

OFFERING CIRCULAR



Kingfisher plc

(Incorporated in England and Wales with limited liability under registered number 1664812)

€2,500,000,000 Euro Medium Term Note Programme

Under this €2,500,000,000 Euro Medium Term Note Programme (the **Programme**) Kingfisher plc (**Kingfisher** or the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer 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 €2,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Description of the Programme" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular 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 for such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors".

Application has been made to the Financial Conduct Authority in its capacity as competent authority (the **UK Listing Authority**) for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Notes to be admitted to trading on the London Stock Exchange's regulated market.

References in this Offering Circular to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

The requirement to publish a prospectus under the Prospectus Directive (as defined herein) only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Offering Circular to **Exempt Notes** are to Notes for which no prospectus is required to be published under the Prospectus Directive. The UK Listing Authority has neither approved nor reviewed information contained in this Offering Circular in connection with Exempt Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will (other than in the case of Exempt Notes, as defined above) be set out in a final terms document (the **Final Terms**) which, with respect to Notes to be listed on the London Stock Exchange's regulated market, will be delivered to the UK Listing Authority and the London Stock Exchange. Copies of Final Terms in relation to Notes to be listed on the London Stock Exchange's regulated market 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 Notes, the issue price of Notes and certain other information which is applicable to each Tranche of Exempt Notes will be set out in a pricing supplement document (the **Pricing Supplement**).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes of each Tranche will be in bearer form and will be initially represented by a global Note which will (i) if the global Note is intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and (ii) if the global Note is not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

The Issuer's senior long term debt obligations have been rated BBB- by Standard & Poor's Credit Market Services Europe Limited (**S&P**), Baa2 by Moody's Investors Service Ltd. (**Moody's**) and BBB by Fitch Ratings Limited (**Fitch**). Each of S&P, Moody's and Fitch is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). Certain Series of Notes to be issued under this Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms (or Pricing Supplement, in the case of Exempt Notes) and will not necessarily be the same as the ratings specified above. 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.

Arranger

BNP PARIBAS

Dealers

Barclays
Deutsche Bank
Société Générale Corporate & Investment Banking
The Royal Bank of Scotland

BNP PARIBAS
HSBC
Standard Chartered Bank
UBS Investment Bank

The date of this Offering Circular is 19 September 2014

*This Offering Circular together with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference") comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 5.4 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area) (the **Prospectus Directive**).*

The Issuer accepts responsibility for the information contained in this Offering Circular and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference"). This Offering Circular shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

Save for the Issuer, no other party has separately 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 Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Programme or any Notes.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Offering Circular 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 Issuer, any of the Dealers or the Trustee.

Neither this Offering Circular nor any Final Terms 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 Issuer, any of the Dealers or the Trustee that any recipient of this Offering Circular 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 Issuer. Neither this Offering Circular 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 Issuer or any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor any Final Terms nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer 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 Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

Neither this Offering Circular nor any Final Terms constitutes 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 Offering Circular and any Final Terms and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Dealers and the Trustee represents that this Offering Circular 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, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and France), Japan, the People's Republic of

China (**PRC** (which, for the purposes of this Offering Circular, excludes the Hong Kong Special Administrative Region of the People's Republic of China, the Macao Special Administrative Region of the People's Republic of China and Taiwan)) and Hong Kong (see "Subscription and Sale").

This Offering Circular has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) only in circumstances where there is an exemption from the obligation under the Prospectus Directive to publish a prospectus. As a result, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) must be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor does any such person authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

Legal investment considerations may restrict certain investments. 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) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "Subscription and Sale").

This Offering Circular has not been submitted for clearance to the Autorité des marchés financiers.

All references in this Offering Circular to "€", and "euro" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended, to "Sterling", "pounds sterling", "£", "p" and "pence" refer to the currency of the United Kingdom, to "U.S. dollars", "U.S.\$" and "\$" refer to the currency of the United States of America, and to "CNY", "Renminbi" and "RMB" are to the lawful currency of the PRC.

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In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms or Pricing Supplement 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, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. 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 of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. 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.

DESCRIPTION OF THE PROGRAMME

The following description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of Notes other than Exempt Notes and, if appropriate, a supplement to the Offering Circular or a new Offering Circular will be published.

This description constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

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

Issuer:	Kingfisher plc
Description:	Euro Medium Term Note Programme
Arranger:	BNP Paribas
Dealers:	Barclays Bank PLC BNP Paribas Deutsche Bank AG, London Branch HSBC Bank plc Société Générale Standard Chartered Bank The Royal Bank of Scotland plc UBS Limited and any other Dealers appointed in accordance with the Programme Agreement.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "Risk Factors" below and include, amongst other things, risks relating to the trading performance of the Issuer and its subsidiaries (the Group); the Group's Group brands; information technology; changes in legislation, taxation, accounting and trading practices; further expansion/acquisitions; the Group's employees; the Group's financing arrangements; and the Issuer's dependence on its subsidiaries. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "Risk Factors" and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale") including the following restrictions applicable at the date of this Offering Circular.
Notes with a Maturity of less than one year:	Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent in other currencies (see "Subscription and Sale").
Trustee:	The Law Debenture Trust Corporation p.l.c.
Issuing and Principal Paying Agent:	HSBC Bank plc.
Paying Agent:	Banque Internationale à Luxembourg, société anonyme.

Programme Size:	Up to €2,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
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 Issuer and the relevant Dealer.
Maturities:	Such maturities as may be agreed between the 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 Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid or, in the case of Exempt Notes, a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	<p>The Notes will be issued in bearer form as described in "<i>Form of the Notes</i>".</p> <p>The Notes of each Tranche will be initially represented by a global note which will (i) if the global note is intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper for Euroclear and Clearstream, Luxembourg and (ii) if the global note is not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to the Common Depositary for Euroclear and Clearstream, Luxembourg.</p>
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> (i) 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 (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (ii) on the basis of a reference rate set out in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement). <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.</p>
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Exempt Notes:	The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Redemption:	<p>The applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.</p> <p>Notes issued with a maturity of less than one year are subject to restrictions on their denomination and distribution (see "<i>Notes with a maturity of less than one year</i>").</p>
Denomination of Notes:	<p>The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount 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 Specified Currency (see "<i>Notes with a maturity of less than one year</i>") and save that the minimum denomination of each Note (other than an Exempt Note) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).</p>
Taxation:	<p>All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by or on behalf of the United Kingdom, subject as provided in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.</p>
Negative Pledge:	<p>The terms of the Notes will contain a negative pledge provision as further described in Condition 3.</p>
Cross Default:	<p>The terms of the Notes will contain a cross default provision as further described in Condition 9.</p>
Status of the Notes:	<p>The Notes and any relevant Coupons will be direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and (subject as aforesaid) will rank <i>pari passu</i>, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.</p>
Rating:	<p>The Issuer's senior long term debt obligations have been rated BBB- by S&P, Baa2 by Moody's and BBB by Fitch. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be specified in the relevant Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement). 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>
Listing:	<p>Application has been made to the UK Listing Authority for Notes (other than Exempt Notes) issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p>

Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom and France), Japan, the PRC and Hong Kong and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see " <i>Subscription and Sale</i> ".

RISK FACTORS

There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Offering Circular a number of factors which could materially adversely affect its business and ability to make payments due under the Notes.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

FACTORS AFFECTING KINGFISHER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

Trading Performance

Market and other factors

Kingfisher and its subsidiaries, joint ventures and associates (the **Group**) business is affected by a variety of factors outside its control, including, among others, changing consumer trends, general economic conditions and uncertainty, and existing and new competitor activity.

The Group's success depends in part upon its ability to anticipate and to respond to changing consumer preferences and trends.

Many of the Group's retail products represent discretionary purchases and customer demand for these products could decline in a recession or other period in which consumer confidence and consumer spending is negatively affected.

The Group's main operating companies face a significant established competitor base. In addition, there is a risk of new entrants, for example supermarkets, into its product sectors.

Levels of growth in the home improvement market are dependent upon the economic and market environment in each locality in which the Group operates. As such these levels are difficult to predict.

Fluctuations in the Group's performance

Fluctuations in the Group's operating results have occurred in the past and may occur in the future based on a variety of factors, including:

- changes in the Group's product mix
- the timing of new store openings, closures and revamps
- the prevailing weather
- competitive pressure
- changes in costs
- external factors (such as third party labour disputes) which may have an impact on distribution or supply of products
- resilience of key suppliers to ongoing global economic volatility or events which significantly impact their ability to continue to supply
- catastrophic events such as the destruction of a key asset (e.g. a distribution centre) or a major fraud

The Group operates with a significant level of fixed costs, including lease costs and employee salaries and benefits. In the event that the Group experiences lower sales, it may be unable to immediately reduce its fixed costs proportionately.

Forecasting requirements

Incorrect forecasting of demand in the future could result in the Group experiencing an excess or a shortage of inventory. The long lead times between ordering and delivery and the need to commit for seasonal products a long time in advance make it more difficult to accurately match the demand for such items. If orders do not match actual demand, the Group could have higher or lower than anticipated stock levels and this could lead to higher interest charges or less interest income, price reductions or write downs of slow moving or excess stock resulting in lower profits.

Demand cycle

The need for constant innovation has resulted in market sectors reaching saturation levels faster. The availability of new products and changes in consumer preferences make it more difficult for retailers to predict sales demand accurately. The future growth of the Group's businesses depends in part on the introduction of new products and services that are embraced by customers. The Group must ensure that it adapts its business model to reflect changes in the ways customers shop and it must also ensure that it has sufficient resources and capabilities to deliver such initiatives which will drive its demand and value propositions.

Competition

The home improvement industry is highly competitive. The Group competes with a wide variety of retailers of varying sizes and faces increased competition from both existing general and specialist retailers as well as any new entrants to the Group's markets, including international home improvement retailers currently only operating in other overseas markets. Actions taken by the Group's competitors, as well as actions taken by the Group to maintain competitiveness and its reputation for value place pressure on the Group's product pricing, margins and profitability. The Group's competitors may have access to greater financial resources, greater purchasing economies and lower cost bases, which may give them a competitive advantage.

International operations

The Group currently operates in a number of countries overseas including China, France, Poland, Russia, Spain, Turkey and Romania, some of which are relatively immature businesses and some of which are currently loss-making. Operating in international markets exposes the Group to cultural, regulatory and political risks. Although the Group expects that international markets will provide the opportunity for growth, economies of scale and a basis for long-term profitability, there can be no assurance of this.

Group brands

The Group believes that its eleven common Group brands offer potentially significant commercial opportunities. The Group, through its Kingfisher Sourcing & Offer division is investing in these brands and related supply and distribution networks but there can be no assurance that these brands will generate sufficient sales volumes to match the Group's expected long term return on investment, which could have an adverse impact on the Group's financial results.

Information technology

Each of the Group's businesses must use information technology to record and process a substantial volume of retail transactions as well as to manage inventory accurately. In a changing retailing environment, the Group also recognises the growing importance of investment in information technology to develop online and multi channel capabilities. Failure of the Group to appropriately invest in information technology systems and supply chain to deliver the anticipated benefits may result in an inability to maintain competitive parity or advantage amongst competitors which in turn could have a negative impact on market share.

