

Prospectus dated 25 September 2008



RENTOKIL INITIAL PLC

(incorporated with limited liability in England with registration number 5393279)

£75,000,000 Floating Rate Reset Notes due 2033

Issue price: 100 per cent.

The £75,000,000 Floating Rate Reset Notes due 2033 (the “Notes”) will be issued by Rentokil Initial plc (the “Issuer”).

Interest on the Notes will be payable in arrear on 20 February, 20 May, 20 August and 20 November of each year during the Floating Rate Period (defined below) commencing on 20 November 2008 and on 20 February and 20 August of each year during the Credit Spread Reset Period (defined below) (each an “Interest Payment Date”). Interest will accrue from and including 30 September 2008 (the “Issue Date”) to but excluding 20 August 2033 (the “Maturity Date”). Interest from the Issue Date to the Interest Payment Date falling on 20 August 2013 (the “Floating Rate Period”) will be at a rate of 3.98 per cent. per annum above the three month London interbank offered rate for Sterling deposits for each Interest Period as further described, and except as mentioned, under “Conditions of the Notes — Interest”, provided that the first Interest Payment Date shall fall on 20 November 2008 and the rate of interest shall be the London Interbank offered rate for deposits in Sterling at an interpolated rate between the rates for one and two month deposits in Sterling. Interest from the Interest Payment Date falling on 20 August 2013 to but excluding the Maturity Date (the “Credit Spread Reset Period”) will be at a rate determined through a credit spread reset bidding process as further described under “Conditions of the Notes — Interest”.

The Issuer may redeem the Notes at the Fair Bond Value (as defined in “Conditions of the Notes — Interest”) on any Interest Payment Date during the Floating Rate Period or at any time during the Credit Spread Reset Period, in the event of certain tax changes. The Issuer may also redeem the Notes on the Interest Payment Date scheduled to fall on 20 August 2011 and on any Interest Payment Date falling thereafter at the Fair Bond Value upon giving not more than 15 nor less than five Business Days’ (as defined in the Conditions of the Notes) notice. There will also be an investor put option whereby a Noteholder may require its Notes to be redeemed by the Issuer at their principal amount on any Interest Reset Date. Noteholders will also have the right to require the Issuer to redeem the Notes at the Fair Bond Value in the event of a Put Event, all as described in “Conditions of the Notes — Redemption and Purchase”. See “Conditions of the Notes — Redemption and Purchase”.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended, (the “UK Listing Authority”) for the Notes to be admitted to the official list of the UK Listing Authority (the “Official List”). Application has also been made 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 the Notes being “listed” (and all related references) shall mean that the 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 of the European Parliament and the Council on markets in financial instruments (the “Markets in Financial Instruments Directive”).

The denominations of the Notes shall be £50,000.

The Notes will be rated BBB- (stable outlook) by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies Inc. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes will initially be represented by a temporary global note (the “Temporary Global Note”), without interest coupons, which will be deposited on or about the Issue Date with a common depositary for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the “Permanent Global Note” and, together with the Temporary Global Note, the “Global Notes”), without interest coupons, on or after 10 November 2008 (the “Exchange Date”), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes in bearer form only in certain limited circumstances – see “Summary of Provisions relating to the Notes while represented by the Global Notes”.

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading “Risk Factors” on page 6.

Manager

BNP PARIBAS

This Prospectus comprises a prospectus for the purposes of Directive 2003/71/EC (the “Prospectus Directive”) and for the purpose of giving information with regards to Rentokil Initial plc (the “Issuer”), the Issuer and its subsidiaries and affiliates taken as a whole (the “Group”) and the Notes, which according to the particular nature of the Issuer and the Notes is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus. 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.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference” below). This Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Prospectus.

Neither the Manager nor the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Manager 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 offering of the Notes. Neither the Manager nor 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 offering of the Notes or their distribution.

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 Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Manager or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the offering of the 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, the Manager or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Manager 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 the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof. The Manager and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or to advise any investor in the Notes of any information coming to their attention.

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

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Manager and the Trustee do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Manager or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except 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 States and the United Kingdom (see “Subscription and Sale”).

This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this Prospectus may only do so in circumstances in which no obligation arises for the Issuer or the Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the Manager have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or the Manager to publish or supplement a prospectus for such offer.

All references in this Prospectus to “sterling” and “£” refer to pounds sterling and to “U.S.\$” refer to United States dollars.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Financial Services Authority shall be incorporated in, and form part of, this Prospectus. This Prospectus should read and be construed in conjunction with the following (save as described below) shall:

- The auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2007.
- The auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2006.
- The interim financial statements of the Issuer for the period ending 30 June 2008.
- The trading statement of the Issuer dated 25 July 2008 (with the exception of the third paragraph thereof).

For the avoidance of doubt, any documents incorporated by reference into the documents listed above shall not form part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. 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.

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision. Investors should be aware that they may lose the value of their entire investment, or any part of it.

Factors that may affect the Issuer's ability to fulfil its obligations under the Notes

Trading performance

The management of the group, which is formed by the Issuer and its subsidiary undertakings (together, the "Group"), has stated that the Group's performance has been in decline over a number of years. This is partly the result of increasingly competitive markets, but is also due to the Group's internal operational inefficiencies, such as a lack of customer focus and lower service quality, resulting in increased contract termination rates, a loss of customers in City Link and reduced profit margin.

The full year results for the year to 31 December 2007 indicated that the Group's reported adjusted operating profit for continuing operations (at constant exchange rates and before amortisation of intangible assets (excluding computer software and development costs) and items of a one-off nature (items of a one-off nature totalling £28.4 million (2006: £22.6 million)) was up by 8.8 per cent. to £280.8 million compared to the same period in the previous year.

Although the Issuer's operating performance improved in the year to 31 December 2007 when compared to the year to 31 December 2006, the trading performance of its City Link division, which accounted for approximately 16 per cent. of the Group's adjusted operating profits in the year to 31 December 2007, was below expectations. The new senior management team put in place at City Link in early 2008 has begun to address operational problems within the division and has already enjoyed some success in improving service levels and in re-establishing relationships with customers, although this has not yet benefited profitability.

However, the declining City Link performance trend of the fourth quarter of 2007 has continued into the first half of 2008. First half 2008 Group operating profit (before amortisation and impairment of intangible assets of £25.0 million) of £59.4 million at constant exchange rates was 51.5 per cent. lower than in 2007 and was adversely affected by City Link's loss of £29.4 million (2007: £21.4 million profit) in the period. Adjusted operating profit (before amortisation of intangibles and goodwill impairment charges) of £62.6 million showed a decrease of 50.2 per cent. year on year. Adjusted profit before income tax (again, before amortisation of intangible assets and goodwill impairment charges) fell 55.3 per cent. to £39.3 million.

City Link's trading outlook for the second half of 2008 remains unclear and will be largely dependent on volumes during the peak Christmas trading period, historically City Link's busiest period. While the Group anticipates that cost action plans will produce a small positive effect, the Issuer considers that it is prudent to

assume that the current run-rate of losses will continue for the remainder of 2008. Any such losses will have a material adverse impact upon the adjusted profit before tax for the Group for 2008.

The Group cannot assure Noteholders that its planned actions in relation to City Link, together with improvement initiatives across its other businesses, will improve its trading performance in the future or at all.

Further, the Group cannot assure Noteholders that any improvements in its future trading performance will give rise to a corresponding improvement in the Group's operating cash flow generation. A requirement to invest in the growth of its business, to support its business restructuring plans or to support its trading performance may give rise to an adverse impact upon the Group's operating cash flow compared to its historic performance which in turn may adversely affect the Group's financial condition and results of operations.

Operational change

In the Review of Performance section of the Group's 2007 Annual Report the Issuer's board updated stakeholders on progress made to address certain operational problems; to develop a more customer focused, outward-looking and dynamic business culture; to build on strong market positions; to regenerate revenue growth and to improve customer retention. The Issuer's board also directed stakeholders towards a new focus on generating productivity and process improvements and reducing the cost base of the Group.

The Group's trading statement of 2 May 2008 acknowledged that although a number of the Group's businesses are making good progress in growing their respective business, developing customer portfolios and reducing termination rates, the Group is still experiencing some difficulties in implementing major change programmes, which has affected its ability to increase profits.

The Group has a number of plans to address identified operational problems. A new chief executive was appointed on 1 April 2008 and he has outlined the Group's short to medium term priorities as part of his agenda to improve the operational performance of the Group. However, the Group cannot assure Noteholders that all of its proposed changes will be successfully implemented, implemented at all, or that such proposed changes will have a positive effect on the Group.

Competition

The Group operates in a number of highly competitive industries and it faces competition at local, national and international levels. Many of its competitors may have a larger market share and better financial resources than the Group. The entry barriers to most of the markets in which the Group operates are limited and, as a result, the entry of new competitors into such markets may affect the demand for the Group's services as well as impose pressure on its pricing strategies. Its ability to compete depends on its ability to provide excellent service to its customers at a reasonable price. Customers may elect to award contracts to the Group's competitors who are willing to accept a lower profit margin. If the Group is unable to compete effectively in the markets in which it operates, the Group's market share, and therefore its profits, may decrease.

