnshire coast to the outskirts of Coventry, and from Milton Keynes in the south to the Derbyshire Peak District in the north. As a result, it serves a diverse customer base including large urban areas such as Nottingham, Derby, Northampton, and Leicester, as well as rural communities.

As of 31 March 2023, NGED East Midlands distributed electricity to approximately 2.7 million customers through approximately 75,000 kilometres of network.

Description of National Grid Electricity Distribution (West Midlands) plc

NGED West Midlands is the regulated monopoly distributor of electricity in the West Midlands area of England. NGED West Midlands was incorporated as a public limited company under the Companies Act 1985 on 1 April 1989. The registered office of NGED West Midlands is at Avonbank, Feeder Road, Bristol, BS2 0TB.

NGED West Midlands, formerly known as Central Networks West plc, changed its name to National Grid Electricity Distribution (West Midlands) plc on 20 September 2022. At the date of this Prospectus NGED West Midlands has no subsidiary companies.

Its network covers approximately 13,300 square kilometres, extending from the outskirts of Bristol in the south to Staffordshire in the north and from approximately the M6 motorway to the Welsh border. As a result, NGED West Midlands serves a diverse customer base including England's second largest city, Birmingham, as well as rural communities.

As of 31 March 2023, NGED West Midlands distributed electricity to approximately 2.5 million customers through approximately 65,000 kilometres of network.

Description of National Grid Electricity Distribution (South West) plc

NGED South West is the regulated monopoly distributor of electricity in the south western area of England. NGED South West was incorporated as a public limited company under the Companies Act 1985 on 1 April 1989. The registered office of NGED South West is Avonbank, Feeder Road, Bristol, BS2 0TB.

NGED South West, formerly known as South Western Electricity plc and then Western Power Distribution (South West) plc, changed its name to National Grid Electricity Distribution (South West) plc on 20 September 2022. At the date of this Prospectus NGED South West has no subsidiary companies.

Its network covers approximately 14,400 square kilometres, extending from Bristol and Bath in the northeast, south west along the peninsula to Land's End, and beyond to the Isles of Scilly. NGED South West serves a diverse customer base from the largest cities and towns in NGED South West's service area of Bath, Bristol, Exeter, Plymouth, and Taunton to small rural communities.

As of 31 March 2023, NGED South West distributed electricity to approximately 1.6 million customers through approximately 52,000 kilometres of network.

Description of National Grid Electricity Distribution (South Wales) plc

NGED South Wales is the regulated monopoly distributor of electricity in South Wales. NGED South Wales was incorporated as a public limited company under the Companies Act 1985 on 1 April 1989. The registered office of NGED South Wales is Avonbank, Feeder Road, Bristol, BS2 0TB.

NGED South Wales, formerly known as South Wales Electricity plc and then Western Power Distribution (South Wales) plc, changed its name to National Grid Electricity Distribution (South Wales) plc on 20 September 2022. At the date of this Prospectus NGED South Wales has no subsidiary companies.

Its network covers approximately 11,800 square kilometres. The service area in Wales covers the south of the country. It covers an extremely diverse region including areas such as the Brecon Beacons National Park to the north, the Pembrokeshire Coast National Park in the west, and the city of Cardiff in the south. The largest cities and towns in NGED South Wales' service areas are Cardiff, Swansea, and Newport. Most of the population of South Wales is located in the coastal belt region, between Newport and Llanelli, (to the east and west of Cardiff), or in the valley's region to the north of this coastal belt. The remainder of the area is sparsely populated.

As of 31 March 2023, NGED South Wales distributed electricity to approximately 1.2 million customers through approximately 36,000 kilometres of network.

Board of Directors

Name	Position
Alison Sleightholm	Director
Graham Halladay	Director
Justine Campbell	Director

Laura Barbrook	Director
Darren Pettifer	Director
Cordelia O’Hara	Director
Anthony Cardew	Non-executive Director*

*As required by Ofgem.

Movement of Directors:

Ian Williams resigned as Director on 31 July 2022. Darren Pettifer was appointed as a Director on 17 August 2022.

Both Phillip Swift and Maurice Fletcher resigned on the 31 March 2023. Following Maurice Fletcher’s resignation, the NGED Group is recruiting to appoint a new sufficiently independent director, as Ofgem requires two sufficiently independent directors to sit on the board of each of the DNOs; an appointment is expected to be announced in the short term.

Cordelia O’Hara was appointed as a director on 1 April 2023.