Changes in legislation, taxation, accounting and trading practices

Governmental reviews of retail trading practices resulting in a change in legislation, as well as changes to accounting principles and practice, could impact the perceived value of the Group. In addition, no assurance can be given that future changes in legislation, taxation, accounting or trading practices will not affect the performance or value of the Group. The Group must look to identify and maximise potential cost reductions and efficiency savings.

Sustainability

The Group has developed a series of sustainability plans to ensure it makes a positive contribution to the planet and people, while growing a stronger and more successful business. Failure to deliver on these plans may result in a negative impact on the Group's reputation and ultimately impact its trading.

Further expansion or acquisitions

The Group intends to continue investing in new stores and in new store formats. However, identifying store locations to fulfil the requirements of its store opening programme is becoming more difficult in a number of the countries in which the Group operates.

Successful execution of the Group's rollout of its new stores is dependent upon a number of factors, including the identification of suitable properties, financing, the hiring, training and retention of personnel, the level of existing and future competition in areas where new or revamped stores are to be located, the ability of the Group's existing distribution system to accommodate new stores, and general economic conditions. There has been, and the Group anticipates that there will continue to be, significant competition among retailers for desirable store sites and qualified personnel in the home improvement market, and this can result in increased rents and costs of operations.

In addition, there can be no assurance that the opening of new stores will not result in the diversion of sales from the Group's existing stores.

Employees

Management and key personnel

The Group's success depends in part on the continued service of its key management and technical personnel and on its ability to continue to attract, motivate and retain highly qualified employees. The successful implementation of the Group's strategy depends on the availability of skilled management.

The Group also believes that highly qualified employees required by it in various capacities are sometimes in short supply in the labour market. There can be no assurance that the Group will continue to be successful in attracting, retaining or motivating necessary personnel.

Labour conditions

The Group relies on being able to continue to attract and retain quality employees. External factors, such as unemployment levels, changing demographics, minimum wage legislation and other employment regulations such as minimum working hours and redundancy arrangements, affect the Group's ability to meet its labour needs and to control labour costs.

Health and Safety

The Group has Health and Safety management systems in place to ensure it maintains a safe environment for its employees and customers. Failure to maintain these systems may result in a major incident or fatality which could impact the reputation of the Group.

Financing arrangements

If the Group's future strategy requires the raising of additional finance, this would increase interest costs and may give rise to fluctuations in the Group's profits where that finance is not denominated in sterling.

Higher debt levels will also result in an increase in the proportion of the Group's cash flow dedicated to debt service, and increase its exposure to interest rate increases.

Risk of losses in Treasury operations

The Issuer's treasury department manages the liquidity and debt financing of the Group and the financial risks associated with exposure to foreign currencies, interest rates and counterparty credit, within limits set out in the Group's Treasury Policy.

Group Treasury works within a robust framework of internal control procedures in order to minimise losses due to error or fraud, and to protect the Group against unforeseen events. However, losses in relation to treasury activities, which could adversely affect the Group's financial results, could be caused by the occurrence of one or more of the following events:

- Unexpected extraordinary movements in money or foreign exchange markets could make short-term or long-term funding more difficult and/or expensive to obtain, and an appropriate currency mix of funding difficult to achieve
- Human error could result in inappropriate activity being undertaken in the markets which will incur a cost to be reversed
- Incorrect settlement of a third party payment could lead to unexpected losses and/or claims
- A default by an external counterparty could cause losses through lost deposit monies, derivative positions needing to be closed out and/or settlement default.

Dependence on Subsidiaries

The Issuer is the holding company of the Group and substantially all of its operations are carried on through its subsidiaries, joint ventures and associates. The Issuer's ability to meet its financial obligations is dependent on the availability of cash flows from its domestic and foreign subsidiaries and affiliated companies through dividends, intercompany advances and other payments.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

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

Risks applicable to all Notes

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature of Notes is likely to limit their market value and secondary market of the Notes. During any period when the 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.

The 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.

If the Issuer has the right to convert the interest rate on any Notes from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then 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 the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Notes denominated in RMB are subject to additional risks

Set out below is a description of the principal risks which may be relevant to an investor in Notes denominated in RMB:

RMB is not freely convertible and there are significant restrictions on remittance of RMB into and outside the PRC which may adversely affect the liquidity of the Notes

RMB is not freely convertible at present. The PRC government continues to regulate conversion between RMB and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Currently, participating banks in Singapore, Hong Kong, Taiwan, London, Frankfurt and Seoul have been permitted to engage in the settlement of RMB trade transactions. This represents a current account activity.

On 7 April 2011, the State Administration of Foreign Exchange (**SAFE**) promulgated the "Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi" (the **SAFE Circular**), which became effective on 1 May 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross-border RMB (including RMB inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the relevant prior written consent from the Ministry of Commerce of the PRC (**MOFCOM**) to the relevant local branches of the SAFE of such onshore enterprise and to register or change the registration status of the foreign invested enterprise. Further, the SAFE Circular clarifies that the borrowing by an onshore entity (including a financial institution) of RMB loans from an offshore creditor shall in principle follow the current regulations on borrowing foreign debts and the provision by an onshore entity (including a financial institution) of external guarantees in RMB shall in principle follow the current regulations on the provision of external guarantees in foreign currencies. Due to the promulgation of subsequent rules, the implementation of the SAFE Circular is subject to the interpretation and application of the relevant PRC authorities.

On 13 October 2011, the People's Bank of China (the **PBOC**) promulgated the "Administrative Measures on Renminbi Settlement of Foreign Direct Investment" (the **PBOC RMB FDI Measures**) as part of the implementation of the PBOC's detailed foreign direct investment (**FDI**) accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as RMB denominated cross-border loans. Under the PBOC RMB FDI Measures, special approval for FDI and shareholder loans from the PBOC, which was previously required, is no longer necessary. In some cases however, post-event filing with the PBOC is still necessary.

On 14 June 2012, PBOC further promulgated the "Notice on Clarifying the Detailed Operating Rules for Renminbi Settlement of Foreign Direct Investment" (the **PBOC RMB FDI Notice**) to provide further guidelines for implementing the previous PBOC RMB FDI Measures. This PBOC RMB FDI Notice details the rules for opening and operating relevant accounts and reiterates the restrictions upon the use of the funds within different RMB accounts.

On 5 July 2013, the PBOC issued the "Notice on Simplifying the Cross-border Renminbi Business Procedures and Improvement of Relevant Policies" (together with the PBOC RMB FDI Measures and the PBOC RMB FDI Notice, the **PBOC Rules**), which, among other things, provides more flexibility for funds transfers between the RMB accounts held by offshore participating banks at PRC onshore banks and offshore clearing banks respectively.

On 3 December 2013, MOFCOM promulgated the "Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment" (the **MOFCOM Circular**), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. The MOFCOM Circular replaced the "Notice on Issues in relation to Cross-border Renminbi Foreign Direct Investment" promulgated by MOFCOM on 12 October 2011 (the **2011 MOFCOM Notice**). Pursuant to the MOFCOM Circular, written approval from the appropriate office of MOFCOM and/or its local counterparts specifying "Renminbi Foreign Direct Investment" and the amount of capital contribution is required for each FDI. Compared with the 2011 MOFCOM Notice, the MOFCOM Circular no longer contains the requirements for central level MOFCOM approvals for investments of RMB300 million or above, or in certain industries, such as financial guarantee, financial leasing, micro-credit, auction, foreign invested investment companies, venture capital and equity investment vehicles, cement, iron and steel, electrolyse aluminium, ship building and other industries under the state macro-regulation. Unlike the 2011 MOFCOM Notice, the MOFCOM Circular has also removed the

approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to RMB. In addition, the MOFCOM Circular still expressly prohibits the FDI RMB funds from being used for any investment in securities and financial derivatives (except for investment in PRC listed companies by strategic investors) or for entrustment loans in the PRC.

As the SAFE Circular, the MOFCOM Circular, the PBOC Rules, the PBOC RMB FDI Measures and the PBOC RMB FDI Notice are relatively new regulations, they will be subject to interpretation and application by the relevant PRC authorities.

There is no assurance that the PRC government will continue to liberalise control over cross-border remittance of RMB in the future or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB into or outside the PRC. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of RMB for payment of transactions categorised as capital accounts items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules. In the event that funds cannot be repatriated outside the PRC in RMB, this may affect the overall availability of RMB outside the PRC and the ability of the Issuer to source RMB to finance its obligations under RMB Notes.

As a result of the restrictions imposed by the PRC government on cross-border RMB fund flows, the availability on RMB outside the PRC is limited. Currently, licensed banks in Singapore and Hong Kong may offer limited RMB denominated banking services to Singapore residents, Hong Kong residents and specified business customers. The PBOC has also established a RMB clearing and settlement mechanism for participating banks in Singapore, Hong Kong, Taiwan, London, Frankfurt and Seoul. Each of Industrial and Commercial Bank of China, Singapore Branch, Bank of China (Hong Kong) Limited and Bank of China, Taipei Branch, China Construction Bank (London) Limited, Bank of China, Frankfurt Branch and Bank of Communications, Seoul Branch (each an **RMB Clearing Bank**) has entered into settlement agreements with the PBOC to act as the RMB clearing bank in Singapore, Hong Kong, Taiwan, London, Frankfurt and Seoul respectively.

However, the current size of RMB denominated financial assets outside the PRC is limited. RMB business participating banks do not have direct RMB liquidity support from the PBOC. They are only allowed to square their open positions with the relevant RMB Clearing Bank after consolidating the RMB trade position of banks outside Singapore, Hong Kong, Taiwan, London, Frankfurt and Seoul that are in the same bank group of the participating banks concerned with their own trade position, and the relevant RMB Clearing Bank only has access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross border trade settlement. The relevant RMB Clearing Bank is not obliged to square for participating banks any open positions as a result of other foreign exchange transactions or conversion services and the participating banks will need to source RMB from outside the PRC to square such open positions.

Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints which are directly affected by PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the settlement agreements will not be terminated or amended in the future which will have the effect of restricting availability of RMB outside the PRC. The limited availability of RMB outside the PRC may affect the liquidity of the RMB Notes. To the extent the Issuer is required to source RMB outside the PRC to service the RMB Notes, there is no assurance that the Issuer will be able to source such RMB on satisfactory terms, if at all.

RMB currency risk

Except in limited circumstances, all payments of RMB under the Notes will be made solely by transfer to a RMB bank account maintained in Hong Kong in accordance with the prevailing rules and regulations for such transfer and in accordance with the terms and conditions of the Notes. The Issuer cannot be required to make payment by any other means (including by transfer to a bank account in the PRC or anywhere else outside Hong Kong). Noteholders may be required to provide certifications and other information (including RMB account information) in order to be allowed to receive payments in RMB in accordance with the RMB clearing and settlement system for participating banks in Hong Kong. RMB is not freely convertible at present, and conversion of RMB into other currencies through banks in Hong Kong is subject to restrictions.