Customer contracts

The Group's success depends on the retention and renewal of its existing customer contracts and its ability to attract new customers. The Issuer's management believe that quality of service is often the single most important matter for the Group's customers and declining service has resulted in a high level of contract terminations. Whilst there has been some recent improvement in customer termination rates in some businesses, the Group cannot assure Noteholders that this trend will continue and that it will be able to renew existing customer contracts on favourable terms or at all. The Group also recognises that the significant focus that it is placing upon its operational change initiatives may cause key customers to re-evaluate their business relationships with the Group with potential adverse financial consequences. If the Group is successful at winning contracts from new customers, it cannot be certain that these contracts will be profitable or at a level

of profitability consistent with past financial performance. Whilst the Group has increased its investment in sales and service, the Group cannot give any assurance that these actions will be successful in improving customer retention rates and the Group's profitability. A loss of customers, if not replaced by new customers, would adversely affect the Group's financial condition and results of operations.

The Group also faces the risks associated with meeting its contractual performance obligations under existing or future contracts which may contain onerous indemnity or other provisions. In performing such contracts, the Group may be exposed to uninsured and/or uninsurable claims resulting in potentially large exposures for the Group.

Business Turnaround

The Group has a number of significantly underperforming businesses including City Link, UK Washrooms, Australia Washrooms and Australia Pest. There can be no assurance that the Group's turnaround initiatives will improve the performance of these businesses or that their performance will not deteriorate further.

Senior leadership group

The Group is currently undergoing a period of considerable change. In order to reenergise the business culture, address current operational problems, and put the business back on the path to growth, significant changes have been made to the senior leadership structure of the Group with the appointment of a new chairman, chief executive and executive director. New senior management positions have been filled with managers who have broad ranging industry experience and come from a variety of professional backgrounds. New management remuneration and benefit packages, including long-term incentive plans, have been implemented with a view to ensuring that the senior management team are appropriately incentivised to successfully execute business turnaround initiatives. The Group cannot assure Noteholders that such steps will be sufficient to retain key individuals or their management teams, on whose success key business projects and turnaround initiatives, and thereby the Group's future profitability, relies.

Staff

The Group's future trading performance depends on its ability to attract, train and retain staff with qualifications and experience that match its requirements in order for it to meet and exceed its customers' expectations. Effective staff personal development and succession planning is critical to the Group if it is to meet its changing business needs. The Group's industry is generally characterised by a relatively high staff turnover. If the Group is unable to offer satisfactory wages and working conditions to its employees, it may suffer from labour shortages in its sales, service and management positions and this may have an adverse effect on its activities. The Group cannot assure Noteholders that its employee recruitment, retention, training, personal development and succession planning activities will be sufficient for it to achieve all of its business objectives.

The Group has policies and practices in place to ensure that it employs, remunerates and manages its staff in accordance with applicable laws and regulations. These policies and practices include a requirement for its businesses to comply with local employment legislation covering all forms of potential discrimination in the workplace and minimum wage, maximum working hours, retirement pensions and health and safety requirements. The Group cannot assure Noteholders that these policies will be effective in all circumstances and that there might not be a material adverse financial impact on the Group arising from a claim or claims by members of staff relating to a breach of employment legislation or regulation.

In addition, under existing or future contracts, the Group may not be able to fully recover from its customers any incremental labour costs arising for any reason, including but not limited to annual pay awards, employment regulation and pension legislation. The Group's facilities services businesses have, in general, lower operating profit margins than its other businesses. As a result these businesses are more likely to be

exposed to adverse financial effects arising from operational issues or from cost increases arising from changes to employment legislation which cannot be passed on to their customers in full.

Most of the Group's services require it to place its employees in the customers' premises. This involves a risk of claims in connection with damage to property, unauthorised use of the customers' property and other criminal or tortious acts, all of which may expose the Group to negative media publicity and/or uninsured or uninsurable claims.

Strike Action

The Group carries out activities that are labour intensive. Many of its employees are members of local trade unions or similar organisations. The Group seeks to work together with local trade unions to ensure good labour relations. Nevertheless, the Group cannot assure Noteholders that there will not, from time to time, be employee strike action leading to business disruption.

Change of control

If a Put Event occurs while the Notes are outstanding and either the Notes are downgraded to a non investment grade rating, their rating is withdrawn, or the Notes were not at the time rated, all as more particularly described in Condition 6(e)), the holder of such Note can require the Issuer to redeem that Note on a particular date at its Fair Bond Value. The Issuer has outstanding other securities with similar provisions entitling the holders thereof to require the Issuer to redeem such securities in equivalent circumstances. If the Noteholders exercise their right to redeem the Notes, or if the Issuer's other securityholders exercise their right to redeem such other securities, this could adversely affect the liquidity of the Group.

Pension fund

The Group's pension funds are required to be accounted for under IAS 19 in its financial statements. The UK defined benefit pension scheme, although now closed to new accruals, accounts for substantially all of the Group's pension exposure. The actuarial valuation of the UK defined benefit scheme as at 31 March 2007 was agreed in July 2008 and showed a deficit of £80.4m. Following the release of £50 million from escrow into the pension scheme, a further amount of £33.3 million was placed in escrow in July 2008 to address the remainder of the deficit as at 31 March 2007. At 30 June 2008, the UK defined benefit scheme had an IAS 19 surplus of £84.8 million.

In April 2006 the UK scheme's assets were switched from being approximately 80 per cent./20 per cent. equities/fixed interest bonds to approximately 20 per cent./80 per cent. equities/fixed interest bonds. Shortly thereafter the UK scheme also undertook inflation and interest hedging actions. These actions were undertaken so as to increase the likelihood that the UK scheme's assets, taken together with the Issuer's agreed future employer contributions, would be sufficient to meet its anticipated financial commitments to UK scheme members. Notwithstanding these actions, the Group is still exposed to the following principal risks within the UK scheme: changes in the market value of the equity assets; a movement in the interest rate used to discount liabilities for reporting purposes under IAS 19; changes over time to actuarial mortality assumptions; defaults on bonds and inflation (as mitigated by the inflation hedges put in place).

The Issuer also cannot assure Noteholders that the pension fund trustees and the pensions regulator will not issue a contributory notice to the Issuer requesting it to fund the deficit fully (or that the pension fund trustees will not require a more stringent funding standard than IAS 19 (short of buy-out), which could result in a drain on the Issuer's cash resource). Such a contributory notice by the pension fund trustees and/or the pensions regulator might require, or the Issuer might separately decide in appropriate circumstances, that the deficit should be funded on a "buy-out basis". This would require funding materially in excess of that required to fund a deficit calculated under IAS 19. If the Issuer is required or decides to fund the deficit fully

(either on a “buy-out basis” or in order to remedy a deficit calculated under IAS 19) this may have a significant adverse effect on the Issuer’s liquidity in the short term.

Acquisitions

During 2007, the Group acquired businesses for a total gross consideration of £201 million. In the first half of 2008, the Group acquired businesses for a total gross consideration of £31 million. The poor integration of acquired businesses such as Target Express, City Link franchisees and various Australian washroom and pest control businesses has contributed significantly to the Group’s current poor financial performance. The Group may in the future continue to make acquisitions. The Group cannot assure Noteholders that its acquisitions will improve its financial performance in the short or long term or at all because the Group may not successfully integrate the acquired businesses into its management systems. There is a risk that the Group’s acquisitions could distract the Group’s management from its work on internal efficiency improvements. The benefits of the acquisitions may not be as significant as anticipated because the acquired businesses may have liabilities or adverse operating issues which the Group may have failed to discover prior to such acquisition. Difficulties in integrating the acquired businesses and potential liabilities relating to the acquired businesses may have a material adverse effect on the Group’s operating results and financial condition.

Disposals

During the past three years the Group has sold a number of its businesses and may continue to do so in the future

The Group cannot assure Noteholders that it will retain all of its remaining business streams, or that in the event of a sale of any of them that any proceeds received will be reinvested or will be used to pay down debt.

Under business sale contracts, the Group may provide warranties and indemnities to purchasers. Accordingly, the Group makes provision, in its financial statements, for potential liabilities and costs relating to a disposed business. It may also make provision in its financial statements for amounts to cover legal or regulatory claims which are known to be outstanding at the time of sale, or which may subsequently become apparent. The Group cannot assure Noteholders that such provisions will be sufficient to cover potential losses, and therefore disposals of businesses carried out by it may subsequently give rise to a potential adverse impact on its financial condition, future trading performance and liquidity.

Dividend policy

The Group has a recent history of paying an increased or maintained dividend despite a decline in profits in the same period. In the Interim Management Report of 22 August 2008, the Group detailed a new dividend policy of targeting dividends to be covered by profits after tax in the range of 2.2 to 2.5 times, before amortisation and restructuring charges, provided cash resources are available. The Group stated that this will continue until such time as the business has been stabilised, at which time the dividend policy will be reviewed again. However, the Issuer cannot assure Noteholders that a higher dividend will not be paid in the future even if profits have declined in the corresponding period.

Cost Price Increases

The Group’s businesses operate in price competitive markets and are exposed to potential rises in operating costs (including energy costs) which, in order to remain competitive, it may not be able to pass on fully to its customers. Any increase in operating costs that the Group is unable to pass on to its customers will have an adverse effect on its profitability through the deterioration of its margins.

