



**vodafone**

**Vodafone Group Plc**

(incorporated with limited liability in England and Wales)

**€30,000,000,000**

**Euro Medium Term Note Programme**

On 16 July 1999 Vodafone Group Plc (the “**Issuer**” or “**Vodafone**”) entered into a €5,000,000,000 Euro Medium Term Note Programme (the “**Programme**”). Since that date the maximum aggregate nominal amount of notes (the “**Notes**”) which may from time to time be outstanding under the Programme has been increased to €30,000,000,000. This Prospectus supersedes any previous prospectuses, offering circulars or supplements thereto. Any Notes issued on or after the date of this Prospectus are issued subject to the provisions herein. This Prospectus does not affect any Notes issued prior to the date hereof.

Under the Programme, the Issuer may from time to time issue 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 €30,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement (as defined under “*Subscription and Sale*”), subject to increase as described in the Programme Agreement.

Payments in respect of the Notes will be made without withholding or deduction for or on account of taxes of the jurisdiction of incorporation of the Issuer to the extent described under “*Terms and Conditions of the Notes — Condition 8 Taxation*”. If any such withholding or deduction is required by law the Issuer will pay additional amounts, subject to the exceptions described in “*Terms and Conditions of the Notes — Condition 8 Taxation*”.

In certain circumstances another entity may be substituted for or acquire the rights and obligations of the Issuer under the Notes. In such case, payments in respect of the Notes will be made without withholding or deduction for or on account of taxes of the jurisdiction of incorporation of such entity. However, in no circumstances will payments of additional amounts be made for or on account of any taxes imposed by the United States of America or any political subdivision or taxing authority thereof or therein.

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

The requirement to publish a prospectus under the Prospectus Directive (as defined below) 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. References in this Prospectus to “**Exempt Notes**” are to Notes which are 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. **Information contained in this Prospectus regarding Exempt Notes shall not be deemed to form part of this Prospectus and the UK Listing Authority has neither approved nor reviewed information contained in this Prospectus in connection with Exempt Notes.**

Application has been made to the Financial Conduct Authority (the “**FCA**”) in its capacity as competent authority (the “**UK Listing Authority**”) for Notes (other than Exempt Notes) issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the official list maintained by 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 (the “**Market**”). References in this Prospectus to Notes being “**listed**” (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”). The Programme provides that Exempt Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets (other than a stock exchange or market which is a regulated market for the purposes of the Markets in Financial Instruments Directive) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Exempt Notes and/or Exempt Notes not admitted to trading on any stock exchange or market. In the case of Exempt Notes, the applicable Pricing Supplement (as defined below) will state whether or not the relevant Notes will be so listed and/or admitted to trading.

In relation to any Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes (other than Exempt Notes), the aggregate nominal amount of the Notes of such Tranche, the interest (if any) payable in respect of the Notes of such Tranche, the issue price and certain other information which is applicable to such Tranche will be set out in a final terms document (“**Final Terms**”) which will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the Notes of such Tranche. Copies of the Final Terms will also be published on the website of the London Stock Exchange through a regulatory information service. In relation to any Tranche of Exempt Notes, the aggregate nominal amount of the Notes of such Tranche, the interest (if any) payable in respect of the Notes of such Tranche, the issue price and certain other information which is applicable to such Tranche will be set out in a pricing supplement document (the “**Pricing Supplement**”). Copies of the Pricing Supplement will be available for viewing as set out, and subject as provided in, “*General Information*”. In the case of Exempt Notes, references herein to “**Final Terms**” shall be deemed to be references to “**Pricing Supplement**” so far as the context admits.

The Issuer may agree with any Dealer and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes admitted to the Official List only) a new prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of such risks, see “*Risk Factors*” below.**

The Issuer has a long term/short term debt rating of “A3”/“P-2” by Moody’s Investors Service España S.A. (“**Moody’s**”), “A-”/“A-2” by Standard & Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”) and “A-”/“F-2” by Fitch Ratings Ltd. (“**Fitch**”). Each of Moody’s, Standard & Poor’s and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). The rating of certain Series (as defined below) of Notes to be issued under the Programme may be specified in the applicable Final Terms. 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 European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any State or other jurisdiction of the United States, and the Notes may include Bearer Notes (as defined under “*Overview of the Programme*”) that are subject to U.S. Federal income tax law requirements. The Notes may not be offered or sold or, in the case of Bearer Notes, delivered in the United States or to, or for the benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from Section 5 of the Securities Act provided by Rule 144A (as defined herein).

**Arranger**

**The Royal Bank of Scotland  
Dealers**

Banca IMI  
Barclays  
BofA Merrill Lynch  
Deutsche Bank  
ING  
Lloyds Bank  
Morgan Stanley  
SMBC Nikko  
The Royal Bank of Scotland

Banco Bilbao Vizcaya Argentaria, S.A.  
BNP PARIBAS  
Citigroup  
HSBC  
J.P. Morgan  
Mizuho Securities  
Santander  
Société Générale Corporate & Investment Banking  
UBS Investment Bank

UniCredit Bank

This Prospectus constitutes a base prospectus in respect of all Notes other than Exempt Notes for the purposes of Article 5.4 of Directive 2003/71/EC (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 Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of the Dealers and the Trustee has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the 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 Prospectus or any other information provided by the Issuer in connection with the Programme.

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 Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Dealers or the Trustee.

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

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the 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. Investors should review, *inter alia*, all documents which are deemed to be incorporated by reference (see “*Documents Incorporated by Reference*”) when deciding whether or not to purchase any Notes.

The distribution of this Prospectus 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 Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes 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 would permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. No Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United Kingdom, the United States, the European Economic Area, France, Italy, Japan, the People’s Republic of China (the “**PRC**” which term, for the purposes of this Prospectus, excludes the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”), the Macau Special Administrative Region of the People’s Republic of China and Taiwan), Australia, Hong Kong and Singapore (see “*Subscription and Sale*” below).

## **U.S. INFORMATION**

**THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. FEDERAL INCOME TAX LAW REQUIREMENTS. THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS THE NOTES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE.**

THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S, AND REGISTERED NOTES MAY BE OFFERED AND SOLD WITHIN THE UNITED STATES TO “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN, AND IN RELIANCE ON, RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”) (“**QIB**”). PROSPECTIVE PURCHASERS OF REGISTERED NOTES ARE HEREBY NOTIFIED THAT SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF THE NOTES AND DISTRIBUTION OF THIS PROSPECTUS, SEE “*SUBSCRIPTION AND SALE*” AND “*TRANSFER RESTRICTIONS*”.

EACH PURCHASER OR HOLDER OF NOTES WILL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE OF ANY SUCH NOTES, TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS INTENDED TO RESTRICT THE RESALE OR OTHER TRANSFER OF SUCH NOTES AS SET OUT IN “*SUBSCRIPTION AND SALE*” AND “*TRANSFER RESTRICTIONS*”.

BEARER NOTES AND EXCHANGEABLE BEARER 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 UNITED STATES PERSONS, 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 THE REGULATIONS PROMULGATED THEREUNDER.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON, OR ENDORSED THE MERITS OF, THE OFFERING OF THE NOTES OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

Notes may not be a suitable investment for all investors. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to 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 relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplementary prospectus;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where the currency for principal or interest payments is different from the currency in which such investor’s financial activities are principally denominated;
- (iv) understands thoroughly the terms of the relevant Notes and is familiar with the behaviour of any relevant indices and 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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various

types of borrowing and (3) 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.

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All references in this document to “**U.S. dollars**”, “**U.S.\$**” and “**\$**” refer to the currency of the United States of America, to “**Sterling**”, “**pounds sterling**”, “**pence**”, “**£**” and “**p**” refer to the currency of the United Kingdom, to “**¥**” refer to the currency of Japan, to “**Australian dollars**” and “**A\$**” refer to the currency of Australia, to “**euro**” and “**€**” are 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 “**QAR**” are to the currency of the State of Qatar, to “**INR**” are to the lawful currency of India, to “**ZAR**” are to the lawful currency of the Republic of South Africa, to “**PLN**” are to the lawful currency of the Republic of Poland, to “**CNY**”, “**RMB**” and “**Renminbi**” are to the lawful currency of the PRC and to “**billions**” are to thousand millions.

In this Prospectus, references to websites or uniform resource locators (“**URLs**”) are inactive textual references. The contents of any such website or URL shall not form part of this Prospectus.

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) designated as the stabilising manager(s) (the “Stabilising Manager(s)”) (or any person acting on behalf of any Stabilising Manager(s)) 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 Stabilising Manager(s) (or any person acting on behalf of a Stabilising 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 such stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of the relevant Stabilising Manager(s)) in accordance with all applicable laws and regulations.**

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# Documents Incorporated by Reference

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

- (a) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 March 2014, including the auditors' report thereon, as set out on pages 91-170 (excluding unaudited pages 97, 99, 101 and 103) of the Issuer's Annual Report for the year ended 31 March 2014;
- (b) the interim management statement of the Issuer for the quarter ended 30 June 2014, as set out in the Issuer's press release dated 25 July 2014, save for the information in the section headed "Summary and Outlook" on page 3 of the press release;
- (c) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 March 2013, including the auditors' report thereon, as set out on pages 88-150 of the Issuer's Annual Report for the year ended 31 March 2013; and
- (d) the section entitled "Terms and Conditions of the Notes" from each of the previous offering circulars and base prospectuses relating to the Programme, as follows: (i) pages 19-33 of the Offering Circular dated 31 May 2001; (ii) pages 19-33 of the Offering Circular dated 6 June 2002; (iii) pages 19-33 of the Offering Circular dated 6 June 2003; (iv) pages 19-33 of the Offering Circular dated 11 June 2004; (v) pages 28-44 of the Prospectus dated 19 July 2005; (vi) pages 31-50 of the Prospectus dated 19 July 2006; (vii) pages 31-49 of the Prospectus dated 1 August 2007; (viii) pages 32-50 of the Prospectus dated 14 July 2008; (ix) pages 45-63 of the Prospectus dated 10 July 2009; (x) pages 45-63 of the Prospectus dated 13 July 2010; (xi) pages 46-64 of the Prospectus dated 8 July 2011; (xii) pages 45-63 of the Prospectus dated 26 June 2012 and (xiii) pages 31-57 of the Prospectus dated 11 July 2013,

save that (i) any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise) and (ii) any documents which are incorporated by reference therein shall not constitute a part of this Prospectus. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

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

In the event of any significant new factor arising or any material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of any Notes, the Issuer will, prior to any subsequent issue of Notes, prepare and publish a supplementary prospectus or publish a new prospectus. The Issuer has undertaken to the Dealers in the Programme Agreement that it will comply with Section 87G of the FSMA. In addition, in the event of a substitution of the Issuer in the manner set out in Condition 15 and in accordance with the provisions of the Trust Deed, a new prospectus will be published for use in connection with any subsequent issue of the Notes.

Copies of documents incorporated by reference in this Prospectus will be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange plc at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

# Risk Factors

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate, and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.*

## **Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme**

### ***The Group could be adversely affected by a failure or significant interruption to its telecommunications networks or IT systems.***

The Group is dependent on the continued operation of its telecommunications networks. The importance of mobile and fixed communication in everyday life is increasing, especially during times of crisis. Individuals and organisations who rely on its networks and systems 24 hours per day, 365 days per year to provide their products and services, look to Vodafone to maintain its service. Major failures in the network, IT systems or a failure to maintain the infrastructure to the required levels of resilience (and associated service level agreement) may result in Vodafone's services being interrupted, resulting in serious damage to its reputation, a consequential customer and revenue loss and the risk of financial penalties. There is a risk that an attack by a malicious individual or group could be successful on its networks and impact the availability of critical systems. The Group's network is also susceptible to interruption due to a physical attack and theft of its network components as the value and market for network components increases (for example copper, batteries, generators and fuel).

### ***The Group could suffer loss of consumer confidence and/or legal action due to a failure to protect Vodafone's customer information.***

The Group's networks carry and store large volumes of confidential personal and business voice traffic and data. The Group hosts increasing quantities and types of customer data in both enterprise and consumer segments. The Group needs to ensure its service environments are sufficiently secure to protect it from loss or corruption of customer information. Failure to adequately protect customer information could have a material adverse effect on its reputation and may lead to legal action against the Group.

### ***Increased competition may reduce market share and profitability.***

The Group faces intensifying competition; in particular competing with established competitors in mature markets and competing with new entrants in emerging markets, where all operators are looking to secure a share of the potential customer base. Competition could lead to a reduction in the rate at which the Group adds new customers, a decrease in the size of its market share and a decline in its average revenue per customer, if customers choose to receive telecommunications services or other competing services from alternate providers. Competition can also lead to an increase in customer acquisitions and retention costs.

The focus of competition in many of the Group's markets has shifted from acquiring new customers to retaining existing customers, as the market for mobile telecommunications has become increasingly mature.

### ***Regulatory decisions and changes in the regulatory environment could adversely affect the Group's business.***

The Group has ventures in both emerging and mature markets, spanning a broad geographical area including Europe, Africa, Middle East, and Asia Pacific. Vodafone needs to comply with an extensive range of requirements that regulate and supervise the licensing, construction and operation of its telecommunications networks and services. Pressure on political and regulatory institutions both to deliver direct consumer benefit and protect consumers' interests, particularly in recessionary periods, can lead to adverse impacts on its business. Financial pressures on smaller competitors can drive them to call for regulators to protect them. Increased financial pressures on governments may lead them to target foreign investors for further taxes or licence fees.

***The Group's existing service offerings could become disadvantaged as compared to those offered by converged competitors or other technology providers ("over the top" — OTT competitors).***

In a number of markets, the Group faces competition from providers who have the ability to sell converged services (combinations of fixed line, broadband, public Wi-Fi, TV and mobile) on their existing infrastructure which the Group either cannot replicate or cannot provide at a similar price point. Additionally, the combination of services may allow competitors to subsidise the mobile component of their offering. This could lead to an erosion of Vodafone's customer base and reduce the demand for its core mobile services and impact its future profitability.

Advances in smartphone technology place more focus on applications, operating systems, and devices, rather than the underlying services provided by mobile operators. The development of applications which make use of the internet as a substitute for some of Vodafone's more traditional services, such as messaging and voice, could erode revenue. Reduced demand for Vodafone's core services of voice, messaging and data and the development of services by application developers, operating system providers, and handset suppliers (commonly referred to as "over the top" or OTT competition) could significantly impact the Group's future profitability.

***Continuing weak economic conditions could impact one or more of the Group's markets.***

Economic conditions in many of the markets the Group operates, especially in Europe, continue to stagnate or show nominal levels of growth. These conditions combined with the impact of continuing austerity measures results in lower levels of disposable income and may result in significantly lower revenues as customers give up their mobile phones or move to cheaper tariffs. There is also a possibility of adverse economic conditions impacting currency exchange rates in countries where the Group has operations, leading to a reduction in its revenue and impairment of the Group's financial and non-financial assets.

***The Group's business may be impacted by actual or perceived health risks associated with the transmission of radio waves from mobile telephones, transmitters and associated equipment.***

Concerns have been expressed that electromagnetic signals emitted by mobile telephone handsets and base stations may pose health risks. Authorities including the World Health Organization agree there is no evidence that convinces experts that exposure to radio frequency fields from mobile devices and base stations operated within guideline limits has any adverse health effects. A change to this view could result in a range of impacts from a change to national legislation, to a major reduction in mobile phone usage or to major litigation.

***The integration of newly acquired businesses may not provide the benefits anticipated at the time of acquisition.***

In line with its strategy to be a scale data player, a strong player in enterprise (the Group's customer segment for businesses), a leader in emerging markets and a selective innovator in services, the Group has acquired, and may continue to acquire, new businesses. The price paid for these businesses is based upon their current cash flows, as well as the expected incremental cash flows that will be generated from increased revenues and lower costs that being part of the Group will generate. There is a risk that the Group may fail to deliver these expected benefits and synergies which could result in an impairment of the carrying value of the acquired business.

***The Group depends on a number of key suppliers to operate its business.***

The Group depends on a limited number of suppliers for strategically important network and IT infrastructure and associated support services to operate and upgrade its networks and provide key services to its customers. The Group's operations could be adversely impacted by the failure of a key supplier who could no longer support the Group's existing infrastructure; from a key supplier commercially exploiting their monopolistic/oligopolistic position in a product area following the corporate failures of, or the withdrawal from, a specific market by competitors; or from major suppliers significantly increasing prices on long term programmes where the cost or technical feasibility of switching supplier becomes a significant barrier.

***The Group may not satisfactorily resolve major tax disputes.***

Vodafone operates in many jurisdictions around the world and from time to time has disputes on the amount of tax due. In particular, in spite of the positive India Supreme Court decision relating to an on-going tax case in India, the Indian Government has introduced retroactive tax legislation which would in effect overturn the court's decision and has raised challenges around the pricing of capital transactions. Such or similar types of action in other jurisdictions, including changes in local or international tax rules or new challenges by tax authorities, may expose the Group to significant additional tax liabilities which would affect the results of the business.



### **Country and currency risk**

The Group continues to face currency, operational and financial risks resulting from the challenging economic conditions particularly in the Eurozone. The Group has continued to keep its policies and procedures under review to endeavour to minimise the Group's economic exposure and to preserve its ability to operate in a range of potential conditions that may exist in the future. The Group's ability to manage these risks needs to take appropriate account of its needs to deliver a high quality service to its customers, meet licence obligations and the significant capital investments the Group may have made and may need to continue to make in the markets most impacted.

### **Currency related risks**

While the Group share price is denominated in sterling, the majority of its financial results are generated in other currencies. As a result the Group's operating profit is sensitive to either a relative strengthening or weakening of the major currencies in which it transacts. The Group's markets in Greece, Ireland, Italy, Portugal and Spain continue to be the most directly impacted by the current market conditions and in order of contribution represent 12% (Italy), 6% (Spain), 3% (Ireland and Greece combined) and 2% (Portugal) of the Group's EBITDA for the year ended 31 March 2014. An average 3% decline in the sterling equivalent of these combined geographical markets due to currency revaluation would reduce the Group's EBITDA by approximately £0.1 billion. The Group's foreign currency earnings were, for the year ended 31 March 2014, diversified through its 45% equity interest in Verizon Wireless ("VZW"), which operates in the United States and generates its earnings in US dollars. The Group's interest in VZW, which was equity accounted to 2 September 2013, contributed 40% of the Group's adjusted operating profit for the year ended 31 March 2014. The Group's interest in VZW was disposed of on 21 February 2014. The Group employs a number of mechanisms to manage elements of exchange rate risk at a transaction, translation and economic level. At the transaction level the Group's policies require foreign exchange risks on transactions denominated in other currencies above certain de minimis levels to be hedged. Further, since Vodafone's sterling share price represents the value of its future multi-currency cash flows, principally in euro and to a lesser extent sterling, the Indian rupee and South African rand following the disposal of the Group interest in VZW, it aims to align the currency of its debt and interest charges in proportion to its expected future principal multi-currency cash flows, thereby providing an economic hedge in terms of reduced volatility in the sterling equivalent value of the Group and a partial hedge against income statement translation exposure, as interest costs will be denominated in foreign currencies. In the event of a country's exit from the Eurozone, this may necessitate changes in one or more of the Group entities' functional currency and potentially higher volatility of those entities' trading results when translated into sterling, potentially adding further currency risk.

### **Risk of change in carrying amount of assets and liabilities**

The main potential short-term financial statement impact of the current economic uncertainties is the potential impairment of non-financial and financial assets. The Group has significant amounts of goodwill, other intangible assets and plant, property and equipment allocated to, or held by, companies operating in the Eurozone. The Group has performed impairment testing for each country in Europe as at 31 March 2014 and identified aggregate impairment charges of £6.6 billion in relation to Vodafone Germany, Spain, Portugal, Czech Republic and Romania. The Group's operating companies in Italy, Ireland, Greece, Portugal and Spain have billed and unbilled trade receivables totalling £2.1 billion. The International Financial Reporting Standards (the "IFRS") contains specific requirements for impairment assessments of financial assets. The Group has a range of credit exposures and provisions for doubtful debts that are generally made by reference to consistently applied methodologies overlaid with judgements determined on a case-by-case basis reflecting the specific facts and circumstances of the receivable.

### **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 wide 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 certain of such features:

*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 is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of such 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.

*The amount of interest and/or the amount to be repaid upon redemption of Notes may be subject to adjustment by reference to an inflation index, which may reduce the interest amount payable in respect of the relevant interest period and/or reduce the amount to be repaid upon redemption to less than the face value of such Notes*

The Issuer may issue Notes on terms that the amount of interest payable on each interest payment date and/or the amount to be repaid upon redemption of the Notes will be calculated by reference to movements in the specified inflation index during a reference period ("**Inflation Linked Notes**"). Inflation indexes may go down as well as up. Where Notes in respect of which the amount of interest payable is subject to adjustment by reference to movements in an inflation index are issued, a decrease in such inflation index over the reference period will reduce the amount of interest payable in respect of such Notes. In a deflationary environment, the annual interest received may be lower than the rate of interest specified in the applicable Final Terms. Where the amount payable upon redemption of the Notes is subject to adjustment by reference to movements in an inflation index, a decrease in the specified inflation index over the reference period may reduce the amount to be repaid upon redemption of the Notes to less than the nominal amount of the Notes. Investors as a consequence may lose the value of their entire investment or part of it. The historical experience of the relevant inflation index should not be viewed as an indication of future performance of that inflation index during the term of any Inflation Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Inflation Linked Notes and the suitability of such Notes in light of its particular circumstances.

*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 may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such 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, 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, the fixed rate may be lower than then prevailing rates on its Notes.

*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 or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***Notes denominated in Renminbi 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 Renminbi ("**Renminbi Notes**"):

*Renminbi is not freely convertible, there are significant restrictions on remittance of Renminbi into and outside the PRC which may adversely affect the liquidation of Renminbi Notes*

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC Government of control over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Currently, participating banks in Singapore, Hong Kong and Taiwan have been permitted to engage in the settlement of current account trade transactions in Renminbi under various pilot schemes.

However, remittance of Renminbi by foreign investors into the PRC for purposes such as capital contributions, known as capital account items, is generally only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

On 7 April 2011, the State Administration of Foreign Exchange (“SAFE”) issued the Notice on Relevant Issues regarding Streamlining the Business Operation of Cross-border Renminbi Capital Account Items (the “SAFE Notice”), which clarifies, among other things, that the borrowing by an onshore entity (including a financial institution) of Renminbi 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 guarantee in Renminbi shall in principle follow the current regulations on the provision of external guarantee in foreign currencies.