In addition, there can be no assurance that access to RMB for the purposes of making payments under the Notes by the Issuer or generally will remain, or that the pilot schemes permitting participating banks in Hong Kong, Singapore, Taiwan, London, Frankfurt and Seoul to engage in the settlement of current account trade

transactions in Renminbi will not be discontinued. To the extent the Issuer is required to source RMB in the offshore market to service payments of RMB under the Notes, there is no assurance that the Issuer will be able to source such RMB on satisfactory terms, if at all. If it becomes impossible to convert RMB from/to another freely convertible currency, or transfer RMB between accounts in Hong Kong, or the general RMB exchange market in Hong Kong becomes illiquid, or any RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended, the Issuer may make payment in U.S. dollars using the prevailing spot rate of exchange determined by the Calculation Agent.

RMB exchange rate risk

The value of RMB against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. The Issuer will make all RMB payments under the Notes in RMB unless otherwise specified. As a result, the value of such payments in RMB (in U.S. dollars or other applicable foreign currency terms) may vary with the prevailing exchange rates in the marketplace. If the value of RMB depreciates against the U.S. dollar or other foreign currencies, the value of a Noteholder's investment in U.S. dollars or other applicable foreign currency terms will decline.

An investment in fixed rate RMB Notes is subject to interest rate risks

The PRC government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. If a RMB Note carries a fixed interest rate, then the trading price of such RMB Notes will vary with the fluctuations in Renminbi interest rates. If an investor in RMB Notes tries to sell such RMB Notes, then it may receive an offer that is less than the amount invested.

Risks related to Notes generally

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

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 16 of the conditions of the Notes.

The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes.

Withholding under the EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income (which for these purposes includes payments on redemption of the Notes representing any discount on the issue of the Notes or any premium payable on redemption) paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including

trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The transitional period will end when agreement on information exchange is reached between the EU and certain non-EU states. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

FATCA

Sections 1471 through 1474 (including any agreements under section 1471(b)) of the U.S. Internal Revenue Code of 1986, certain intergovernmental agreements relating thereto, or laws implementing any of the foregoing (collectively, FATCA) may impose withholding tax on payments made to (x) custodians or intermediaries in the payment chain leading to the ultimate investor that are not entitled (or fail to establish eligibility) to receive payments free of withholding under FATCA and (y) an ultimate investor that either fails to provide any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding or that is a “foreign financial institution” that is not entitled to receive payments free of withholding under FATCA, if, for purposes of FATCA, (i) the Issuer is considered a “foreign financial institution”, (ii) the relevant Notes are treated, for U.S. federal tax purposes, either as equity instruments or as issued or materially modified (which may result from a substitution) after the date that is six months after the publication of final regulations defining the term “foreign passthru payments” and (iii) payments on the Notes are considered “foreign passthru payments”.

The Issuer does not believe payments on the Notes will be subject to FATCA because (i) it does not believe it is a foreign financial institution for the purposes of FATCA and (ii) it is unlikely that any payments on the Notes will be considered foreign passthru payments under current business plans. However, FATCA is subject to further development and no assurance can be made that FATCA will not apply to the Notes. If FATCA were applicable to the Notes, no withholding would be due until 1 January 2017, at the earliest. If any tax were withheld in respect of FATCA, no additional amounts will be paid in respect of such withholding.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The conditions of the Notes 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 administrative practice after the date of the issue of the relevant Notes and any such change could materially adversely impact the value of any Notes affected by it.

Investors who purchase Notes in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a description of the material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very 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 rate, 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.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

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 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.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes

As described on the front page of this Offering Circular, certain credit rating agencies have assigned credit ratings to the Issuer's senior long term debt obligations and one or more independent credit rating agencies may assign credit ratings to the 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. Where a Tranche of Notes is rated, such rating will be specified in the relevant Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement).

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the 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 by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the

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 list.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Offering Circular and have been filed with the Financial Conduct Authority shall be incorporated in, and form part of, this Offering Circular:

- (a) the Issuer's Annual Report and Accounts for each of the financial years ended 1 February 2014 and 2 February 2013 (which include the auditors' report and audited consolidated financial statements for the financial years ended 1 February 2014 and 2 February 2013, respectively); and
- (b) the Issuer's Interim Report for the six months ended 2 August 2014 (which includes the auditors' review report and unaudited consolidated financial statements for the six months ended 2 August 2014).

Documents which are referred to or incorporated by reference into the documents listed above do not form part of this Offering Circular.

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 Offering Circular.

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (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 Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg. In addition, copies of such documents will be available on the website of the Regulatory News Service operated by the London Stock Exchange, www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

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

FORM OF THE NOTES

Any reference in this section to "applicable Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" where relevant.

Each Tranche of Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), which, in either case, will:

- (i) if the Global Notes are intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**); and
- (ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, Euroclear and Clearstream, Luxembourg will be notified as to whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

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 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 Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (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 applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of non-U.S. beneficial ownership as described above unless such certification has already been given. 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.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

If a Global Note is a NGN, the Issuer shall procure that details of payment of principal, interest (if any) or any other amounts payable in respect of such Global Note, 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 such Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 7 which would not be required were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Agent.

The exchange of a Permanent Global Note for definitive Notes upon notice from Euroclear and/or Clearstream (acting on the instructions of any holder) or at any time at the request of the Issuer should not be expressed to be applicable in the applicable Final Terms if the Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.

The following legend will appear on all Notes (other than Temporary Global Notes) and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms or Pricing Supplement, as the case may be:

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

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche. For so long as any of the Notes are represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of 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, its agents and the Trustee 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 Global Note shall be treated by the Issuer, its agents and the Trustee 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.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes which are not Exempt Notes and which have a denomination of €100,000 (or its equivalent in any other currency) or more issued under the Programme.

[Date]

Kingfisher plc

**Issue of [Aggregate Nominal Amount of Tranche]
[Title of Notes] under the €2,500,000,000
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 Terms and Conditions set forth in the Offering Circular dated 19 September 2014 [and the supplement[s] to it dated [] [and []], including all documents incorporated by reference, which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area (the **Prospectus Directive**)). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular [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 Offering Circular [as so supplemented]. The Offering Circular is [and [each of] the supplement[s] are] available for viewing on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and is available for viewing at, and copies may be obtained from, the registered office of the Issuer at 3 Sheldon Square, Paddington, London W2 6PX and the specified offices of each of the Paying Agents.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular dated [] [and the supplement to it dated []] which are incorporated by reference in the Offering Circular dated 19 September 2014. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular dated 19 September 2014 [and the supplement[s] to it dated [] [and []] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**), including the Conditions incorporated by reference in the Offering Circular. 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 Offering Circular. The Offering Circular has been published on the London Stock Exchange's website.

- | | | |
|----|--|--|
| 1. | Issuer: | Kingfisher plc |
| 2. | (i) Series Number: | [] |
| | (ii) Tranche Number: | [] |
| | (iii) Date on which the Notes will be consolidated and form a single Series: | [The Notes will be consolidated and form a single Series and be interchangeable for trading purposes with [] on []/[the Issue Date]/[exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below, which is expected to occur on or about []]] [Not Applicable] |
| 3. | Specified Currency | [] |
| 4. | Aggregate Nominal Amount: | |
| | (i) Tranche: | [] |
| | (ii) Series: | [] |

5. Issue Price: [] per cent. of the Aggregate Nominal Amount
[plus accrued interest from []]
6. (i) Specified Denominations: [] [and integral multiples of [] in excess thereof up to and including []]. Definitive Notes will not be issued in denominations in excess of []
- (ii) Calculation Amount []
7. (i) Issue Date: []
- (ii) Interest Commencement Date: [[]/Issue Date/Not Applicable]
8. Maturity Date: [[]/[Interest Payment Date falling in or nearest to []]¹
9. Interest Basis: [[] per cent. Fixed Rate]
[[[] month [LIBOR/EURIBOR]] +/- [] per cent. Floating Rate]
[Zero Coupon]
(see paragraph 15/16/17 below)
10. Redemption 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][par]
11. Change of Interest Basis: [[]][Not Applicable]
12. Put/Call Options: [Investor Put]
[Put Event]
[Issuer Call]
[Issuer Par Call]
[Not Applicable]
[(see paragraph 19/20/21 below)]
13. Date [Board] approval for issuance of [] Notes obtained:

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]²
- (iii) Fixed Coupon Amount(s)³: [] per Calculation Amount
(Applicable to Notes in definitive form)
- (iv) Broken Amount(s)³: [[] per Calculation Amount, payable in the Interest Payment Date falling [in/on] []][Not Applicable]
- (v) Day Count Fraction: [Actual/Actual (ICMA)] [30/360]
- (vi) Determination Date(s): [[] in each year][Not Applicable]
15. Floating Rate Note Provisions [Applicable/Not Applicable]

¹ Note that for Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to adjustment it will be necessary to use the second option here.

² Note that for certain Renminbi denominated Fixed Rate Notes the Interest Payment Dates are subject to adjustment and the following words should be added: “provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day.”

³ For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to adjustment the following alternative wording is appropriate: “Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, in the case of Renminbi denominated Fixed Rate Notes or to the nearest HK\$0.01.”

- (i) Specified Period(s)/Specified Interest Payment Dates: []
 - (ii) Business Day Convention: [Floating Rate Convention/
Following Business Day Convention/Modified
Following Business Day Convention/Preceding
Business Day Convention]
 - (iii) Additional Business Centre(s): []
 - (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA
Determination]
 - (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
 - (vi) Screen Rate Determination:
 - Reference Rate: [] month [LIBOR/EURIBOR]
 - Interest Determination Date(s): []
 - Relevant Screen Page: []
 - (vii) ISDA Determination:
 - Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
 - (viii) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the
[long/short] [first/last] Interest Period shall be calculated
using Linear Interpolation]
 - (ix) Margin(s): [+/-]
[] per cent. per annum
 - (x) Minimum Rate of Interest: [] per cent. per annum
 - (xi) Maximum Rate of Interest: [] per cent. per annum
 - (xii) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]
30E/360 (ISDA)]
16. Zero Coupon Note Provisions [Applicable/Not Applicable]
- (i) Accrual Yield: [] per cent. per annum
 - (ii) Reference Price: []
 - (iii) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 6(b): Minimum period: [30] days
Maximum period: [60] days

18. Issuer Call: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount: [[] per Calculation Amount]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice periods: Minimum period: [15]/[] days
Maximum period: [30]/[] days
19. Issuer Par Call: [Applicable/Not Applicable]
- Notice periods: Minimum period: [15]/[] days
Maximum period: [30]/[] days
20. Investor Put: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount: [[] per Calculation Amount]
- (iii) Notice periods: Minimum period: [15] days
Maximum period: [30] days
21. Put Event: [Applicable/Not Applicable]
- Notice periods: Minimum period: [15] days
Maximum period: [30] days
22. Final Redemption Amount [] per Calculation Amount
23. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
- (i) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].]
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date.]
[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- (ii) New Global Note: [Yes][No]
25. Additional Business Centre(s): [Not Applicable/[]]
26. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

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 Kingfisher plc:

By:

Duly authorised

PART B — OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Listing: London

Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of the London Stock Exchange and listing on the Official List of the UK Listing Authority with effect from [].]

Estimate of total expenses related to [] admission to trading:

2. RATINGS

[The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[] by [] [and [] by []]

[] [and [] [is]/[are] established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).]