Market trend

The Group’s business and growth strategies depend in large part on the willingness of customers to outsource certain services of the type provided by the Group. The decision by a customer to outsource will depend upon

such customer's perception that outsourcing provides higher quality services at a lower overall cost ultimately permitting them to focus on their core business activities. Although the Group believes that there is currently no slowdown in the overall long-term trend towards outsourced services, there can be no assurance that a slowdown will not occur in either long- or short-term. Additionally, if the current trend towards outsourcing services continues, the Group cannot be certain that it will be able to successfully capitalise on it.

Administration and Business Continuity Planning

The Group's information technology infrastructure potentially lacks resilience and has been recognised by management not to support business needs fully. The Group's management are taking steps to address a lack of comprehensive and effective disaster recovery and business continuity plans. The Group cannot assure Noteholders that, in the event of either information technology or other operational problems, existing disaster recovery and continuity plans will be sufficiently robust and comprehensive to support the effective management of a material incident arising in a major business unit or process. As a result, such an incident could adversely affect the Group's business, results of operations and financial condition.

The Group is also taking steps to increase efficiency in its administrative processes, for example the setting up of a UK based Shared Service Centre. The Group cannot assure Noteholders that such steps will be effective at supporting business needs fully and/or will generate cost savings.

Financing Risk

Due to the continued poor performance of the Group, its recent credit rating downgrade to BBB- stable outlook and the current dislocation in the debt capital markets, there can be no assurances that the Group will be able to access all its funding requirements. There may also be a significant risk that new funding will be at an increased cost.

Interest rate exposure

The Group's policy is to manage interest rate exposures on a 12-month rolling basis (measured quarterly). Unless otherwise agreed by the Issuer's board, a minimum of 50 per cent. of the Group's estimated future interest rate exposures will be fixed (or capped) for a minimum period of nine months forward. However, there can be no assurance that the Group's activities, operating results and financial position will not be adversely affected by changes in the level of interest rates.

Currency exposure

The Group conducts its operations primarily in the UK, Europe, North America and the Far East. The Group's turnover is billed in many different currencies but the primary currencies are Sterling, US dollars and Euros. The Group's policy is not to hedge transactional exposure but to fund business operations centrally with borrowings that are substantially denominated (90 per cent. or greater) in the same actual or effective currencies as in the proportion of the Group's forecast cash flows generated by the business operation. As a result, reported results may be materially affected by movements in foreign currency exchange rates.

Environmental issues

The Group's policy is to operate its businesses in a manner that seeks to reduce the environmental impact of its businesses. However, the environmental requirements imposed on service industries are increasingly rigorous. To the extent that the Group is unable to pass costs associated with complying with stricter regulatory requirements on to its customers, it may have an adverse effect on the Group's operating result and financial position.

The Group also has certain obligations to remediate environmentally premises that it owned or previously occupied whilst conducting businesses that it formerly owned. Whilst the Group has made provisions for such environmental obligations, it cannot assure Noteholders that these provisions will be sufficient and that it will

have adequate liquidity to fund remediation to the required regulatory standards that may vary over time. The Group also cannot assure Noteholders that it has identified all the sites where remediation work is required and it is possible that further sites where remediation is needed may be identified in the future, leading to additional costs or loss of revenue, which could materially adversely affect the Group's business, results of operations and financial condition.

International operations

The Group currently operates some of its activities, such as Rentokil Pest Control and Initial Textiles and Washrooms, in over 40 countries. Because of the international nature of its businesses, it faces a number of risks and challenges, including the management of a decentralised global business operation and compliance with increasing legislative requirements in various jurisdictions. The Group's international activities also expose it to political unrest and economic instability that may prevent it from carrying out its business for a short or a long period of time. The Group's strategy of seeking to become the market leader in the supply of its particular services can itself increase the risk of challenges by government regulators in certain jurisdictions both in respect of competition and foreign ownership laws. The economies of some of the countries in Europe in which the Group operates are not growing. The Group cannot assure Noteholders that its activities will not be adversely affected by these factors.

Regulatory issues

The Group is required to comply with a variety of laws and regulations of local, regional, national and international authorities. If the Group fails to comply with such laws and regulations it may have to pay penalties or private damages awards. In addition, changes in existing laws or regulations, or in their interpretation or enforcement, could require the Group to incur additional costs, or require changes to its operations, leading to additional costs or loss of revenue which could materially adversely affect the Group's business, results of operations and financial condition.

Factors which are material for the purpose of assessing the market risks associated with the Notes

The Notes may not be a suitable investment for all investors

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

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

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Notes subject to optional redemption by the Issuer

The Notes contain an Issuer optional redemption feature which is likely to limit their market value. During any period when the Issuer may elect to redeem the Notes, the market value of the 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 the 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.

Bidding Process with respect to the Credit Reset Period

The conditions of the Notes provide that after five years the margin with respect to the interest rate on the Notes will be determined pursuant to a bidding process involving quotation dealers submitting bids with respect to such margin. It is likely that the lowest of such bids will be accepted by the Issuer as the margin and such margin will apply until the next bidding process. Investors will be bound by the results of such bidding process whether or not they participated in such process and notwithstanding that they may not be aware of the new margin resulting from it. It is possible that the interest rate following such bidding process will be lower than the interest rate applicable during the first five years of the Notes.

Risks related to the Notes generally

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

Modification, waiver and substitution

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

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such, in the circumstances described in Condition 14 of the conditions of the Notes.

Risks related to the market generally

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

The secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in sterling. 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 sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of sterling 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 sterling would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings may not reflect all risks

The ratings assigned to the Notes by the credit rating agencies 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.

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) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

TERMS AND CONDITIONS OF THE NOTES

The following terms and conditions (subject to completion and amendment) will be endorsed on the Notes in definitive form, if issued, and (subject to the provisions thereof, some of which will modify the effect of these terms and conditions) will, together with the section headed “Summary of Provisions relating to the Notes while represented by the Global Notes”, apply to the Global Notes:

The £75,000,000 Floating Rate Reset Notes due 2033 (the “Notes”, which expression includes any further notes issued pursuant to Condition 16 (*Further Issues*) and forming a single series with the Notes) of Rentokil Initial plc (the “Issuer”) are constituted by a Trust Deed (the “Trust Deed”) dated 30 September 2008 made between the Issuer and BNP Paribas Trust Corporation UK Limited (the “Trustee”, which expression shall include any successor as Trustee).

The Notes, the Talons (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement (the “Agency Agreement”) dated 30 September 2008 and made between the Issuer, BNP Paribas Securities Services, Luxembourg branch as principal paying agent and agent bank (the “Agent”, which expression shall include any successor agent) and the Trustee and the other paying agents named therein (together with the Agent, the “Paying Agents”, which expression shall include any additional or successor paying agents).

The Notes have interest coupons (“Coupons”) and talons for further Coupons (“Talons”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

The Trustee acts for the benefit of the holders for the time being of the Notes (the “Noteholders”), and the holders of the Coupons (the “Couponholders”, which expression shall, unless the context otherwise requires, include the holders of Talons) in accordance with the provisions of the Trust Deed.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the specified office of each of the Paying Agents.

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

1 Form, Denomination and Title

The Notes are in bearer form, serially numbered, in the denomination of £50,000 each and are issued with Coupons and one Talon attached.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, the Paying Agents and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

2 Status of the Notes

The Notes and the Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (subject as aforesaid and save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3 Negative Pledge

So long as any of the Notes remain outstanding the Issuer will not, and will procure that no Subsidiary (which expression shall, in these Terms and Conditions, unless the context otherwise expressly provides, means a subsidiary as defined in Section 1159 of the Companies Act 2006) of the Issuer will, create or permit to subsist any mortgage, lien, pledge or other charge (each a “Security Interest”) upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any existing or future Relevant Indebtedness of any person or any guarantee or indemnity given in respect thereof, unless the Issuer shall, simultaneously with, or prior to, the creation of such Security Interest take any and all action necessary to procure that all amounts payable by the Issuer under the Notes and the Trust Deed are secured equally and rateably by such Security Interest to the satisfaction of the Trustee or such other security or other arrangement is provided as the Trustee shall in its absolute discretion deem not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

Notwithstanding the foregoing, the Issuer or any Subsidiary may create or have outstanding a Security Interest in respect of any Relevant Indebtedness and/or any guarantee or indemnity given in respect thereof as aforesaid (without the obligation to provide a Security Interest or such other security or other arrangement in respect of the Notes and the Trust Deed as aforesaid) where such Security Interest is provided by or in respect of a company becoming a Subsidiary of the Issuer after the Issue Date of the Notes, and where such Security Interest exists at the time that company becomes a Subsidiary of the Issuer (provided that such Security Interest was not created in contemplation of that company becoming a Subsidiary of the Issuer and the principal amount secured at the time of that company becoming a Subsidiary of the Issuer is not subsequently increased).

For the purposes of this provision, “Relevant Indebtedness” means any of the Notes and, otherwise, any loan or other indebtedness which is in the form of, or represented by, any bonds, notes, depositary receipts or other securities having an original maturity of more than one year from its date of issue and for the time being, by agreement with the issuer thereof, quoted, listed (or capable of being quoted or listed) or dealt in on any stock exchange and/or quotation system or by any listing authority or other recognised securities market provided that such definition shall exclude any such indebtedness in existence before 14 November 2001 which has the benefit of a Security Interest created by the Issuer or any Subsidiary and which is no greater than £10,000,000 when aggregated with all other then existing such indebtedness.