The business address of each of the Directors is Avonbank, Feeder Road, Bristol BS2 0TB. No Director has any actual or potential conflict of interest between his or her duties to NGED East Midlands, NGED West Midlands, NGED South West, and NGED South Wales and his or her private interests and/or other duties. Laura Barbrook, Justine Campbell, Cordelia O’Hara and Darren Pettifer are employees of National Grid address is 1-3 Strand, London WC2N 5EH.

Recent developments in 2022/23

The Issuers have completed the RIIO-ED1 price control period in a position of strength, outperforming the majority of their RIIO-ED1 business plan commitments. In the year 2022/2023, they continued to deliver excellent service for their 8 million (2021/2022: 8 million) customers, whilst developing plans for the following price control, RIIO-ED2. The Issuers have continued to beat their targets for customer minutes lost and customer interruptions by 26 per cent. (2021/22: 30 per cent.) and 27 per cent. (2021/22: 27 per cent.) respectively, accident rate is at 0.72 (2021/22: 0.62) accidents per 100 staff against RIIO-ED1 target of 1.61 and their Business Carbon Foot ("BCF") has reduced by 39 per cent. (2021/22: 35 per cent.) since 2014/2015.

As energy prices continue to rise steeply it is more important than ever that the Issuers keep customers updated on ways to save energy and manage their use more effectively. Some customers on low incomes cannot afford to effectively heat their properties – and those who were previously ‘just about managing’ may have been tipped into fuel poverty as a result of soaring energy prices and inflation. With the Issuers’ various fuel poverty schemes, they have supported over 24,000 fuel poor customers, leading to an estimated annual saving of £20.6 million for these customers. Further, the Issuers’ annual community funding was increased from £1 million to £3.8 million in the current year and was awarded to 759 organisations benefitting almost 400,000 people in their communities. The Issuers' community funding is tailored to support communities at the grassroots level, ensuring that support is given to those most in need of help. The Issuers were proud to have been recently recognised for their work, earning a Gold Award at the Chartered Institute of Public Relations ("CIPR") Pride Awards in the Community Relations Campaign Category for their Community Matters Fund fuel poverty support programme. The Issuers’ hard work during the year is reflected in their performance against the Broad Measure of Customer Satisfaction ("BMCS") results scoring 8.99 (20[21/22]: 9.03) out of 10 overall, outperforming their 8.2 target.

As the Government now focuses on energy security and affordability, as well as decarbonisation, the Issuers have embraced their role in delivering the energy system of the future. Decarbonisation of energy will lead to greater electricity demand meaning that the Issuers will need to provide more power through their distribution network. The Issuers' Distribution System Operator ("**DSO**") function has continued to identify where they can adopt alternative arrangements to defer reinforcing the network. In light of the current energy crisis, it is their objective to keep their proportion of the customers' bills as low as possible and minimise the requirement for load-related reinforcement by adopting a 'flexibility first' approach to maximise the utilisation of the existing network. The Issuers have established innovative processes for procuring and using flexibility services as an alternative to conventional network reinforcement which allows their customers to connect more quickly and at a lower cost. The amount of contracted flexibility services under contract was 763.49MW as of 31 March 2023.

For the second year in a row, the NGED Group has proved it is changing the face of the electricity industry by being awarded the Disruptor of the Year award at the 2022 Utility Week Awards for its 'Take Charge' innovation project. This project has developed new technology to deliver the electrical capacity to power 80 rapid electric vehicle charges at a single service station site in a compact modular format. It is an innovative solution that brings the equivalent of the "electrical capacity of a small town" to each motorway service station. The NGED Group was also nominated for its EQUINOX project, which is a first of its kind undertaking helping the energy industry to decarbonise heat for customers in the most cost-efficient manner.

Energy supplier failures

Since the beginning of 2021, 31 energy companies have ceased trading, leaving over two million customers dependent on the safety net provided by the market regulator, Ofgem, to maintain their supplies and protect their credit balances while it moves them to a new supplier. Supplier failures impact the DNOs in the following areas:

Last Resort Supply Payment (LRSP)

When a supplier fails, Ofgem ensures continuity of supply to the failed supplier's customers by appointing a Supplier of Last Resort ("**SoLR**") to supply the failed supplier's customers at short notice. The SoLR may then recover certain costs from the Distribution Network Operators ("**DNOs**") via a Last Resort Supply Payment ("**LRSP**") claim. Each DNO is then able to recover those costs via its Distribution Use of System ("**DUoS**") charges which are levied across all suppliers. There is an exception whereby DNOs can recover LRSP claims that breach the relevant materiality threshold set out in the distribution licence during the same regulatory year, instead of recovering it after a two-year lag. Essentially these claims are a pass-through cost for the DNOs.