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

[Save for any fees payable to the [] (the [Managers]/[Dealers]), so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business]

4. YIELD (*Fixed Rate Notes only*)

Indication of yield: []

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

5. OPERATIONAL INFORMATION

- (i) ISIN: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/[]]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) Spot Rate (if different from that set out in Condition 5(h)): [[]/Not Applicable]
- (vii) Calculation Agent responsible for calculating the Spot Rate (if not the Agent): [[]/Not Applicable]

6. DISTRIBUTION

U.S. Selling Restrictions:

[Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]

APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, whatever the denomination of those Notes, issued under the Programme.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW. THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THIS PRICING SUPPLEMENT.

[Date]

Kingfisher plc

Issue of [Aggregate Nominal Amount of Tranche]

[Title of Notes] under the €2,500,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

[This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Offering Circular dated 19 September 2014 [as supplemented by the supplement[s] dated [date[s]]], including all documents incorporated by reference (the **Offering Circular**). 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 Offering Circular. Copies of the Offering Circular may be obtained from the registered office of the Issuer at 3 Sheldon Square, Paddington, London W2 6PX and the specified offices of each of the Paying Agents].

The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

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

[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination must be £100,000 or its equivalent in any other currency.]

- | | | |
|----|--|--|
| 1. | Issuer: | Kingfisher plc |
| 2. | (i) Series Number: | [] |
| | (ii) Tranche Number: | [] |
| | (iii) Date on which the Notes will be consolidated and form a single Series: | [The Notes will be consolidated and form a single Series and be interchangeable for trading purposes with [] on []/[the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below, which is expected to occur on or about []][Not Applicable] |
| 3. | Specified Currency: | [] |
| 4. | Aggregate Nominal Amount: | |
| | (i) Series: | [] |

- (ii) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (i) Specified Denominations: []
- (Note – where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*
- "[€]100,000 and integral multiples of [€]1,000 in excess thereof up to and including [€]199,000. No Notes in definitive form will be issued with a denomination above [€]199,000.")*
- (ii) Calculation Amount: []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: []
- (ii) Interest Commencement Date: *[specify/Issue Date/Not Applicable]*
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8. Maturity Date: *[Specify date or for Floating rate notes - Interest Payment Date falling in or nearest to [specify month and year]]*⁴
9. Interest Basis: *[[] per cent. Fixed Rate]*
[[specify Reference Rate] +/- [] per cent. Floating Rate]
[Zero Coupon]
[specify other]
(further particulars specified below)
10. Redemption/Payment Basis: *[Redemption at par]*
[specify other]
11. Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis][Not Applicable]*
12. Put/Call Options: *[Investor Put]*
[Put Event]
[Issuer Call]
[Issuer Par Call]
[Not Applicable]
[(further particulars specified below)]
13. Date [Board] approval for issuance of Notes obtained: []
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions *[Applicable/Not Applicable]*
(If not applicable, delete the remaining subparagraphs of

⁴ Note that for Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to adjustment it will be necessary to use the second option here.

- this paragraph)*
- (i) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
 - (ii) Interest Payment Date(s): [] in each year up to and including the Maturity Date *(Amend appropriately in the case of irregular coupons)*⁵
 - (iii) Fixed Coupon Amount(s)⁶: [] per Calculation Amount
(Applicable to Notes in definitive form.)
 - (iv) Broken Amount(s)³: [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
(Applicable to Notes in definitive form.)
 - (v) Day Count Fraction: [30/360]/[Actual/Actual (ICMA)]/*specify other*]
 - (vi) [Determination Date(s): [] in each year][Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]
 - (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes which are Exempt Notes: [None/Give details]
15. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: []
 - (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/*specify other*]
 - (iii) Additional Business Centre(s): []
 - (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
 - (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
 - (vi) Screen Rate Determination:
 - Reference Rate: [] month [LIBOR/EURIBOR/*specify other Reference Rate*]. *(Either LIBOR, EURIBOR or other, although additional information is required if other, including fallback provisions in the Agency Agreement.)*

⁵ Note that for certain Renminbi denominated Fixed Rate Notes the Interest Payment Dates are subject to adjustment and the following words should be added: “provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day.”

⁶ For Renminbi denominated Fixed Rate Notes where the Interest Payment Dates are subject to adjustment the following alternative wording is appropriate: “Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, in the case of Renminbi denominated Fixed Rate Notes or to the nearest HK\$0.01.”

- Interest Determination Date(s): ☐ ☐
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
- Relevant Screen Page: ☐ ☐
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
- Floating Rate Option: ☐ ☐
- Designated Maturity: ☐ ☐
- Reset Date: ☐ ☐
(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)
- (viii) Linear Interpolation: [Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (ix) Margin(s): ☐ ☐ per cent. per annum
- (x) Minimum Rate of Interest: ☐ ☐ per cent. per annum
- (xi) Maximum Rate of Interest: ☐ ☐ per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
 Actual/365 (Fixed)
 Actual/365 (Sterling)
 Actual/360
 [30/360][360/360][Bond Basis]
 [30E/360][Eurobond Basis]
 30E/360 (ISDA)
 Other]
- (xiii) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions: ☐ ☐
16. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: ☐ ☐ per cent. per annum
- (ii) Reference Price: ☐ ☐
- (iii) Any other formula/basis of determining amount payable for Zero Coupon Notes which are Exempt Notes: ☐ ☐
- (iv) Day Count Fraction in relation [30/360]
 [Actual/360]

to Early Redemption Amounts: [Actual/365]

PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 6(b): Minimum period: [30] days
Maximum period: [60] days
18. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (iii) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (iv) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)
19. Issuer Par Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)
20. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
- (iii) Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems

(which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)

21. Put Event: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- Notice periods: Minimum period: [15] days
Maximum period: [30] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)
22. Final Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
23. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required): [[] per Calculation Amount/specify other/see Appendix]
(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:
- (i) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event/at any time at the request of the Issuer]]
- (ii) New Global Note: [Yes][No]
25. Additional Financial Centre(s): [Not Applicable/give details]
(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub paragraph 13(iii) relates)
26. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
27. Other terms or special conditions: [Not Applicable/give details]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [[*Relevant third party information*] has been extracted from [*specify source*]. 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 [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of Kingfisher plc:

By:

Duly authorised

PART B – OTHER INFORMATION

1. **LISTING** [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on [specify market - note this must not be a regulated market] with effect from [].] [Not Applicable]

2. **RATINGS**
Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)].
(The above disclosure is only required if the ratings of the Notes are different to those stated in the Offering Circular)

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**
[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business - Amend as appropriate if there are other interests]

4. **YIELD** *(Fixed Rate Notes only)*
Indication of yield: []
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. **OPERATIONAL INFORMATION**
 - (i) ISIN: []
 - (ii) Common Code: []
 - (iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
 - (iv) Delivery: Delivery [against/free of] payment
 - (v) Names and addresses of additional Paying Agent(s) (if any): []
 - (vi) Spot Rate (if different from that set out in Condition 5(h)): [Specify/Not Applicable]
 - (vii) Calculation Agent responsible for calculating the Spot Rate (if not the Agent): [Specify/Not Applicable]

6. **DISTRIBUTION**
 - (i) Method of distribution: [Syndicated/Non-syndicated]
 - (ii) If syndicated, names of Managers: [Not Applicable/give names]
 - (iii) Stabilisation Manager(s) (if any): [Not Applicable/give name]

- | | | |
|------|---|--|
| (iv) | If non-syndicated, name of relevant Dealer: | [Not Applicable/ <i>give name</i>] |
| (v) | U.S. Selling Restrictions: | Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable] |
| (vi) | Additional selling restrictions: | [Not Applicable/ <i>give details</i>] |

TERMS AND CONDITIONS OF THE NOTES

Any reference in this section to "applicable Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" where relevant.

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each temporary global Note, permanent global Note and definitive Note. Reference should be made to "Applicable Final Terms" (or, in the case of a Tranche of Exempt Notes, to "Applicable Pricing Supplement") for a description of the content of Final Terms (or Pricing Supplement, as applicable) which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Kingfisher plc (the **Issuer**) constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 25 May 1999 made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the **Trustee**, which expression shall include any successor as Trustee).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (ii) any Global Note; and
- (iii) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 19 September 2014 and made between the Issuer, HSBC Bank plc as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent), the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) and the Trustee.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions or, if this Note is a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an **Exempt Note**), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. Any reference in these Terms and Conditions to **applicable Final Terms** shall be deemed to include a reference to **applicable Pricing Supplement** where relevant. The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) to the extent implemented in the relevant Member State of the European Economic Area and includes any relevant implementing measure in the relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

Interest bearing definitive Notes have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The Trustee acts for the benefit of the holders for the time being of the Notes (the **Noteholders**, which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office of the Trustee (being at 19 September 2014 at Fifth Floor, 100 Wood Street, London EC2V 7EX, England) and at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of the London Stock Exchange the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. If this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the Trustee or, as the case may be, the relevant Paying Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed shall prevail and in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Final Terms, the applicable Final Terms will prevail.

In these Terms and Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. Form, Denomination and Title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denomination(s) (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

Unless this Note is an Exempt Note, this Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

If this Note is an Exempt Note, this Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, any Paying Agent and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

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, société anonyme (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of 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, any Paying Agent and the Trustee 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 Global Note shall be treated by the Issuer, any Paying Agent and the Trustee 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.

In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. Status of the Notes

The Notes and any relevant Coupons are direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and (subject as aforesaid) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3. Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Trust Deed) the Issuer undertakes that it will not create or have outstanding any mortgage, charge, pledge, lien or other security interest (each a **Security Interest**) upon the whole or any part of its undertaking, assets or revenues (including any uncalled capital), present or future, in order to secure any Relevant Indebtedness (as defined below) or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness unless (a) all amounts payable by it under the Notes and any relevant Coupons and the Trust Deed are equally and rateably secured therewith by the Security Interest to the satisfaction of the Trustee or (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (B) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of these Terms and Conditions, **Relevant Indebtedness** means any present or future indebtedness (which term shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent) in the form of, or represented or evidenced by, notes, bonds, debentures or other securities which are, or are intended to be, with the consent of the Issuer, quoted, listed or traded on any stock exchange or over-the-counter or other securities market other than such indebtedness (i) in respect of loan capital which is in the form of stock, is in registered form, substantially the whole of which is initially offered or distributed, directly or indirectly, by or with the authorisation of the Issuer to investors resident in the United Kingdom, is payable, or confers any right to receive payment of principal and/or interest, in pounds sterling or (ii) which by its terms will mature within a period of one year.

4. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

If any Interest Payment Date referred to in these Terms and Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (B) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding

Business Day or (C) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

If the Notes are Fixed Rate Notes in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Fixed Rate Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - 1. in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates as specified in the applicable Final Terms that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or
 - 2. in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates as specified in the applicable Final Terms that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and
 - the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

Determination Period means, each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and means, with respect to euro, one cent.

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Terms and Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B), the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, **Business Day** means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively); (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open; or (3) in relation to any

sum payable in Renminbi, a day on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong. In these Terms and Conditions, **TARGET2 System** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "ISDA Definitions") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is the day specified in the applicable Final Terms.