On 13 October 2011, the People’s Bank of China (“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 Renminbi 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 Renminbi denominated cross-border loans. On 14 June 2012, the PBOC further issued the implementing rules for the PBOC RMB FDI Measures. According to the PBOC RMB FDI Measures, enterprises with foreign invested Renminbi investment shall apply for a Renminbi settlement bank account and the Renminbi capital contribution remitted by the foreign investor shall be deposited in a separated Renminbi capital account, which shall not be used for payment or receipt of operating cash flows. The PBOC RMB FDI Measures further provide that (i) where a foreign investor applies to its bank for outbound remittance of the profits from its Renminbi investment, the bank shall review and examine the resolutions of the invested enterprises and tax clearance documents before approving such remittance; and (ii) where a foreign investor applies to its bank for outbound remittance of the proceeds of capital reduction, share transfer, liquidation or redemption, the bank shall review and examine approval documents issued by competent authorities and tax clearance documents before approving such remittance. Nevertheless, 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 5 July 2013, the PBOC promulgated the Notice on Simplifying the Procedures of Cross-border Renminbi Business and Improving Relevant Policies (the “PBOC Notice”), which simplifies the operating procedures on current account cross-border Renminbi settlement and further publishes policies with respect to issuance of offshore Renminbi bonds by onshore non-financial institutions. The PBOC Notice intends to improve the efficiency of cross-border Renminbi settlement and facilitate the use of cross-border Renminbi settlement by banks and enterprises.

On 3 December 2013, the Ministry of Commerce of the PRC (“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 Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI 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 Notice, the PBOC RMB FDI Measures, the PBOC Notice and the MOFCOM Circular are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC. Based on the PRC regulations described above, remittances of Renminbi into or outside the PRC may in certain cases require approvals by competent authorities or relevant banks. There is no assurance that the Issuer will obtain the approvals required for the remittance of Renminbi into or outside the PRC. In relation to the instances where the PRC Government has gradual liberalised control over cross-border remittance of Renminbi, there is no assurance that the PRC Government will continue such liberalisation in the future, that pilot schemes introduced in Hong Kong, Singapore and Taiwan will not be discontinued, 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 Renminbi into or outside the PRC.

In the event that funds cannot be repatriated outside the PRC in Renminbi, this may limit the sources of Renminbi available to the Issuer to finance its obligations under Renminbi Notes.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes*

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Currently, licensed banks in Singapore and Hong Kong may offer limited Renminbi denominated banking services to Singapore residents, Hong Kong residents and specified business customers. The PBOC has also established a Renminbi clearing and settlement mechanism for participating banks in Singapore, Hong Kong and Taiwan. Each of Industrial and Commercial Bank of China, Singapore Branch, Bank of China (Hong Kong) Limited and Bank of China, Taipei 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 and Taiwan respectively.

However, the current size of Renminbi denominated financial assets outside the PRC is limited. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. They are only allowed to square their open positions with the relevant RMB Clearing Bank after consolidating the Renminbi trade position of banks outside Singapore, Hong Kong and Taiwan 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 only 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 resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of 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 Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described in the conditions applicable to Renminbi Notes, the Issuer can make payments under the Notes in U.S. Dollars as set out in the Conditions.

*Investment in Renminbi Notes is subject to exchange rate risks*

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC, by international political and economic conditions and by many other factors. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Renminbi Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the Renminbi Notes below their stated coupon rates and could result in a loss when the return on the Renminbi Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in Renminbi Notes.

*Payments in respect of Renminbi Notes will only be made to investors in the manner specified for in such Renminbi Notes*

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. Except in the limited circumstances stipulated in Condition 6(g), all payments to investors in respect of Renminbi Notes will be made solely (i) for so long as such Renminbi Notes are represented by a temporary global Note or a permanent global Note, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing Euroclear and Clearstream, Luxembourg (each as defined below) rules and procedures, or (ii) for so long as such Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations; the Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

*Renminbi currency risk*

There can be no assurance that access to Renminbi for the purposes of making payments under the Renminbi Notes by the Issuer or generally will remain or that new PRC regulations will not be promulgated which have the effect of restricting availability of Renminbi outside of the PRC. If a Renminbi Currency Event occurs and it becomes impossible to make payment on any Renminbi Notes in Renminbi as a result of Renminbi Illiquidity, Renminbi Non-Transferability or Renminbi Inconvertibility (each as defined in the conditions of the Notes), the Issuer may make any payment of Renminbi under the Renminbi Notes in U.S. dollars using an exchange rate determined by the Calculation Agent.

### ***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 Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in 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. 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. In addition, there are no provisions requiring special quorums of Noteholders in any circumstances.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine that any Event of Default or potential Event of Default shall not be treated as such. In addition, the Trustee may, without the consent of the Noteholders, agree to the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15 of the Terms and Conditions of the Notes. In such case, payments in respect of the relevant Notes will be made without withholding or deduction for or on account of taxes of the jurisdiction of incorporation of the entity substituted as principal debtor under the relevant Notes unless the withholding or deduction is required by law, in which case the substituted entity will pay additional amounts, subject to certain exceptions. However, in no circumstances will payments of additional amounts be made for or on account of any taxes imposed by the United States of America or any political subdivision or taxing authority thereof or therein.

#### *Withholding under the EU Savings Directive*

Under Council Directive 2003/48/EC (the “**Savings Directive**”) on the taxation of savings income, EU Member States are required to provide to the tax authorities of other EU Member States details of certain payments of interest or similar income, paid or secured by a person established in an EU Member State to or for the benefit of an individual resident in another EU Member State, or certain limited types of entities established in another EU Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive (the “**Amending Directive**”) amending and broadening the scope of the requirements of the Savings Directive described above. EU Member States are required to adopt national legislation necessary to comply with the Amending Directive by 1 January 2016, which legislation must apply from 1 January 2017. The changes will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended.

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 Amending Directive referred to above will broaden the types of payments subject to withholding in those EU 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 Savings Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. 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 to an individual were to be made or collected through an EU 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 pursuant to the Savings Directive or any law implementing or complying with, or introduced in order to conform to, the Savings Directive, neither the Issuer nor any Paying Agent 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. Furthermore, once the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above. Except as otherwise provided in Condition 12(v) of the Terms and Conditions of the Notes, the Issuer is required to maintain a Paying Agent in an EU Member State that will not be

obliged to withhold or deduct pursuant to the Savings Directive or any law implementing or complying with, or introduced in order to conform to, the Savings Directive, which may mitigate an element of this risk if the Noteholder is able to arrange for payment through such a Paying Agent. However, investors should choose their custodians and intermediaries with care, and provide each custodian and intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

#### *Foreign Account Tax Compliance Act*

Whilst the Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that certain provisions of U.S. law, commonly referred to as “**FATCA**” will affect the amount of any payment received by the clearing systems (see “*Taxation – 4. Foreign Account Tax Compliance Act*”). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged once it has paid the common depository or common safekeeper for the clearing systems (as bearer or registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries.

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

The Terms and 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 issue of the relevant Notes.

#### *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 Bearer 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 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 minimum Specified Denomination.

If Definitive Notes 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 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 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. Illiquidity may have a severely adverse effect on the market value of Notes.

*An investor that holds Notes which are not denominated in the investor's home currency will be exposed to movements in exchange rates adversely affecting the value of such holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on such 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 (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) 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. 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 subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

*Credit ratings may not reflect all risks*

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

For the avoidance of doubt, the Issuer does not commit to ensure that any specific rating of the Notes or the Programme will be upheld nor that the credit rating agencies rating the Notes will remain the same.

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). 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. Certain information with respect to the Issuer's ratings, the ratings of the Programme and the credit rating agencies which have assigned such ratings is set out on the front page of this Prospectus. Where a Tranche of Notes is rated, such rating will be specified in the applicable Final Terms and may not necessarily be the same as the rating assigned to the Issuer or the Programme generally.

# Overview of the Programme

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined in “Summary of Provisions Relating to the Notes While in Global Form” and “Terms and Conditions of the Notes” below shall have the same meanings in this overview.*

Issuer:	Vodafone Group Plc (“ <b>Vodafone</b> ” or the “ <b>Issuer</b> ”)
Description of the Programme:	Euro Medium Term Note Programme
Arranger:	The Royal Bank of Scotland plc
Dealers:	Banca IMI S.p.A. Banco Bilbao Vizcaya Argentaria, S.A. Banco Santander, S.A. Barclays Bank PLC BNP PARIBAS Citigroup Global Markets Limited Deutsche Bank AG, London Branch HSBC Bank plc ING Bank N.V. J.P. Morgan Securities plc Lloyds Bank plc Merrill Lynch International Mizuho International plc Morgan Stanley & Co. International plc SMBC Nikko Capital Markets Limited Société Générale The Royal Bank of Scotland plc UBS Limited UniCredit Bank AG
	The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional Dealers in accordance with the Programme Agreement.
Certain Restrictions:	Unless otherwise permitted by then current laws and regulations, Notes which have 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 FSMA 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).
Issuing and Principal Paying Agent:	HSBC Bank plc
Registrar and Transfer Agent:	HSBC Bank USA, National Association
Trustee:	The Law Debenture Trust Corporation p.l.c.
Programme Size:	Up to €30,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may change the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed on a syndicated or non-syndicated basis.
Form of Notes:	The Notes may be issued in bearer form only (“ <b>Bearer Notes</b> ”), in bearer form exchangeable for Registered Notes (“ <b>Exchangeable Bearer Notes</b> ”) or in registered form only (“ <b>Registered Notes</b> ”). Registered Notes may not be exchanged for Bearer Notes and Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.
	Each Tranche of Bearer Notes and Exchangeable Bearer Notes having an initial maturity of more than one year will initially be represented on issue by a temporary



global note in bearer form (a “**Temporary Global Note**”) and any other such Tranche will be represented by a permanent global note in bearer form (a “**Permanent Global Note**”, and together with a Temporary Global Note, the “**Global Notes**”). Global Notes may be deposited on the issue date (i) if the Global Notes are intended to be issued in new global note (“**NGN**”) form, as stated in the applicable Final Terms, with a common safekeeper (the “**Common Safekeeper**”) on behalf of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”); and (ii) if the Global Notes are not intended to be issued in NGN form, with a common depository (the “**Common Depository**”) on behalf of Euroclear and Clearstream, Luxembourg. The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes (as defined under “*Summary of Provisions Relating to the Notes While in Global Form*”) are described in “*Summary of Provisions Relating to the Notes While in Global Form*”.

Each Tranche of Registered Notes will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Tranche.

Registered Notes which are sold in an “offshore transaction” within the meaning of Regulation S (“**Regulation S Registered Notes**”) will be registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper on its issue date. Regulation S Registered Notes will initially be represented by a global unrestricted Certificate (a “**Regulation S Global Certificate**”) and will be deposited with a common depository or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg on its issue date. Beneficial interests in a Regulation S Registered Note will be shown on, and transfers thereof will be effected only through, records maintained by, Euroclear and Clearstream, Luxembourg and their participants.

Registered Notes which are sold to qualified institutional buyers within the meaning of Rule 144A, as referred to, and subject to the transfer restrictions described, in “*Subscription and Sale*” and “*Transfer Restrictions*” (“**DTC Registered Notes**”), will be registered in the name of a nominee of The Depository Trust Company (“**DTC**”) on their issue date. DTC Registered Notes will initially be represented by a global restricted Certificate (a “**DTC Restricted Global Certificate**” and, together with the Regulation S Global Certificates, the “**Global Certificates**”) and will be deposited with a custodian for DTC. Beneficial interests in a DTC Registered Note will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants.

Individual definitive Certificates will only be available in certain limited circumstances as described in “*Summary of Provisions Relating to the Notes While in Global Form*”.

Maturities:	Subject to any applicable laws, any maturity as specified in the applicable Final Terms.
Issue Price:	Notes may be issued at an issue price which is at par or at a discount to, or premium over, par.
Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the applicable Final Terms.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined separately for each Series as follows: <ul style="list-style-type: none"><li>(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</li><li>(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service.</li></ul>

The margin (if any) relating to such floating rate will be specified in the applicable Final Terms for each Series of Floating Rate Notes.

Inflation Linked Notes:

Payments of interest and/or principal in respect of Inflation Linked Notes will be calculated by reference to an Index Ratio, derived from either:

- (i) the U.K. Retail Price Index (the “RPI”) (all items) published by the Office of National Statistics or the relevant successor index; or
- (ii) the non-revised Harmonised Index of Consumer Prices excluding tobacco, or the relevant successor index, measuring the rate of inflation in the European Monetary Union excluding tobacco published by Eurostat (the “HICP”).

Other provisions in relation to Floating Rate Notes and Inflation Linked Interest Notes:

Floating Rate Notes and Inflation Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Inflation Linked Interest 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.

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 and the Trustee 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:

The applicable Final Terms 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, in the case of Inflation Linked Notes only, for reasons linked to the relevant Index) 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.

Unless otherwise permitted by then current laws and regulations, Notes which have a maturity of less than one year are subject to restrictions on their denomination and distribution, see “*Certain Restrictions*” above.

Denomination of Notes:

Subject to a minimum denomination for Notes (other than in the case of Exempt Notes) issued under the Programme of €100,000 (or its equivalent in any other currency), Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer. See “*Certain Restrictions*” above.

Taxation:

Payments in respect of the Notes will be made without withholding or deduction for or on account of taxes of the jurisdiction of incorporation of the Issuer to the extent described under “*Terms and Conditions of the Notes — Condition 8 Taxation*”. If any such withholding or deduction is required by law the Issuer will pay additional amounts, subject to the exceptions described in “*Terms and Conditions of the Notes — Condition 8 Taxation*”. In certain circumstances another entity may be substituted for or acquire the rights and obligations of the Issuer under the Notes. In such case, payments in respect of the Notes will be made without withholding or deduction for or on account of taxes of the jurisdiction of incorporation of such entity unless the withholding or deduction is required by law, in which case the substituted entity will pay additional amounts, subject to certain exceptions. However, in no circumstances will payment of additional amounts be made for or on account of any taxes imposed by the United States of America or any political subdivision or taxing authority thereof or therein and in such case there will be no redemption for tax reasons pursuant to “*Terms and Conditions of the Notes — Condition 7(b) Redemption for tax reasons*”.

Negative Pledge:

The terms of the Notes will not contain a negative pledge.

Events of Default:	<p>The terms of the Notes will contain, amongst others, the following events of default:</p> <ul style="list-style-type: none"> <li>(a) default in payment of any principal or interest due in respect of the Notes, continuing for the respective periods of time specified in Condition 10(A);</li> <li>(b) non-performance or non-observance by the Issuer of any of its other obligations under the Terms and Conditions or the Trust Deed continuing for the period of time specified in Condition 10(A);</li> <li>(c) a cross-acceleration provision in respect of Indebtedness for Borrowed Money of the Issuer as further described in Condition 10(A); and</li> <li>(d) certain events relating to the insolvency or winding up of the Issuer.</li> </ul>
Status of the Notes:	<p>The Notes will constitute direct, unconditional, and unsecured obligations of the Issuer and will rank <i>pari passu</i>, without any preference among themselves, with all other, present and future, outstanding unsecured and unsubordinated obligations of the Issuer (other than obligations preferred by law).</p>
Listing and admission to trading:	<p>Application has been made to the UK Listing Authority for Notes (other than Exempt Notes) issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Market. The Programme provides that Exempt Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets (other than a stock exchange or market which is a regulated market for the purposes of the Markets in Financial Instruments Directive) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Exempt Notes and/or Exempt Notes not admitted to trading on any stock exchange or market. In the case of Exempt Notes, the applicable Pricing Supplement will state whether or not the relevant Notes will be so listed and/or admitted to trading.</p>
Governing Law:	<p>The Notes, and any non-contractual obligations arising out of or in connection with them, will be governed by, and construed in accordance with, English law.</p>
Clearing Systems:	<p>Clearstream, Luxembourg and Euroclear in relation to any Tranche of Bearer Notes and Clearstream, Luxembourg, Euroclear and DTC in relation to any Tranche of Registered Notes or, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Principal Paying Agent, the Trustee, the relevant Dealer(s) and, as the case may be, the Registrar, as specified in the applicable Final Terms.</p>
Selling Restrictions:	<p>There are restrictions on the offer, sale and transfer of the Notes in the United Kingdom, the United States, the European Economic Area, France, Italy, Japan, the PRC, Australia, Hong Kong, Singapore 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>” below).</p> <p>The conditions set forth in Rule 903(b)(2) under the Securities Act, referred to as “Category 2”, shall apply for the purposes of Regulation S under the Securities Act.</p> <p>Notes may be offered and sold in compliance with Rule 144A under the Securities Act.</p> <p>Bearer Notes and Exchangeable Bearer Notes will be issued in compliance with U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D) (or any successor section that is substantially identical thereto) (the “<b>D Rules</b>”) unless the applicable Final Terms state that such Notes are issued in circumstances in which such Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“<b>TEFRA</b>”), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.</p>
Transfer Restrictions:	<p>There are restrictions on the transfer of certain Notes (see “<i>Transfer Restrictions</i>”).</p>

# Summary of Provisions Relating to the Notes While in Global Form

## **Initial Issue of Notes**

Upon the initial deposit of a Global Note with (i) if the Global Note is intended to be issued in NGN form, as stated in the applicable Final Terms, the Common Safekeeper for Euroclear and Clearstream, Luxembourg or (ii) if the Global Note is not intended to be issued in NGN form, a Common Depository for Euroclear and Clearstream, Luxembourg or registration of Registered Notes in the name of any common nominee for Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper or in the name of a nominee of DTC and delivery of the relative Global Certificate to the Common Depository or the common safekeeper or the custodian for DTC, as the case may be, Euroclear, Clearstream, Luxembourg or DTC, as the case may be, will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. Where a Global Note issued in respect of any Tranche is in NGN form, Euroclear and Clearstream, Luxembourg will be notified whether or not such Global Note is intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Note is 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.

References herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Issuing and Principal Paying Agent and the Trustee and specified in the applicable Final Terms.

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

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

## **Exchange**

### ***Temporary Global Notes***

On and after the date (the “**Exchange Date**”) which is 40 days after the Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable, free of charge to the holder, in whole or in part upon certification as to non-U.S. beneficial ownership (in a form to be provided) either for (i) interests in a Permanent Global Note or (ii) if so provided in the applicable Final Terms, for Definitive Notes (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 relation to any issue of Notes which is represented by a Temporary Global Note and which is expressed to be exchangeable for Definitive Notes at the option of Noteholders, such Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and multiples thereof.

Each Temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Terms and Conditions, in addition to any Permanent Global Note or Definitive Notes for which it may be exchangeable, and before the Exchange Date will also be exchangeable in whole or in part for Registered Notes only. Any such exchange shall occur not later than five days after the date on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Principal Paying Agent is located and in the city in which the relevant clearing system is located.

### ***Permanent Global Notes***

Each Permanent Global Note will be exchangeable, free of charge to the holder, in whole but not, except as provided under “*Partial Exchange of Permanent Global Notes*” below, in part for Definitive Notes either (i) if specified in the applicable Final Terms, upon 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 Issuing and Principal Paying Agent as described therein or (ii) only upon the occurrence of an Exchange Event, as provided in the applicable Final Terms. In relation to any issue of Notes which is represented by a Permanent Global Note and which is expressed to be exchangeable for Definitive Notes at the option of the Noteholders, such Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and multiples thereof.

For these purposes, "**Exchange Event**" means, unless otherwise specified in the applicable Final Terms, that (i) an Event of Default (as defined in Condition 10(A)) 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 is or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 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 Issuing and Principal Paying 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 Issuing and Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Issuing and Principal Paying Agent.

Each Permanent Global Note that is also an Exchangeable Bearer Note will, subject to Condition 2(f), be exchangeable, free of charge to the holder, in whole but not, except as provided under "*Partial Exchange of Permanent Global Notes*", in part for Registered Notes by the holder giving notice to the Issuing and Principal Paying Agent of its election to exchange the whole or a part, as the case may be, of such Permanent Global Note for Registered Notes. Any such exchange shall occur not later than five days after the date on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Principal Paying Agent is located and in the city in which the relevant clearing system is located.

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

The following legend will appear on all permanent and definitive Bearer Notes and Exchangeable Bearer Notes which have an original maturity of more than one year and on all Coupons and Talons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"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."

#### *Partial Exchange of Permanent Global Notes*

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions for Registered Notes if the Permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes.

#### **Global Certificates**

Interests in a Global Certificate will be exchangeable, free of charge to the holder, in whole but not, except as provided below, in part for definitive Certificates only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means, unless otherwise specified in the applicable Final Terms, that (i) an Event of Default has occurred and is continuing, (ii) in the case of DTC Registered Notes, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, (iii) in the case of Regulation S Registered Notes, 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, in any such case, no successor clearing system is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Certificate in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 below if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the

Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

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

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) below may only be made in part:

- (i) if the relevant clearing system has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system satisfactory to the Trustee is available; or
- (ii) an Event of Default has occurred and is continuing; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the registered holder has given the Registrar not less than 30 days' notice at its specified office of the registered holder's intention to effect such a transfer. Where a Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be a Global Certificate unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or any alternative clearing system.

#### **Delivery of Notes**

On or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Principal Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of any Global Note, the Issuer will procure that it is cancelled.

#### **Payments**

No payment falling due after the Exchange Date will be made on any Temporary Global Note unless, upon due certification, exchange for an interest in a Permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with U.S. Treas. Reg § 1.163-5(c)(2)(i)(D) (or any successor section that is substantially identical thereto) (the "**D Rules**") before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership (in a form to be provided). All payments in respect of Notes represented by a Global Note will, if the Global Note is not intended to be issued in NGN form, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Principal Paying Agent or any other Paying Agent. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

In the case of a Global Certificate, with respect to the definition of "Record Date" in Condition 6(c)(ii), the words "on the fifteenth day before" shall be deemed to be deleted and replaced by "on the Clearing System Business Day before" where "**Clearing System Business Day**" means any day other than (i) Saturdays and Sundays and (ii) 1 January and 25 December.

The holder of a Global Note or a Global Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note or Global Certificate in respect of each amount so paid. Each of the persons shown in the records of Euroclear,

Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or DTC, 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 or Global Certificate.

### **Meetings**

The holder of a Global Note or of the Notes represented by a Global Certificate shall (unless such Global Note or Global Certificate represents only one Note) be treated as being one person for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.

### **Partial Redemption**

In the case of a partial redemption of Notes represented by a Global Note, the Notes to be redeemed ("**Redeemed Notes**") will be selected in accordance with the rules of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in their nominal amount, at their discretion) and/or DTC, as applicable, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). The aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

### **Notices**

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 and/or DTC, be substituted for publication in a newspaper in accordance with Condition 14 the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to their entitled accountholders and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange or any other 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 any other relevant authority. Any such notice shall be deemed to have been given on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Whilst any of the Notes are represented by a Global Note, notices to be given by any Noteholder may be given to the Issuing and Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Issuing and Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

### **Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Global Note may be exercised by the holder of the Global Note giving notice to the Issuing and Principal Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the Global Note to the Issuing and Principal Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Principal Paying Agent, for notation.

### **Trustee's Powers**

In considering the interests of Noteholders while any Global Note is held on behalf of, or a Global Certificate is registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Global Certificate and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

# Form of Final Terms

Set out below is the form of Final Terms which will be completed for each Tranche of Notes (other than Exempt Notes) issued under the Programme.

[Date]

**Vodafone Group Plc**  
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**  
**under the €30,000,000,000**  
**Euro Medium Term Note Programme**

**PART A — CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated [date] [and the supplementary prospectus[es] dated [ ]] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC (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 Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplementary prospectus[es]] [has] [have] been published on the website of [the [Issuer] at [ ] [and] [the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news-home.html)]] and copies may be obtained during normal business hours from [ ].]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the [Prospectus] dated [original date] which are incorporated by reference in the Prospectus dated [current date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (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**”) and must be read in conjunction with the Prospectus dated [current date] [as supplemented by [a] supplementary prospectus[es] dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus dated [current date] [as so supplemented]. The Prospectus [and supplementary prospectus[es]] [has] [have] been published on the website of [the [Issuer] at [ ] [and] [the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news-home.html)]] and copies may be obtained during normal business hours from [ ].]