4 Interest

(a) Interest Payment Dates

The Notes bear interest from and including 30 September 2008 (the “Interest Commencement Date”), and interest will (save as mentioned below) be payable on the following dates (each an “Interest Payment Date”):

- (i) in respect of each Interest Period occurring during the Floating Rate Period, 20 February, 20 May, 20 August and 20 November in each year, commencing on 20 November 2008; and
- (ii) in respect of each Interest Period occurring during the Credit Spread Reset Period, 20 February and 20 August in each year,

where:

“Floating Rate Period” means the period from and including the Interest Commencement Date to but excluding the Interest Payment Date scheduled to fall on 20 August 2013; and

“Credit Spread Reset Period” means the period from and including the Interest Payment Date scheduled to fall on 20 August 2013 to but excluding the due date for redemption.

If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month, in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. The period from and including the Interest Commencement Date to but excluding the first Interest Payment Date, and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date, is called an “Interest Period”.

The first Interest Payment Date shall fall on 20 November 2008 and the rate of interest for the first Interest Period (from and including the Interest Commencement Date to but excluding the first Interest Payment Date) will be the rate for deposits in sterling as described in Condition 4(c)(i) which shall be an interpolated rate between the rates for one and two month deposits in sterling and for the purposes of such first Interest Period, the definition of Screen Rate shall be deemed to be modified accordingly.

(b) Interest Accrual

Each Note will cease to bear interest from and including the due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of the payment. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Note have been received by the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Notices*).

(c) Rate of Interest

(i) Floating Rate Period

Subject as provided in Condition 4(a), the rate of interest (the “Rate of Interest”) payable in respect of each Interest Period occurring during the Floating Rate Period shall be determined in accordance with the following provisions:

- (A) On each Interest Determination Date (as defined below), the Agent or its duly appointed successor (in such capacity, the “Agent Bank”) will determine the Screen Rate (as defined below) as of approximately 11.00 a.m. (London time) on that Interest Determination Date. If the Screen Rate is unavailable, the Agent Bank will request the principal London office of each of the Reference Banks (as defined below) to provide the Agent Bank with the rate at which deposits in sterling are offered by it to prime banks in the London interbank market for three months as of approximately 11.00 a.m. (London time) on the Interest Determination Date in question and for a Representative Amount (as defined below).
- (B) The Rate of Interest for the Interest Period shall be the Screen Rate plus the Margin (as defined below) or, if the Screen Rate is unavailable, and at least two of the Reference Banks provide such rates, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the Agent Bank of such rates, plus the Margin.
- (C) If fewer than two rates are provided as requested, the Rate of Interest for that Interest Period will be the arithmetic mean of the rates quoted by at least two major banks in London, selected by the Agent Bank, as of approximately 11.00 a.m. (London time) on the first day of such Interest Period for loans in sterling to leading European banks for a period of three months commencing on the first day of such Interest Period and for a Representative Amount, plus the Margin. If the Rate of Interest cannot be determined in accordance with the above provisions, the Rate of Interest shall be determined as of the last preceding Interest Determination Date.
- (D) In these Terms and Conditions (except where otherwise defined), the expression:
- I “Business Day” means a day which is 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 Luxembourg;
 - II “Interest Determination Date” means the first day of the Interest Period for which the rate will apply;
 - III “Margin” means 3.98 per cent. per annum;
 - IV “Reference Banks” means the principal London office of each of four major banks engaged in the London interbank market selected by the Agent Bank provided that, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall remain a Reference Bank unless and until it ceases to be capable of acting as such;
 - V “Representative Amount” means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time; and
 - VI “Screen Rate” means the rate for three month deposits in sterling which appears on the Reuters Screen LIBOR 01 page (or such replacement page on that service which displays the rate for three month deposits in sterling).

(ii) *Credit Spread Reset Period*

The Rate of Interest in respect of each Interest Period falling during the period from and including one Interest Reset Date to but excluding the next succeeding Interest Reset Date or, as the case may be, the due date for redemption (each such period, a “Credit Spread Interest Period”) will be equal to the sum of the Base Rate and the Credit Spread applicable to the relevant Credit Spread Interest Period. The “Credit Spread” applicable to any Credit Spread Interest Period shall be determined by the Calculation Agent (acting in good faith and in a commercially reasonable manner) on the Credit Spread Reset Date in accordance with the following provisions:

(A) As soon as reasonably practicable after 9.00 a.m. (London time) on a Credit Spread Reset Date, the Calculation Agent shall request each Quotation Dealer to submit a Bid at or before the Credit Spread Reset Time. If:

- I only one Bid is submitted, such Bid shall constitute the Credit Spread;
- II more than one Bid is submitted, the lowest such Bid shall constitute the Credit Spread (provided that if two or more lowest Bids are submitted, then whichever of such lowest Bids was submitted first in time shall constitute the Credit Spread); and
- III if no Bids are submitted, each Note shall be redeemed in whole, at the Fair Bond Value (determined in good faith and in a commercially reasonable manner by the Calculation Agent as of the Business Day immediately following the Credit Spread Reset Date) on the Interest Reset Date immediately following the relevant Credit Spread Reset Date,

provided that, in the case of either sub-paragraph I or sub-paragraph II, the Primary Quotation Dealer shall have the right (but shall be under no obligation) to submit a Matching Bid on or before 5.00 p.m. (London time) on the Credit Spread Reset Date, in which event such Matching Bid shall constitute the Credit Spread.

(B) In these Terms and Conditions (except where otherwise defined), the expression:

- I “Base Rate” means 4.55 per cent. per annum;
- II “Bid” means, in respect of any Quotation Dealer and any Credit Spread Reset Date, the margin above (or (if applicable) below) the Base Rate quoted by the relevant Quotation Dealer, provided that a Bid will be void and of no effect unless the relevant Quotation Dealer has entered into a Bidding Agreement;
- III “Bidding Agreement” means an agreement substantially in the form scheduled to the Agency Agreement (or in such other form as may be agreed between the relevant parties), entered into in respect of the relevant Credit Spread Reset Date between the then Primary Quotation Dealer, the Quotation Dealer and the Issuer dated on or prior to such Credit Spread Reset Date pursuant to which, *inter alia*, the parties agree that if the relevant Quotation Dealer’s Bid shall constitute the Credit Spread with respect to the relevant Credit Spread Interest Period: (i) the Quotation Dealer shall purchase each Note held by the Primary Quotation Dealer as of the Credit Spread Reset Date at the Fair Bond Value (determined in good faith and in a commercially reasonable manner by the Calculation Agent as of the eighth Business Day immediately following the Credit Spread Reset Date), for

settlement on the relevant Interest Reset Date; and (ii) from and including the relevant Interest Reset Date to but excluding the Interest Reset Date, if any, in respect of which a new Primary Quotation Dealer is appointed in accordance with the relevant Bidding Agreement and these Terms and Conditions, the Quotation Dealer shall assume the rights and obligations ascribed herein to the Primary Quotation Dealer;

- IV “Calculation Agent” means the Primary Quotation Dealer at the relevant time;
- V “Credit Spread Reset Date” means, in respect of any Credit Spread Interest Period, the tenth Business Day immediately preceding the Interest Reset Date on which such Credit Spread Interest Period commences;
- VI “Credit Spread Reset Time” means, in respect of any Credit Spread Reset Date, 2.00 p.m. (London time) on such Credit Spread Reset Date;
- VII “Fair Bond Value” means, in respect of any Note and any day, the sum of (i) the net present value of all remaining interest and principal payments in respect of the Fixed Income Note (calculated using a discount rate equal to the relevant zero coupon yields for each payment based on the then GBP Libor swap curve) and (ii) the value of the investor put option under the Fixed Income Note, in each case, as of such day, provided that if the Calculation Agent determines that the sum of (i) and (ii) is less than the principal amount of the relevant Note, the Fair Bond Value of such Note on such day shall be deemed to be equal to its principal amount plus accrued interest to (but excluding) the date of redemption;
- VIII “Fixed Income Note” means a hypothetical debt security having the same terms and conditions as the Notes, save that from the first Interest Reset Date, such hypothetical debt security shall bear interest at a rate equal to the Base Rate (further provided that if the Notes are redeemed after 20 August 2013 on a date that is not an Interest Reset Date then the rate of interest applicable to the hypothetical debt security from and including the relevant redemption date of the Notes to but excluding the immediately succeeding Interest Reset Date shall be equal to the sum of the Base Rate and the Credit Spread determined on the immediately preceding Interest Reset Date);
- IX “Interest Reset Date” means the Interest Payment Date scheduled to fall on 20 August 2013 and each Interest Payment Date scheduled to fall on the 20 August every two years thereafter until (and including) the Interest Payment Date scheduled to fall on 20 August 2031;
- X “Matching Bid” means a Bid submitted by the Primary Quotation Dealer having the same value as the Bid which would otherwise constitute the Credit Spread pursuant to sub-paragraph I or, as the case may be, sub-paragraph II of paragraph (A) above.
- XI “Primary Quotation Dealer” means, in respect of the first Credit Spread Reset Date, BNP Paribas and, in respect of each Credit Spread Reset Date thereafter, the Quotation Dealer selected to perform the role of Primary Quotation Dealer pursuant to the relevant Bidding Agreement and these Terms and Conditions;

XII “Quotation Dealer” means the Primary Quotation Dealer and, if applicable, each other Reset Reference Bank selected by the Issuer in respect of the relevant Credit Spread Reset Date; and

XIII “Reset Reference Banks” means the principal London office of up to four major banks in the London inter-bank market which (A) are incorporated in G7 member states, (B) have long-term debt ratings of at least (x) A by S&P (as defined below) or (y) A2 by Moody’s (as defined below) and (C) in the ordinary course of their business deal in obligations of the same type as the Notes, as selected by the Issuer and notified to the Calculation Agent prior to the relevant Credit Spread Reset Date.