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

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question, all as determined by the Agent plus or minus (as indicated in the applicable Final Terms) the Margin (if any). 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 Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate, at approximately the Specified Time, on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the

request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified 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, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the 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 (rounded as provided above) 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 approximately the Specified Time, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, plus or minus (as appropriate) the Margin (if any), 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 is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

As used in this Condition 4(b)(ii)(B):

Reference Banks means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, 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 each case selected by the Agent or as specified in the applicable Final Terms; and

Specified Time means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

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

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

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

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

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 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 Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

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

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

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

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

"D1" is the first calendar day, expressed as a number, of the Interest 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 Interest Period, unless such number would be 31, in which case D2 will be 30; and

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

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

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

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

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

"D1" is the first calendar day, expressed as a number, of the Interest 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 Interest 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.

(v) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(vi) *Notification of Rate of Interest and Interest Amounts*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and (if this Note is a Floating Rate Note which is listed on any stock exchange) any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vii) *Determination or Calculation by Trustee*

If for any reason at any relevant time the Agent defaults in its obligation to determine the Rate of Interest or in its obligation to calculate any Interest Amount in accordance with sub-paragraph (ii) (A) or (B) above, as the case may be, and in each case in accordance with paragraph (iv) and (v) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 4, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent.

(viii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b)(i) or Condition 5(h), whether by the Agent or, if applicable and in the case of Condition 5(h), the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent or (if applicable and in the case of Condition 5(h)) the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

5. Payments

(a) *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro (as to which, see (ii) below), U.S. dollars (as to which, see Condition 5(d)) or RMB (as to which, see Condition 5(g)) will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) *Presentation of definitive Notes and Coupons*

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for

payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

(c) Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States.

Except in the case of a New Global Note, a record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

In the case of a New Global Note, the Issuer shall procure that details of payment of principal and interest (if any) in respect of any Global Note, 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 such Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

(d) General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 8) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) in the case of Notes in definitive form only, the relevant place of presentation;
 - (B) each Additional Business Centre specified in the applicable Final Terms; and
- (ii) (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively), (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open or (3) in relation to any sum payable in RMB, a day on which commercial banks and foreign exchange markets are open for general business and settlement of RMB payments in Hong Kong.

(f) *Interpretation of principal and interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 or any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(e)); and
- (vi) any premium, purchase price (pursuant to Condition 6) and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor pursuant to the Trust Deed.

(g) *RMB account*

All payments in respect of any Note or Coupon in RMB will be made solely by credit to a RMB account maintained by the payee at a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of RMB in Hong Kong).

(h) *RMB Currency Event*

If a RMB Currency Event, as determined by the Issuer acting in good faith, exists on a date for payment of any principal or interest in respect of any RMB-denominated Note or Coupon, the Issuer's obligation to make a payment in RMB under the terms of the Notes may be replaced by an obligation to pay such amount in United States dollars and converted using the Spot Rate for the relevant Spot Rate Determination Date.

Upon the occurrence of a RMB Currency Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

For the purpose of this Condition and unless stated otherwise in the applicable Final Terms:

Determination Business Day means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and New York City;

Governmental Authority means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

RMB Currency Event means any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility;

RMB Illiquidity means the general RMB exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient RMB in order to make a payment under the Notes, as determined by the Issuer acting in good faith and in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active in the RMB exchange market in Hong Kong;

RMB Inconvertibility means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into RMB on any payment date in the general RMB exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

RMB Non-Transferability means the occurrence of any event that makes it impossible for the Issuer to deliver RMB between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

Spot Rate means, unless specified otherwise in the applicable Final Terms, the spot CNY/U.S.\$ exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Spot Rate Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent shall determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the CNY/U.S.\$ exchange rate in the PRC domestic foreign exchange market; and

Spot Rate Determination Date means the day which is two Determination Business Days before the due date of the relevant payment under the Notes.

6. Redemption and Purchase

(a) Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

(b) Redemption for tax reasons

Subject to Condition 6(e), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Trustee and the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of the notice referred to above that:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment

to, the laws or regulations of the United Kingdom or any political subdivision of, or any authority in, or of, the United Kingdom having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion in a form satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in which event they shall be conclusive and binding on the Noteholders and the Couponholders.

Notes redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) ***Redemption at the option of the Issuer (Issuer Call and Issuer Par Call)***

(i) **Issuer Call**

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date (that is, if Issuer Par Call is specified as being applicable in the applicable Final Terms, more than 90 days prior to the Maturity Date) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than a Maximum Redemption Amount, in each case as specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption.

(ii) **Issuer Par Call**

If Issuer Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption) in the period from but excluding the date falling 90 days prior to the Maturity Date to the Maturity Date, redeem all, but not some only, of the Notes then outstanding at the principal amount outstanding of the Notes, together with interest accrued to but excluding the date fixed for redemption.

(d) ***Redemption at the option of the Noteholders (Investor Put)***

(i) **Investor Put**

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem in whole (but not in part), such Note on the Optional Redemption Date

and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this paragraph (d) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 9, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph (d).

(ii) **Put Event**

If Put Event is specified as being applicable in the applicable Final Terms and a Put Event occurs, each Noteholder shall have the option (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer shall have given notice under Condition 6(b) or 6(c) (if applicable) or the Noteholder shall have given notice under Condition 6(d)(i) (if applicable)) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note at its principal amount together with interest accrued to but excluding the Put Date (as defined below). Such option shall operate as set out below.

If a Put Event occurs then, within 21 days of the end of the 120 day period referred to in paragraphs (2)(A) or (2)(B) of the definition of "Put Event" below or, as the case may be, the 90 day period referred to in paragraph (2)(C) of the definition of "Put Event" below, the Issuer shall, and upon the Trustee becoming so aware (the Issuer having failed to do so) the Trustee may, and, if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding shall, give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 13 specifying the nature of the Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, the Noteholder must deliver such Note, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the **Put Period**) of 30 days after a Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition. Any Coupons shall be dealt with as per the provisions of Condition 5(b). The Paying Agent to which such Note and Put Notice are delivered shall issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. The Issuer shall at its option redeem or purchase (or procure the purchase of) the relevant Note on the date (the **Put Date**) seven days after the expiration of the Put Period unless previously redeemed or purchased or cancelled. Payment in respect of any Note so delivered will be made on the Put Date if the holder duly specifies a bank account in the Put Notice to which payment is to be made, by transfer for value on the Put Date to that bank account (or if an address is specified for payment by cheque, by cheque sent by first class post to such specified address)

and, in every other case, on or after the Put Date against presentation and surrender of such receipt at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the Put Option the Noteholder must, within the Put Period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear and Clearstream, Luxembourg or any common depositary for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6(d)(ii), the Issuer may, having given not less than 30 days' notice to the Noteholders in accordance with Condition 13, such notice to be given within 30 days after the Put Date, redeem or, at the Issuer's option, purchase (or procure the purchase of) all but not some only of, the Notes then outstanding at their principal amount together with interest accrued to but excluding the date of such redemption. The notice referred to in the preceding sentence shall be irrevocable and shall specify the date fixed for redemption (which, if this Note is not a Floating Rate Note, shall not be more than 60 days after the date of the notice and, if this Note is a Floating Rate Note, shall be the first Interest Payment Date which occurs after the date which falls 30 days after the date of the notice).

A "Put Event" will be deemed to occur if:

- (1) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are substantially similar to the pre-existing shareholders of the Issuer, at any time is/are or become(s) interested (within the meaning of Part 22 of the Companies Act 2006) in (a) more than 50 per cent of the issued or allotted ordinary share capital of the Issuer or (b) shares in the capital of the Issuer carrying more than 50 per cent of the voting rights normally exercisable at a general meeting of the Issuer (each, a **Change of Control**); and
- (2) at the time of the occurrence of a Change of Control, the Notes carry from any of Fitch Ratings Limited (**Fitch**) or Standard & Poor's Credit Market Services Europe Limited (**S&P**) or any of their respective successors or any other rating agency (each a **Substitute Rating Agency**) of international standing, specified by the Issuer and agreed in writing by the Trustee (each, a **rating agency**):
 - (A) *an investment grade credit rating (BBB-, or equivalent, or better)*, and such rating from any rating agency is within 120 days of such time either downgraded to a non-investment grade credit rating (*BB+, or equivalent, or worse*) or withdrawn and is not within such 120 day period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such rating agency; or
 - (B) *a non-investment grade credit rating (BB+, or equivalent, or worse)*, and such rating from any rating agency is within 120 days of such time downgraded by one or more notches (*for illustration, BB+ to BB being one notch*) or withdrawn and is not within such 120 day period subsequently (in the case of a withdrawal) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such rating agency; or
 - (C) *no credit rating*, and no rating agency assigns within 90 days of such time an investment grade credit rating to the Notes (unless the Issuer is unable to obtain such a rating within such period having used all reasonable endeavours to do so),

Provided that if at the time of the occurrence of the Change of Control the Notes carry a credit rating from more than one rating agency, at least one of which is investment grade, then subparagraph (A) will apply; and

- (3) in making the relevant decision(s) referred to above, the relevant rating agency announces publicly or confirms (having been requested in writing by the Issuer) in writing to the Issuer

or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control.

If the rating designations employed by any of Fitch or S&P are changed from those which are described in paragraph (2) of the definition of "Put Event" above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, with the agreement of the Trustee (not to be unreasonably withheld or delayed), the rating designations of Fitch or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Fitch or S&P and this Condition 6(d)(ii) shall be read accordingly.

(e) Early Redemption Amounts

For the purpose of paragraph (b) above and Condition 9:

- (i) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (ii) each Zero Coupon Note will be redeemed at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

Early Redemption Amount = $RP (1+AY)Y$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

Y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365),

(f) Purchases

The Issuer or any Subsidiary (as defined in Condition 9) of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

(g) Cancellation

All Notes which are redeemed pursuant to paragraph (a), (b), (c) or (d) above will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(h) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 13.

7. Taxation

All payments of principal and interest in respect of the Notes and Coupons by the Issuer 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 subdivision thereof or any authority thereof or therein having the power to tax unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (i) the holder of which is liable for 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
- (ii) presented for payment by or by a third party on behalf of, a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or any other claim for exemption or any filing, but fails to do so; or
- (iii) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5(e)); or
- (iv) presented for payment in the United Kingdom; or
- (v) where such withholding or deduction is imposed on a payment to or for an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vi) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

For the avoidance of doubt, no additional amounts shall be payable where any withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986 (the **Code**) or is otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations, agreements or undertakings thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used herein the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

8. Prescription

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

9. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount as

referred to in Condition 6(e), together (if applicable) with accrued interest as provided in the Trust Deed, in any of the following events (**Events of Default**):

- (i) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in relation to principal and 14 days in relation to interest; or
- (ii) if the Issuer fails to perform or observe any of its other obligations under these Terms and Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 28 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) if (i) any other indebtedness for borrowed money of the Issuer or any Principal Subsidiary becomes due and repayable prior to its stated maturity by reason of default or (ii) any such indebtedness for borrowed money is not paid when due or, as the case may be, within any applicable grace period (as originally provided) or (iii) the Issuer or any Principal Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any indebtedness for borrowed money of any other person or (iv) any security for any indebtedness for borrowed money or any security for any such guarantee or indemnity becomes enforceable by reason of default in relation thereto and steps are taken to enforce such security save in any such case where there is a bona fide dispute as to whether the relevant indebtedness for borrowed money or any such guarantee or indemnity as aforesaid shall be due and payable, provided that the aggregate amount of the relevant indebtedness for borrowed money in respect of which any one or more of the events mentioned above in this paragraph (iii) has or have occurred equals or exceeds the greater of an amount equal to one per cent. of Capital and Reserves and £35,000,000 (or its equivalent in any other currencies of the relevant indebtedness); or
- (iv) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any Principal Subsidiary, save for the purposes of an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (v) if the Issuer or any Principal Subsidiary ceases or threatens to cease to carry on the whole or substantially the whole of its business (otherwise than by reason of a Permitted Disposal) or the Issuer or any Principal Subsidiary stops or threatens to stop payment of or is unable to, or admits in writing inability to, pay, its debts (or any class thereof) as they fall due or the Issuer or any Principal Subsidiary becomes insolvent or is unable to pay its debts within the meaning of Section 123 (other than subsection (1)(a)) of the Insolvency Act 1986 or is adjudicated or found bankrupt or insolvent by any competent court; or
- (vi) if any action is taken for or with a view to the winding up of the Issuer or any Principal Subsidiary or any application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed in relation to the Issuer or any Principal Subsidiary, or an encumbrancer takes possession or a receiver is appointed of the whole or substantially the whole of the assets of any of them, or a distress, execution or other process is levied, enforced upon or sued out against the whole of the undertaking or assets of any of them and is not discharged within 21 days (or such longer period as the Trustee may permit), or if the Issuer or any Principal Subsidiary shall enter into any composition or other similar arrangement with its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally) or any class of its creditors.