1. Issuer: Vodafone Group Plc
2. [(i)] Series Number: [ ]  
[(ii)] Tranche Number: [ ]  
  
[(iii)] Date on which the Notes will be consolidated and form a single Series: [ ]/[Not Applicable]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:  
— Series: [ ]  
— Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]
6. (i) Specified Denomination(s): [ ]  
[[€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: [ ]



7. (i) [Issue Date [and Interest Commencement Date]: [ ] ]
- (ii) [Interest Commencement Date (if different from the Issue Date): [ ] ]
8. Maturity Date: [ ]/[Interest Payment Date falling in or nearest to [ ] ]
9. Interest Basis: [[ ] per cent. Fixed Rate]  
 [[ ] month [[ ] LIBOR/EURIBOR/TIBOR/CDOR/JIBAR] +/- [ ] per cent. Floating Rate]  
 [Zero Coupon]  
 [Inflation Linked Interest]  
 (see paragraph [14]/[15]/[16]/[17] below)
10. Redemption Basis: [Redemption at par]  
 [Inflation Linked Redemption]
11. Change of Interest Basis or Redemption Basis: [ ] [[Not Applicable]
12. Put/Call Options: [Investor Put]  
 [Issuer Call]  
 [(see paragraph [18]/[19]/[20] below)]
13. Date of [Board] approval for issuance of Notes: [ ] ]

#### 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
- (iii) [Interest Payment Date Adjustment: [Applicable/Not Applicable]]
- (iv) [Additional Business Centre(s): [ ] [Not Applicable]]
- (v) Fixed Coupon Amount(s): [[ ] per Calculation Amount][Not Applicable]
- (vi) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ] ]  
 [Not Applicable]
- (vii) Fixed Day Count Fraction: [Actual/Actual (ICMA)] [30/360] [Actual/365 (Fixed)]
- (viii) Determination Date: [[ ] in each year] [Not Applicable]
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ] in each year, subject to adjustment in accordance with the Business Day Convention specified in paragraph 15(ii) below
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (iii) Additional Business Centre(s): [ ] [Not Applicable]
- (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 Issuing and Principal Paying Agent): [ ] [[Not Applicable]
- (vi) Screen Rate Determination: [Applicable/Not Applicable]  
 — Reference Rate: [ ] month [[ ] LIBOR/EURIBOR/TIBOR/CDOR/JIBAR]  
 — Relevant Screen Page: [ ] ]
- (vii) ISDA Determination: [Applicable/Not Applicable]  
 — 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][Not Applicable]
- (xi) Maximum Rate of Interest: [[ ] per cent. per annum][Not Applicable]
- (xii) Day Count Fraction: [Actual/Actual] [Actual/Actual-ISDA]  
 [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 and late payment: [30/360]  
 [Actual/360]  
 [Actual/365]
17. **Inflation Linked Interest Note Provisions** [Applicable/Not Applicable]
- (i) Index: [RPI/HIPC]
- (ii) Specified Period(s)/Specified Interest Payment Dates: [ ] in each year, subject to adjustment in accordance with the Business Day Convention specified in paragraph 17(iii) below
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (iv) Additional Business Centre(s): [ ] [Not Applicable]
- (v) Rate of Interest: [ ] per cent. per annum, subject to adjustment in accordance with Condition 5, payable in arrear on each Interest Payment Date
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount (if not the Calculation Agent): [ ] [Not Applicable]
- (vii) Provisions for determining Interest Amount where calculation by reference to Index is impossible or impracticable or otherwise disrupted: Condition(s) [5(c) to 5(e)/5(i)] apply
- (viii) Minimum Indexation Factor: [ ] [Not Applicable]
- (ix) Maximum Indexation Factor: [ ] [Not Applicable]
- (x) Limited Indexation Month(s) or period for calculation of Limited Indexation Factor: [[ ] [Not Applicable]]
- (xi) Base Index [Figure/Level] [ ] (Condition 5[(a)/(g)]): [ ]

- (xii) Day Count Fraction: [Actual/Actual] [Actual/Actual-ISDA]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360] [360/360] [Bond Basis]  
[30E/360] [Eurobond Basis]  
[30E/360 (ISDA)]
- (xiii) "Index Figure" (Condition 5(a)): Sub-paragraph [(i)/(ii)/(iii)] of the definition of "Index" or "Index Figure" as set out in Condition 5(a) shall apply][Not Applicable]
- (xiv) Reference Gilt: [ ] [Not Applicable]
- (xv) Minimum Rate of Interest: [[ ] per cent. per annum][Not Applicable]
- (xvi) Maximum Rate of Interest: [[ ] per cent. per annum][Not Applicable]
- (xvii) Calculation Agent: [ ]

**PROVISIONS RELATING TO REDEMPTION**

- 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: [ ] per Calculation Amount
    - (b) Higher Redemption Amount: [ ] per Calculation Amount
  - (iv) Issuer Call Period: [ ]
- 19. **Investor Put** [Applicable/Not Applicable]
  - (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount: [ ] per Calculation Amount
  - (iii) Investor Put Period: [ ]
- 20. **Final Redemption Amount** [[ ] per Calculation Amount]
 

In cases where the Final Redemption Amount is Inflation Linked:

  - (i) Index: [RPI/HIPC]
  - (ii) Party responsible for calculating the Final Redemption Amount (if not the Calculation Agent): [ ] [Not Applicable]
  - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index: The Final Redemption Amount per Note shall be its outstanding nominal amount adjusted in accordance with Condition 5
  - (iv) Provisions for determining Final Redemption Amount where calculation by reference to Index is impossible or impracticable or otherwise disrupted: Condition(s) [5(c) to 5(e) / 5(i)] shall apply

(v) Reference Gilt: [ ] [[Not Applicable]

(vi) Calculation Agent: [ ]

**21. Early Redemption Amount**

Early Redemption Amount payable on [ ] per Calculation Amount redemption for taxation reasons or on event of default or other early redemption:

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**22. Form of Notes:**

(a) Form: **[Bearer Notes/Exchangeable Bearer Notes/Registered Notes]**

[Bearer Notes/Exchangeable Bearer Notes:

[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]]]

[Registered Notes:

[Regulation S Global Certificate [and] [DTC Restricted Global Certificate] exchangeable for definitive Certificate only upon an Exchange Event]

(b) New Global Note: [Yes] [No]

23. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/[ ]]

24. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [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]

**[PROVISIONS RELATING TO RMB NOTES**

25. Renminbi Currency Event: [Applicable/Not Applicable]

26. Calculation Agent: [ ] [[Not Applicable]

**Third Party Information**

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

Signed on behalf of the Issuer:

By: \_\_\_\_\_

Duly authorised

## PART B — OTHER INFORMATION

### 1. Listing and Admission to Trading:

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

### 2. Ratings:

[The Notes to be issued have been rated:  
[Standard & Poor's: [        ]]  
[Moody's: [        ]]  
[Fitch: [        ]]  
  
[The Notes to be issued have not been rated]

### 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.]

### 4. [Reasons for the offer, estimated net proceeds and total expenses

- [[i) Reasons for the offer: [        ]]  
[[ii) Estimated net proceeds: [        ]]  
[[iii) Estimated total expenses: [        ]]

### 5. [Fixed Rate Notes only — Yield:

Indication of yield: [        ]

### 6. [Performance of index and other information concerning the index:

- (i) Name of underlying index: [U.K. Retail Price Index ("RPI") (all items) published by the Office of National Statistics] / [non-revised Harmonised Index of Consumer Prices excluding tobacco, measuring the rate of inflation in the European Monetary Union excluding tobacco published by Eurostat ("HICP")]
- (ii) Information about the Index, its volatility and past and future performance can be obtained from: Information on [RPI/HICP] can be found at [www.statistics.gov.uk / www.epp.eurostat.ec.europa.eu]

The Issuer [intends to provide post-issuance information [        ]/ [does not intend to provide post-issuance information].

### 7. TEFRA Rules

Whether TEFRA D/TEFRA C [TEFRA D/TEFRA C/TEFRA not applicable] applicable or TEFRA rules not applicable:

**8. Operational Information:**

- (i) ISIN Code: [       ]
- (ii) Common Code: [       ]
- (iii) CUSIP: [       ]
- (iv) CINS: [       ]
- (v) Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and DTC (together with the address of each such clearing system) and the relevant identification number(s): [Not Applicable/[       ]]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

# Form of Pricing Supplement

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes, subject to the deletion of non-applicable provisions and the inclusion of additional applicable provisions:

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

[Date]

**Vodafone Group Plc**  
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Exempt Notes]**  
**under the €30,000,000,000**  
**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.

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated [date] [and the supplementary prospectus[es] dated [ ]]. This document must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Prospectus [as so supplemented]. The Prospectus [and the supplementary prospectus[es]] [has] [have] been published on the website of [the [Issuer] at [ ] [and] [the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news-home.html)] and copies may be obtained during normal business hours from [ ].]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in the [Prospectus] dated [original date] which are incorporated by reference in the Prospectus dated [current date]. This document must be read in conjunction with the Prospectus dated [current date] [as supplemented by [a] supplementary prospectus[es] dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Prospectus dated [current date] [as so supplemented]. The Prospectus [and supplementary prospectus[es]] [has] [have] been published on the website of [the [Issuer] at [ ] [and] [the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news-home.html)] and copies may be obtained during normal business hours from [ ].]

1. Issuer: Vodafone Group Plc
2. [(i)] Series Number: [ ]  
[(ii)] Tranche Number: [ ]  
[(iii)] Date on which the Notes will be consolidated and form a single Series: [ ]/[Not Applicable]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:  
— Series: [ ]  
— Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]
6. (i) Specified Denomination(s): [ ]  
[[€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: [ ]

7. (i) [Issue Date [and Interest Commencement Date]: [ ]]
- (ii) [Interest Commencement Date (if different from the Issue Date): [ ]]
8. Maturity Date: [ ]/[Interest Payment Date falling in or nearest to [ ]]
9. Interest Basis: [[ ] per cent. Fixed Rate]
- [[ ] month [[ ] LIBOR/EURIBOR/TIBOR/CDOR/JIBAR] +/- [ ] per cent. Floating Rate]
- [Zero Coupon]
- [Inflation Linked Interest]
- (see paragraph [14]/[15]/[16]/[17] below)
10. Redemption Basis: [Redemption at par]
- [Inflation Linked Redemption]
11. Change of Interest Basis or Redemption Basis: [ ]/[Not Applicable]
12. Put/Call Options: [Investor Put]
- [Issuer Call]
- [(see paragraph [18]/[19]/[20] below)]
13. Date of [Board] approval for issuance of Notes: [ ]

#### 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
- (iii) [Interest Payment Date Adjustment: [Applicable/Not Applicable]]
- (iv) [Additional Business Centre(s): [ ]/[Not Applicable]]
- (v) Fixed Coupon Amount(s): [[ ] per Calculation Amount][Not Applicable]
- (vi) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/[Not Applicable]]
- (vii) Fixed Day Count Fraction: [Actual/Actual (ICMA)] [30/360] [Actual/365 (Fixed)]
- (viii) Determination Date: [[ ] in each year] [Not Applicable]
15. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ] in each year, subject to adjustment in accordance with the Business Day Convention specified in paragraph 15(ii) below
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (iii) Additional Business Centre(s): [ ]/[Not Applicable]
- (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 Issuing and Principal Paying Agent): [ ]/[Not Applicable]
- (vi) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [ ] month [[ ] LIBOR/EURIBOR/TIBOR/CDOR/JIBAR]
- Relevant Screen Page: [ ]
- (vii) ISDA Determination: [Applicable/Not Applicable]
- 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][Not Applicable]
(xi) Maximum Rate of Interest:	[ [ ] per cent. per annum][Not Applicable]
(xii) Day Count Fraction:	[Actual/Actual] [Actual/Actual-ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]
<b>16. Zero Coupon Note Provisions</b>	[Applicable/Not Applicable]
(i) Accrual Yield:	[ ] per cent. per annum
[(ii) Reference Price:	[ ]]
(iii) Day Count Fraction in relation to Early Redemption Amounts and late payment:	[30/360] [Actual/360] [Actual/365]
<b>17. Inflation Linked Interest Note Provisions</b>	[Applicable/Not Applicable]
(i) Index:	[RPI/HIPC]
(ii) Specified Period(s)/Specified Interest Payment Dates:	[ ] in each year, subject to adjustment in accordance with the Business Day Convention specified in paragraph 17(iii) below
(iii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
(iv) Additional Business Centre(s):	[ ] [Not Applicable]
(v) Rate of Interest:	[ ] per cent. per annum, subject to adjustment in accordance with Condition 5, payable in arrear on each Interest Payment Date
(vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount (if not the Calculation Agent):	[ ] [Not Applicable]
(vii) Provisions for determining Interest Amount where calculation by reference to Index is impossible or impracticable or otherwise disrupted:	Condition(s) [5(c) to 5(e)/5(i)] apply
(viii) Minimum Indexation Factor:	[ ] [Not Applicable]
(ix) Maximum Indexation Factor:	[ ] [Not Applicable]
(x) Limited Indexation Month(s) or period for calculation of Limited Indexation Factor:	[ [ ] [Not Applicable]]
(xi) Base Index [Figure/Level] (Condition 5[(a)/(g)]):	[ ]
(xii) Day Count Fraction:	[Actual/Actual] [Actual/Actual-ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]

- (xiii) "Index Figure" (Condition 5(a)): Sub-paragraph [(i)/(ii)/(iii)] of the definition of "Index" or "Index Figure" as set out in Condition 5(a) shall apply][Not Applicable]
- (xiv) Reference Gilt: [ ]][Not Applicable]
- (xv) Minimum Rate of Interest: [[ ] per cent. per annum][Not Applicable]
- (xvi) Maximum Rate of Interest: [[ ] per cent. per annum][Not Applicable]
- (xvii) Calculation Agent: [ ]

## PROVISIONS RELATING TO REDEMPTION

- 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: [ ] per Calculation Amount
    - (b) Higher Redemption Amount: [ ] per Calculation Amount
  - (iv) Issuer Call Period: [ ]
- 19. **Investor Put** [Applicable/Not Applicable]
  - (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount: [ ] per Calculation Amount
  - (iii) Investor Put Period: [ ]
- 20. **Final Redemption Amount** [[ ] per Calculation Amount]
 

In cases where the Final Redemption Amount is Inflation Linked:

  - (i) Index: [RPI/HIPC]
  - (ii) Party responsible for calculating the Final Redemption Amount (if not the Calculation Agent): [ ]][Not Applicable]
  - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index: The Final Redemption Amount per Note shall be its outstanding nominal amount adjusted in accordance with Condition 5
  - (iv) Provisions for determining Final Redemption Amount where calculation by reference to Index is impossible or impracticable or otherwise disrupted: Condition(s) [5(c) to 5(e) / 5(i)] shall apply
  - (v) Reference Gilt: [ ]][Not Applicable]
  - (vi) Calculation Agent: [ ]

**21. Early Redemption Amount**

Early Redemption Amount payable on [ ] per Calculation Amount redemption for taxation reasons or on event of default or other early redemption:

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**22. Form of Notes:**

(a) Form: **[Bearer Notes/Exchangeable Bearer Notes/Registered Notes]**

[Bearer Notes/Exchangeable Bearer Notes:

[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]]]

[Registered Notes:

[Regulation S Global Certificate [and] [DTC Restricted Global Certificate] exchangeable for definitive Certificate only upon an Exchange Event]

(b) New Global Note: [Yes] [No]

23. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/[ ]]

24. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [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]

25. Additional terms and conditions: [Not Applicable/[•]]

**[PROVISIONS RELATING TO RMB NOTES**

26. Renminbi Currency Event: [Applicable/Not Applicable]

27. Calculation Agent: [ ]]

**Third Party Information**

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

Signed on behalf of the Issuer:

By: \_\_\_\_\_

Duly authorised

## PART B — OTHER INFORMATION

### 1. Listing and Admission to Trading:

- (i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the [specify] and admitted to trading on [specify] with effect from [ ].]/[Not Applicable]
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. Ratings:

[The Notes to be issued have been rated:  
[Standard & Poor's: [ ]]  
[Moody's: [ ]]  
[Fitch: [ ]]  
[The Notes to be issued have not been rated]

### 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.]

### 4. [Reasons for the offer, estimated net proceeds and total expenses

- [(i) Reasons for the offer: [ ]]  
[(ii) Estimated net proceeds: [ ]]  
[(iii) Estimated total expenses: [ ]]

### 5. [Fixed Rate Notes only — Yield:

Indication of yield: [ ]

### 6. [Performance of index and other information concerning the index:

- (i) Name of underlying index: [U.K. Retail Price Index (“RPI”) (all items) published by the Office of National Statistics] / [non-revised Harmonised Index of Consumer Prices excluding tobacco, measuring the rate of inflation in the European Monetary Union excluding tobacco published by Eurostat (“HICP”)]
- (ii) Information about the Index, its volatility and past and future performance can be obtained from: Information on [RPI/HICP] can be found at [www.statistics.gov.uk / www.epp.eurostat.ec.europa.eu]

The Issuer [intends to provide post-issuance information [ ] / [does not intend to provide post-issuance information].

### 7. TEFRA Rules

Whether TEFRA D/TEFRA C applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]

### 8. Operational Information:

- (i) ISIN Code: [ ]  
(ii) Common Code: [ ]  
(iii) CUSIP: [ ]

- (iv) CINS: [ ]
- (v) Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and DTC (together with the address of each such clearing system) and the relevant identification number(s): [Not Applicable/[ ]]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

# Terms and Conditions of the Notes

*The following are the Terms and Conditions of the Notes, that, subject to completion by the applicable Final Terms, shall be applicable to the Notes and/or Certificates in definitive form (if any) issued in exchange for the Global Note(s) and/or Global Certificates representing each Series. Either (i) the full text of the following Terms and Conditions together with the relevant provisions of the Final Terms or (ii) these Terms and Conditions as so completed (and subject to simplification by the disapplication of non-applicable provisions), shall be endorsed on such definitive Bearer Notes or on the definitive Certificates relating to Registered Notes. 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. Reference should be made to “Summary of Provisions Relating to the Notes While in Global Form” for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes. References in the following Terms and Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

Notes issued by Vodafone Group Plc (formerly called Vodafone AirTouch Plc) (the “**Issuer**”) are constituted by a Trust Deed dated 16 July 1999 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include any successor as trustee).

The Notes and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement dated 11 July 2013 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) made between the Issuer, HSBC Bank plc as issuing and principal paying agent and agent bank (the “**Issuing and Principal Paying Agent**”, which expression shall include any successor issuing and principal paying agent), the other paying agents named therein (together with the Issuing and Principal Paying Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents), HSBC Bank USA, National Association as exchange agent (the “**Exchange Agent**”, which expression shall include any successor exchange agent) and HSBC Bank USA, National Association as registrar (the “**Registrar**”, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the “**Transfer Agents**”, which expression shall include any additional or successor transfer agent) and the Trustee.

The Noteholders (as defined below) and the holders (the “**Couponholders**”) of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. References in these Terms and Conditions to “**Exempt Notes**” are to Notes for which no prospectus is required to be published under the Prospectus Directive (as defined below).

If this Note is not an Exempt Note, the final terms for this Note (or the relevant provisions thereof) are attached to or endorsed on this Note (the “**Final Terms**”). Part A of the Final Terms completes these Terms and Conditions for the purposes of this Note. References to the “**applicable Final Terms**” are to Part A of the Final Terms (or the relevant provisions thereof). If this Note is an Exempt Note, the pricing supplement for this Note (or the relevant provisions thereof) are attached to or endorsed on this Note (the “**Pricing Supplement**”). Part A of the Pricing Supplement completes these Terms and Conditions for the purposes of this Note 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. In the case of Exempt Notes, any subsequent reference in these Terms and Conditions to “**Final Terms**” shall be deemed to include reference to “**Pricing Supplement**” so far as the context admits.

The Trustee acts for the benefit of the Noteholders and 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 “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee (being at Fifth Floor, 100 Wood Street, London EC2V 7EX, England) and at the specified office of each of the Paying Agents. In addition, the applicable Final Terms will be available for viewing on the website of the Regulatory

News Service operated by the London Stock Exchange plc at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html) or otherwise published in accordance with Article 14 of Directive 2003/71/EC (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**”). 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 Paying Agent for the time being in London as to the identity of such holder. 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. Words and expressions defined in the Trust Deed and/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 Agency Agreement and the Trust Deed, 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.

References herein to “**RMB Notes**” are to Notes denominated in Renminbi. References herein to “**Renminbi**”, “**RMB**” and “**CNY**” are to the lawful currency of the People’s Republic of China (the “**PRC**”) which, for the purposes of the Conditions, excludes 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.

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

The Notes are issued in bearer form (“**Bearer Notes**”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“**Registered Notes**”) or in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) in each case in the Specified Denomination(s) shown hereon.

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

The Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Inflation Linked Interest Notes or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

The Notes may be redeemable at par or may be Inflation Linked Redemption Notes, depending on the Redemption Basis shown in the applicable Final Terms.

If this Note is an Exempt Note, this Note may include terms and conditions not contemplated by these Terms and Conditions, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Bearer Notes are serially numbered and 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.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and Coupons will pass by delivery. Title to the Registered Notes will pass by registration in the register that the Issuer will procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). The Issuer, any Paying Agent, the Registrar, the Transfer Agents, the Exchange Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the holder (as defined below) of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon (or on the Certificate representing it) or any notice of previous loss or theft of the Note or Coupon (or that of the related Certificate) or of trust or any interest therein) and shall not be required to obtain any proof thereof or as to the identity of such holder and no person shall be liable for so treating the holder.

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

## **2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes**

### **(a) Exchange of Exchangeable Bearer Notes**

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder (in substantially the same form set out in Schedule 3 of the Agency Agreement) and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(c)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

### **(b) Transfer of Registered Notes**

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

### **(c) Partial Redemption in Respect of Registered Notes**

In the case of a partial redemption of a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder in respect of the balance of the holding not redeemed. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

### **(d) Delivery of New Certificates**

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) above shall only be available for delivery within three business days of receipt of the request for exchange, form of transfer or Put Notice (as defined in Condition 7(d)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Put Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Put Notice or other in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition (d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

### **(e) Exchange or Transfer Free of Charge**

Exchange and transfer of Notes and Certificates on registration, transfer and exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

### **(f) Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7(c), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.



### 3. Status of the Notes

The Notes and any relative Coupons are direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves, with all other, present and future, outstanding unsecured and unsubordinated obligations of the Issuer (other than obligations preferred by law).

### 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.

In the case of RMB Notes, if:

- (i) Interest Payment Date Adjustment is specified as applying in the applicable Final Terms; and
- (ii) (x) there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) any Interest Payment Date would otherwise fall on a day which is not a Business Day,

then 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.

For these purposes, “**Business Day**” has the meaning given to in Condition 4(b) below.