(d) Calculation of the Interest Amount

- (i) The Agent Bank shall, as soon as practicable after 11.00 a.m. (London time) on each Interest Determination Date occurring during the Floating Rate Period or, as the case may be, the Credit Spread Reset Period, but in no event later than the third Business Day thereafter, determine the sterling amount (the “Interest Amount”) payable in respect of interest on each £50,000 principal amount of Notes for the relevant Interest Period.
- (ii) The Interest Amount shall be determined by applying the Rate of Interest to such principal amount, multiplying the sum by:
 - (A) in the case of any Interest Period occurring during the Floating Rate Period, the actual number of days in the Interest Period concerned divided by 365 or (in the case of an Interest Period ending in a leap year) 366; and
 - (B) in the case of any Interest Period occurring during the Credit Spread Reset Period, 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 (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365),

and, in each case, rounding the resultant figure to the nearest penny (half a penny being rounded upwards).

(e) Publication of Rate of Interest and Interest Amount

The Agent Bank shall cause the Rate of Interest and the Interest Amount for each Interest Period and the relative Interest Payment Date to be notified to the Issuer, the Trustee and to be published in accordance with Condition 13 (*Notices*) as soon as practicable after their determination, but in no event later than the second Business Day thereafter. The Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(f) Determination by the Trustee

The Trustee may, if the Agent Bank defaults at any time in its obligation to determine the Rate of Interest and Interest Amount in accordance with the above provisions, determine the Rate of Interest and Interest Amount, the former at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and the latter in the manner provided in paragraph (d) above and the determinations shall be deemed to be determinations by the Agent Bank.

(g) Notifications, etc. to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, whether by any of the Reference Banks, the Quotation Dealers, the Calculation Agent, the Agent Bank or the Trustee, will (in the absence of wilful default, bad faith or manifest error) be binding on all such parties as well as on the Issuer, the Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer or the Noteholders or the Couponholders shall attach to any of the Reference Banks, the Quotation Dealers, the Calculation Agent, the Agent Bank or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

(h) Agent Bank

The Issuer shall procure that, so long as any of the Notes remains outstanding, there is at all times an Agent Bank for the purposes of the Notes and the Issuer may, subject to the prior written approval of the Trustee, terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the Rate of Interest or the Interest Amount for any Interest Period, the Issuer shall, subject to the prior written approval of the Trustee, appoint another major bank engaged in the London interbank market to act in its place. The Agent Bank may not resign its duties or be removed by the Issuer without a successor having been appointed.

5 Payments

(a) Method of payment

Payments of principal and interest in respect of the Notes shall be made by sterling cheque drawn on, or by transfer to a sterling account maintained by the payee with, a branch of a bank in London, subject in all cases to any fiscal or other laws and regulations applicable thereto but without prejudice to the provisions of Condition 7 (*Taxation*).

(b) Presentation of Notes and Coupons

Payments of principal will be made in the manner provided in paragraph (a) above only against presentation and surrender of the Notes, and payments of interest in respect of the Notes will be made as aforesaid only against presentation and surrender 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, its territories, its possessions and other areas subject to its jurisdiction)).

The 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 any missing unmatured Coupon will become void.

Upon any Note 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.

If the due date for redemption of any 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 Note.

(c) Payment Day

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

(d) 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 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed; and
- (ii) the Fair Bond Value of the Notes.

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

6 Redemption and Purchase

(a) Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its principal amount on the Interest Payment Date scheduled to fall on 20 August 2033 (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 during the Credit Spread Reset Period or on any Interest Payment Date (during the Floating Rate Period), on giving not less than 30 nor more than 60 Business Days’ notice to the Trustee and the Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the United Kingdom, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective after 25 September 2008; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6(b) will be redeemed at their Fair Bond Value.

(c) Redemption at the option of the Issuer (Issuer Call)

The Issuer may, having given not less than five nor more than 15 Business Days' notice to the Noteholders in accordance with Condition 13 (*Notices*) (with a copy of such notice to the Trustee and the Agent) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Notes then outstanding on the Interest Payment Date scheduled to fall on 20 August 2011 and on any Interest Payment Date falling thereafter. Such redemption shall be made at the Fair Bond Value of the Notes so redeemed.

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

Upon the holder of any Note giving to the Issuer in accordance with Condition 13 (*Notices*) not less than 30 Business Days' notice prior to any Interest Reset Date (the "Notice Period") (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem such Note on such Interest Reset Date at its principal amount.

To exercise the right to require redemption of any Notes, the holder of such Notes must deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the Notice Period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "Put Notice") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by the Note (together with all Coupons appertaining thereto maturing after the relevant Interest Reset Date) or evidence satisfactory to the Paying Agent concerned that the Note (and such Coupons) will, following delivery of the Put Notice, be held to its order or under its control.

(e) Event Risk

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

- (i) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1156 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006 as amended) in (a) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (b) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer (each, a "Change of Control"); and
- (ii) at the time of the occurrence of a Change of Control, the Notes carry from any Rating Agency an investment grade credit rating (*Baa3/BBB-*, or *equivalent*, or *better*), and such rating from any Rating Agency is within a period ending 120 days after announcement of the Change of Control having occurred (or such longer period as the Notes are under consideration, announced publicly within such 120 day period, for

rating review) either downgraded to a non-investment grade credit rating (*Ba1/BB+*, or *equivalent, or worse*) or withdrawn; and

- (iii) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control.

Further, (a) if at the time of the occurrence of the Change of Control the Notes carry a non-investment grade credit rating from each Rating Agency then assigning a credit rating to the Notes or no credit rating from any Rating Agency, a Put Event will be deemed to occur upon the occurrence of a Change of Control alone; and (b) if at the time of the occurrence of the Change of Control the Notes carry a rating from more than one Rating Agency, at least one of which is investment grade, then sub-paragraph (iii) will apply.

- (B) If a Put Event occurs, each Noteholder shall have the option to require the Issuer to redeem or repay that Note on the Put Date (as defined below) at its Fair Bond Value. Such option shall operate as set out below.

Promptly upon the Issuer becoming aware that a Put Event has occurred the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution as defined in the Trust Deed of the Noteholders, shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice (a "Put Event Notice") to the Noteholders in accordance with Condition 13 (*Notices*) specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 6(e).

- (C) To exercise the option to require the redemption or repayment of a Note under this Condition 6(e) the holder of the Note must deliver such Note, on any Payment Day (as defined in Condition 5(c)) falling within the period (the "Put Period") of 45 Business Days after a Put Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "Change of Control Put Notice"). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Put Period (the "Put Date"), failing which any missing unmatured Coupon will become void. The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. The Issuer shall redeem or repay the relevant Notes on the Put Date unless previously redeemed and cancelled.

If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed pursuant to this Condition 6(e), the Issuer may, on not less than 30 or more than 60 Business Days' notice to the Noteholders given within 30 Business Days after the Put Date, redeem, at its option, the remaining Notes as a whole at a redemption price of the Fair Bond Value thereof.

- (D) If the rating designations employed by any of Moody's, S&P or Fitch are changed from those which are described in paragraph (A)(iii) above, or if a rating is procured from a Substitute

Rating Agency, the Issuer shall determine, with the agreement of the Trustee, the rating designations of Moody's or S&P or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P or Fitch and paragraph (A)(iii) shall be read accordingly.

- (E) The Trustee is under no obligation to ascertain whether a Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Put Event or Change of Control has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Put Event or Change of Control or other such event has occurred.
- (F) In these Conditions "Rating Agency" means Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc, ("S&P") or Fitch Ratings Ltd ("Fitch"), or their respective successors or any rating agency (a "Substitute Rating Agency") substituted for any of them by the Issuer from time to time with the prior written approval of the Trustee.

(f) Purchases

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

(g) Cancellation

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

7 Taxation

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the United Kingdom unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment in the United Kingdom; or
- (b) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of such Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5(c)); or

- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

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

8 Prescription

The Notes and Coupons will become void unless presented for payment 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 7 (*Taxation*)) therefor.