PROVIDED, in the case of any Event of Default other than those described in sub-paragraphs (i) and (iv) (in the case of a winding up or dissolution of the Issuer) above, the Trustee shall have certified to the Issuer that the Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders.

For the purposes of these Terms and Conditions: **Capital and Reserves** means the aggregate of:

- (i) the amount paid up on the share capital of the Issuer; and
- (ii) the total of the capital and revenue reserves of the Group, including any share premium account, capital redemption reserve and credit balance on the profit and loss account, but excluding sums set aside for

taxation liabilities and amounts attributable to outside shareholders in Subsidiary Undertakings of the Issuer and deducting any debit balance on the profit and loss or other reserve account,

all as shown in the then latest Statutory Consolidated Accounts.

Group means the Issuer, the Subsidiaries and any other entity whose financial results are consolidated in the preparation of the Statutory Consolidated Accounts.

Permitted Disposal means any disposal:

- (a) between any Principal Subsidiary and the Issuer or any other Subsidiary (but, unless such other Subsidiary is a Principal Subsidiary, only where the receiving Subsidiary immediately upon such disposal becomes a Principal Subsidiary); or
- (b) at no less than the book value thereof or, if lower, the market value thereof (whether or not for cash consideration); or
- (c) in connection with an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders.

Principal Subsidiary at any time shall mean any Subsidiary:

- (a) whose net assets as shown by its latest audited balance sheet (consolidated, where applicable) are at least 15 per cent. of the Tangible Net Worth of the Group (as shown in the then latest Statutory Consolidated Accounts); or
- (b) whose operating profits (as shown by its latest audited profit and loss account (consolidated, where applicable)) before interest but after deducting (if included in the computation of such operating profits) amounts attributable to the sale of properties are at least 15 per cent. of the consolidated operating profits of the Group (as shown in the latest Statutory Consolidated Accounts),

all as more particularly described in the Trust Deed.

Statutory Consolidated Accounts means the annual audited consolidated financial statements prepared under the historical cost convention, as modified by the use of valuations for certain financial instruments, share-based payments and post employment benefits, by the Issuer in respect of the Issuer, the Subsidiaries and any other entity required to be consolidated therein for the purpose of the Companies Act 2006 (as amended).

Subsidiary means a subsidiary of the Issuer within the meaning of Section 1159 of the Companies Act 2006 and, unless the context otherwise requires, a Subsidiary Undertaking of the Issuer.

Subsidiary Undertaking has the meaning ascribed thereto in Section 1162 of the Companies Act 2006.

Tangible Net Worth means the amount paid up or credited as paid up on the issued share capital of the Issuer, plus the consolidated reserves of the Group, plus the consolidated retained earnings of the Group (or less the amount standing to the debit of the consolidated profit and loss account of the Group) less any amount included in the above which is attributable to goodwill and other intangibles all as shown by the then latest Statutory Consolidated Accounts and as more particularly described in the Trust Deed.

A certificate by two Directors of the Issuer that in their opinion a Subsidiary is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary or as to the amount at any time of Capital and Reserves or as to whether a disposal was a Permitted Disposal may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

10. Replacement of Notes, Coupons and Talons

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) there will at all times be an Agent;
- (ii) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (iii) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee outside the United Kingdom; and
- (iv) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(d). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain limited circumstances specified therein, the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

12. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. Notices

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London (expected to be the Financial Times). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee may approve.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear

and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. Meetings of Noteholders, Modification and Waiver

- (1) The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer at the request of Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the Rate of Interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.
- (2) The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of any of these Terms and Conditions, the Notes, the Coupons or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification of any of the provisions of these Terms and Conditions, the Notes, the Coupons or the Trust Deed which is of a formal, minor or technical nature or to correct a manifest error.
- (3) The Trustee may also agree, without the consent of the Noteholders or Couponholders, to the waiver or authorisation of any breach or proposed breach of any of these Terms and Conditions or any of the provisions of the Trust Deed or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders.
- (4) In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 and/or any undertaking given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.
- (5) Any modification, waiver, authorisation, determination or substitution shall be binding on the Noteholders and Couponholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

15. Enforcement and Rights of Third Parties

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding, and (ii) it shall have been indemnified to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

16. Substitution

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of any Subsidiary, subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

17. Indemnification of the Trustee and its Contracting with the Issuer

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

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

18. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of Notes of other Series in certain circumstances where the Trustee so decides.

19. Contracts (Rights of Third Parties) Act 1999

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

20. Governing Law

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

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for the general corporate purposes of the Issuer and/or any of its subsidiaries.

KINGFISHER PLC

The Issuer

Kingfisher plc (**Kingfisher**) is a public limited company of indefinite duration. It was incorporated under the Companies Act 1985 in England and Wales on 17 March 1989, and is registered in England under registration number 1664812. Its registered office is 3 Sheldon Square, Paddington, London W2 6PX and its telephone number is +44 (0) 2073728008.

Kingfisher is the holding company of the Kingfisher Group, comprising Kingfisher and its subsidiaries, joint ventures and associates (the **Group**), and substantially all of its operations are carried on through its subsidiaries. Kingfisher's ability to meet its financial obligations is dependent on the availability of cash flows from its domestic and foreign subsidiaries and affiliated companies, through dividends, intercompany advances and other payments.

To Kingfisher's knowledge, Kingfisher is not directly or indirectly owned or controlled by another corporation, by any government, or by any other natural or legal person severally or jointly, and there are no arrangements which may result in a change of control.

There have been no recent events particular to Kingfisher which are to a material extent relevant to the evaluation of Kingfisher's solvency.

Other than the execution of the Programme Agreement, the Agency Agreement, the Trust Deed and the Notes (each as defined in this Offering Circular), neither Kingfisher nor any other Group member has entered into any contract outside the ordinary course of its business which could result in Kingfisher or any other Group member being under an obligation or entitlement that is material to Kingfisher's ability to meet its obligations to the holders of Notes issued under the Programme.

The Kingfisher Group

Kingfisher is the leading home improvement retailer in Europe, and the third largest in the world. The main brands of the Kingfisher Group are B&Q, Castorama, Brico Dépôt, Koçtaş and Screwfix. Reported sales for the financial year ended 1 February 2014¹ were £11,125 million and total sales space at 1 February 2014 was 5.9 million square metres.

Kingfisher is an international business, operating at 1 February 2014 over 1,120 stores in 9 countries across Europe and Asia. During the financial year ended 1 February 2014, 61 per cent. of Group sales and 70 per cent. of retail profits were derived from outside the UK & Ireland, and Kingfisher was the market leader in the UK, Poland and Turkey.

A combination of leading brands, international diversity and Europe's largest home improvement product buying scale means Kingfisher is positioned for continuing growth.

UK & Ireland

The UK & Ireland operations comprise B&Q UK & Ireland and Screwfix.

For the financial year ended 1 February 2014, Kingfisher UK & Ireland total sales were £4,363 million and retail profit of £238 million.

B&Q

B&Q UK & Ireland is the market leader in the UK home improvement market. B&Q UK & Ireland operated 360 stores and reported total sales of £3,698 million.

During the financial year ended 1 February 2014, B&Q UK & Ireland continued to grow TradePoint, a trade market offer which boosts Kingfisher's share of the professional trade market via dedicated areas within B&Q

¹ The Issuer's 2014 audited results are with respect to the financial year ended 1 February 2014.

The financial information set out in this section headed 'Kingfisher plc' has been extracted from the Issuer's audited results for the financial year ended 1 February 2014.

References to the 2014 financial year are for a financial year ended 31 January 2014 for each of Brico Dépôt France, Brico Dépôt Spain, Castorama France, Castorama Poland and for a financial year ended 31 December 2013 for B&Q China, Castorama Russia, Brico Dépôt Romania and Koçtaş Turkey due to local conditions. The contribution to retail profit from Hornbach in Germany, in which Kingfisher had a 21 per cent. economic interest, is for the four quarters to 30 November 2013, which is the end of Hornbach's third quarter.

stores, exclusive to tradesmen. There were around 1.4 million registered Tradepoint customers by the end of the year.

Screwfix

Screwfix Direct Limited (**Screwfix**) is the UK's largest direct and online supplier of trade tools, accessories and hardware products. It also operated 335 trade counters, aimed at customers needing immediate availability.

Screwfix reported total sales of £665 million for the financial year ended 1 February 2014.

France

French operations comprise Castorama and Brico Dépôt.

Castorama

Castorama stores target the mainstream customer, offering a broad choice, low price and ideas inspiration. The stores are located in prime retail locations.

Castorama operated 105 stores, and reported sales of £2,469 million, for the 2014 financial year.

Following a store revamp programme, Castorama operated about three quarters of its total selling space in a modern format at 1 February 2014. These stores offer the mainstream consumer everything to improve their homes under one roof. A selection of catalogues is also available covering Home, Garden and Decoration products, complementing the contemporary decorative, shower and kitchen products that are available in store.

Brico Dépôt

Brico Dépôt targets the professional tradesman, and offers a range of do-it-yourself (**DIY**) and renovation products, including windows, doors and joinery in large quantities. The stores are mainly located in out-of-town retail parks.

At 1 February 2014, Brico Dépôt operated 109 stores. It reported sales of £1,954 million for the 2014 financial year.

Mr Bricolage

On 3 April 2014, Kingfisher announced it had entered into exclusive negotiations with the principal shareholders of Mr Bricolage, the home improvement retailer, to acquire their shareholding. A binding agreement for the acquisition was entered into on 23 July 2014. Completion of the acquisition of Mr Bricolage is expected to occur around the end of Kingfisher's current financial year, subject to regulatory clearances and then the subsequent completion of the mandatory offer process to acquire the remaining shares held by the minority shareholders at the agreed price of €15 per share.

Other International

Other International operations comprised Poland, China, Hornbach* in Germany, Russia, Spain, Romania and Turkey.