If the Notes are 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 Notes in definitive form where a 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:

- (i) 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
- (ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Fixed 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 comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

In these Terms and Conditions:

“**Fixed 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:
  - (a) 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; or
  - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) 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; and

- (2) 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;
- (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; and
- (iii) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the relevant period divided by 365.

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, with respect to euro, means one cent.

**(b) Interest on Floating Rate Notes and Inflation Linked Interest Notes**

*(i) Interest Payment Dates*

Each Floating Rate Note and Inflation Linked Interest 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) (each an “**Interest Payment Date**”) 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 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 (which expression shall, in these Terms and Conditions, mean 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 any 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 or Wellington, respectively), (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “**TARGET2 System**”) is open or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets in Hong Kong are generally open for business and settlement for Renminbi payments in Hong Kong.

*(ii) Rate of Interest for Floating Rate Notes*

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 Issuing and Principal Paying Agent under an interest rate swap transaction if the Issuing and Principal Paying 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 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 either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“**LIBOR**”) or on the Euro-zone inter-bank offered rate (“**EURIBOR**”) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), (i) “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions, (ii) the definition of “**Banking Day**” in the ISDA Definitions shall be amended to insert after the words “are open for” in the second line the word “general” and (iii) “**Euro-zone**” means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

*(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 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 the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Issuing and Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Issuing and Principal Paying 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 Condition 4(b)(ii)(B)(1) above, no such offered quotation appears or, in the case of Condition 4(b)(ii)(B)(2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph above, the Issuing and Principal Paying Agent shall request each of the Reference Banks to provide the Issuing and Principal Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate, at approximately the Relevant Time, on the Interest Determination Date in question. If two or more of the Reference Banks provide the

Issuing and Principal Paying 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 Issuing and Principal Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Issuing and Principal Paying 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 Issuing and Principal Paying 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 Issuing and Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant 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 or, if the Reference Rate is TIBOR, the Tokyo inter-bank market or, if the Reference Rate is CDOR, the Toronto inter-bank market or, if the Reference Rate is JIBAR, the Johannesburg 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 Issuing and Principal Paying 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 Relevant 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 Issuing and Principal Paying 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 or, if the Reference Rate is TIBOR, the Tokyo inter-bank market or, if the Reference Rate is CDOR, the Toronto inter-bank market or, if the Reference Rate is JIBAR, the Johannesburg 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).

In these Terms and Conditions:

**“Interest Determination Date”** means:

- (i) if the Reference Rate is LIBOR (other than Sterling or Euro LIBOR), the second London business day prior the start of each Interest Period;
- (ii) if the Reference Rate is Sterling LIBOR, the first day of each Interest Period;
- (iii) if the Reference Rate is Euro LIBOR or EURIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period;
- (iv) if the Reference Rate is the Tokyo inter-bank offered rate (**“TIBOR”**), the second Tokyo Business Day prior to the start of each Interest Period;
- (v) if the Reference Rate is the Canadian Dollar offered rate (**“CDOR”**), the first day of each Interest Period; and
- (vi) if the Reference Rate is the Johannesburg inter-bank agreed rate (**“JIBAR”**), the first day of each Interest Period;

**“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, in the case of a determination of EURIBOR, the principal office of four major banks in the Euro-zone inter-bank market, in the case of a determination of TIBOR, the principal Tokyo office of ten major banks in the Tokyo inter-bank market, in the case of a determination of CDOR, four major Canadian Schedule I chartered banks, in the case of a determination of JIBAR, the principal Johannesburg office of four major banks in the Johannesburg inter-bank market, in each case selected by the Issuing and Principal Paying Agent;

**“Reference Rate”** means (i) LIBOR, (ii) EURIBOR, (iii) TIBOR, (iv) CDOR or (v) JIBAR, in each case for the relevant period, as specified in the applicable Final Terms;

**“Relevant Financial Centre”** means (i) London, in the case of a determination of LIBOR, (ii) Brussels, in the case of a determination of EURIBOR, (iii) Tokyo, in the case of a determination of TIBOR, (iv) Toronto, in the case of a determination of CDOR and (v) Johannesburg, in the case of a determination of JIBAR; and

**“Relevant Time”** means (i) in the case of LIBOR, 11.00 a.m., (ii) in the case of EURIBOR, 11.00 a.m., (iii) in the case of TIBOR, 11.00 a.m., (iv) in the case of CDOR, 10.00 a.m. and (v) in the case of JIBAR, 11.00 a.m., in each case in the Relevant Financial Centre.

*(iii) Rate of Interest for Inflation Linked Interest Notes*

The Rate of Interest in respect of Inflation Linked Interest Notes for each Interest Period will be as specified in the applicable Final Terms. Amounts of interest payable in respect of Inflation Linked Interest Notes determined by reference to the applicable Rate of Interest shall be subject to adjustment in accordance with Condition 5.

*(iv) 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 sub-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 sub-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.

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

The Issuing and Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Inflation Linked Interest Notes, 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. In the case of Inflation Linked Interest Notes, the Calculation Agent will notify the Issuing and Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Issuing and Principal Paying Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes or Inflation Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Inflation Linked Interest 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 or Inflation Linked Interest 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 or an Inflation Linked Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if “**Actual/Actual-ISDA**” or “**Actual/Actual**” 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 (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;
- (iii) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (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:

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

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Interest Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> 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:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>2</sub> 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:

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

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” 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 D<sub>1</sub> will be 30; and

“D<sub>2</sub>” 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 D<sub>2</sub> will be 30.

(vi) *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 Issuing and Principal Paying 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 Issuing and Principal Paying 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.

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

The Issuing and Principal Paying 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 and any stock exchange on which the relevant Floating Rate Notes or Inflation Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 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 be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Inflation Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. 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 business in London.

*(viii) Determination or Calculation by Trustee*

If for any reason at any relevant time the Issuing and Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Issuing and Principal Paying Agent defaults 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 sub-paragraph (v) above, the Trustee or an agent appointed by 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 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 Issuing and Principal Paying Agent or the Calculation Agent, as applicable.

*(ix) 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, whether by the Issuing and Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Issuing and Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Issuing and Principal Paying Agent or, if applicable, 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 payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

**5. Inflation Linked Notes**

This Condition 5 is applicable only if the applicable Final Terms specifies the Notes as Inflation Linked Interest Notes and/or Inflation Linked Redemption Notes (“**Inflation Linked Notes**”).

**(a) U.K. Retail Price Index**

Where RPI (as defined below) is specified as the Index in the applicable Final Terms, Conditions 5(a) to 5(f) will apply. For purposes of Conditions 5(a) to 5(f), unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Base Index Figure**” means (subject to Condition 5(c)(i)) the base index figure as specified in the applicable Final Terms;

“**Calculation Agent**” means the person appointed by the Issuer as calculation agent in relation to a Series of Inflation Linked Notes and specified in the applicable Final Terms, and shall include any successor calculation agent appointed in respect of such Notes;

“**Her Majesty’s Treasury**” means Her Majesty’s Treasury or any officially recognised party performing the function of a calculation agent (whatever such party’s title), on its or its successor’s behalf, in respect of the Reference Gilt;

**“Index”** or **“Index Figure”** means, subject as provided in Condition 5(c)(i), the U.K. Retail Price Index (RPI) (for all items) published by the Office for National Statistics (January 1987 = 100) or any comparable index which may replace the U.K. Retail Price Index for the purpose of calculating the amount payable on repayment of the Reference Gilt (the **“RPI”**). Any reference to the Index Figure:

- (i) applicable to a particular month, shall, subject as provided in Conditions 5(c) and 5(e), be construed as a reference to the Index Figure published in the seventh month prior to that particular month and relating to the month before that of publication; or
- (ii) applicable to the first calendar day of any month shall, subject as provided in Conditions 5(c) and 5(e), be construed as a reference to the Index Figure published in the second month prior to that particular month and relating to the month before that of publication; or
- (iii) applicable to any other day in any month shall, subject as provided in Conditions 5(c) and 5(e), be calculated by linear interpolation between (x) the Index Figure applicable to the first calendar day of the month in which the day falls, calculated as specified in sub-paragraph (ii) above and (y) the Index Figure applicable to the first calendar day of the month following, calculated as specified in sub-paragraph (ii) above and rounded to the nearest fifth decimal place;

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

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

**“Limited Indexation Date”** means any date falling during the period specified in the applicable Final Terms for which a Limited Indexation Factor is to be calculated;

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

**“Limited Indexation Month”** means any month specified in the applicable Final Terms for which a Limited Indexation Factor is to be calculated;

**“Limited Index Linked Notes”** means Inflation Linked Notes to which a Maximum Indexation Factor and/or a Minimum Indexation Factor (as specified in the applicable Final Terms) applies; and

**“Reference Gilt”** means the index-linked Treasury Stock or Treasury Gilt specified as such in the applicable Final Terms for so long as such gilt is in issue, and thereafter such issue of index-linked Treasury Stock or Treasury Gilt determined to be appropriate by a gilt-edged market maker or other adviser selected by the Issuer (an **“Indexation Adviser”**).

**(b) Application of the Index Ratio**

Each payment of interest (in the case of Inflation Linked Interest Notes) and principal (in the case of Inflation Linked Redemption Notes) in respect of the Notes shall be the amount provided in, or determined in accordance with, these Terms and Conditions, multiplied by the Index Ratio or Limited Index Ratio in the case of Limited Index Linked Notes applicable to the month or date, as the case may be, on which such payment falls to be made and rounded in accordance with Condition 4(b)(v).

**(c) Changes in Circumstances Affecting the Index**

- (i) Change in base: If at any time and from time to time the Index is changed by the substitution of a new base therefor, then with effect from the month from and including that in which such substitution takes effect or the first date from and including that on which such substitution takes effect, as the case may be, (1) the definition of **“Index”** and **“Index Figure”** in Condition 5(a) shall be deemed to refer to the new date or month in substitution for January 1987 (or, as the case may be, to such other date or month as may have been substituted therefor), and (2) the new Base Index Figure shall be the product of the existing Base Index Figure and the Index Figure for the date on which such substitution takes effect, divided by the Index Figure for the date immediately preceding the date on which such substitution takes effect.



- (ii) Delay in publication of Index if sub-paragraph (i) of the definition of Index Figure is applicable: If the Index Figure which is normally published in the seventh month and which relates to the eighth month (the “**relevant month**”) before the month in which a payment is due to be made is not published on or before the fourteenth business day before the date on which such payment is due (the “**date for payment**”), the Index Figure applicable to the month in which the date for payment falls shall be (1) such substitute index figure (if any) as the Trustee considers (acting solely on the advice of the Indexation Adviser) to have been published by the United Kingdom Debt Management Office or the Bank of England, as the case may be, for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Trustee (acting solely on the advice of the Indexation Adviser)) or (2) if no such determination is made by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 5(c)(i)) before the date for payment.
- (iii) Delay in publication of Index if sub-paragraph (ii) and/or (iii) of the definition of Index Figure is applicable: If the Index Figure relating to any month (the “**calculation month**”) which is required to be taken into account for the purposes of the determination of the Index Figure for any date is not published on or before the fourteenth business day before the date on which such payment is due (the “**date for payment**”), the Index Figure applicable for the relevant calculation month shall be (1) such substitute index figure (if any) as the Trustee considers (acting solely on the advice of the Indexation Adviser) to have been published by the United Kingdom Debt Management Office or the Bank of England, as the case may be, for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser (and approved by the Trustee (acting solely on the advice of the Indexation Adviser)) or (2) if no such determination is made by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 5(c)(i)) before the date for payment.

**(d) Application of Changes**

Where the provisions of Condition 5(c)(ii) or Condition 5(c)(iii) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls or the date for payment, as the case may be, shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 5(c)(ii)(2) or Condition 5(c)(iii)(2), the Index Figure relating to the relevant month or relevant calculation month, as the case may be, is subsequently published while a Note is still outstanding, then:

- (i) in relation to a payment of interest (in the case of Inflation Linked Interest Notes) and/or principal (in the case of Inflation Linked Redemption Notes) in respect of such Note other than upon final redemption of such Note, the interest and/or principal (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced, as the case may be, by an amount equal to the shortfall or excess, as the case may be, of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 5(c)(ii)(2) or Condition 5(c)(iii)(2) below or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the fourteenth business day before the date for payment; and
- (ii) in relation to a payment of interest (in the case of Inflation Linked Interest Notes) and/or principal (in the case of Inflation Linked Redemption Notes) upon final redemption, no subsequent adjustment to amounts paid will be made.

**(e) Material Changes or Cessation of the Index**

- (i) Material changes to the Index: If notice is published by Her Majesty’s Treasury, or on its behalf, following a change to the coverage or the basic calculation of the Index, then the Calculation Agent shall make any such adjustments to the Index consistent with any adjustments made to the Index as applied to the Reference Gilt.
- (ii) Cessation of the Index: If the Trustee and the Issuer have been notified by the Calculation Agent that the Index has ceased to be published, or if Her Majesty’s Treasury, or a person acting on its behalf, announces that it will no longer continue to publish the Index, then the Calculation Agent shall determine a successor index in lieu of any previously applicable index (the “**Successor Index**”) by using the following methodology:
  - (a) if at any time a successor index has been designated by Her Majesty’s Treasury in respect of the Reference Gilt, such successor index shall be designated the “**Successor Index**” for the purposes of all subsequent Interest Payment Dates, notwithstanding that any other Successor Index may previously have been determined under paragraphs (b) or (c) below; or
  - (b) if a Successor Index has not been determined under paragraph (a) above, the Issuer and the Trustee (acting solely on the advice of the Indexation Adviser) together shall seek to agree for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Noteholders in no better and no worse position than they would have been had the Index not ceased to be published; or

- (c) if the Issuer and the Trustee (acting solely on the advice of the Indexation Adviser) fail to reach agreement as mentioned above within 20 business days following the giving of notice as mentioned in paragraph (ii), a bank or other person in London shall be appointed by the Issuer and the Trustee or, failing agreement on and the making of such appointment within 20 business days following the expiry of the 20 business day period referred to above, by the Trustee (acting solely on the advice of the Indexation Adviser) (in each case, such bank or other person so appointed being referred to as the “**Expert**”), to determine for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Noteholders in no better and no worse position than they would have been had the Index not ceased to be published. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert and of any Indexation Adviser and of any of the Issuer and the Trustee in connection with such appointment shall be borne by the Issuer.
- (iii) Adjustment or replacement: The Index shall be adjusted or replaced by a substitute index pursuant to the foregoing paragraphs, as the case may be, and references in these Terms and Conditions to the Index and to any Index Figure shall be deemed amended in such manner as the Trustee (acting solely on the advice of the Indexation Adviser) and the Issuer agree are appropriate to give effect to such adjustment or replacement. Such amendments shall be effective from the date of such notification and binding upon the Issuer, the Trustee and the Noteholders, and the Issuer shall give notice to the Noteholders in accordance with Condition 14 of such amendments as promptly as practicable following such notification or adjustment.

**(f) Redemption for Index Reasons**

If either (i) the Index Figure for three consecutive months is required to be determined on the basis of an Index Figure previously published as provided in Condition 5(c)(ii)(2) and the Trustee has been notified by the Calculation Agent that publication of the Index has ceased or (ii) notice is published by Her Majesty’s Treasury, or on its behalf, following a change in relation to the Index, offering a right of redemption to the holders of the Reference Gilt, and (in either case) no amendment or substitution of the Index shall have been designated by Her Majesty’s Treasury in respect of the Reference Gilt and such circumstances are continuing, the Issuer may, upon giving not more than 60 nor less than 30 days’ notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms) in accordance with Condition 14, redeem all, but not some only, of the Notes at their Early Redemption Amount referred to in Condition 6(f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption (in each case adjusted in accordance with Condition 5(b)).

**(g) HICP**

Where HICP (as defined below) is specified as the Index in the applicable Final Terms, the Conditions 5(g) to 5(j) will apply. For purposes of Conditions 5(g) to 5(j), unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Base Index Level**” means the base index level as specified in the applicable Final Terms;

“**Calculation Agent**” means the person appointed by the Issuer as calculation agent in relation to a Series of Inflation Linked Notes and specified in the applicable Final Terms, and shall include any successor calculation agent appointed in respect of such Notes;

“**Index**” or “**Index Level**” means (subject as provided in Condition 5(i)) the non-revised Harmonised Index of Consumer Prices excluding tobacco or relevant Successor Index (as defined in Condition 5(i)(ii)), measuring the rate of inflation in the European Monetary Union excluding tobacco, expressed as an index and published by Eurostat (the “**HICP**”). The first publication or announcement of a level of such index for a calculation month (as defined in Condition 5(i)(i)(A)) shall be final and conclusive and later revisions to the level for such calculation month will not be used in any calculations. Any reference to the Index Level which is specified in these Conditions as applicable to any day (“d”) in any month (“m”) shall, subject as provided in Condition 5(i), be calculated as follows:

$$I_d = HICP_{m-3} + \frac{nb_d}{q_m} \times (HICP_{m-2} - HICP_{m-3})$$

where:

“**I<sub>d</sub>**” is the Index Level for the day d

“**HICP**” m-2 is the level of HICP for month m-2

“**HICP**” m-3 is the level of HICP for month m-3

“**nb<sub>d</sub>**” is the actual number of days from and excluding the first day of month m to but including day d;

and

“**q<sub>m</sub>**” is the actual number of days in month m,

provided that if Condition 5(i) applies, the Index Level shall be the Substitute Index Level determined in accordance with such Condition.

“**Index Business Day**” means a day on which the TARGET System is operating;

“**Index Determination Date**” means in respect of any date for which the Index Level is required to be determined, the fifth Index Business Day prior to such date;

“**Index Ratio**” applicable to any date means the Index Level applicable to the relevant Index Determination Date divided by the Base Index Level and rounded to the nearest fifth decimal place, 0.000005 being rounded upwards;

“**Related Instrument**” means an inflation-linked bond selected by the Calculation Agent that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union with a maturity date which falls on (a) the same day as the Maturity Date or (b) the next longest maturity date after the Maturity Date or the next shortest maturity for the Maturity Date at its sole discretion, if there is no such bond maturing on the Maturity Date. The Calculation Agent will select the Related Instrument from such of those inflation-linked bonds issued on or before the relevant Issue Date and, if there is more than one such inflation-linked bond maturing on the same date, the Related Instrument shall be selected by the Calculation Agent from such bonds at its sole discretion. If the Related Instrument is redeemed the Calculation Agent will select a new Related Instrument on the same basis, but selected from all eligible bonds in issue at the time the originally selected Related Instrument is redeemed (including any bond for which the redeemed originally selected Related Instrument is exchanged).

**(h) Application of the Index Ratio**

Each payment of interest (in the case of Inflation Linked Interest Notes) and principal (in the case of Inflation Linked Redemption Notes) in respect of the Notes shall be the amount provided in, or determined in accordance with, these Terms and Conditions, multiplied by the Index Ratio applicable to the date on which such payment falls to be made and rounded in accordance with Condition 4(b)(v)

**(i) Changes in Circumstances Affecting the Index**

(i) Delay in publication of Index

(A) If the Index Level relating to any month (the “**calculation month**”) which is required to be taken into account for the purposes of the determination of the Index Level for any date (the “**Relevant Level**”) has not been published or announced by the day that is five Business Days before the date on which such payment is due (the “**Affected Payment Date**”), the Calculation Agent shall determine a Substitute Index Level (as defined below) (in place of such Relevant Level) by using the following methodology:

- (1) if applicable, the Calculation Agent will take the same action to determine the “**Substitute Index Level**” for the Affected Payment Date as that taken by the calculation agent (or any other party performing the function of a calculation agent (whatever such party’s title)) pursuant to the terms and conditions of the Related Instrument;
- (2) if (1) above does not result in a Substitute Index Level for the Affected Payment Date for any reason, then the Calculation Agent shall determine the Substitute Index Level as follows:

$$\text{Substitute Index Level} = \text{Base Level} \times (\text{Latest Level} / \text{Reference Level})$$

Where:

“**Base Level**” means the level of the Index (excluding any flash estimates) published or announced by Eurostat (or any successor entity which publishes such index) in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined;

“**Latest Level**” means the latest level of the Index (excluding any flash estimates) published or announced by Eurostat (or any successor entity which publishes such index) prior to the month in respect of which the Substitute Index Level is being calculated; and

“**Reference Level**” means the level of the Index (excluding any flash estimates) published or announced by Eurostat (or any successor entity which publishes such index) in respect of the month that is 12 calendar months prior to the month referred to in “*Latest Level*” above.

- (B) If a Relevant Level is published or announced at any time after the day that is five Business Days prior to the next Interest Payment Date, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this Condition 5(i)(i) will be the definitive level for that calculation month.
- (ii) Cessation of publication: If the Index Level has not been published or announced for two consecutive months or Eurostat announces that it will no longer continue to publish or announce the Index then the Calculation Agent shall determine a successor index in lieu of any previously applicable Index (the **“Successor Index”**) by using the following methodology:
- (A) if at any time (other than after an Early Termination Event (as defined below) has been designated by the Calculation Agent pursuant to paragraph (E) below) a successor index has been designated by the calculation agent (or any other party performing the function of a calculation agent (whatever such party’s title)) pursuant to the terms and conditions of the Related Instrument, such successor index shall be designated the **“Successor Index”** for the purposes of all subsequent Interest Payment Dates, notwithstanding that any other Successor Index may previously have been determined under paragraphs (B), (C) or (D) below; or
- (B) if a Successor Index has not been determined under paragraph (A) above (and there has been no designation of an Early Termination Event pursuant to paragraph (E) below), and a notice has been given or an announcement has been made by Eurostat (or any successor entity which publishes such index) specifying that the Index will be superseded by a replacement index specified by Eurostat (or any such successor), and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the Index from the date that such replacement index comes into effect; or
- (C) if a Successor Index has not been determined under paragraphs (A) or (B) above (and there has been no designation of an Early Termination Event pursuant to paragraph (E) below), the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Index should be. If four or five responses are received, and of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the **“Successor Index”**. If three responses are received, and two or more leading independent dealers state the same index, this index will be deemed the **“Successor Index”**. If fewer than three responses are received, the Calculation Agent will proceed to paragraph (D) below;
- (D) if no Successor Index has been determined under paragraphs (A), (B) or (C) above on or before the fifth Index Business Day prior to the next Affected Payment Date the Calculation Agent will determine an appropriate alternative index for such Affected Payment Date, and such index will be deemed the **“Successor Index”**;
- (E) if the Calculation Agent determines that there is no appropriate alternative index, the Issuer shall, in conjunction with the Calculation Agent, determine in good faith an appropriate alternative index. If the Issuer, in conjunction with the Calculation Agent, does not decide on an appropriate alternative index within a period of ten Business Days, then an **“Early Termination Event”** will be deemed to have occurred and the Issuer will redeem the Notes pursuant to Condition 5(j).
- (iii) Rebased of the Index: If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the **“Rebased Index”**) will be used for the purposes of determining each relevant Index Level from the date of such rebasing; provided, however, that the Calculation Agent shall make such adjustments as are made by the calculation agent (or any other party performing the function of a calculation agent (whatever such party’s title)) pursuant to the terms and conditions of the Related Instrument to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. Any such rebasing shall not affect any prior payments made.
- (iv) Material Modification Prior to Interest Payment Date: If, on or prior to the day that is five Business Days before an Interest Payment Date, Eurostat announces that it will make a material change to the Index then the Calculation Agent shall make any such adjustments to the Index consistent with adjustments made to the Related Instrument.
- (v) Manifest Error in Publication: If, within thirty days of publication, the Calculation Agent determines that Eurostat (or any successor entity which publishes such index) has corrected the level of the Index to remedy a manifest error in its original publication, the Calculation Agent will notify the parties of (A) that correction, (B) the amount that is payable, in respect of interest payments falling after such correction, as a result of that correction and (C) take such other action as it may deem necessary to give effect to such correction.