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

9 Events of Default

(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 principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), (but in the case of the happening of any of the events described in paragraphs (ii) to (viii) inclusive (other than (iv) in relation to the Issuer), only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer that the Notes are, and they shall thereupon immediately become, due and repayable at their Fair Bond Value if any of the following events shall occur (“Events of Default”):

- (i) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days, in the case of principal, or 14 days, in the case of interest; or
- (ii) if the Issuer fails to perform or observe any of its other obligations under these Terms and Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation and 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) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) (A) if any Indebtedness for Borrowed Money (as defined below) of the Issuer or any of its Principal Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described); or (B) if the Issuer or any of its Principal Subsidiaries 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 (C) if any security given by the Issuer or any of its Principal Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable by reason of default; or (D) if default is made by the Issuer or any of its Principal Subsidiaries in making any payment due as extended by any originally applicable grace period under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that no event referred to in this Condition 9(a)(iii) shall constitute an Event of Default, first, unless the relative Indebtedness for Borrowed Money either alone or when aggregated with other Indebtedness for Borrowed Money relative to all (if any) other such events which shall have occurred shall amount to at least £20,000,000 (or its equivalent in any other currency) and, second, in the case where such event has occurred in relation to Indebtedness for Borrowed Money of a Principal Subsidiary at the time such company becomes a Principal Subsidiary through acquisition by the Issuer or a Subsidiary of the Issuer, unless such event continues for a period of seven days after the date of such acquisition, if such default is in respect of interest on any Indebtedness for Borrowed Money, and, in any other case, 14 days (or such longer period as the Trustee may permit) after the date of such acquisition; or

- (iv) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Principal Subsidiaries, save for the purposes of an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement (A) in the case of a Principal Subsidiary not involving or arising out of the insolvency of such Principal Subsidiary and under which all or substantially all of its assets are transferred to the Issuer or any of its Subsidiaries, or (B) in the case of a Principal Subsidiary under which all or substantially all of its assets are transferred to a third party or parties (whether associated or not) for full consideration received by the Issuer or a Subsidiary on an arm's length basis, or (C) in the case of a Principal Subsidiary under which all or substantially all of its assets are transferred and the transferee is or immediately upon such transfer becomes a Principal Subsidiary, or (D) on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (v) if the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save (A) in the case of a Principal Subsidiary for the purposes of an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement, (i) not involving or arising out of the insolvency of such Principal Subsidiary and under which all or substantially all of its assets are transferred to the Issuer or any of its Subsidiaries or (ii) under which all or a substantial part of its assets are transferred to a third party or parties (whether associated or not) for full consideration received by the Issuer or a Subsidiary on an arm's length basis or (iii) under which all or substantially all of its assets are transferred and the transferee is or immediately upon such transfer becomes a Principal Subsidiary or (iv) the terms of which have been previously approved by the Trustee or by an Extraordinary Resolution of the Noteholders; or (B) in the case of a Principal Subsidiary which is a Principal Subsidiary by virtue only of part (B) of the definition of Principal Subsidiary, provided that at the time of such cessation or threatened cessation such Principal Subsidiary is not in default in respect of any Indebtedness for Borrowed Money or any guarantee and/or indemnity given by such Principal Subsidiary in respect of any Indebtedness for Borrowed Money; or
- (vi) the Issuer or any of its Principal Subsidiaries stops or threatens to stop 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 pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

- (vii) if (A) proceedings are initiated against the Issuer or any of its Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws and, other than in respect of the Issuer or Rentokil Initial 1927 plc, such proceedings are not being contested in good faith, or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official and, other than in respect of the Issuer or Rentokil Initial 1927 plc, such application is not being contested in good faith, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Principal Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or substantially the whole of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) are/is not discharged within 45 days; or
- (viii) if the Issuer or any of its Principal Subsidiaries consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors), save in any such case for the purposes of an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders.

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

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

(b) Definitions

For the purposes of this Condition:

“Principal Subsidiary” at any time shall mean a Subsidiary of the Issuer *inter alia*:

- (A) whose operating profits (or, if the Subsidiary in question prepares consolidated accounts, whose total consolidated operating profits) attributable to the Issuer represent not less than 10 per cent. of the consolidated operating profits of the Issuer and its Subsidiaries taken as a whole, all as calculated by reference to the then latest audited accounts (unconsolidated or, as the case may be, consolidated) of the Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries; or

- (B) which has Indebtedness for Borrowed Money outstanding (or available under a committed bank facility) in an amount of at least £25,000,000 (or its equivalent in any other currency); or
- (C) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately before the transfer is a Principal Subsidiary,

all as more particularly defined in the Trust Deed; and

“Indebtedness for Borrowed Money” means (a) any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities other than which is indebtedness owed to an entity within the Group or (b) any borrowed money other than money borrowed by one entity within the Group from another entity within the Group or (c) any liability under or in respect of any acceptance or acceptance credit.

“Group” means the Issuer and its Subsidiaries.

10 Replacement of Notes, Coupons and Talons

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

11 Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out below.

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

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

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 45 Business Days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain limited circumstances specified therein, 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 is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

12 Exchange of Talons

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

13 Notices

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of the London Stock Exchange. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent.

14 Meetings of Noteholders, Modification, Waiver and Substitution

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 or abrogation of any of these Terms and Conditions, the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer upon the requisition of Noteholders holding not less than 5 per cent. in principal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present being or representing Noteholders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification or abrogation of certain provisions of these Terms and Conditions, the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons present holding or representing not less than two-thirds in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than 25 per cent. in principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions, the provisions of the Notes or 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, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a

formal, minor or technical nature or to correct a manifest error or an error which is, in the Trustee's opinion, proven.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

Any such modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified to the Noteholders in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition 14) as the principal debtor under the Notes, Coupons and the Trust Deed of another company, being a Subsidiary of the Issuer or a parent undertaking of the Issuer, subject to (a) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (b) certain other conditions set out in the Trust Deed being complied with.

15 Indemnification of the Trustee and Trustee 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 and/or secured and/or prefunded 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.

16 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Trustee, 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.

17 Contracts (Rights of Third Parties) Act 1999

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

18 Governing Law

The Trust Deed, the Notes, 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.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

The following is a summary of the provisions to be contained in the Trust Deed, the temporary global Note (the “Temporary Global Note”) and the permanent global Note (the “Permanent Global Note”, together the “Global Notes”) which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.

Terms defined in the Terms and Conditions of the Notes shall have the same meanings and be subject to the same interpretation when used below.

1 Exchange

Interests in the Temporary Global Note will be exchangeable (free of charge to the holder) for interests in the Permanent Global Note on or after the day which is 40 days after the closing date, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only upon the occurrence of an Exchange Event. An “Exchange Event” means:

- (a) an event of default (as set out in Condition 9 (*Events of Default*)) has occurred; or
- (b) the Issuer has been notified that either Euroclear or Clearstream, Luxembourg 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 have in fact done so and no successor clearing system satisfactory to the Trustee is available; or
- (c) the Issuer has or will become subject to adverse consequences which would not be suffered were the Notes in definitive form.

The Issuer will promptly give notice to Noteholders if an Exchange Event occurs. In the case of (a) or (b) above, the holder of the Permanent Global Note, acting on the instructions of one or more of an Accountholder(s) (as defined below), may give notice to the Issuer and the Agent and, in the case of (c) above, the Issuer may give notice to the Trustee and the Agent of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of (c) above, shall surrender the Permanent Global Note to or to the order of the Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, definitive Notes in bearer form, serially numbered, in the denomination of £50,000 each (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note and one Talon), security printed in accordance with any applicable legal or stock exchange requirements and in or substantially in the form set out in the relevant Schedule to the Trust Deed. On exchange of the whole of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, “Exchange Date” means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given, being a day on which banks are open for general business in the place in which the specified office of the Agent is located and, except in the case of exchange pursuant to (b) below, in the place in which the relevant clearing system is located.

2 Payments

On and after 10 November 2008, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3 Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 13 (*Notices*), provided that all relevant stock exchange requirements have been complied with. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

4 Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of Notes (each an “Accountholder”) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders), other than with respect to the payment of principal and interest on the principal amount of such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5 Prescription

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7 (*Taxation*)).

6 Cancellation

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

7 Put Option

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the option of the Noteholders provided for in Condition 6(d) (*Redemption and Purchase - Redemption at the option of the Noteholders*) may be exercised by an Accountholder giving notice to the Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Agent by electronic means) of the principal amount of the Notes in respect of which such option is exercised and at the same time presenting or procuring the presentation of the relevant Global Note to the Agent for notation accordingly within the time limits set forth in that Condition. Any such notice shall be given within the relevant time limits relating to the deposit of the relevant Put Notice(s) or, as the case may be, Change of Control Put Notice(s) (together with definitive Notes) specified in Condition 6(e).

8 Euroclear and Clearstream, Luxembourg

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate. References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system (approved by the Trustee) through which interests in the Notes are held.

USE OF PROCEEDS

The net proceeds of issue of the Notes, amounting to approximately £74,800,000, will be applied by the Issuer for its general corporate purposes, which include making a profit.

The expenses in connection with the transaction are expected to amount to approximately £200,000.

RENTOKIL INITIAL PLC

History and Development

Rentokil Initial plc (the “Issuer”) was incorporated in England and Wales on 15 March 2005 as a public limited company limited under the name of Rentokil Initial 2005 plc. The Issuer’s registration number is 5393279 and its registered address is Portland House, Bressenden Place, London SW1E 5BH (telephone number 020 7592 2700).