Poland

Castorama is the number one ranked DIY retailer in Poland, and at 1 February 2014 operated 72 stores. Total sales in Poland for the 2014 financial year were £1,109 million and retail profit was £123 million.

Castorama offers a wide range of products from everyday home repair to major renovation projects. The stores also now offer a range of soft furnishings and garden furniture.

B&Q China

B&Q China sales increased 8.0 per cent., to £421 million, for the 2014 financial year. The Chinese market remains fundamentally attractive over the medium and longer term and Kingfisher has announced its intention to look for a strategic partner for B&Q China to replicate the successful partner approach in Turkey.

* Kingfisher's Hornbach interest was sold in March 2014.

Spain, Russia, Romania, Turkey and Hornbach (Germany)

Brico Dépôt Spain ended the 2014 financial year with sales of £284 million and 24 stores.

Sales at Castorama Russia rose to £453 million in the 2014 financial year, up 9.2 per cent. on the prior year. Castorama Russia operated 20 stores at the 2014 financial year end.

In May 2013, Kingfisher acquired the number three DIY retailer in Romania, Bricostore, with 15 stores. In the period following the acquisition of Bricostore, sales in Romania were £72 million for the 2014 financial year.

In Turkey, Kingfisher's 50 per cent. joint venture, Koçtaş, operated 45 stores and contributed £11 million to retail profit in the 2014 financial year.

Hornbach (Germany), in which Kingfisher had a 21 per cent. interest, contributed £26 million to retail profit for the 2014 financial year. Kingfisher's Hornbach interest was sold for £198 million in March 2014 following a review of this strategic investment.

Direct sourcing

Kingfisher's direct sourcing network, which enables Group companies to buy goods directly from the manufacturer, offers major competitive advantages, not least the ability to secure lower prices for its customers. Increasingly, Kingfisher is also using direct sourcing to drive quality, innovation and design excellence in the products it buys.

During the financial year ended 1 February 2014, 20 per cent. of Kingfisher sales were of directly sourced product, up from 15 per cent. in the financial year ended 28 January 2012.

Brands

Kingfisher has worked to create a streamlined portfolio of around a dozen exclusive Kingfisher own-brands covering key product categories. Some are established names; others were newly-created to meet a particular need. These replaced the 150 or so previous local brands.

Each brand is available to Kingfisher's home improvement formats, with multi-lingual packaging as standard to minimise production lead times. The Blooma brand barbecue range has been fully harmonised across B&Q UK & Ireland and Castorama France and across the Group, own-brand products now represent 9 per cent. of sales, up from 2 per cent. in the financial year ended 28 January 2012.

Kingfisher has invested in sourcing, innovation and brand management design capabilities, with the aim of taking what was about 1 per cent. of common range sales to about 50 per cent. of total sales over the medium term, with a focus on its own brand rollout.

The Board of Directors of Kingfisher plc

The current directors of the Issuer, their functions and principal activities outside the Issuer, where these are significant with respect to the Group, are as follows:

Daniel Bernard	Chairman
	Chairman of the Nomination Committee
	Member of the Remuneration Committee
	Member of the Advisory Board of HEC
	President of the HEC Business School Foundation (Paris)
	President of Provestis
	Chairman of MAF Retail Group
	Non-Executive Director of Alcatel Lucent
	Senior Advisor of TowerBrook Capital Partners
	Non-Executive Director of Cap Gemini
	Non-Executive Director of Phase Eight Ltd
Sir Ian Cheshire ²	Group Chief Executive
	Senior Independent Director of Whitbread plc
	Lead Non-Executive Director of the Department for Work and Pensions Board
	Chair of the Prince of Wales' Corporate Leaders Group on Climate Change
	President of the Business Disability Forum
Karen Witts	Chairman of the British Retail Consortium
	Group Finance Director
	Vice Chairman of Koctas
Kevin O'Byrne	Non-Executive Director of Imperial Tobacco Group PLC
	CEO B&Q UK & Ireland
	Member of Koctas Board
Janis Kong	Senior Independent Director of Land Securities Group plc
	Non-Executive Director
	Member of the Audit Committee
	Member of the Remuneration Committee
	Member of the Nomination Committee
	Non-Executive Director of NetworkRail
	Non-Executive Director of Portmeirion Group PLC
Anders Dahlvig	Non-Executive Director of TUI Travel plc
	Non-Executive Director of Copenhagen Airports A/S
	Non-Executive Director
	Member of the Audit Committee
	Member of the Nomination Committee

² On 10 September 2014 Kingfisher announced its Group Chief Executive succession plan. Sir Ian Cheshire is to be succeeded by Ms Véronique Laury, Chief Executive of Castorama France, by 31 January 2015.

	Director of Oriflame Cosmetics AB
	Director of H&M Hennes & Mauritz AB
	Director of Axel Johnson AB
	Director of Resurs Bank AB
	Director of Pret a Manger Limited
	Chairman of the New Wave Group
	Member of the Advisory Board of Lund University Business School
Andrew Bonfield	Non-Executive Director
	Chairman of the Audit Committee
	Member of the Remuneration Committee
	Member of the Nomination Committee
	Finance Director of National Grid plc
	Committee Member of the Hundred Group of Finance Directors
Pascal Cagni	Non-Executive Director
	Member of the Nomination Committee
	Independent Director of Vivendi.
Clare Chapman	Non-Executive Director
	Chairman of the Remuneration Committee
	Member of the Nomination Committee
	Member of the Kingfisher Net Positive Advisory Council
	Group People Director of BT
Mark Seligman	Senior Independent Director
	Member of the Audit Committee
	Member of the Nomination Committee
	Non-executive director of BG Group plc
	Alternate member of the Panel on Takeovers and Mergers
	Member of the Regional Growth Fund advisory panel
	Non-executive deputy chairman of G4S plc

Each director has a duty under the Companies Act 2006 to avoid a situation where he or she may have a direct or indirect interest that conflicts with the interests of the Issuer. The Issuer has robust procedures in place to identify, authorise and manage such conflicts of interest, and these procedures have operated effectively during the year. A register of directors' situational and transactional conflicts is maintained by the Company Secretary and reviewed by the Board on an annual basis. The Board is aware of the other commitments of its directors and any changes to these commitments are reported to the Board. Each director's conflicts of interest were reviewed and authorised at the March 2014 Board meeting. There are no potential conflicts of interest of the members of the board between any duties to Kingfisher and their private interests and/or other duties, other than the roles undertaken by Janis Kong in Network Rail, which may be or become a landlord of properties in which the Group has an interest; Kevin O'Byrne in Land Securities Group plc, which is the landlord of a number of Group properties; Daniel Bernard in B.V. Development, which may be or become a developer or landlord of properties in which the Group has an interest; Mark Seligman in G4S plc, which provides cash in transit services for the Group in the UK and M Seligman & Co Limited, which may be or become an investor in retail sites of the Group; and Clare Chapman in the Kingfisher Net Positive Advisory Council, which aims to push the boundaries of the Net Positive programme. The interests of Kingfisher and the interests of such companies will not be

aligned in all circumstances and, consequently, potential conflicts of interest exist between the duties owed by each such director to Kingfisher and the duties owed by each such director to the specified company.

There are no other persons with administrative or management responsibilities.

The Kingfisher business address of each Director referred to above is 3 Sheldon Square, Paddington, London W2 6PX.

FINANCIAL INFORMATION RELATING TO THE GROUP

Kingfisher two year history

The financial information on the Kingfisher Group for the two years ended 1 February 2014, set out below, has been extracted without material adjustment from Kingfisher plc's 2014 published accounts.

Consolidated income statement

For the financial year ended 1 February 2014

	2014	2013
£ millions	Total	Total
Sales	11,125	10,573
Cost of sales	(7,005)	(6,618)
Gross profit	4,120	3,955
Selling and distribution expenses	(2,881)	(2,785)
Administrative expenses	(550)	(534)
Other income	39	36
Share of post-tax results of joint ventures and associates	8	20
Operating profit	736	692
Analysed as:		
Retail profit	795	752
Central costs	(42)	(42)
Share of interest and tax of joint ventures and associates	(17)	(18)
Finance costs	(12)	(16)
Finance income	35	15
Net finance income / (costs)	23	(1)
Profit before taxation	759	691
Income tax expense	(49)	(127)
Profit for the year	710	564
Attributable to:		
Equity shareholders of the Issuer	709	564
Non-controlling interests	1	-
	710	564
Earnings per share		
Basic	30.0p	24.1p
Diluted	29.7p	23.8p
Adjusted basic	23.4p	22.3p
Adjusted diluted	23.2p	22.0p

Consolidated balance sheet

As at 1 February 2014

£ millions	2014	2013
Non-current assets		
Goodwill	2,417	2,399
Other intangible assets	222	166
Property, plant and equipment	3,625	3,748
Investment property	50	66
Investments in joint ventures and associates	32	289
Post employment benefits	-	71
Deferred tax assets	12	17
Derivatives	40	55
Other receivables	15	18
	6,413	6,829
Current assets		
Inventories	2,054	2,083
Trade and other receivables	590	545
Derivatives	5	33
Current tax assets	15	9
Cash and cash equivalents	535	398
Assets held for sale	208	-
	3,407	3,068
Total assets	9,820	9,897
Current liabilities		
Trade and other payables	(2,486)	(2,430)
Borrowings	(94)	(99)
Derivatives	(27)	(17)
Current tax liabilities	(175)	(289)
Provisions	(8)	(35)
	(2,790)	(2,870)
Non-current liabilities		
Other payables	(86)	(115)
Borrowings	(230)	(332)
Derivatives	-	(12)
Deferred tax liabilities	(251)	(303)
Provisions	(46)	(38)
Post employment benefits	(100)	(71)
	(713)	(871)
Total liabilities	(3,503)	(3,741)
Net assets	6,317	6,156
Equity		
Share capital	373	373
Share premium	2,209	2,204
Own shares held	(35)	(60)
Retained earnings	3,495	3,106
Other reserves	266	525
Total attributable to equity shareholders of Kingfisher plc	6,308	6,148
Non-controlling interests	9	8
Total Equity	6,317	6,156

The financial information above has been prepared under International Financial Reporting Standards, as adopted by the European Union.

REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC

The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the Notes. Prospective holders of Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.

RMB is not a freely convertible currency. The remittance of RMB into and outside the PRC is subject to controls imposed under PRC law.

Current Account Items

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which RMB may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC being Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010 and August 2011 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades and the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (the **Circulars**) with regard to the expansion of designated cities and offshore districts implementing the pilot RMB settlement scheme for cross-border trades. Pursuant to the Circulars (i) RMB settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover all provinces in the PRC and (iii) the restriction on designated offshore jurisdictions has been lifted. Accordingly, PRC enterprises and offshore enterprises are entitled to use RMB to settle any current account items between them (except that RMB remittance for exports of goods from the PRC may only be effected by approved pilot enterprises in designated pilot districts in the PRC).

On 3 February 2012, PBOC and five other PRC Authorities (the **Six Authorities**) jointly issued the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (the **2012 Circular**). Under the 2012 Circular, any enterprise qualified for the export and import business is permitted to use RMB as settlement currency for exports, provided that the relevant provincial government has submitted to the Six Authorities a list of key enterprises subject to supervision and the Six Authorities have verified and signed off on such list. On 12 June 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a list of 9,502 exporting enterprises subject to supervision and as a result any enterprise qualified for the export and import business is permitted to use RMB as settlement currency for exports.