**(j) Redemption for Index Reasons**

If an Early Termination Event as described under Condition 5(i)(ii)(E) is deemed to have occurred, the Issuer will, upon giving not more than 60 nor less than 30 days' notice to the Noteholders (or such other notice period as may be specified in the applicable Final Terms) in accordance with Condition 14, redeem all, but not some only, of the Notes at their Early Redemption Amount referred to in Condition 6(f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption (in each case adjusted in accordance with Condition 5(h)).

**6. Payments**

**(a) Method of payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro or Renminbi will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) 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 or Wellington, respectively);
- (ii) payments in euro will be made by credit or transfer to a euro account (or to 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; and
- (iii) payments in Renminbi will be made by transfer to a Renminbi account maintained by or on behalf of the payee with a bank in Hong Kong.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

**(b) Presentation of Bearer Notes and Coupons**

Payments of principal in respect of Bearer Notes will 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 Bearer Notes, and payments of interest in respect of Bearer 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 bearer form (other than Fixed Rate Notes which specify Interest Payment Date Adjustment as being applicable in the applicable Final Terms or Inflation Linked Notes) 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 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) 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 bearer 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, Fixed Rate Note which specifies Interest Payment Date Adjustment as being applicable in the applicable Final Terms or Inflation Linked Interest Note in bearer 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.

If the due date for redemption of any definitive Bearer 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 Bearer Note.

**(c) Payments in respect of Registered Notes**

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in the subparagraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register on the Record Date. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (iii) Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a nominee for, The Depository Trust Company ("**DTC**") and denominated in a Specified Currency other than U.S. dollars will be made or procured to be made by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee in accordance with the following provisions. The amounts in such Specified Currency payable by the Registrar or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Issuer by the Registrar who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC Business Day after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC Business Days prior to the relevant payment date, to receive that payment in such Specified Currency. The Registrar, after the Exchange Agent has converted amounts in such Specified Currency into U.S. dollars, will deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made. For the purposes of this Condition 6(c), "**DTC Business Day**" means any day on which DTC is open for business.

**(d) General provisions applicable to payments**

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

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer 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; and
- (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 9) 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) any Additional Financial Centre specified in the applicable Final Terms; and

- (ii) 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 or Wellington, 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 (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets in Hong Kong are generally open for business and settlement for Renminbi 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 under any undertakings 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 7(e)); and
- (vi) any premium 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 8 or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

**(g) Renminbi Currency Event**

If Renminbi Currency Event is specified as applying in the applicable Final Terms and a Renminbi Currency Event (as defined below) occurs, the Issuer, on giving not less than five nor more than thirty days' irrevocable notice in accordance with Condition 14 to the Noteholders and the Trustee prior to any due date for payment, shall be entitled to satisfy its obligations in respect of such payment (in whole or in part) by making such payment in U.S. dollars on the basis of the Spot Rate for the relevant Determination Date as promptly notified to the Issuer, the Trustee and the Paying Agents by the Calculation Agent.

In such event, any payment of U.S. dollars will be made by transfer to a U.S. dollar denominated account maintained by the payee with, or by a U.S. dollar denominated cheque drawn on, a bank in New York City and the definition of "**Payment Day**" in Condition 6(e) shall mean any 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; and (B) London and New York City.

For the purpose of this Condition:

**"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;

**"Determination Date"** means the day which is three Determination Business Days before the due date of the relevant payment under the Notes;

**"Government 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;

**"Local Time"** means the time of day in the jurisdiction in which the Calculation Agent, appointed in connection with the Notes, is located;

**"Renminbi Currency Event"** means any one of Renminbi Illiquidity, Renminbi Non-Transferability and Renminbi Inconvertibility;

**"Renminbi Dealer"** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong reasonably selected by the Issuer;

**“Renminbi Illiquidity”** means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal (in whole or in part) in respect of the Notes, as determined by the Issuer acting in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers;

**“Renminbi 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 Renminbi in the general Renminbi 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 Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**“Renminbi Non-Transferability”** means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the Renminbi 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 Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation); and

**“Spot Rate”** means the spot CNY/U.S. dollar 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 three Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Local Time) on the 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 in good faith and in a commercially reasonable manner determine the Spot Rate at or around 11:00 a.m. (Local Time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by the State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Spot Rate, the Trustee shall determine (or, at the expense of the Issuer, appoint an expert to determine) the Spot Rate in such manner as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition), it shall deem fair and reasonable in all the circumstances and each such determination shall be deemed to have been made by the Calculation Agent.

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(h), whether by the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Issuing and Principal Paying Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to 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 provision.

## **7. 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.

### **(b) Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Inflation Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Inflation Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Issuing and Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due in respect of the Notes, the Issuer would be required to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in Condition 8) (or any political subdivision or taxing authority thereof or therein), 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 requirement 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 required 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 a certificate signed by two Directors of the Issuer stating that the requirement referred to in sub-paragraph (i) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders. Upon the expiry of any such notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Notes in accordance with the provisions of this paragraph.

Notes redeemed pursuant to this Condition 7(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)**

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (i) notice within the Issuer Call Period to the Noteholders in accordance with Condition 14; and
- (ii) not less than 10 days before the giving of the notice referred to in sub-paragraph (i) above, notice to the Issuing and Principal Paying Agent and the Trustee.

(which notices 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 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 equal to the Minimum Redemption Amount or a Higher Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). 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 14 not less than 15 days prior to the date fixed for redemption.

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

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 notice within the Investor Put Period the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, 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 this option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, accompanied by a duly completed and signed notice of exercise (a "Put Notice" in the form (for the time being current) obtainable from any specified office of any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period 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.

**(e) Early Redemption Amounts**

For the purpose of paragraph (b) above and Condition 10, each Note will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of a Note (other than a Zero Coupon Note), at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (ii) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

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 the Trust Deed) of the Issuer may at any time purchase Notes (provided that, in the case of Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise.

**(g) Cancellation**

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer will forthwith be cancelled (together with all Certificates or unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption) and accordingly may not be reissued or resold. Any Notes which are purchased by or on behalf of any of the Issuer’s Subsidiaries may, at the option of the purchaser, be held or resold or surrendered to a Paying Agent for cancellation.

**(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 10 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(ii) 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 Notes has been received by the Issuing and Principal Paying Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

**8. Taxation**

All payments in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for any present or future taxes, assessments or other governmental charges (“**Taxes**”) of the Issuer’s jurisdiction of incorporation (the “**Relevant Jurisdiction**”) (or any political subdivision or taxing authority thereof or therein), unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amount paid to each holder of any Note or Coupon who, with respect to any such Tax is not resident in the Relevant Jurisdiction, after such withholding or deduction shall be not less than the respective amount to which such holder would have been entitled in respect of such Note or Coupon, as the case may be, in the absence of the withholding or deduction; provided however that the Issuer shall not be required to pay any additional amounts (i) for or on account of any such Tax imposed by the United States (or any political subdivision or taxing authority thereof or therein) or (ii) for or on account of:

- (a) any Tax which would not have been imposed but for (i) the existence of any present or former connection between a holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder, if such holder is an estate, trust, partnership or corporation) and the Relevant Jurisdiction or any political subdivision or territory or possession thereof or area subject to its jurisdiction, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident thereof or being or having been present or engaged in trade or business therein or having or having had a permanent establishment therein or (ii) the presentation of such Note or Coupon (x) for payment on a date more than 30 days after the Relevant Date (as defined below) or (y) in the Relevant Jurisdiction;
- (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;

- (c) any Tax which is payable otherwise than by withholding or deduction from payments of (or in respect of) principal of, or any interest on, such Note or Coupon;
- (d) any Tax that is imposed or withheld by reason of the failure by the holder or any beneficial owner of such Note or Coupon to comply with a request of the Issuer given to the holder in accordance with Condition 14 (i) to provide information concerning the nationality, residence or identity of the holder or any beneficial owner or (ii) to make any declaration or other similar claim or satisfy any information or reporting requirements, which, in the case of (i) or (ii), is required or imposed by a statute, treaty, regulation or administrative practice of the Relevant Jurisdiction as a precondition to exemption from all or part of such Tax;
- (e) any Tax imposed on a payment to an individual which is required to be made pursuant to European Council Directive 2003/48/EC (as amended from time to time) or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (f) any Tax payable with respect to a Note or Coupon presented for payment by or on behalf of a holder who would have been 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; or
- (g) any combination of items (a), (b), (c), (d), (e) and (f) above,

nor shall the Issuer be required to pay any additional amounts with respect to any payment of the principal of, or any interest on, any Note or Coupon to any holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the Relevant Jurisdiction (or any political subdivision or taxing authority thereof or therein) to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner which would not have been entitled to such additional amounts had it been the holder of such Note or Coupon.

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

As used herein:

“**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 Issuing and Principal Paying 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 14; and

“**United States**” means the United States of America (including the States and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

## 9. Prescription

The Notes and Coupons will become void unless a claim for payment is made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor (subject to the provisions of Condition 6(b)).

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 6(b) or any Talon which would be void pursuant to Condition 6(b).

## 10. Events of Default and Enforcement

### (A) 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 and/or secured and/or prefunded 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 7(e) together (if applicable) with accrued interest as provided in the Trust Deed, in any of the following events ("**Events of Default**"):

- (a) if default is made in the payment of any principal or any interest due in respect of the Notes or any of them and the default continues for a period of 14 days in the case of a payment of principal or 21 days in the case of a payment of interest; or
- (b) 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 30 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
- (c) if any Indebtedness for Borrowed Money of the Issuer becomes due and repayable prematurely by reason of an event of default (however described) or the Issuer fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment (as extended by any originally applicable grace period) or any security given by the Issuer for any Indebtedness for Borrowed Money becomes enforceable by reason of default in relation thereto and steps are taken to enforce such security or if default is made by the Issuer in making any payment due under any guarantee and/or indemnity (at the expiry of any originally applicable grace period) given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that no event shall constitute an Event of Default unless the Indebtedness for Borrowed Money or other relative liability either alone or when aggregated with other Indebtedness for Borrowed Money and/or other liabilities relative to all (if any) other events which shall have occurred equals or exceeds (i) £50,000,000 (or its equivalent in any other currency) in relation to any such event falling on or before 1 August 2014 and (ii) £150,000,000 (or its equivalent in any other currency) in relation to any such event falling after 1 August 2014; or
- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, save for the purposes of a reorganisation on terms approved in writing by the Trustee; or
- (e) if the Issuer stops payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts (within the meaning of section 123(1)(e) or (2) of the Insolvency Act 1986), or is adjudicated or found bankrupt or insolvent or shall enter into any composition or other similar arrangements with its creditors under section 1 of the Insolvency Act 1986; or
- (f) if (i) an administrative or other receiver, manager, administrator or other similar official is appointed in relation to the Issuer or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of it, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of it, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of it and (ii) in any case (other than the appointment of an administrator) is not discharged, removed or paid within 45 days;

PROVIDED, in the case of any Event of Default other than those described in paragraphs (a) and (d) above, the Trustee shall have certified in writing to the Issuer that the Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders.

For the purposes of this Condition, "**Indebtedness for Borrowed Money**" means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any bonds, notes, debentures, debenture stock or loan stock.

### (B) Enforcement

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 relevant Noteholders or so requested in writing by the holders of at least one-quarter in nominal amount of the relevant Notes then outstanding, and (ii) it shall have been indemnified to its satisfaction.

Save as otherwise provided herein, 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.

## **11. Replacement of Notes, Certificates, Coupons and Talons**

Should any Note, Certificate, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issuing and Principal Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) 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, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

## **12. Agents**

The names of the initial Issuing and Principal Paying Agent, the other Paying Agents, the Registrar and the Transfer Agents and their initial specified offices are set out below.

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

- (i) there will at all times be an Issuing and Principal Paying Agent;
- (ii) there will at all times be a Registrar and a Transfer Agent in relation to Registered Notes;
- (iii) so long as the Notes are listed on any stock exchange, 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;
- (iv) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee outside the Relevant Jurisdiction; and
- (v) save where it may from time to time be otherwise agreed with the Trustee that it is unduly onerous or not current market practice at the relevant time to do so and save to the extent that the following requirement is not met by virtue of sub-paragraph (iii) above and there will at all times be a Paying Agent with a specified office in a European Union member state that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC (as amended from time to time) 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 6(d).

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 60 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Issuing and Principal Paying Agent, the Paying Agents, the Registrar and the Transfer Agents act solely as agents of the Issuer and, in certain limited circumstances, of 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 or Registrar or Transfer 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, registrar or transfer agent, as the case may be.

## **13. 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 Issuing and Principal Paying 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 9.

## **14. Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing

Notices to the holders of Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in the United Kingdom. It is expected that such publication will be made in 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. Any such notice will be deemed to have been given on the date of the first publication.

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 Issuing and Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

## **15. Meeting of Noteholders, Modification, Authorisation, Waiver, Determination and Substitution**

### **(a) Meetings**

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 any of the provisions of these Terms and Conditions, the Notes, the Coupons or the Trust Deed. Such a meeting may be convened by the Issuer or by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in 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. 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 and Couponholders.

### **(b) Modification, Authorisation, Waiver, Determination, Substitution etc.**

The Trustee may agree, without the consent of the Noteholders or the Couponholders, to any modification of, or 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 or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error.

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 subdivision 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 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

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 principal debtor in respect of the Notes and the Coupons and under the Trust Deed of either (i) a Successor in Business (as defined in the Trust Deed) to the Issuer or (ii) a Holding Company of the Issuer or (iii) a Subsidiary of the Issuer, in each case subject to the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced thereby provided that in determining such material prejudice the Trustee shall not take into account any prejudice to the interests of the Noteholders as a result of such substituted company not being required pursuant to proviso (i) to Condition 8 to pay any additional amounts for or on account of any Taxes imposed by the United States of America or any political subdivision or taxing authority thereof or therein and certain other conditions set out in the Trust Deed being complied with.

The Trust Deed contains provisions permitting the Issuer to consolidate with or merge into any other person or convey, transfer or lease its properties and assets substantially as an entirety to any person provided that (i) in the case of a consolidation or merger (except where the Issuer is the continuing entity) such person agrees to be bound by the terms of the Notes, the Coupons and the Trust Deed as principal debtor in place of the Issuer; (ii) in the case of a conveyance, transfer or lease, such person guarantees the obligations of the Issuer under the Notes, the Coupons and the Trust Deed and (iii) certain other conditions set out in the Trust Deed are complied with.

Any such modification, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification or substitution shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

For the purposes of this Condition "**Holding Company**" means, in relation to a person, an entity of which that person is a Subsidiary.

## **16. 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 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.

## **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 any of its 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 its 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. Third Party Rights**

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.

## **19. Governing Law**

The Trust Deed, the Notes and the Coupons, and any non-contractual obligations arising out of or in connection with any of them, are governed by and shall be construed in accordance with, English law. The Agency Agreement is 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 purposes of the Issuer and such specific purposes as may be determined from time to time. If in respect of an issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.



# Description of the Issuer

## Background

Vodafone Group Plc (“**Vodafone**”) was incorporated as a private limited company on 17 July 1984 under the laws of England and Wales with registration number 1833679 and re-registered as a public limited company on 14 September 1988. The registered office of Vodafone is at Vodafone House, The Connection, Newbury, Berkshire RG14 2FN and its telephone number is +44 (0) 1635 33251. Vodafone and its subsidiary undertakings, joint ventures, associated undertakings and investments are collectively referred to as the “**Group**”.

The Issuer is, directly or indirectly, the ultimate holding company of all the companies in the Group and its assets are substantially comprised of shares in such companies. It does not conduct any other business and is accordingly dependent on the other members of the Group and revenues received from them.

Vodafone had a market capitalisation of approximately £53.5 billion as at 25 July 2014.

## Principal Activities

Vodafone is one of the world’s leading international mobile communications groups by revenue, providing a wide range of services, including voice, messaging, data and fixed broadband. The Group has a significant global presence, with mobile operations in 26 countries and 52 partner networks worldwide. As at the date of this Prospectus, Vodafone provides fixed broadband services in 17 markets and has 436 million mobile customers and nine million fixed broadband customers around the world.

The Group is organised in two geographic regions: Europe and Africa, Middle East and Asia Pacific (“**AMAP**”), which includes emerging markets. The main markets in Europe are Spain, UK, Germany and Italy and in AMAP are South Africa, Democratic Republic of Congo, Mozambique, Lesotho and India. During the financial year ended 31 March 2014, Europe accounted for £28 billion of the Group’s service revenue and AMAP accounted for £15 billion of the Group’s service revenue.

Vodafone’s business model is based on continued high levels of investment to build a superior telecommunications network and customer experience relative to its competitors, and to sustain high levels of cash generation with which it can reward shareholders and reinvest in the business.

Vodafone aims to take a sustainable approach to the way it does business. The majority of its products and services are designed to offer social and economic benefits for its customers, such as by assisting them to reduce their environmental footprint or by enhancing access to financial services, healthcare and education, particularly in emerging markets.

### *Sale of interest in VZW*

On 2 September 2013, Vodafone announced its agreement with Verizon Communication Inc. (“**Verizon**”) to sell its US group, whose principal asset was its 45% stake in VZW, for U.S.\$ 130 billion, mainly in cash and Verizon shares. Vodafone returned approximately 71% of the net proceeds to shareholders amounting to approximately U.S.\$ 85 billion.

### *Strategy*

Vodafone announced in 2013 its “Vodafone 2015” strategy, expanding four key areas: (i) Consumer 2015 — a new approach to consumer pricing and bundling in Europe, in order to offer greater freedom of usage to customers, whilst stabilising average revenue per user; (ii) Enterprise 2015 — a plan to strengthen the Group’s position in enterprise, enhance the Group’s product offering to medium- and large-sized businesses and create dedicated enterprise operational structure; (iii) Network 2015 — support for high speed data services by extending the Group’s 3G footprint and expanding 4G coverage across five major European markets; and (iv) Operations 2015 — a simplified business model both across and within countries in order to reduce operating expenses. Vodafone believes that it has made very substantial progress on its strategy in the year ended 31 March 2014. With the acquisition of Kabel Deutschland in Germany and the purchase of Ono in Spain, the continued fibre build in Portugal and Spain, and the fibre plans in Italy, allied to last year’s acquisition of Cable & Wireless Worldwide in the UK, Vodafone considers it is becoming a leader in unified communications across Europe.

Vodafone has continued to provide a market-leading network experience in most of its markets, and currently has 4.7 million 4G customers across 14 countries. Smartphone adoption has continued to grow strongly in all markets and the increased availability of mobile applications and low cost devices has driven significant growth in data usage during the year ended 31 March 2014. Vodafone Red plans are currently available in 20 markets, with 12 million customers as at 31 March 2014.

The footprint of Vodafone's money transfer service, M-Pesa, has continued to grow and Vodafone expanded the service in the year ended 31 March 2014 in India, Egypt, Mozambique, Lesotho, and its first European market Romania. In India the service is now nationwide.

Enterprise, the Group's customer segment for businesses, represented 27% of Group service revenue for the year ended 31 March 2014, with the strategic focus areas of this segment — Vodafone Global Enterprise business, which serves Vodafone's biggest multinational accounts and the machine-to-machine unit providing increased significance. Vodafone has also continued to develop the provision of converged services for small-and-medium-sized companies through Vodafone One Net during the year ended 31 March 2014.

Alongside the announcement of the sale of VZW, Vodafone announced a new investment programme entitled Project Spring, in order to improve the quality of its networks, products and services in its major markets, relative to its competitors and to allow Vodafone to accelerate and extend its strategic priorities. Project Spring is additional to Vodafone's existing capital expenditure programme and is intended to materially increase total investment over the next two years.

### Share Capital

As at 25 July 2014, the issued share capital of the Issuer comprised 50,000 7% cumulative fixed rate shares of £1.00 each (the "Fixed Rate Shares") and 26,497,613,313 ordinary shares (excluding treasury shares) of U.S.\$0.20 20/21 each and 33,737,176,433 deferred shares of U.S.\$0.00001 each. All the Fixed Rate Shares and the ordinary shares of the Issuer are fully paid.

Holders of the Fixed Rate Shares are entitled to be paid in respect of each financial year, or other accounting period of the Issuer, a fixed cumulative preferential dividend of 7% per annum on the nominal value of the Fixed Rate Shares. The Fixed Rate Shares do not have any other right to share in the Issuer's profits. Holders of the Fixed Rate Shares are only entitled to vote on any resolution to vary or abrogate the rights attached to the Fixed Rate Shares. Holders have one vote for every fully-paid Fixed Rate Share. In the event of the liquidation of the Issuer, after payment of all liabilities and deductions in accordance with English law, the holders of the Fixed Rate Shares would be entitled to a sum equal to the capital paid up on such shares, together with certain dividend payments, in priority to holders of the Issuer's ordinary shares.

### Major Developments and Principal Investments

In March 2011, the Essar Group exercised its underwritten put option over 22% of Vodafone India Limited ("VIL"), formerly Vodafone Essar Limited, following which Vodafone exercised its call option over the remaining 11% of VIL owned by the Essar Group. The total consideration due under these options is U.S.\$5 billion (approximately £3.1 billion).

On 1 July 2011, the Group acquired an additional 22% stake in VIL from the Essar Group for a cash consideration of U.S.\$4.2 billion (approximately £2.6 billion) including withholding tax. The transfer of shares was completed in two tranches on 1 June 2011 and 1 July 2011.

On 18 August 2011, Piramal Healthcare Limited ("Piramal") purchased 5.5% of VIL from the Essar Group for a cash consideration of INR 28.6 billion (approximately £368 million).

On 8 February 2012, Piramal purchased a further 5.5% of VIL from the Essar Group for a cash consideration of approximately INR 30.1 billion (approximately £399 million), taking Piramal's total shareholding in VIL to approximately 11%.

On 2 April 2012, the Group received the remaining consideration of £1.6 billion from the sale of its interest in SoftBank Mobile Corp.

On 27 July 2012, the Group acquired the entire share capital of CWW for cash consideration of approximately £1,050 million.

On 31 October 2012, Vodafone New Zealand acquired TelstraClear for cash consideration of NZ\$840 million (approximately £440 million).

On 24 June 2013, Vodafone announced the launch of a voluntary public takeover offer for Kabel Deutschland AG ("KDH"). Vodafone delivered KDH shareholders a total value of €87 in cash for each KDH share, comprising €84.50 per share in cash pursuant to the offer plus the payment of a €2.50 dividend per share announced by KDH on 20 February 2013. The entire fully diluted ordinary share capital of KDH was valued at €7.7 billion (£6.6 billion). The offer was subject to customary terms and conditions, including unconditional merger control approval from the European Commission, which was obtained on 20 September 2013, and a minimum acceptance threshold of 75%, set out in the offer document made available in relation to the offer and approved by the Federal Financial Supervisory Authority ("BaFin"). The offer was settled and completed as of 14 October 2013.