Bad debts

Another impact for the DNOs is bad debts incurred in relation to DUoS charges up to the date of the supplier failure. Ofgem regulations allow for full recoverability of credit losses on DUoS debtors, provided certain credit management protocols are performed in accordance with industry standards as governed by the Distribution Connection and Use of System Agreements ("**DCUSA**"), thus minimising any potential credit risk to the NGED Group. The recoverability for the NGED Group occurs through an increase in DUoS charges.

TAXATION

UK Taxation

The following is a summary of the United Kingdom withholding taxation treatment, as at the latest practicable date before the date of this prospectus, in relation to payments of principal and interest in respect of the Notes. It is based on current United Kingdom tax law as applied in England and Wales and the published practice of HM Revenue & Customs ("HMRC") (which may not be binding on HMRC), both of which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective holders of Notes should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes which is not intended to be exhaustive and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer may be subject to special rules and this summary does not apply to such holders of the Notes. Noteholders and Couponholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders and Couponholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders and Couponholders should be aware that they may be liable to taxation under the laws of other jurisdictions where a Noteholder or a Couponholder is resident or otherwise subject to taxation in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

Interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of UK income tax provided that the Notes carry a right to interest and the Notes are and continue to be listed on a "recognised stock exchange", within the meaning of section 1005 of the Income Tax Act 2007 or are admitted to trading on a multilateral trading facility operated by an EEA-regulated recognised stock exchange within the meaning of section 987 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of, and in accordance with, the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without withholding or deduction on account of UK tax.

Payments of interest on the Notes may be made without withholding or deduction on account of UK income tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement or borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes that have a UK source on account of UK income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the relevant Issuer to pay interest to the Noteholder without deduction or tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

The Notes may be issued at a price that is less than their nominal amount and may be redeemed at a premium. Any discount or premium element may constitute a payment of interest and be subject to withholding or deduction for or on account of UK income tax.

FATCA Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as "FATCA", a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. A number of jurisdictions (including the UK) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. Federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under "*Terms and Conditions of the Notes – Further Issues*") that are not distinguishable from grandfathered Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including grandfathered Notes, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

In the event any deduction or withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, neither the Issuer nor any paying agent or any other person would be required to pay additional amounts as a result of the deduction or withholding.

SUBSCRIPTION AND SALE

The Dealers have, in the Dealer Agreement, agreed with the Issuers a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Dealer Agreement, the Issuers have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a US person, except in certain transactions permitted by US Treasury regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986, as amended, and US Treasury regulations promulgated thereunder. The relevant Final Terms will identify whether the C Rules or D Rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche, (a) as part of its distribution at any time or (b) otherwise until 40 days after completion of the distribution of such Tranche within the United States or to, or for the account or benefit of, US persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, US persons.

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

Public Offer Selling Restriction under the EU Prospectus Regulation

If the relevant Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area ("**EEA**") (each, a "**Member State**"), each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not made and will not make an offer of Notes which are the subject of an offering contemplated by this Prospectus as completed by the relevant Final Terms in relation thereto to the public in that Member State except that it may make an offer of Notes to the public in that Member State:

- (c) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
- (d) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision only, the expression an "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "EU Prospectus Regulation" means Regulation (EU) 2017/1129.

Prohibition of Sales to EEA Retail Investors

Unless the relevant Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the relevant Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**"); or
 - (ii) a customer within the meaning of the Insurance Distribution Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the EU Prospectus Regulation; and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Public Offer Selling Restriction under the UK Prospectus Regulation

If the relevant Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented, warranted and agreed that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the relevant Final Terms in relation thereto to the public in the UK except that it may make an offer of such Notes to the public in the UK:

- (a) at any time to any person or legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Notes referred to in (a) to (c) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of Sales to UK Retail Investors

Unless the relevant Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the relevant Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA (the "UK MiFIR"); or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of the UK MiFIR; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other regulatory restrictions in the United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA (and all rules and regulations made pursuant to the FSMA) with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Dealers has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time.

Hong Kong

In relation to each Tranche issued by the relevant Issuer, each Dealer has represented and agreed and each further Dealer under the Programme will be required to represent and agree that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the "**SFA**") pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

In connection with Section 309B(1)(c) of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, each Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Canada

The Notes have not been, and will not be, qualified for sale under the securities laws of Canada or any province or territory thereof. Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered, sold or distributed and will not offer, sell or distribute any Notes, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws. Each Dealer has also represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not and will not distribute or deliver the Prospectus, or any other offering material in connection with any offering of Notes, in Canada other than in compliance with applicable securities laws.