On 5 July 2013, the PBOC promulgated the Notice on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures and Improvement of Related Policies (the **2013 PBOC Notice**) with the intent to improve the efficiency of cross border RMB settlement and facilitate the use of RMB for the settlement of cross border transactions under current accounts or capital accounts. In particular, the 2013 PBOC Notice simplifies the procedures for cross border RMB trade settlement under current account items. For example, PRC banks, based on due diligence review to know their clients (i.e., PRC enterprises), may conduct settlement for such PRC enterprises upon the PRC enterprises presenting the payment instruction, with certain exceptions. PRC banks may also allow PRC enterprises to receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross border remittance).

As new regulations, the above circulars and notice will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of RMB for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such rules. Local authorities may adopt different practices in applying these circulars and impose conditions for the settlement of current account items.

Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to the approval of the relevant PRC authorities.

Prior to October 2011, settlements for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) were required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or any other relevant PRC parties were also generally required to make capital account item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities could approve a foreign entity to make a capital contribution or shareholder's loan to a foreign invested enterprise with RMB lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in RMB on a trial basis. The foreign invested enterprise could also be required to complete registration and verification process with the relevant PRC authorities before such RMB remittances.

On 7 April 2011, the State Administration of Foreign Exchange (**SAFE**) promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (the **SAFE Circular**), which became effective on 1 May 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross-border RMB (including RMB inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the relevant prior written consent from the Ministry of Commerce of the PRC (**MOFCOM**) to the relevant local branches of the SAFE of such onshore enterprise and to register or change the registration of the status of the foreign invested enterprise. Further, the SAFE Circular clarifies that the borrowing by an onshore entity (including a financial institution) of RMB loans from an offshore creditor shall in principle follow the current regulations on borrowing foreign debts and the provision by an onshore entity (including a financial institution) of external guarantees in RMB shall in principle follow the current regulations on the provision of external guarantees in foreign currencies. Due to the promulgation of subsequent rules, the implementation of the SAFE Circular is subject to the interpretation and application of the relevant PRC authorities.

On 13 October 2011, PBOC issued the Measures on Administration of the RMB Settlement in relation to Foreign Direct Investment (**PBOC RMB FDI Measures**), pursuant to which PBOC special approval for RMB FDI and shareholder loans which is required by the PBOC Notice is no longer necessary. The PBOC Measures provide that, among other things, foreign invested enterprises are required to conduct registrations with the local branch of PBOC within ten working days after obtaining business licenses for the purpose of RMB settlement, a foreign investor is allowed to open a RMB expense account to reimburse some expenses before the establishment of a foreign invested enterprise and the balance in such an account can be transferred to the RMB capital account of such foreign invested enterprise and the balance in such an account can be transferred to the RMB capital account of such foreign invested enterprise when it is established; commercial banks can remit a foreign investor's RMB proceeds from distribution (dividends or otherwise) by its PRC subsidiaries to reinvest onshore or increase the registered capital of the PRC subsidiaries, the foreign investor may open a RMB re-investment account to pool the RMB proceeds, and the PRC parties selling stake in domestic enterprises to foreign investors can open RMB accounts and receive the purchase price in RMB paid by foreign investors by submitting certain documents as required by the guidelines of PBOC to the commercial banks. The PBOC RMB FDI Measures also state that the foreign debt quota of a foreign invested enterprise constitutes its RMB debt and foreign currency debt owed to its offshore shareholders, offshore affiliates and offshore financial institutions, and a foreign invested enterprise may open a RMB account to receive its RMB proceeds borrowed offshore by submitting the RMB loan contract and the letter of payment order to the commercial bank and make repayments of principal and interest on such debt in RMB by submitting certain documents as required by the guidelines of the PBOC to the commercial bank.

On 14 June 2012, the PBOC further promulgated the Notice on Clarifying the Detailed Operating Rules for Renminbi Settlement of Foreign Direct Investment (the **PBOC RMB FDI Notice**) to provide further guidelines for implementing the previous PBOC RMB FDI Measures. This PBOC RMB FDI Notice details the rules for opening and operating the relevant accounts and reiterates the restrictions upon the use of the funds within different RMB accounts.

On 5 July 2013, the PBOC promulgated the 2013 PBOC Notice (together with the PBOC RMB FDI Measures and the PBOC RMB FDI Notice, the **PBOC Rules**) which, among other things, provide more flexibility for funds transfers between the RMB accounts held by offshore participating banks at PRC onshore banks and offshore clearing banks respectively.

On 3 December 2013, MOFCOM promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (the **MOFCOM Circular**), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. The MOFCOM Circular replaced the Notice on Issues in relation to Cross-border Renminbi Foreign Direct Investment promulgated by MOFCOM on 12 October 2011 (the **2011 MOFCOM Notice**). Pursuant to the MOFCOM Circular, written approval from the appropriate office of MOFCOM and/or its local counterparts is required for each FDI, specifying “Renminbi Foreign Direct Investment” and the amount of capital contribution. Compared with the 2011 MOFCOM Notice, the MOFCOM Circular no longer contains the requirements for obtaining the central level MOFCOM’s approvals for investments of RMB 300 million or above, or in certain industries, such as financial guarantee, financial leasing, micro-credit, auction, foreign invested investment companies, venture capital and equity investment vehicles, cement, iron and steel, electrolyse aluminium, ship building and other industries under the state macro-regulation. Unlike the 2011 MOFCOM Notice, the MOFCOM Circular has also removed the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to RMB. Consistent with the 2011 MOFCOM Notice, the MOFCOM Circular still expressly prohibits the FDI RMB funds from being used for any investment in securities and financial derivatives (except for investment in PRC listed companies by strategic investors) or for entrustment loans in the PRC.

As the SAFE Circular, the MOFCOM Circular, the PBOC Rules, the PBOC RMB FDI Measures and the PBOC RMB FDI Notice are relatively new regulations, they will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that approval of such remittances, borrowing or provision of external guarantee in RMB will continue to be granted or will not be revoked in the future. Further, since the remittance of RMB by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant SAFE rules. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of RMB for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

TAXATION

United Kingdom

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payment of Interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes continue to be listed on a "recognised stock exchange" within the meaning of section 1005 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 remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is either a UK resident company or is a non-UK resident company carrying on a trade in the UK through a permanent establishment which is within the charge corporation tax as regards the payment of interest, or falls within various categories enjoying a special tax status (including charities and pension funds), or is a partnership consisting of such persons; provided that HM Revenue and Customs (**HMRC**) has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of 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 has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.). 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 Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

HMRC has powers to obtain information and documents relating to the Notes, including in relation to issues of and other transactions in the Notes, interest, payments treated as interest and other payments derived from the Notes. This may include details of the beneficial owners of the Notes, of the persons for whom the Notes are held and of the persons to whom payments derived from the Notes are or may be paid. Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, the registered holders of the Notes, persons who make, receive or are entitled to receive payments derived from the Notes and persons by or through whom interest and payments treated as interest are paid or credited. Information obtained by HMRC may be provided to tax authorities in other countries.

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income (which for these purposes includes payments on redemption of the Notes representing any discount on the issue of the Notes or any premium payable on redemption) paid or secured by a person established in a Member State to or

for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The transitional period will end when agreement on information exchange is reached between the EU and certain non-EU states. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Notes.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement (such programme agreement as further amended and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 19 September 2014, agreed with the Issuer 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 Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment 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 Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. 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.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will identify whether TEFRA C rules or TEFRA 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 and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it) or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any 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, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors (as defined in the Prospectus Directive)) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an **offer of Notes to the public** in relation to any Notes in any Relevant 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, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State;
- the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and
- the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

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

- (i) in relation to any Notes which have a maturity of less than one year, (a) 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 (b) 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 Issuer;
- (ii) 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 Issuer; and
- (iii) it has complied and will comply with all applicable provisions of 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 the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, 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 reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

France

Each of the Dealers and the Issuer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Offering Circular, the relevant Final Terms (or Pricing Supplement, in the case of Exempt Notes) or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

The Offering Circular has not been submitted to the clearance procedures of the *Autorité des marchés financiers*.

People's Republic of China

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that neither it nor its affiliates has offered or sold or will offer or sell any of the Notes in the People's Republic of China (excluding the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan) except as permitted by applicable securities laws and regulations of the People's Republic of China.

Hong Kong

Each Dealer has represented and agreed and each further Dealer appointed 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) other than (a) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (b) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (c) 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 or which do not constitute an offer to the public within the meaning of that Ordinance; 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 Securities and Futures Ordinance and any rules made under that Ordinance.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The amendment and restatement of the Programme has been duly authorised by resolutions of the Board of Directors of the Issuer dated 15 July 2014.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when such Tranche of Notes is issued. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Notes is expected to be granted on or about 25 September 2014.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

- (i) the Memorandum and Articles of Association of the Issuer;
- (ii) the Issuer's Annual Report and Accounts for each of the financial years ended 2 February 2013 and 1 February 2014 (which include the auditors' report and audited consolidated financial statements for the financial years ended 2 February 2013 and 1 February 2014, respectively);
- (iii) the Issuer's Interim Report for the six months ended 2 August 2014 (which includes the auditors' review report and unaudited consolidated financial statements for the six months ended 2 August 2014);
- (iv) the Programme Agreement, the Agency Agreement, the Trust Deed and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (v) a copy of this Offering Circular; and
- (vi) any future offering circulars, prospectuses, information memoranda, supplements, Final Terms and Pricing Supplements (in the case of Exempt Notes) (save that Pricing Supplements will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer or the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference.

In addition, this Offering Circular, any supplement to this Offering Circular and each Final Terms will be available for viewing on the website of 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 the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes). If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms or Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

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

Significant or Material Change

There has been no significant change in the financial or trading position of the Group since 2 August 2014 and no material adverse change in the financial position or prospects of the Group since 1 February 2014.

Litigation

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Offering Circular which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The consolidated financial statements of the Group for the years ended 2 February 2013 and 1 February 2014 were audited by Deloitte LLP, Chartered Accountants and Statutory Auditors, in accordance with International Standards on Auditing (UK and Ireland) and have been reported on without qualification. The consolidated financial statements of the Group for the six months ended 2 August 2014 have been reviewed by Deloitte LLP in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Auditing Practices Board. The address of Deloitte LLP is 2 New Street Square, London EC4A 3BZ. The auditors of the Group have no material interest in the Issuer.

Accounts

The financial information contained in this Offering Circular (other than financial information that is incorporated into this Offering Circular by reference) has been extracted from the Issuer's audited consolidated statutory accounts. The financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 (the **Companies Act**). The Issuer's statutory accounts for the two years ended 2 February 2013 and 1 February 2014, which are incorporated into this Offering Circular by reference, have been delivered to the Registrar of Companies in England and Wales. The auditors mentioned above have made reports under Section 495 of the Companies Act on the statutory accounts for the two years ended 2 February 2013 and 1 February 2014 which were not qualified (within the meaning of Section 539 of the Companies Act) and did not contain a statement made under Section 498(2) or Section 498(3) of the Companies Act.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

Dealers transacting with the Issuer

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 other services for, the Issuer and its affiliates in the ordinary course of business.

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