On 2 September 2013 Vodafone announced it had reached an agreement with Verizon to dispose of its US group whose principal asset was its 45% interest in VZW for U.S.\$130 billion (approximately £79 billion). The Group ceased recognising its share of results

in VZW on 2 September 2013, and classified its investment as a held for sale asset and the results as a discontinued operation. As part of this transaction the Group increased its ownership of Vodafone Italy from 77% to 100%. Following completion on 21 February 2014, Vodafone shareholders received all of the Verizon shares and U.S.\$23.9 billion (approximately £14.3 billion) of cash (the 'Return of Value') totalling U.S.\$85.2 billion (approximately £51.0 billion).

On 17 March 2014, the Group agreed to acquire Ono, the leading cable operator in Spain with the largest next generation network in Spain, for a total consideration equivalent to €7.2 billion (approximately £6.0 billion) on a debt and cash free basis. The transaction completed on 23 July 2014 and the Group has started the refinancing of the Ono company structure. The acquisition enables the Group to take advantage of the rapid increase in the adoption of unified communications products and services in the Spanish market.

In March 2014, the Group completed the acquisition of indirect equity interests in VIL held by Analjit Singh and Neelu Analjit Singh, taking its stake to 89.03% of VIL. On 11 April 2014, the Group acquired the remaining 10.97% equity interest from Piramal. The combined cash consideration for both transactions was INR 101.4 billion (approximately £1.0 billion).

On 19 May 2014 Vodacom announced that it had reached an agreement with the shareholders of Neotel Proprietary Limited ("**Neotel**"), the second largest provider of fixed telecommunications services for both enterprise and consumers in South Africa, to acquire 100% of the issued share capital in, and shareholder loans against, Neotel for a total cash consideration of ZAR7.0bn (approximately £0.4 billion). The transaction is subject to the fulfilment of a number of conditions precedent and is expected to close before the end of the financial year.

On 16 June 2014, the Group announced its intention to acquire Cobra Automotive Technologies S.p.A, ("**Cobra**") a leading provider of security and telematics solutions to the automotive and insurance industries, through a voluntary tender offer at €1.49 per share in cash, valuing the entire fully diluted ordinary share capital of the company at €145 million (approximately £115 million). Cobra had a reported net debt of €48 million as at 31 March 2014. The Group has entered into an agreement with the shareholders up to 73.96% of the share capital of Cobra on a fully diluted basis, to effect certain matters including agreeing to tender their shares into the offer. The offer launched in 7 July 2014 and has been made subject to the relevant provisions of Italian law. The offer is expected to complete in the third quarter of 2014.

On 1 July 2014, the Group announced the completion of the sale of its entire 49% shareholding in Vodafone Fiji Limited to the Fiji National Provident Fund for a cash consideration of FJ\$160m (approximately £51m).

### **Recent Trends, Uncertainties and Demands**

Save as disclosed under "Risk Factors — Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme" and "General Information — Legal Proceedings", the Issuer is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for the current financial year.

### **Management**

The directors of Vodafone, their functions in the Group and an indication of the principal activities performed by them outside the Group, where these are significant with respect to the Group, are as follows:

#### **Chairman**

Gerard Kleisterlee became Chairman of the Issuer in July 2011 having served as a non-executive director of the Board of Directors (the "**Board**") in April 2011. He retired as President/Chief Executive Officer and Chairman of the Board of Management and the Group Management Committee of Koninklijke Philips Electronics N.V. ("**Philips**") on 31 March 2011 after a career with Philips spanning over 30 years. He has been a member of the Daimler AG Supervisory Board since April 2009 resigning on 9 April 2014, a non-executive director and member of the Audit Committee of Royal Dutch Shell since November 2010, and a member of the Board of Directors of Dell since December 2010, resigning in October 2013.

#### **Executive directors**

**Vittorio Colao**, was appointed Chief Executive of the Issuer after the Annual General Meeting (the "**AGM**") on 29 July 2008. He joined the Board in October 2006 as Chief Executive, Europe and Deputy Chief Executive. Vittorio spent the early part of his career as a partner in the Milan office of McKinsey & Co working on media, telecommunications and industrial goods and was responsible for recruitment. In 1996, he joined Omnitel Pronto Italia, which subsequently became Vodafone Italy, and he was appointed Chief Executive in 1999. He was then appointed Regional Chief Executive Officer, Southern Europe for the Issuer in 2001, became a

member of the Board in 2002 and was appointed to the role of Regional Chief Executive Officer for Southern Europe, Middle East and Africa for Vodafone in 2003. In 2004, he left Vodafone to join RCS MediaGroup, the leading Italian publishing company, where he was Chief Executive until he rejoined Vodafone. He sits on the International Advisory Board of Bocconi University, Italy, is a member of the Advisory Board of McKinsey & Company and a member of the Advisory Council of Oxford Martin School. He is a member of the Steering Committee of the European Round Table of Industrialists.

**Nick Read**, Chief Financial Officer, joined the Board on 1 April 2014, following his appointment as Group Chief Financial Officer-designate by the Board in October 2013, effective as of 1 January 2013. Nick was appointed as Chief Executive Officer of the AMAP region, in October 2010. He became a member of the Executive Committee in November 2008 at the time serving as Chief Executive Officer for the Asia Pacific and Middle East region. Nick joined Vodafone in 2002 and has held a variety of senior roles including Chief Financial Officer and Chief Commercial Officer of Vodafone Limited, the UK operating company, and was appointed Chief Executive Officer of Vodafone Limited in early 2006. Prior to joining Vodafone, Nick held senior global finance positions with United Business Media plc and Federal Express Worldwide.

**Stephen Pusey**, Group Chief Technology Officer, joined Vodafone in September 2006 and was appointed to the Board with effect from 1 June 2009. He is responsible for all aspects of Vodafone's networks, IT capability and research and development. Prior to joining Vodafone, he held the positions of Executive Vice President and President, Nortel EMEA, having joined Nortel in 1982, gaining a wealth of international experience across both the wireline and wireless industries and in business applications and solutions. Prior to Nortel, he spent several years with British Telecom.

#### ***Senior independent director***

**Luc Vandevelde** joined the Board in September 2003 and is Chairman of the Remuneration Committee. He was formerly a director of Société Générale and the Founder and Chairman of Change Capital Partners LLP, a private equity fund. Luc was formerly Chairman of the Supervisory Board of Carrefour SA, Chairman of Marks & Spencer Group plc and Chief Executive Officer of Promodès, and he has held senior European and international roles with Kraft General Foods. He was appointed Chairman of the Board of Majid Al Futtaim Ventures LLC on 1 March 2014. Luc became the Group's Senior Independent Director at the conclusion of Vodafone's AGM on 24 July 2012.

#### ***Non-executive directors***

**Sir Crispin Davis** joined the Board as a Non-Executive Director on 28 July 2014. Sir Crispin was the Chief Executive of Reed Elsevier plc from 1999 to 2009 and was previously Chief Executive of Aegis Group plc and the Group Managing Director of Guinness Group plc (now Diageo plc). Currently an advisor to CVC Capital Partners, Sir Crispin was knighted in 2004 for services to publishing and information. He is an Oxford University Trustee and Member of the University Board. Upon appointment, Sir Crispin will join the Audit and Risk Committee.

**Dame Clara Furse** will become a member of the Board in 1 September 2014 as a Non-Executive director. She has also been appointed as a member of the Audit and Risk Committee. Prior to joining the Board, she was the Chief Executive of the London Stock Exchange Group plc from 2001 to 2009. She was previously Group Chief Executive of Credit Lyonnais Rouse Ltd and the Managing Director, Global Futures and Options at UBS AG, where she led the business to sector-leading levels of profitability. Dame Clara is also a non-executive director on the board of Nomura Holdings Inc and Amadeus Holdings IT SA. Her previous non-executive career includes board appointments at Legal & General Group plc (2009 to 2013), Euroclear plc (2002 to 2009), Fortis (2006 to 2008) and LIFFE Holdings plc (1991 to 1999). Dame Clara was appointed to the Financial Policy Committee of the Bank of England in 2013. A graduate of the London School of Economics, she was appointed a Dame Commander of the Order of the British Empire in 2008.

**Valerie Gooding** has joined the Board as a Non-Executive Director with effect from 1 February 2014. She is also Non-Executive Chairman of Premier Farnell plc — a global leader in high service distribution of technology products and solutions. She is lead non-executive director at the Home Office, a non-executive director of the Lawn Tennis Association and a Trustee of Historic Royal Palaces. Valerie has formerly held a number of senior operational and strategic roles in businesses with a reputation for high levels of customer service. Valerie was CEO of BUPA during a ten year period of strong growth and global expansion and held several senior roles at British Airways, serving latterly as Director for Asia Pacific. She has been a non-executive director of Standard Chartered Bank plc, the BBC, J. Sainsbury plc, Compass Group plc, BAA plc and Cable and Wireless Communications plc. Valerie was also a member of the Council of Warwick University, Chairman of the Advisory Board of the Warwick Business School, and a Board member of both the Confederation of British Industry and Association of British Insurers. Valerie was awarded the CBE for services to business in the 2002 New Year's Honours list.

**Renee James** joined the Board in January 2011. She is Senior vice president and general manager of the software and services group for Intel Corporation ("Intel") with responsibility for delivering software products and support across Intel's entire product line by

building and distributing software and services products and partnering with independent software partners in the industry. Her previous roles within Intel include Vice President for Developer Programs and Chief Operating Officer of Intel Online Services (Intel's Datacentre business). In addition, she is the Chairman of the software subsidiaries of Intel, Havok, WindRiver Systems and McAfee, and also serves as an independent director on the VMware Inc. Board of Directors and is a member of its Audit Committee. She holds Bachelor's and Master's degrees from the University of Oregon. Renee joined the Issuer's Remuneration Committee on 24 July 2012.

**Alan Jebson** joined the Board in December 2006. He retired in May 2006 from his role as Group Chief Operating Officer of HSBC Holdings plc, a position which included responsibility for IT and Global Resourcing. During a long career with HSBC, Alan held various positions in IT, including the position of Group Chief Information Officer. His roles included responsibility for the Group's international systems, including the consolidation of HSBC and Midland systems following the acquisition of Midland Bank in 1993. He originally joined HSBC as Head of IT Audit in 1978 where, building upon his qualification as a chartered accountant, he built an international audit team and implemented controls in the Group's application systems. Alan was a non-executive director of MacDonald Dettwiler and Associates Ltd. in Canada and is currently a non-executive director of Experian plc. Alan also held the position of Senior Manager of Planning and Operations for the Saudi British Bank for 3 years before returning to HSBC in 1987. Alan did not seek re-election at the AGM on 29 July 2014 and stood down from the Board with effect from that date.

**Samuel Jonah** joined the Board as a non-executive director on 1 April 2009. He is Executive Chairman of Jonah Capital (Pty) Limited, an investment holding company in South Africa and serves on the boards of various public and private companies, including Range Resources Limited. He is the Chairman of Imara Energy Corporation and Metropolitan Insurance Company Limited, the non-executive Deputy Chairman of Iron Mineral Beneficiation Services and a member of the Trustee Board to the Investment Climate Facility. He previously worked for Ashanti Goldfields Company Limited, becoming Chief Executive Officer in 1986, and was formerly Executive President of AngloGold Ashanti Limited, a director of Lonmin Plc and a member of the Advisory Council of the President of the African Development Bank. He is an advisor to the Presidents of Nigeria and Togo and previously served as an adviser to the Presidents of South Africa and Ghana. An Honorary Knighthood was conferred on him by Her Majesty the Queen in 2003 and in 2006 he was awarded Ghana's highest national award, the Companion of the Order of the Star. In June 2006, Samuel was the recipient of the Lifetime Award from the Commonwealth Business Council and African Business Magazine.

**Omid Kordestani** joined the Board in March 2013. He was Senior Vice President of sales and business development of Google until 2009, having been appointed to that role in 1999. He started his professional career in 1984 in the technology industry, and, in 1991, he became Director of Business Development of GO Corporation, subsequently joining The 3DO Company as Director of Product Management in 1993. In 1997, he was appointed Vice President of Business Development having spent two years at Netscape Communications as Director of OEM Sales. Omid is currently also a Senior Advisor to the Office of CEO/Founders of Google.

**Nick Land** joined the Board in December 2006 and is Chairman of the Audit Committee. Solely for the purposes of relevant legislation, he is the Board's appointed financial expert on the Audit Committee. In June 2006, he retired as Chairman of Ernst & Young LLP after a distinguished career spanning 36 years with the firm. He became an audit partner in 1978 and held a number of management appointments before becoming Managing Partner in 1992. He was appointed Chairman and joined the Global Executive Board of Ernst & Young Global LLP in 1995. He is an advisor to Silicon Valley Bank (London). He is a non-executive director of Alliance Boots GmbH, BBA Aviation plc and the Ashmore Group plc and was appointed as a non-executive director of the Financial Reporting Council on 1 April 2011. He is an advisor to the board of Dentons UKMEA LLP, a member of the Advisory Board of Alsbridge plc, Chairman of the Board of Trustees of Farnham Castle, and is a member of the Finance and Audit Committees of the National Gallery. He is also Chairman of the Board of Trustees of the Vodafone Foundation.

**Anne Lauvergeon** joined the Board in November 2005. She was Chief Executive Officer of AREVA Group, the leading French energy company until 30 June 2011, having been appointed to that role in July 2001. She started her professional career in 1983 in the steel industry, and, in 1990, she was named Adviser for Economic International Affairs at the French Presidency and Deputy Chief of its Staff in 1991. In 1995, she became a Partner of Lazard Frères & Cie, subsequently joining Alcatel Telecom as Senior Executive Vice President in March 1997. She was responsible for international activities and the Group's industrial shareholdings in the energy and nuclear fields. In 1999, she was appointed Chairman and Chief Executive Officer of AREVA NC. Anne was also a non-executive director of GDF Suez from 2000 to 2012. She serves as a non-executive director of American Express Company and EADS N.V. and Total S.A. She is also Chief Executive Officer of French advisory company A.L.P. SAS and a Partner of investment firm Efficiency Capital. Anne did not seek re-election at the AGM on 29 July 2014 and stood down from the Board with effect from that date.

**Anthony Watson** CBE was appointed to the Board in May 2006. He is currently the Senior Independent Director of Hammerson plc and Witan Investment Trust and Lloyds Banking Group plc. He joined the Board of the Shareholder Executive in October 2009, having been a member of its Advisory Group since April 2008. Prior to joining the Board, he was Chief Executive of Hermes Pensions Management Limited, a position he had held since 2002. Previously he was Hermes' Chief Investment Officer, having been Managing

Director of AMP Asset Management plc and the Chief International Investment Officer of Citicorp Investment Management from 1991 until joining Hermes in 1998. Tony has also previously held the role of Chairman of Marks & Spencer Pension Trust Ltd, and was a member of the Advisory Board of Norges Bank Investment Management. Tony was Chairman of The Strategic Investment Board in Northern Ireland until he retired in March 2009. In January 2009, Tony was awarded a CBE for his services to the economic redevelopment of Northern Ireland and in July 2012 an honorary degree of Doctor of Sciences (Economics) was conferred on him by Queen's University Belfast. Tony is a member of the Issuer's Audit and Risk Committee and Nominations and Governance Committee. Anthony did not seek re-election at the AGM on 29 July 2014 and stood down from the Board with effect from that date.

**Philip Yea** became a member of the Board in September 2005. He has held a number of roles in the private equity industry, most notably at 3i Group plc where he was Chief Executive from 2005 until January 2009, and prior to 3i at Investcorp, where his main focus was on the turnaround and performance of portfolio investments. He is a former Finance Director of Diageo plc, the global drinks group, where as Finance Director of Guinness plc he was closely involved in the creation of Diageo through Guinness's merger with Grand Metropolitan P.L.C. in 1997. Philip holds a number of advisory positions, including to Bridges Ventures. He is also Chairman of the trustees of the British Heart Foundation, is independent director and trustee on the Board of The Francis Crick Institute. He has previously held non-executive roles at HBOS plc, The Rose Partnership, Executive Search and Manchester United plc. He is a non-executive director of Aberdeen Asian Smaller Companies Investment Trust plc and bwin. Philip is a member of the Issuer's Nominations and Governance Committee and Remuneration Committee.

### **Board Committees**

The Board has established an Audit Committee, a Nominations and Governance Committee and a Remuneration Committee, each of which has formal terms of reference approved by the Board. The Board is satisfied that the terms of reference for each of these committees satisfy the requirements of the Combined Code and are reviewed internally on an on-going basis by the Board. The terms of reference for all Board committees can be found on the Issuer's website at [www.vodafone.com/governance](http://www.vodafone.com/governance) or a copy can be obtained by application to the Company Secretary at the Issuer's registered office.

### ***Audit and Risk Committee***

Under its terms of reference, the Audit Committee, whose membership is made up entirely of independent directors, is required, amongst other things, to review the Issuer's results and financial statements, review the activity of the internal and external auditors and monitor compliance with statutory and listing requirements. The members of the Audit Committee are set out below:

Nick Land, Chairman and financial expert  
Sir Crispin Davis

### ***Nominations and Governance Committee***

The Nominations and Governance Committee provides a formal and transparent procedure for the appointment of new directors to the Board and normally engages external consultants to advise on prospective Board appointees. The Nominations and Governance Committee meets periodically when required. The Nominations and Governance Committee reports to the Board on a regular basis and has the power to employ the services of such advisers as it deems necessary to fulfil its responsibilities. The members of the Nominations and Governance Committee are set out below:

Gerard Kleisterlee, Chairman  
Philip Yea  
Luc Vandevelde

### ***Remuneration Committee***

The Remuneration Committee, whose membership is made up entirely of independent directors, is responsible to the Board for the assessment and recommendation of policy on executive remuneration and packages for individual executive directors. The members of the Remuneration Committee are set out below:

Luc Vandevelde, Chairman  
Renee James  
Philip Yea  
Samuel Jonah

## Executive Committee

Chaired by Vittorio Colao, this committee is responsible for the Group's competitive and financial performance, reviewing strategy and new business opportunities including major acquisitions and disposals, the management of its capital structure and funding and key organisational and policy decisions. The Executive Committee membership comprises the executive directors, details of whom are shown above, and the senior managers who are listed below.

## Senior Management

Members of the Executive Committee who are not also executive directors are regarded as senior managers of Vodafone.

**Paolo Bertoluzzo**, Group Chief Commercial and Operations Officer, in August 2012 he was appointed Chief Executive Officer, Southern Europe and joined the Executive Committee. Paolo joined Vodafone Italy in 2005 as Head of the Consumer Division, before becoming Chief Executive Officer, Italy in 2008. Prior to that, he spent six years in a variety of senior roles at Omnitel Pronto Italia S.p.A., including Strategy Planning Director. Paolo began his career in 1991 with Monitor Company as a Consultant, before moving to Bain & Company in 1995 as a Manager.

**Warren Finegold**, Group Strategy and Business Development Director, joined the Executive Committee in April 2006 as Chief Executive, Global Business Development with responsibility for mergers and acquisitions, business development and partner markets. He assumed his current position in August 2009 when his role was expanded to include Group Strategy. He started his career with Hill Samuel & Co. Limited as an Executive in the Corporate Finance department, advising clients on mergers and acquisitions. He then moved to Goldman Sachs International in 1986 where he held positions in New York and London. Prior to joining Vodafone, he was a Managing Director of UBS Investment Bank where he held a number of senior positions, most recently as head of its technology team in Europe.

**Philipp Humm**, Regional Chief Executive Officer, Europe, former Chief Executive Officer, Northern and Central Europe, joined the Executive Committee in October 2012. Philipp was appointed Chief Sales Officer of T-Mobile Germany in 2005. He then went on to become Chief Regional Officer Europe of T-Mobile International in 2009 before becoming President and Chief Executive Officer of T-Mobile USA in 2010. Prior to that, he was appointed Managing Director, Germany and France, and Vice President, Europe of Amazon. Philipp started his career in 1986 with McKinsey & Company as a Consultant, before moving to Tengemann (the German grocery retailer) in 1992 to become an Executive Board member.

**Nick Jeffery**, Group Enterprise Director, was appointed to his current position and joined the Executive Committee in April 2013. Nick became the Group's Marketing Director in 2004 and was subsequently appointed to the role of Chief Executive of Vodafone Global Enterprise in 2006 before becoming Chief Executive of CWW in 2012. Nick started his career in 1991 with Cable & Wireless plc (Mercury Communications), spending eleven years with the company and eventually leading the UK and international markets' business units. Nick also founded Microfone in 2002.

**Matthew Kirk**, Group External Affairs Director, was appointed to his current position and joined the Executive Committee in March 2009. Matthew joined Vodafone in 2006 as Group Director of External Relationships. Prior to that, he was a member of the British Diplomatic Service for more than 20 years and before joining Vodafone served as British Ambassador to Finland.

**Rosemary Martin** was appointed Group General Counsel and Company Secretary in March 2010. She previously served as Chief Executive Officer of the Practical Law Group prior to which she spent 11 years with Reuters Group Plc in various company secretary and legal roles, with the last five years as Group General Counsel and Company Secretary. Before joining Reuters, she was a partner with Mayer, Brown, Rowe & Maw. She is a non-executive director of HSBC Bank Plc (the European arm of HSBC Group) and a member of the Institute of Chartered Accountants of England and Wales Corporate Governance Committee.

Serpil Timuray, Chief Executive Africa, Middle East, and Asia Pacific Region was appointed Chief Executive of Vodafone Turkey in 2009. She was appointed as a Director on the Board of Vodacom Group in South Africa in September 2012. Previously General Manager with Danone Turkey, Serpil began her career with Procter and Gamble.

**Ronald Schellekens**, Group Human Resources Director, joined Vodafone and the Executive Committee in January 2009. Ronald is responsible for the Vodafone human resources management function as well as health and safety, and Vodafone's property and real estate. Prior to joining Vodafone, Ronald was Executive Vice President Human Resources for Royal Dutch Shell plc's global downstream business. Prior to working for Shell, he spent nine years working for PepsiCo in various international senior Human Resources roles, including assignments in Switzerland, Spain, South Africa, the UK and Poland. In his last role, he was responsible for the Europe, Middle East and Africa region for PepsiCo Foods International. Prior to PepsiCo, he worked for nine years for AT&T Network Systems in Human Resources roles in the Netherlands and Poland.

**Other Board and Executive Committee members**

Andy Halford left the Group at the end of March 2014 after the conclusion of the Group's transaction with Verizon.

Vodafone Group Plc announced in May 2014 the appointment of Dame Clara Furse as a non-executive director and member of the Audit and Risk Committee, with effect from 1 September 2014.

The business address of the directors and senior managers referred to above is Vodafone House, The Connection, Newbury, Berkshire RG14 2FN.

There are no potential conflicts of interest between the duties to the Issuer of each of the members of the Board, and each of the members of the Senior Management listed above and his/her private interests and/or other duties.