Switzerland

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes. Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that the Notes may not be publicly offered, directly or indirectly, in or from Switzerland within the meaning of the Swiss Financial Services Act dated 15 June 2018 (the "**FinSA**") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made

publicly available in Switzerland. The Notes are not being offered to the public in or from Switzerland, and neither this Prospectus, nor any other offering materials relating to the Notes may be distributed in connection with any such public offering.

Belgium

The offering of Notes has not been and will not be notified to the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten/Autorité des Services et Marchés Financiers*) nor has this Prospectus been, nor will it be, approved by the Belgian Financial Services and Markets Authority. Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the relevant Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "**Belgian Consumer**") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

General

These selling restrictions may be modified by the agreement of the relevant Issuer and the Dealers following a change in an applicable law, regulation or directive.

No action has been or will be taken in any country or jurisdiction by the Issuers or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus or any Final Terms comes are required by the Issuers and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

Each Dealer has agreed that it will comply with all applicable laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus, any other offering material or any Final Terms and neither the Issuers nor any other Dealer shall have responsibility for such material.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of each of the Issuers passed on 4 September 2013. The update of the Programme has been duly authorised by the delegations of authority from the Finance Committee of each of the Issuers dated March 2022 as approved by the Board of Directors of each of the Issuers passed on 23 May 2022.

Each issue of Notes under the Programme will be authorised by the Committee of the Board of Directors of the relevant Issuer.

Listing of Notes

It is expected that each Tranche which is to be admitted to the Official List and to trading on the main market of the London Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to the FCA for Notes issued under the Programme to be admitted to the Official List and to be admitted to trading on the main market of the London Stock Exchange. The listing of the Programme in respect of Notes is expected to be granted on or before 14 August 2023.

Documents Available

For the period of 12 months following the date of this Prospectus, copies of the documents referred to in the section "*Documents Incorporated by Reference*" and the following documents will, when published, be available from the registered office of each Issuer and from the specified office of the Paying Agents for the time being in London and at the Issuers' website at: <https://www.nationalgrid.co.uk/about-us/annual-reports-and-financial-statements>:

- (a) the memorandum and articles of association of each Issuer;
- (b) the Agency Agreement;
- (c) the Trust Deed; and
- (d) a copy of this Prospectus and of any supplements thereto.

In addition, the documents referred to in the section "*Documents Incorporated by Reference*", this Prospectus and each Final Terms relative to the Notes which are admitted to trading on the main market of the London Stock Exchange are also available at the website of the Regulatory News Service operated by the London Stock Exchange at: <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping records). The appropriate Common Code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the Final Terms.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Material Contracts

There are no material contracts entered into other than in the ordinary course of the Issuers' businesses which could result in either being under an obligation or entitlement that is material to the Issuers' ability to meet their obligations to Noteholders in respect of the Notes being issued.

Significant or Material Change

There has been no significant change in the financial position or financial performance of the NGED Group since 31 March 2023 to the date of this Prospectus and there has been no material adverse change in the prospects of any of the Issuers since 31 March 2023 to the date of this Prospectus.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which any Issuer is aware) of any of the Issuers in the 12 months preceding the date of this Prospectus which may have or have in the recent past had a significant effect on the financial position or profitability of any of the Issuers and/or the NGED Group.

Auditors

Deloitte LLP, of 1 New Street Square, London, United Kingdom, EC4A 3HQ (registered to carry out audit work by the Institute of Chartered Accountants in England and Wales, have audited, without qualification, in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board the financial statements of NGED South West, NGED South Wales, NGED West Midlands and NGED East Midlands for the financial years ended on 31 March 2022 and 31 March 2023.

Deloitte LLP, as incumbent auditors of the Issuers, do not have any material interest in any Issuer.

The audit reports in respect of the financial years ended 31 March 2022 and 31 March 2023 for NGED South West, NGED South Wales, NGED West Midlands and NGED East Midlands contain the statement that such report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and that their audit work has been undertaken so that they might state to the company's members those matters they are required to state to them in an auditor's report and for no other purpose.

Such a statement is recommended in guidance issued by the Institute of Chartered Accountants in England and Wales for inclusion in all Section 235 and Chapter 3 of Part 16 audit reports (as applicable) produced by audit firms.

Post-issuance information

The Issuers do not intend to provide any post-issuance information in relation to any issues of Notes.

Dealers transacting with the Issuers

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuers, other members of the NGED Group and their affiliates in the ordinary course of business. Certain of the Dealers may from time to time also enter into swap and other derivative transactions with the Issuers and their respective affiliates. Certain of the Dealers and their affiliates may have positions, deal or

make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuers, other members of the NGED Group and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers or the Issuers' affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers routinely hedge their credit exposure to the Issuers consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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