The Issuer was incorporated as part of a corporate reorganisation effected by way of a court-sanctioned scheme of arrangement under Section 425 of the Companies Act 1985 between Rentokil Initial 1927 plc and the shareholders of Rentokil Initial 1927 plc. The scheme of arrangement was approved by the court on 21 June 2005. The purpose of incorporating the Issuer was to create a newly listed holding company for the Group comprising the Issuer and its subsidiary undertakings (the “Group”).

The Issuer holds all the issued share capital of Rentokil Initial 1927 plc, which was the previous parent company of the Group and previously was called Rentokil Initial plc. In turn, Rentokil Initial 1927 plc is organised as a holding company of its subsidiary undertakings.

The Group’s businesses are undertaken through legal entities in the country of their operation. Such legal entities are predominantly indirectly wholly owned subsidiaries of the Issuer, although in a number of cases such services are provided as separate divisions of wholly owned subsidiaries or in a very limited number of instances as joint ventures.

On 21 December 2005, the Issuer was substituted in place of Rentokil Initial 1927 plc as primary obligor of the notes that were then in issue under the Rentokil Initial 1927 plc €2,500,000,000 Euro Medium Term Note Programme constituted in 2001 (the “Old Programme”). Under a deed of guarantee (the “Old Programme Guarantee”) Rentokil Initial 1927 plc guarantees the payment of interest and principal of notes issued by Rentokil Initial 1927 plc pursuant to the Old Programme. The Old Programme Guarantee will terminate on the maturity of the last of such notes to remain outstanding, which is scheduled to occur on 19 November 2008.

In addition, under a further deed of guarantee (the “New Programme Guarantee”) Rentokil Initial 1927 plc guarantees the payment of interest and principal of notes issued by the Issuer pursuant to the Programme. The New Programme Guarantee will terminate on the same date as the Old Programme Guarantee.

Accounting

The consolidated financial statements of the Issuer are prepared in accordance with International Financial Reporting Standards (“IFRS”) adopted by the European Union (“EU”) and implemented in the United Kingdom. The 2007 Results were prepared in accordance with IFRS.

IFRS are subject to possible amendment by, and interpretive guidance from, the International Accounting Standards Board as well as ongoing review and endorsement by the EU, and are therefore subject to change.

Principal Operating Subsidiaries and Associated Undertakings

Certain details of the principal operating subsidiaries and associated undertakings of the Issuer as at the date of this Prospectus are shown below:

Name	Country of Incorporation	Principal Activities
Rentokil Initial 1927 plc	England & Wales	Holding company for all the entities listed below
City Link Limited	England & Wales	Parcels Delivery
Dudley Industries Limited	England & Wales	Manufacturing
Enviro-Fresh Limited	England & Wales	Washroom
Initial Building Services Limited	England & Wales	Facilities Management Services
Initial Catering Services Limited ⁽¹⁾	England & Wales	Catering
Initial Facilities Management Limited	England & Wales	Facilities Management Services
Initial Hospital Services Limited	England & Wales	Hospital Services
Initial Medical Services Limited	England & Wales	Medical
Insitu Cleaning Limited	England & Wales	Cleaning
Lancaster Office Cleaning Company Limited	England & Wales	Cleaning
Rentokil Initial Facilities Services (UK) Limited	England & Wales	Cleaning
Rentokil Initial UK Limited	England & Wales	Hygiene, Pest Control, Tropical Plants and Property Care
Rentokil Initial Services Limited	England & Wales	Washroom
Rentokil Insurance Limited	England & Wales	Insurance for Property Services
Retail Cleaning Services Limited ⁽²⁾	England & Wales	Cleaning
Target Express Parcels Limited	England & Wales	Parcels Delivery
Rentokil Initial Pty Limited	Australia	Pest Control, Washroom, Tropical Plants
Rentokil Initial GmbH	Austria	Pest Control
Initial Textilservice Pointner GmbH	Austria	Textiles and Washroom
Rentokil Initial (Bahamas) Limited	Bahamas	Pest Control and Washroom
Rentokil Initial (Barbados) Limited	Barbados	Pest Control and Washroom
Initial Textiles NV	Belgium	Textiles and Washroom
Ambius NV	Belgium	Tropical Plants
Rentokil NV	Belgium	Pest Control and Hygiene
Rentokil Initial (B) Sdn Bhd ⁽³⁾	Brunei	Pest Control

Name	Country of Incorporation	Principal Activities
Rentokil Pest Control Canada Limited	Canada	Pest Control
Initial Tropical Plants Canada Limited	Canada	Pest Control
Rentokil Tai Ming China Co Limited ⁽⁴⁾	People's Republic of China	Pest Control
Initial Ecotex sro	Czech Republic	Textiles and Washroom
Rentokil Initial A/S	Denmark	Pest Control, Tropical Plants and Washroom
Rentokil Initial Limited	Republic of Ireland	Pest Control, Tropical Plants and Washroom
Novvan International Limited	Republic of Ireland	Medical
PPS Eesti OU	Estonia	Pest Control
Rentokil Initial Limited	Fiji	Pest Control and Washroom
Oy Rentokil Initial AB	Finland	Pest Control, Tropical Plants and Washroom
Initial BTB SA	France	Textiles and Washroom
Rentokil Initial SAS	France	Pest Control and Washroom
Ambius SAS	France	Tropical Plants
Technivap SAS	France	Hygiene
Rentokil Initial Martinique SARL	France - overseas region	Pest Control and Washroom
Initial Textil Service GmbH & Co KG	Germany	Textiles and Washroom
Initial Washraumservice GmbH	Germany	Washroom and Medical
Medentex GmbH	Germany	Hygiene
Rentokil Initial GmbH	Germany	Pest Control, Tropical Plants and Hygiene
Rentokil Initial Hellas EPE	Greece	Pest Control and Washroom
Felcourt Insurance Co. Limited	Guernsey	Insurance
Rentokil Initial Guyana Limited	Guyana	Pest Control and Washroom
Rentokil Initial Hong Kong Limited	Hong Kong	Pest Control and Washroom
Po Hong Hong Kong Limited	Hong Kong	Cleaning
Rentokil India Pte Limited	India	Pest Control
PT Calmic Indonesia	Indonesia	Washroom
PT Rentokil Indonesia	Indonesia	Pest Control
Rentokil Initial Italia SpA	Italy	Pest Control and Washroom
Rentokil Initial Jamaica Limited	Jamaica	Pest Control and Washroom
Nippon Calmic Limited ⁽⁵⁾	Japan	Pest Control and Washroom

Name	Country of Incorporation	Principal Activities
Rentokil Initial Kenya Limited	Kenya	Pest Control and Washroom
UAB Dezinfra	Lithuania	Pest Control
Rentokil Luxembourg Sarl	Luxembourg	Pest Control
Initial Textile Luxembourg Sarl	Luxembourg	Textiles and Washroom
Rentokil Initial (M) Sdn Bhd	Malaysia	Pest Control, Washroom and Electronic Security
Initial Hokatex BV	Netherlands	Textiles and Washroom
Rentokil Initial BV	Netherlands	Pest Control and Hygiene
Initial Facilities Services BV	Netherlands	Facilities Management Services
Ambius BV	Netherlands	Tropical Plants
Rentokil Initial Limited	New Zealand	Pest Control, Tropical Plants and Washroom
Rentokil Initial Norge AS	Norway	Pest Control, Tropical Plants and Washroom
Rentokil Initial (Philippines) Inc	Philippines	Pest Control and Washroom
Electronic Security Corporation Inc	Philippines	Electronic Security
Matadoor Sp. z.o.o.	Poland	Washroom
Rentokil Portugal-Serviços de protecção ambiental Lda	Portugal	Pest Control
Initial Portugal-Serviços de protecção ambiental Lda	Portugal	Washrooms
Rentokil Initial Singapore Pte Limited	Singapore	Pest Control and Washroom
Ademco (Far East) Pte Limited	Singapore	Electronic Security
Pestterminator Pte Ltd	Singapore	Pest Control
Initial Textile Services Sro	Slovak Republic	Textiles and Washroom
Rentokil Initial (Pty) Limited ⁽⁶⁾	South Africa	Pest Control, Tropical Plants and Washroom
Rentokil Initial Korea Limited	South Korea	Pest Control
Rentokil Enguard Limited ⁽⁷⁾	South Korea	Electronic Security
Yu Yu Calmic Co Limited ⁽⁸⁾	South Korea	Pest Control and Washroom
Initial Gaviota SA	Spain	Textiles and Washroom
Initial Textiles y Higiene SA	Spain	Washroom
Limpiezas Initial SA	Spain	Cleaning
Rentokil Initial España SA	Spain	Pest Control and Tropical Plants

Name	Country of Incorporation	Principal Activities
Proteccion de la Naturaleza SA	Spain	Tropical Plants
Rentokil Initial AB	Sweden	Pest Control, and Washroom
Ambius AB	Sweden	Tropical Plants
Initial Schweiz AG	Switzerland	Washrooms
Rentokil Schweiz AG	Switzerland	Pest Control
Initial Hygiene Taiwan Co Limited	Taiwan	Washroom
Rentokil Ding Sharn Co Limited	Taiwan	Pest Control
Rentokil Initial (Thailand) Limited	Thailand	Pest Control and Washroom
Rentokil Initial (Trinidad) Limited	Trinidad	Pest Control and Washroom
Ambius Inc	USA	Tropical Plants
J. C. Ehrlich Inc	USA	Pest Control
Presto-X LLC	USA	Pest Control
Initial Services Co Limited ⁽⁹⁾	Vietnam	Pest Control and Washroom

Notes:

- (1) The Issuer holds, directly or indirectly, 75 per cent. of the issued shares of this entity.
- (2) The Issuer holds, directly or indirectly, 51 per cent. of the issued shares of this entity.
- (3) The Issuer holds, directly or indirectly, 70 per cent. of the issued shares of this entity.
- (4) The Issuer holds, directly or indirectly, 65 per cent. of the issued shares of this entity.
- (5) The Issuer holds, directly or indirectly, 49 per cent. of the issued shares of this entity.
- (6) The Issuer holds, directly or indirectly, 74.9 per cent. of the issued shares of this entity.
- (7) The Issuer holds, directly or indirectly, 70 per cent. of the issued shares of this entity.
- (8) The Issuer holds, directly or indirectly, 50 per cent. of the issued shares of this entity.
- (9) The Issuer holds, directly or indirectly, 85 per cent. of the issued shares of this entity.