**Corporate Governance**

Throughout the financial year ended 31 March 2014, the Issuer was compliant with the provisions of, and applied the principles of, Section 1 of the 2008 FRC Combined Code on Corporate Governance (the "**Combined Code**").



# Selected Financial Information of the Issuer

The following tables set out in summary form the consolidated income statement, financial position and cash flow statement of the Issuer as at and for the years ended 31 March 2014 and 2013, respectively. Such information is derived from, and is qualified by reference to and should be read in conjunction with, the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 March 2014 which is incorporated by reference in this Prospectus.

## CONSOLIDATED INCOME STATEMENT

	2014 £m	Restated* 2013 £m
<b>Continuing operations</b>		
<b>Revenue</b> .....	38,346	38,041
Cost of sales .....	(27,942)	(26,567)
<b>Gross profit</b> .....	10,404	11,474
Selling and distribution expenses .....	(3,033)	(2,860)
Administrative expenses .....	(4,245)	(4,159)
Share of result of equity accounted associates and joint ventures .....	278	575
Impairment losses .....	(6,600)	(7,700)
Other income and expense .....	(717)	468
<b>Operating loss</b> .....	(3,913)	(2,202)
Non-operating income and expense .....	(149)	10
Investment income .....	346	305
Financing costs .....	(1,554)	(1,596)
<b>Loss before taxation</b> .....	(5,270)	(3,483)
Income tax expense .....	16,582	(476)
<b>Profit/(loss) for the financial year from continuing operations</b> .....	11,312	(3,959)
<b>Profit for the financial year from discontinued operations</b> .....	48,108	4,616
<b>Profit for the financial year</b> .....	59,420	657
Attributable to:		
— Equity shareholders .....	59,254	413
— Non-controlling interests .....	166	244
<b>Profit for the financial year</b> .....	59,420	657
<b>Earnings per share</b>		
From continuing operations:		
— Basic .....	42.10p	(15.66p)
— Diluted .....	41.77p	(15.66p)
Total Group:		
— Basic .....	223.84p	1.54p
— Diluted .....	222.07p	1.54p

\* Restated to show the results of the Issuer's US group in discontinued operations, adoption of IFRS 11 and amendments to IAS 19.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2014 £m	Restated* 2013 £m
Profit for the financial year .....	59,420	657
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss in subsequent periods</i>		
(Losses) on revaluation of available-for-sale investments, net of tax .....	(119)	(73)
Foreign exchange translation differences, net of tax .....	(4,104)	362
Foreign exchange losses transferred to the income statement .....	1,493	1
Fair value gains transferred to the income statement .....	(25)	(12)
Other, net of tax .....	—	(4)
<b>Total items that may be classified to profit or loss in subsequent years</b> .....	<b>(2,755)</b>	<b>274</b>
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>		
Net actuarial gains/(losses) on defined benefit pension schemes, net of tax .....	37	(182)
<b>Total items will not be classified to profit or loss in subsequent years</b> .....	<b>37</b>	<b>(182)</b>
<b>Other comprehensive (expense)/income</b> .....	<b>(2,718)</b>	<b>92</b>
<b>Total comprehensive income for the year</b> .....	<b>56,702</b>	<b>749</b>
Attributable to:		
— Equity shareholders .....	56,711	604
— Non-controlling interests .....	(9)	145
	<u>56,702</u>	<u>749</u>

\* Restated to show the results of the Issuer's US group in discontinued operations, adoption of IFRS 11 and amendments to IAS 19.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2014 £m	Restated* 2013 £m
<b>Non-current assets</b>		
Goodwill	23,315	24,390
Other intangible assets	23,373	19,749
Property, plant and equipment	22,851	17,584
Investments in associates	114	46,447
Other investments	3,553	773
Deferred tax assets	20,607	2,848
Post employment benefits	35	52
Trade and other receivables	3,270	4,832
	<u>97,118</u>	<u>116,675</u>
<b>Current assets</b>		
Inventory	441	353
Taxation recoverable	808	397
Trade and other receivables	8,886	8,018
Other investments	4,419	5,350
Cash and cash equivalents	10,134	7,531
Assets held for sale	34	—
	<u>24,722</u>	<u>21,649</u>
<b>Total assets</b>	<u>121,840</u>	<u>138,324</u>
<b>Equity</b>		
Called up share capital	3,792	3,866
Additional paid-in capital	116,973	154,279
Treasury shares	(7,187)	(9,029)
Retained losses	(51,428)	(88,834)
Accumulated other comprehensive income	8,652	11,195
<b>Total equity shareholders' funds</b>	<u>70,802</u>	<u>71,477</u>
Non-controlling interests	1,733	1,890
Put options over non-controlling interests	(754)	(879)
<b>Total non-controlling interests</b>	<u>979</u>	<u>1,011</u>
<b>Total equity</b>	<u>71,781</u>	<u>72,488</u>
<b>Non-current liabilities</b>		
Long term borrowings	21,454	27,904
Taxation liabilities	50	150
Deferred tax liabilities	747	6,671
Post employment benefits	584	580
Provisions	846	855
Trade and other payables	1,339	1,307
	<u>25,020</u>	<u>37,467</u>
<b>Current liabilities</b>		
Short-term borrowings	7,747	11,800
Current taxation liabilities	873	1,922
Provisions	963	715
Trade and other payables	15,456	13,932
	<u>25,039</u>	<u>28,369</u>
<b>Total equity and liabilities</b>	<u>121,840</u>	<u>138,324</u>

\* Restated for adoption of IFRS 11 and amendments to IAS 19.

## CONSOLIDATED CASH FLOW STATEMENT

	2014 £m	Restated* 2013 £m
<b>Net cash flow from operating activities</b>	<b>6,227</b>	<b>8,824</b>
<b>Cash flows from investing activities</b>		
Purchase of interests in subsidiaries, net of cash acquired	(4,279)	(1,432)
Purchase of interests in associates and joint ventures	(11)	(6)
Purchase of intangible assets	(2,327)	(3,758)
Purchase of property, plant and equipment	(4,396)	(3,958)
Purchase of investments	(214)	(4,249)
Disposal of interests in subsidiaries, net of cash disposed	—	27
Disposal of interests in associates and joint ventures	34,919	—
Disposal of property, plant and equipment	79	105
Disposal of investments	1,483	1,523
Dividends received from associates and joint ventures	4,897	5,539
Dividends received from investments	10	2
Interest received	582	461
<b>Net cash flow from investing activities</b>	<b>30,743</b>	<b>(5,746)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary share capital and reissue of treasury shares	38	69
Net movement in short-term borrowings	(2,887)	1,581
Proceeds from issue of long-term borrowings	1,060	5,422
Repayment of borrowings	(9,788)	(1,720)
Purchase of treasury shares	(1,033)	(1,568)
B and C share payments	(14,291)	—
Equity dividends paid	(5,076)	(4,806)
Dividends paid to non-controlling shareholders in subsidiaries	(264)	(379)
Other transactions with non-controlling interests in subsidiaries	(111)	15
Other movements in Loans with associates and joint ventures	—	168
Interest paid	(1,897)	(1,525)
<b>Net cash flow from financing activities</b>	<b>(34,249)</b>	<b>(2,743)</b>
<b>Net cash flow</b>	<b>2,721</b>	<b>335</b>
Cash and cash equivalents at beginning of the financial year	7,506	7,001
Exchange (loss)/gain on cash and cash equivalents	(115)	170
<b>Cash and cash equivalents at end of the financial year</b>	<b>10,112</b>	<b>7,506</b>

During the year ended 31 March 2014 there were a number of material non-cash investing and financing activities that arose in relation to both the disposal of the Issuer's interest in Verizon Wireless, the acquisition of the remaining 23 per cent. of Vodafone Italy and the return of value to shareholders. Full details of these material non-cash transactions are included in note 28 to the consolidated financial accounts.

\* Restated for adoption of IFRS 11 and amendments to IAS 19.

# Taxation

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the Terms and Conditions of the Notes). Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

## 1. United Kingdom Taxation

The comments in this part are of a general nature and are based on the Issuer's understanding of current law and HM Revenue & Customs' published practice (which may not be binding on HM Revenue & Customs) in the United Kingdom only in relation to the deduction of tax from interest payments. They do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. The comments relate to the position of persons who are the absolute beneficial owners of the Notes and interest thereon but are not exhaustive and may not apply to certain classes of persons such as dealers or certain professional investors. Prospective Noteholders should seek their own professional advice on other tax issues relevant to the Notes.

- 1 A payment of principal in respect of any Notes will be payable without withholding or deduction for or on account of United Kingdom tax. No withholding or deduction for or on account of United Kingdom tax will arise in respect of a premium or discount unless it is regarded as interest, in which case paragraphs 2 to 5 below (as appropriate) will apply.
- 2 Interest payable on Notes which have a maturity of less than 365 days and are not issued with the intention, or under a scheme or arrangement the effect of which is, that such Notes form part of a borrowing with a total term of more than 364 days can be paid without withholding or deduction for or on account of United Kingdom income tax irrespective of whether or not the Notes are listed.
- 3 So long as the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the London Stock Exchange being such a recognised stock exchange for these purposes), payments of interest may be made without withholding or deduction for or on account of United Kingdom income tax. Notes 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 FSMA) and admitted to trading on the Market.
- 4 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 that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HM Revenue & Customs has not given a direction (in circumstances where it has reasonable grounds to believe that the beneficial owner is not within the charge to United Kingdom corporation tax in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.
- 5 In all other cases, interest will generally be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to the availability of other reliefs or to any notice to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.
- 6 HM Revenue & Customs has powers to obtain information relating to securities in certain circumstances. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid (including where such person is not an individual), information and documents in connection with transactions relating to the Notes and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid. Information may be required to be provided by, amongst others, the holders of the Notes, persons by (or via) whom payments derived from the Notes are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Notes including an issue of Notes on behalf of others and certain registrars or administrators. HM Revenue & Customs has indicated that it will not use its information-gathering power on interest to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before 6 April 2015. In certain circumstances, the information obtained by HM Revenue & Customs may be exchanged with tax authorities in other countries.
- 7 Any interest on any Notes has a United Kingdom source and accordingly may be chargeable to United Kingdom tax by direct assessment. Where the interest is paid without withholding or deduction, the interest will not be assessed to United Kingdom tax

in the hands of holders of the Notes who are not resident in the United Kingdom, except where such persons carry on a trade, profession or vocation through a United Kingdom branch or agency or, in the case of a corporate holder, a permanent establishment in the United Kingdom in connection with which the interest is received or to which the Notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency or permanent establishment. The provisions of an applicable double taxation treaty may also be relevant for such holders of the Notes.

- 8 Notwithstanding the fact that interest is received subject to deduction of income tax at source, holders of Notes may, however, be liable to pay further United Kingdom tax on the interest received or be entitled to a refund of all or part of the tax deducted at source depending on their individual circumstances.
- 9 The references above to “premium”, “discount” and “interest” are references as understood for the purposes of United Kingdom tax law.

## **2. EU Directive on the Taxation of Savings Income**

Under Council Directive 2003/48/EC (the “**Savings Directive**”) on the taxation of savings income, EU Member States are required to provide to the tax authorities of other EU Member States details of certain payments of interest or similar income paid or secured by a person established in an EU Member State to or for the benefit of an individual resident in another EU Member State, or certain limited types of entities established in another EU Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive (the “**Amending Directive**”) amending and broadening the scope of the requirements of the Savings Directive described above. EU Member States are required to adopt national legislation necessary to comply with the Amending Directive by 1 January 2016, which legislation must apply from 1 January 2017. The changes will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended.

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 Amending Directive referred to above will broaden the types of payments subject to withholding in those EU 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 Savings Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

## **3. United States Federal Income Taxation**

*The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary does not address the U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and additional or modified disclosure concerning the U.S. federal income tax consequences relevant to such type of Notes as are issued thereunder may be included in a supplementary prospectus. This summary deals only with purchasers of Notes that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as banks, insurance companies, investors liable for the alternative minimum tax or the medicare tax on net investment income, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, or whose functional currency is not the U.S. dollar). This discussion also does not address any tax consequences applicable to holders of equity interests in a holder of the Notes. Further, this discussion assumes that there will be no substitution of another entity in place of the Issuer as principal debtor in respect of the Notes. This discussion applies only to holders of Registered Notes.*

As used herein, the term **“U.S. Holder”** means a beneficial owner of Notes that is, for U.S. federal income tax purposes (i) a citizen or an individual resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The tax consequences to a partner in an entity treated as a partnership for U.S. federal income tax purposes holding Notes will generally depend upon the status of the partner and the activities of the partnership. A partner in an entity treated as a partnership for U.S. federal income tax purposes holding Notes should consult its tax adviser regarding the tax consequences of an investment in Notes.

The summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, its legislative history, existing and proposed regulations thereunder (the **“Treasury Regulations”**), published rulings and court decisions all as currently in effect and all subject to change at any time, possibly with retroactive effect.

**THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE INCOME TAX TREATY BETWEEN THE UNITED STATES AND UNITED KINGDOM, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

The Issuer generally intends to treat Notes issued under the Programme as debt, unless otherwise indicated in the applicable Final Terms. Certain Notes, however, such as certain Index Linked Notes or Notes with extremely long maturities, may be treated as equity for U.S. federal income tax purposes. The tax treatment of Notes to which a treatment other than as debt may apply may be discussed in a supplementary prospectus.

### **Payment of Interest**

#### *General*

Interest on a Note, including the payment of any additional amounts, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (**“foreign currency”** interest on a **“Foreign Currency Note”**), other than interest on a **“Discount Note”** that is not **“qualified stated interest”** (each as defined below under **“Original Issue Discount — General”**), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the U.S. Holder’s method of accounting for tax purposes. Interest paid by the Issuer on the Notes and OID, if any, accrued with respect to the Notes (as described below under **“Original Issue Discount — General”**) generally will constitute income from sources outside the United States under the rules regarding the foreign tax credit allowable to a U.S. Holder (and the limitations imposed thereon). Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of any United Kingdom taxes with respect to the Notes (if applicable).

### **Original Issue Discount**

#### *General*

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with original issue discount (**“OID”**). The following summary does not discuss Notes that are characterised as contingent payment debt instruments for U.S. federal income tax purposes. The tax treatment of Notes characterised as contingent payment debt instruments may be discussed in a supplementary prospectus.

A Note, other than a Note with a term of one year or less (a **“Short-Term Note”**), will be treated as issued with OID (a **“Discount Note”**) if the excess of the Note’s **“stated redemption price at maturity”** over its issue price is equal to or more than a de minimis amount (0.25 per cent. of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an **“instalment obligation”**) will be treated as a Discount Note if the excess of the Note’s stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note’s stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note’s weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note’s stated redemption

price at maturity. Generally, the issue price of a Note under the applicable final terms will be the first price at which a substantial amount of such Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of “qualified stated interest.” A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under “Variable Interest Rate Notes”), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note. If a Note has *de minimis* OID, a U.S. Holder must include the *de minimis* amount in income as stated principal payments are made on the Note, unless the U.S. holder makes the election described below under “— *Election to Treat All Interest as Original Issue Discount*”. A U.S. Holder can determine the includible amount with respect to each such payment by multiplying the total amount of the Note’s *de minimis* OID by a fraction equal to the amount of the principal payment made divided by the stated principal amount of the Note.

U.S. Holders of Discount Notes must generally include OID in income calculated on a constant yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note (“**accrued OID**”). The daily portion is determined by allocating to each day in any “**accrual period**” a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Discount Notes as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note’s adjusted issue price at the beginning of the accrual period and the Discount Note’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Discount Note allocable to the accrual period. The “**adjusted issue price**” of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

#### *Acquisition Premium*

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being “**acquisition premium**”) and that does not make the election described below under “*Election to Treat All Interest as Original Issue Discount*”, is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder’s adjusted basis in the Note immediately after its purchase over the Note’s adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note’s adjusted issue price.

#### *Further Issuances*

The Issuer may, from time to time, without notice to or the consent of the holders of the outstanding Notes, create and issue additional debt securities with identical terms and ranking *pari passu* with the Notes in all respects. The Issuer may consolidate such additional debt securities with the outstanding Notes to form a single series. The Issuer may offer additional debt securities with OID for U.S. federal income tax purposes as part of a further issue. Purchasers of debt securities after the date of any further issue may not be able to differentiate between debt securities sold as part of the further issue and previously issued Notes. If the Issuer were to issue additional debt securities with OID, purchasers of debt securities after such further issue may be required to accrue OID (or greater amounts of OID than they would have otherwise accrued) with respect to their debt securities. This may affect the price of outstanding Notes following a further issuance.

#### *Election to Treat All Interest as Original Issue Discount*

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant yield method described above under “*Original Issue Discount — General*,” with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described below under “*Notes Purchased at a Premium*”) or acquisition premium. If a U.S. Holder makes this election for the Note, then, when the constant yield method is applied the issue price of the Note will equal its cost, the issue date of the Note



will be the date of acquisition, and no payments on the Note will be treated as payments of qualified stated interest. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the Internal Revenue Service (the “IRS”). However, if the Note has amortisable bond premium, the U.S. Holder will be deemed to have made an election to apply amortisable bond premium against interest for all debt instruments with amortisable bond premium, other than debt instruments the interest on which is excludible from gross income, held as of the beginning of the taxable year to which the election applies or any taxable year thereafter. If the election to apply the constant yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under “*Market Discount*” to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

#### *Variable Interest Rate Notes*

Notes that provide for interest at variable rates (“**Variable Interest Rate Notes**”) generally will bear interest at a “qualified floating rate” and thus will be treated as “variable rate debt instruments” under Treasury Regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a “variable rate debt instrument” if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount and (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A “**qualified floating rate**” is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note’s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An “**objective rate**” is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer’s stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note’s term. A “qualified inverse floating rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note’s issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “**current value**” of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument”, then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as

having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (i.e., at a price below the Note’s stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from “true” discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument, and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note will be treated as a contingent payment debt instrument. The tax treatment of Notes characterised as contingent payment debt instruments may be discussed in a supplementary prospectus.

#### *Short-Term Notes*

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (calculated as set forth below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight line basis or, if the U.S. Holder so elects, under the constant yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight line basis (unless an election is made to accrue the OID under the constant yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note’s stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder’s purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

#### *Market Discount*

A Note, other than a Short-Term Note, that is not acquired at its original issue generally will be treated as purchased at a market discount (a “**Market Discount Note**”) if the Note’s stated redemption price at maturity or, in the case of a Discount Note, the Note’s

“revised issue price”, exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note’s stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note’s maturity. If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes “*de minimis* market discount”. For this purpose, the “**revised issue price**” of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder’s income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Market discount will accrue on a straight line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

### ***Notes Purchased at a Premium***

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as “amortisable bond premium”, in which case the amount required to be included in the U.S. Holder’s income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note’s yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also “*Original Issue Discount — Election to Treat All Interest as Original Issue Discount*”. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a capital loss when the Note matures.

### ***Purchase, Sale and Retirement of Notes***

A U.S. Holder’s tax basis in a Note will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder’s income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder’s income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note.

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note. Except to the extent described above under “*Original Issue Discount — Market Discount*” or “*Original Issue Discount — Short-Term Notes*” or attributable to accrued but unpaid interest or changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and generally will be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Notes are held for more than one year. The deductibility of capital losses is subject to significant limitations.

### ***Foreign Currency Notes***

#### ***Interest***

If a qualified stated interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### *OID*

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above under "*Foreign Currency Notes — Interest*". Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### *Market Discount*

Market Discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

#### *Bond Premium*

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency.

On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder.

#### *Purchase, Sale and Retirement of Notes*

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note. A U.S. Holder's tax basis in a Foreign Currency Note will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement.

#### *Disposition of Foreign Currency*

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or retirement. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

#### **Backup Withholding and Information Reporting**

In general, payments of interest and accrued OID on, and the proceeds of a sale, exchange, retirement or other disposition of, the Notes, payable to a U.S. Holder within the United States or by a U.S. paying agent or certain other U.S. intermediaries will be reported to the IRS and to the U.S. Holder as may be required under applicable Treasury Regulations. Backup withholding may apply to these payments and to accruals of OID if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise to comply with the applicable backup withholding requirements. Certain U.S. Holders (including, among others, corporations) are not subject to information reporting or backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from information reporting and/or backup withholding and the procedure for obtaining an exemption.

#### **Disclosure Requirements**

Treasury Regulations meant to require the reporting of certain tax shelter transactions ("**Reportable Transactions**") could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the Treasury Regulations, certain transactions may be characterised as Reportable Transactions including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a Foreign Currency Note and/or a Note issued with OID. Persons considering the purchase of such Notes should consult with their tax advisers to determine the tax return obligations, if any, with respect to an investment in such Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

#### **Foreign Financial Asset Reporting**

U.S. Holders may be required to report to the IRS certain information with respect to their beneficial ownership of Notes not held through an account with a financial institution. Investors who fail to report required information could be subject to substantial penalties.

#### **Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer may be classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "**grandfathering date**", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an “**IGA**”). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a “**Reporting FI**” not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being “**FATCA Withholding**”) from payments it makes (unless it has agreed to do so under the U.S. “qualified intermediary,” “withholding foreign partnership,” or “withholding foreign trust” regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the United Kingdom have entered into an agreement (the “**US-UK IGA**”) based largely on the Model 1 IGA.

If the Issuer is characterised as an FFI for purposes of FATCA, the Issuer expects to be treated as a Reporting FI pursuant to the US-UK IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA, or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the Common Depositary or Common Safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

#### **4. 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. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are 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.

Notwithstanding the Commission’s Proposal, a joint statement issued in May 2014 by the participating Member States (other than Slovenia) indicated an intention to implement the FTT progressively, such that it would initially apply to transactions involving shares and certain derivatives, with this initial implementation occurring by 1 January 2016. However, full details are not available. The FTT, as initially implemented on this basis, may not apply to dealings in the Notes.

The proposed FTT remains subject to negotiation between the participating Member States and the timing remains unclear. 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 dated 4 August 2014 (the “**Programme Agreement**”) agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. However, the Issuer has reserved the right to sell Notes outside the United States to non-U.S. persons directly on its own behalf to persons other than Dealers as principals. 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.

Bearer Notes and Exchangeable Bearer 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 United States persons, 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 the Treasury regulations promulgated thereunder.

The Notes are being offered and sold outside the United States to non-U.S. persons (as defined in Regulation S) in reliance on Regulation S. The subscription agreement relating to any Tranche of Registered Notes may provide that the Managers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Registered Notes within the United States only to QIBs in compliance with Rule 144A.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of Notes outside the United States and for the offer and resale of Registered Notes in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person (as defined in Regulation S), other than any QIB to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Prospectus to any U.S. person or to any person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer, is prohibited.

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, in the case of Bearer Notes, deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of such distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all the Notes of the Tranche of which such Notes are a part (such period, the “**Distribution Compliance Period**”), within the United States or to, or for the account or benefit of, U.S. persons other than, in the case of Registered Notes, in accordance with Rule 144A. 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.

In addition, 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.

Each issuance of Inflation Linked Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Inflation Linked Notes.

## **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 Prospectus 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 provision 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 purpose 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 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:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold, and will not offer or sell, any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or 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 as 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;
- (b) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21 (1) of the FSMA does not apply to the Issuer; and
- (c) 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.

#### **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 it has not distributed or caused to be distributed, and will not distribute or cause to be distributed, to the public in France this Prospectus, any Final Terms or any other offering material relating to the Notes, and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*) other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French *Code monétaire et financier*.

#### **Italy**

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No.58 of 24 February 1998, as amended (the “**Financial Services Act**”) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (“**Regulation No. 11971**”); or



(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”); and
- (ii) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

### **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 re-offering 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.

### **Australia**

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia) in relation to the Programme or the Notes has been, or will be, lodged with the Australian Securities and Investments Commission (“**ASIC**”). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, unless the applicable Final Terms otherwise provide, it:

- (a) has not (directly or indirectly) offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of the Notes in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, the Prospectus or any other offering material or advertisement relating to the Notes in Australia,

unless:

- (i) the minimum aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in other currencies) (disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act 2001;
- (ii) the offer or invitation does not constitute an offer to a “retail client” as defined for the purposes of sections 761G and 761GA of the Corporations Act 2001;
- (iii) such action complies with all applicable laws, regulations and directives; and
- (iv) such action does not require any document to be lodged with ASIC.

### **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 any of 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 the securities laws 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:

- (a) 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) (“SO”) of Hong Kong) other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to “professional investors” as defined in the SO and any rules made under the SO; or (iii) 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) (“CO”) of Hong Kong or which do not constitute an offer to the public within the meaning of the CO; and
- (b) 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 SO (Cap. 571) and any rules made under that Ordinance.

## Singapore

Each Dealer has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the Securities and Futures Act). Accordingly, each Dealer 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 any Notes, or caused Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

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

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the Securities and Futures Act or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations.

## General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will 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 Prospectus 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, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Trustee and 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.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree.

# Transfer Restrictions

## Rule 144A Notes

Each purchaser of Registered Notes or a beneficial interest therein within the United States, by its acceptance or purchase thereof, will be deemed to have represented, agreed and acknowledged that it has received a copy of this Prospectus and that:

- (1) It is (a) a QIB, (b) acquiring such Notes for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A in a transaction not involving any public offering in the United States within the meaning of the Securities Act.
- (2) The Notes have not been and will not be registered under the Securities Act, and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any state of the United States and any other applicable jurisdiction.
- (3) It will, and will require each subsequent purchaser to, notify any purchaser of Notes from it of the resale restrictions referred to herein.
- (4) Such Notes, unless otherwise agreed between the Issuer and the Trustee in accordance with applicable law, will bear a legend to the following effect:

“THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A “QUALIFIED INSTITUTIONAL BUYER” WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT (A “**QIB**”) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THE SECURITIES EVIDENCED HEREBY.”

- (5) It understands that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.
- (6) It understands that the Registered Notes offered in reliance on Rule 144A will be represented by a DTC Restricted Global Certificate. Before any interest in Registered Notes represented by a DTC Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who will take delivery in the form of an interest in such Registered Notes represented by a Regulation S Global Certificate, it will be required to provide a Transfer Agent with a written certification (in a form to be provided) as to compliance with applicable securities laws.

**Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

## Regulation S Notes

Each purchaser of Notes or a beneficial interest therein outside the United States and each subsequent purchaser of such Notes in resales prior to the expiration of the Distribution Compliance Period, by its acceptance or purchase thereof, will be deemed to have represented, agreed and acknowledged that:

- (1) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (each within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.

- (2) It understands that such Notes have not been and will not be registered under the Securities Act, and that, prior to the expiration of 40 days following the completion of the distribution, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States and any other applicable jurisdiction.
- (3) It understands that such Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend in the following form:
- “THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.”
- (4) It understands that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.
- (5) It understands that the Registered Notes offered in reliance on Regulation S will be represented by a Regulation S Global Certificate. Prior to the expiration of the Distribution Compliance Period, before any interest in Registered Notes represented by a Regulation S Global Certificate may be offered, sold, pledged or otherwise transferred to a person who will take delivery in the form of an interest in such Registered Notes represented by a DTC Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in a form to be provided) as to compliance with applicable securities laws.

# General Information

## Authorisation

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 24 May 1999 and by a duly authorised committee of the Board of Directors of the Issuer on 15 July 1999. The update of the Programme has been duly authorised by resolutions of the Board of Directors of the Issuer dated 31 March 2009. The issue of Notes under the Programme has been duly authorised by resolutions of the Board of Directors of the Issuer dated 28 July 2014.

## Listing of Notes

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 Market. The listing of the Programme in respect of such Notes is expected to be granted on or about 7 August 2014.

It is expected that each Tranche of Notes (other than Exempt Notes) which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Global Certificate, as the case may be, initially representing the Notes of such Tranche.

## Documents Available

For the period of 12 months following the date of this Prospectus, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London (in relation to sub-paragraphs (i), (ii) and (iv) below only):

- (i) the Memorandum and Articles of Association of the Issuer;
- (ii) the Programme Agreement, the Agency Agreement, the Trust Deed which incorporates the forms of the Global Notes, the Notes in definitive form, the Certificates, the Coupons and the Talons;
- (iii) in the case of each issue of Notes admitted to trading on the Market, subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document); and
- (iv) each Pricing Supplement relating to Exempt Notes, save that any such Pricing Supplement relating to a Tranche of Exempt Notes which is neither listed nor admitted to trading on any stock exchange or market will only be available for inspection by a holder of such Exempt Note and such holder must produce evidence satisfactory to the Issuer or, as the case may be, such Paying Agent as to the identity of such holder.

In addition, copies of (a) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 March 2013 and 31 March 2014, in each case together with the audit reports prepared in connection therewith, (b) this Prospectus (and any documents incorporated by reference herein), (c) any future prospectuses, information memoranda and supplements (and any documents incorporated by reference therein) and (d) each Final Terms relating to Notes which are either admitted to trading on a regulated market in the European Economic Area or offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, will be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

## Clearing Systems

The Bearer Notes and Registered Notes represented by a Regulation S Global Certificate have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code, ISIN and, where applicable, CUSIP number for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the Issuer will make an application with respect to any restricted Notes of a Series of Registered Notes to be accepted for trading in book entry form by DTC. Acceptance by DTC of restricted Notes of each Tranche of a Series of Registered Notes will be confirmed in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system (including Sicovam), the appropriate information will be specified in the applicable Final Terms.

The entities in charge of keeping the records in relation to each Tranche of Notes shall be Euroclear and/or Clearstream, Luxembourg and/or DTC, as applicable. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium; the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg; the address of DTC is 55 Water Street, New York, NY 10041-0099, USA.

### **Provision of Information under Rule 144A**

The Issuer has agreed in the Trust Deed that, for so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 of 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner or to the Trustee for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner, prospective purchaser or Trustee, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

### **Issue Price**

The issue price and amount of the Notes of any Tranche will be determined at the time of the offering of such Tranche in accordance with prevailing market conditions and specified in the applicable Final Terms.

### **Significant or Material Change**

There has been no significant change in the financial or trading position of the Issuer and its subsidiaries since 31 March 2014 and there has been no material adverse change in the prospects of the Issuer and its subsidiaries since 31 March 2014.

### **Legal Proceedings**

The Issuer and its subsidiaries are currently, and may be from time to time, involved in a number of legal proceedings including inquiries from, or discussions with, governmental authorities that are incidental to their operations. However, save as disclosed in this section entitled “*Legal Proceedings*” below, there are no 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 document) which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer and its subsidiaries. Due to inherent uncertainties, no accurate quantification of any cost, or timing of such cost, which may arise from any of the legal proceedings outlined below can be made.

In October 2009, Telecom Egypt commenced arbitration against Vodafone Egypt in Cairo alleging breach of non-discrimination provisions in an interconnection agreement as a result of allegedly lower interconnection rates paid to Vodafone Egypt by Mobinil. Telecom Egypt has also sought to join Vodafone International Holdings BV (“**VIHBV**”), Vodafone Europe BV (“**VEBV**”) and the Issuer (who Telecom Egypt alleges should be held jointly liable with Vodafone Egypt) to the arbitration. VIHBV, VEBV and the Issuer deny that they were subject to the interconnection agreement or any arbitration agreement with Telecom Egypt. Telecom Egypt initially quantified its claim at approximately €190 million in 2009. This was subsequently amended and increased to €551 million in January 2011 and further increased to its current value of just over €1.2 billion in November 2011. The Issuer disputed Telecom Egypt’s claim (and assertion of jurisdiction over VIHBV, VEBV and the Issuer) and defended its position vigorously. Final submissions were submitted on 5 February 2013. The arbitration hearing, previously scheduled to last 15 days, commencing 7 May 2013, was postponed to November 2013 and concluded then. The parties completed final written submissions in March 2014. A new decision is now awaited from the tribunal during 2014.

Vodafone India Limited (“**VIL**”) and VIHBV each received notices in August 2007 and September 2007, respectively, from the Indian tax authority alleging potential liability in connection with alleged failure by VIHBV to deduct withholding tax from consideration paid to the Hutchison Telecommunications International Limited group (“**HTIL**”) in respect of HTIL’s gain on its disposal to VIHBV of its interests in a wholly-owned subsidiary that indirectly holds interests in VIL. In January 2012 the Indian Supreme Court handed down its judgment, holding that VIHBV’s interpretation of the Income Tax Act 1961 was correct, that the HTIL transaction in 2007 was not taxable in India, and that, consequently, VIHBV had no obligation to withhold tax from consideration paid to HTIL in respect of the transaction. The Indian Supreme Court quashed the relevant notices and demands issued to VIHBV in respect of withholding tax and interest. On 20 March 2012 the Indian government returned VIHBV’s deposit of INR 25 billion (£310 million) and released the guarantee for INR 85 billion (£1.2 billion), which was based on the demand for payment issued by the Indian tax authority in October 2010 for tax of INR 79 billion (£0.9 billion) plus interest. On 16 March 2012 the Indian government introduced proposed legislation (the “**Finance Bill 2012**”) purporting to overturn the Indian Supreme Court judgment with retrospective effect back to 1962. On 17 April 2012 VIHBV filed a trigger notice under the Dutch-India Bilateral Investment Treaty (“**BIT**”) signalling its intent to invoke arbitration under the BIT should the new laws be enacted. The Finance Bill 2012 received Presidential assent and became law on 28 May 2012 (the “**Finance Act 2012**”). The Finance Act 2012 is intended to tax any gain on transfer of shares in a non-Indian company, which derives substantial value from underlying Indian assets, such as VIHBV’s transaction with HTIL in 2007. Further it seeks to subject a purchaser, such as VIHBV, to a retrospective obligation to withhold tax. The Indian Government commissioned a committee of experts (the “**Shome Committee**”) consisting of academics, and current and former Indian government officials, to

examine, and make recommendations in respect of, aspects of the Finance Act 2012 including the retrospective taxation of transactions such as VIH BV's transaction with HTIL referred to above. On 10 October 2012 the Shome Committee published its draft report for comment. The draft report concluded that tax legislation in the Finance Act 2012 should only be applied prospectively or, if applied retrospectively, that only a seller who made a gain should be liable and, in that case, without any liability for interest or penalties. The Shome Committee's final report was submitted to the Indian Government on 31 October 2012, but no final report has been published, and it remains unclear what the Indian Government intends to do with the Shome Committee's final report or its recommendations. VIH BV has not received any formal demand for taxation following the Finance Act 2012, but it did receive a letter on 3 January 2013 reminding it of the tax demand raised prior to the Indian Supreme Court judgment and purporting to update the interest element of that demand in a total amount of INR 142 billion (£1.6 billion). The separate proceedings taken against VIH BV to seek to treat it as an agent of HTIL in respect of its alleged tax on the same transaction, as well as penalties of up to 100 per cent. of the assessed withholding tax for the alleged failure to have withheld such taxes, remain pending despite the issue having been ruled upon by the Indian Supreme Court. Should a further demand for taxation be received by VIH BV or any member of the Group as a result of the new retrospective legislation, the Group believes it is probable that it will be able to make a successful claim under the BIT. Although this would not result in any outflow of economic benefit from the Group, it could take several years for VIH BV to recover any deposit required by an Indian Court as a condition for any stay of enforcement of a tax demand pending the outcome of VIH BV's BIT claim. However, VIH BV expects that it would be able to recover any such deposit.

Litigation remains pending in the Telecommunications Dispute Settlement Appellate Tribunal, High Courts and the Supreme Court in relation to a number of significant regulatory issues including mobile termination rates, spectrum and licence fees, licence extension and 3G intra-circle roaming.

On 17 January 2014, VIH BV served on the Indian Government an amended trigger notice under the BIT, supplementing the trigger notice filed on 17 April 2012, to add claims relating to an attempt by the Indian Government to tax aspects of the transaction with HTIL under transfer pricing rules. On 17 April 2014, VIH BV served its notice of arbitration under the BIT, formally commencing the BIT arbitration proceedings.

Vodafone did not carry a provision for this litigation or in respect of the retrospective legislation at 31 March 2014, or at previous reporting dates.

#### ***Other Indian tax cases***

VIL and Vodafone India Services Private Limited ("**VISPL**") (formerly 3GSPL) are involved in a number of tax cases with total claims exceeding £1 billion plus interest, and penalties of up to 300% of the principal.

#### ***VIL tax claims***

The claims against VIL range from disputes concerning transfer pricing and the applicability of value-added tax to SIM cards, to the disallowance of income tax holidays. The quantum of the tax claims against VIL is in the region of £0.9 billion. VIL is of the opinion that any finding of material liability to tax, is not probable.

#### ***VISPL tax claims***

VISPL has been assessed to owe tax of approximately £240 million (plus interest of £190 million) in respect of (i) a transfer pricing margin charged for the international call centre of HTIL prior to the transaction with VIH BV; (ii) the sale of the international call centre by VISPL to HTIL and (iii) the alleged transfer of options held by VISPL for VIL equity shares. The first two of the three heads of tax are subject to an indemnity by Hutchison under the VIH BV tax deed of indemnity. The larger part of the potential claim is not subject to any indemnity. VISPL unsuccessfully challenged the merits of the tax demand in the statutory tax tribunal and the jurisdiction of the tax office to make the demand in the High Court. The case is now in the Tax Appeal Tribunal after VISPL obtained a stay of the tax demand on a deposit of £20 million and a corporate guarantee by VIH BV for the balance. If VISPL loses the appeal, its terms of the stay of demand may be revisited (and could be increased) while VISPL pursues further appeals in the High Court and the Supreme Court.

#### ***Indian regulatory cases***

Litigation remains pending in the Telecommunications Dispute Settlement Appellate Tribunal ("**TDSAT**"), High Courts and the Supreme Court in relation to a number of significant regulatory issues including mobile termination rates ("**MTRs**"), spectrum and licence fees, licence extension and 3G intra-circle roaming ("**ICR**").



*Public interest litigation: Yakesh Anand v Union of India, VIL and others*

The Petitioner has brought a special leave petition in the Indian Supreme Court on 30 January 2012 against the Government of India and mobile network operators, including VIL, seeking recovery of the alleged excess spectrum allocated to the operators, compensation for the alleged excess spectrum held in the amount of approximately €4.7 billion and a criminal investigation of an alleged conspiracy between government officials and the network operators. A claim with similar allegations was dismissed by the Indian Supreme Court in March 2012, with an order that the Petitioner should pay a fine for abuse of process. The case is pending before the Supreme Court and is expected to be called for hearing at some uncertain future date.

*One time spectrum charges: VIL v Union of India*

The Government of India has sought to impose one time spectrum charges of approximately €525 million on certain operating subsidiaries of VIL. VIL filed a petition before the TDSAT challenging the one time spectrum charges on the basis that they are illegal, violate VIL's licence terms and are arbitrary, unreasonable and discriminatory. The tribunal stayed enforcement of the Government's spectrum demand pending resolution of the dispute. The case is now ready for trial.

*3G inter-circle roaming: VIL and others v Union of India*

In April 2013, the Indian Department of Telecommunications issued a stoppage notice to VIL's operating subsidiaries and other mobile operators requiring the immediate stoppage of the provision of 3G services on other operators' mobile networks in an alleged breach of licences. The regulator also imposed a fine of approximately €5.5 million. VIL applied to the Delhi High Court for an order quashing the regulator's notice. Interim relief from the notice has been granted (but limited to existing customers at the time with the effect that VIL was not able to provide 3G services to new customers on other operators' 3G networks pending a decision on the issue). The dispute was referred to the TDSAT for decision, which ruled on 28 April 2014 that VIL and the other operators were permitted to provide 3G services to their customers (current and future) on other operators' networks. An appeal by the Department of Telecommunications is possible.

*Extension of licences in Delhi, Mumbai and Kolkata: VIL and others v Union of India*

VIL sought an extension of its existing licences in Delhi, Mumbai and Kolkata along with existing licensed spectrum. That extension was denied by the Department of Telecommunications by order dated 21 March 2013. VIL appealed that decision to the TDSAT and by its order dated 31 January 2014, the TDSAT denied the extension. The Supreme Court has agreed to hear VIL's appeal on an expedited basis.

## **Other cases in the Group**

### **Italy**

*British Telecom (Italy) v Vodafone Italy*

The Italian Competition Authority concluded an investigation in 2007 when Vodafone Italy gave certain undertakings in relation to concerns it had abused its dominant position in the wholesale market for mobile termination. In 2010, British Telecom (Italy) brought a civil damages claim against Vodafone Italy on the basis of the Competition Authority's investigation and Vodafone Italy's undertakings. British Telecom (Italy) seeks damages in the amount of €280 million for abuse of dominant position by Vodafone Italy in the wholesale fixed to mobile termination market for the period 1999 to 2007. A court appointed expert has delivered an opinion to the Court that the range of damages in the case are in the region of €10 million to €25 million.

*FASTWEB v. Vodafone Italy*

The Italian Competition Authority concluded an investigation in 2007 when Vodafone Italy gave certain undertakings in relation to concerns it had abused its dominant position in the wholesale market for mobile termination. In 2010, FASTWEB brought a civil damages claim against Vodafone Italy on the basis of the Competition Authority's investigation and Vodafone Italy's undertakings. FASTWEB seeks damages in the amount of €360 million for abuse of dominant position by Vodafone Italy in the wholesale fixed to mobile termination market. A court appointed expert has delivered an opinion to the Court that the range of damages in the case are in the region of €0.5 million to €2.3 million.

## **Greece**

*Papistas Holdings SA, Mobile Trade Stores (formerly Papistas SA) and Athanasios and Loukia Papistas v. Vodafone Greece, Vodafone and certain Directors and Officers of Vodafone*

In December 2013, Mr and Mrs Papistas, and companies owned or controlled by them, brought three claims in the Greek court in Athens against Vodafone Greece, Vodafone and certain directors and officers of Vodafone Greece and Vodafone for purported damage caused by the alleged abuse of dominance and wrongful termination of a franchise arrangement with a Papistas company. Approximately €1.0 billion of the claim is directed exclusively at one former and one current director of Vodafone Greece. The balance of the claim (approximately €285.5 million) is sought from Vodafone Greece and Vodafone on a joint and several basis. The cases are scheduled to come to trial in November 2015 and April 2016.

## **Tanzania**

*Cats-Net Limited v. Vodacom Tanzania Limited*

In 2012, Cats-Net Limited brought a claim for U.S.\$500 million (U.S.\$200 million compensatory and U.S.\$300 million punitive) in damages against Vodacom Tanzania Limited in the Tanzanian High Court. Cats-Net is also seeking an order cancelling Vodacom Tanzania's mobile telecommunications licence. The claim is based on the actions of the Tanzanian Telecommunications Regulatory Authority ("TTRA") who, following complaints by Vodacom Tanzania of interference caused by transmissions of Cats-Net, allegedly shut down the operations of Cats-Net after conducting its own investigation. Cats-Net alleges collusion between the TTRA and Vodacom Tanzania. Vodacom Tanzania filed an application to strike out the claim. That application has been argued and the parties await a decision of the Court.

## **Auditors**

Deloitte LLP, Chartered Accountants and Registered Auditors (authorised and regulated by the Financial Conduct Authority for designated investment business), of 2 New Street Square, London EC4A 3BZ, have audited the Issuer's financial statements, without qualification, in accordance with applicable law and International Standards on Auditing (UK and Ireland) for each of the two financial years ended 31 March 2013 and 31 March 2014. The Issuer's consolidated financial statements for the two financial years ended 31 March 2013 and 31 March 2014 have been prepared in accordance with IFRS. Deloitte LLP have no material interest in the Issuer.

In accordance with the UK Corporate Governance Code, the Group Audit and Risk Committee initiated a tender process for the statutory audit of the Group together with related services for the year ending 31 March 2015. This process concluded in February 2014, and the appointment of PricewaterhouseCoopers LLP was resolved by the shareholders at the 2014 AGM.

## **Certificates and Reports**

Any certificate or report of the auditors or any other expert or other person called for by or provided to the Trustee in accordance with or for the purposes of the Notes may be relied upon by the Trustee as sufficient evidence of the facts stated therein whether or not such certificate or report is addressed to the Trustee and whether or not such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors (or such other expert or other person) in respect thereof.

## **Yield**

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

## **Post-issuance information**

Save as set out in the Final Terms, 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, including parent companies, have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this section the term "affiliates" also includes parent companies.

**THE ISSUER**

**Vodafone Group Plc**

Vodafone House  
The Connection  
Newbury  
Berkshire RG14 2FN

**TRUSTEE**

**The Law Debenture Trust Corporation p.l.c.**

Fifth Floor  
100 Wood Street  
London EC2V 7EX

**ISSUING AND PRINCIPAL PAYING AGENT**

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ

**REGISTRAR, EXCHANGE AGENT AND TRANSFER AGENT**

**HSBC Bank USA, National Association**

Attn: Corporate Trust & Loan Agency  
452 Fifth Avenue, 8E6  
New York, NY 10018-2708

**PAYING AGENTS**

**Credit Suisse**  
AG Uetlibergstrasse 231  
8045 Zurich

**Banque Internationale à Luxembourg,  
société anonyme**  
69, route d'Esch  
L-2953 Luxembourg

**HSBC Bank USA, National  
Association**  
452 Fifth Avenue  
New York, NY 10018-2708

**LEGAL ADVISERS**

*To the Issuer as to English and United States law*

*To the Dealers and the Trustee as to English law and United States law*

**Linklaters LLP**  
One Silk Street  
London EC2Y 8HQ

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD

**AUDITORS**

*To the Issuer for the years ended 31 March 2013 and 31 March 2014*

**Deloitte LLP**  
2 New Street Square  
London EC4A 3BZ

*To the Issuer for the forthcoming financial year to end on 31 March 2015*

**PricewaterhouseCoopers LLP**  
1 Embankment Place  
London WC2N 6RH

## DEALERS

**Banca IMI S.p.A.**

Largo Mattioli 3  
20121 Milan

**Banco Santander, S.A.**

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Avenida de Cantabria s/n  
28660 Boadilla del Monte  
Madrid

**BNP PARIBAS**

10 Harewood Avenue  
London NW1 6AA

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB

**ING Bank N.V.**

Foppingadreef 7  
1102 BD Amsterdam

**Lloyds Bank plc**

10 Gresham Street  
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