Management Structure

As at the date of this document the directors of the Issuer and their positions are as follows:

Name	Position	Other principal directorships
<i>Executive Directors</i>		
Alan J. Brown	Chief Executive Officer	
Andrew E. Macfarlane	Chief Financial Officer	
Andy M. Ransom	Director, Corporate Development	

Name	Position	Other principal directorships
<i>Non-executive Directors</i>		
John D. G. McAdam	Chairman	Non-executive Director of Rolls-Royce Group plc Non-executive Director of J Sainsbury plc Non-executive Director of United Utilities plc
Peter J. Long	Senior Independent Director and Chairman of the Remuneration Committee	Chief Executive of TUI Travel PLC Non-executive Director of Debenhams PLC
Duncan Tatton-Brown	Director and Chairman of the Audit Committee	Group Finance Director of Kingfisher PLC
William Rucker	Director	Chief Executive of Lazard & Co Ltd Deputy Chief Executive of Lazard's European Investment Banking Deputy Chairman of Lazard LLC
Alan Giles	Director	A Director of the Office of Fair Trading Chairman of Fat Face World Limited Non-executive Director of Book Tokens Limited
Peter Bamford	Director	Non-executive Director of Woolworths plc Chairman of The Key Revolution Ltd Non-executive Director of BGT Racing Services Limited
Richard Burrows	Director	Governor of the Bank of Ireland Non-executive Director of Pernod Ricard S.A. Non-executive Director of Mey Icki (Turkey) Non-executive Director of City Jet Limited (Ireland)

The business address of each of the above is Portland House, Bressenden Place, London SW1E 5BH.

There are no potential conflicts of interest between any duties to the Issuer of any of the directors and their private interests or other duties.

BUSINESS OF THE GROUP

References in this section of this Prospectus to operating profit are for continuing businesses before amortisation of intangible assets (other than computer software and development costs) and goodwill impairment charges. References to the Group's 2007 full year adjusted operating profit and adjusted profit before tax also exclude items of a one-off nature of £28.4 million. References to the Group's adjusted operating profit and adjusted profit before tax for the first six months of 2008 also exclude items of a one-off nature of £3.2 million. All references to 2007 numbers are (where applicable) at 2006 full year average rates of exchange. All references to 2008 numbers are (where applicable) at 2007 full year average rates of exchange.

The Group currently has approximately 74,000 employees providing a range of business support services across more than 49 countries, including the major developed economies in Europe, North America, Asia Pacific and Africa.

Full year 2007 revenue of £2,216.7 million was 20.3 per cent. higher than in 2006, with all divisions increasing their revenue. The Group's organic growth was 3.0 per cent. with all businesses except City Link reporting positive outcomes for 2007. Excluding the City Link division, the Group's organic growth for 2007 was 3.8 per cent. compared with 2.7 per cent. in 2006. The Group's contract portfolio expanded by £119.2 million or 8.4 per cent. New business wins contributed £173.9 million, acquisitions/disposals £72.7 million and net additions/reductions £49.6 million, whilst terminations were £177.0 million. The Group's overall customer retention rate for 2007 was 87.5 per cent., compared to 88.4 per cent. for 2006.

The Group's adjusted operating profit rose by 8.8 per cent. for 2007 to £280.8 million with gains delivered by the City Link division as a result of acquisitions and the Asia Pacific, Facilities Services and Ambius divisions. Full year 2007 profits in the Rentokil Pest Control and Textiles and Washroom Services divisions were flat, held back in each case by the performance of their UK businesses, which remain the subject of turnaround initiatives. In both cases, however, these businesses improved their profitability during each quarter of 2007. The Group's adjusted profit before tax of £211.4 million for 2007 represented a 1.1 per cent. increase on 2006 as second half profit growth offset the decline in first half profit. Net margin was 9.5 per cent. for 2007 as a whole, compared with 11.3 per cent. in 2006. Although full year margins were lower than 2006, the trend improved in each quarter.

First half 2008 Group revenue increased by 4.8 per cent. at constant exchange rates over the first half of 2007, with all divisions except City Link reporting higher revenue. The strongest revenue growth came from Pest Control, Asia Pacific and Facilities Services. Network revenue within City Link for the first six months of 2008 was 8.8 per cent. lower than the same period in 2007. Excluding the impact of acquisitions and disposals and absent City Link, organic revenue growth in the first six months of 2008 was 1.9 per cent.

During the first half of 2008, the Group's contract portfolio increased by £37.0 million. This comprised £96.0 million from new business and £29.4 million from net additions/reductions offset by terminations of £94.2 million and net acquisitions/disposals of £5.8 million. Net portfolio gain in Textiles and Washrooms Services of 4.4 per cent. annualised is attributed both to good levels of retention, currently up 0.5 percentage points at an annualised rate of 90.4 per cent. from the same period in 2007, and strong sales from Germany, France Washroom, France Hospital Services and the specialist Medical Services activity, which more than offset poor performance in the UK. Despite challenging market conditions, Facilities Services secured a number of new contracts within its Cleaning portfolio, many of them service extensions from existing clients.

First half 2008 Group operating profit (before amortisation and impairment of intangible assets of £25.0 million) of £59.4 million at constant exchange rates was 51.5 per cent. lower than in the same period in 2007 and was adversely affected by City Link's loss of £29.4 million for the period (compared to a £21.4 million

profit for the same period in 2007). Adjusted first half 2008 operating profit (before amortisation of intangibles and goodwill impairment charges) of £62.6 million represented a decrease of 50.2 per cent. year on year. First half 2008 adjusted profit before income tax (before amortisation of intangible assets and goodwill impairment charges) fell 55.3 per cent. to £39.3 million.

The Group's revenue and profit at actual rates of exchange benefited from the weakness of Sterling compared to 2007, particularly against the Euro which strengthened 12 per cent. year on year. In the first half of 2008 approximately £370 million of revenue and £60 million of operating profit originated in Euros. The bulk of the benefit arose in the Textiles and Washroom Services division. First half 2008 revenue growth at actual exchange rates was 10.8 per cent. (4.8 per cent. at constant rates) and the decline in adjusted operating profit was 42.5 per cent. (50.2 per cent. at constant rates). First half 2008 statutory operating profit of £41.7 million was 59.4 per cent. lower than last year. The Group's adjusted net margin was 5.6 per cent. in the first half of 2008, compared to 11.8 per cent. for the same period in 2007.

The Group reported its results via the following divisions up to 30 June 2008: Textiles and Washroom Services, Pest Control and Tropical Plants, Parcel Delivery, Facilities Services, Asia Pacific and Other (South Africa), plus a central head office. Following organisational changes made with effect from 1 July 2008, the Group now reports its results via the following seven divisions (although not every division operates in all the countries where the Group has a presence): Initial Textiles and Washroom Services, Rentokil Pest Control, Ambius (formerly known as Tropical Plants), City Link, Initial Facilities Services, Rentokil Initial Asia Pacific and Other (South Africa).

Initial Textiles and Washroom Services

This division provides its services across 21 European countries although its full range of services is not provided in all countries. Initial Textiles and Washroom Services offers a total washroom solution service and floor mat, garments and flat linen rental services. The Textiles business supplies bespoke workwear to commercial, industrial and hospitality customers, with full inventory management available. Specialist high-performance workwear is designed and produced for sectors such as the medical, hi-tech and emergency services. Flat linen (primarily table and bedroom linen) is rented and laundered for corporate and hospitality customers and health service providers. The Washroom Services business rents and services dispensers, drying equipment and disposable systems for workplace washrooms. It also provides protective floor mats to a wide customer base.

Although 2007 full year adjusted operating profit was broadly flat compared with 2006, the Initial Textiles and Washroom Services division performed significantly better in 2007. The business was stabilised and returned to year on year profit growth after the first quarter. This represents a considerable improvement on 2006 when the division posted an 18.7 per cent. decline in adjusted operating profit on flat revenue. Revenue growth was 1.3 per cent. of which organic growth was 2.3 per cent.

Following a year of flat revenue in 2006, efforts were focused on restoring the division to sales growth in 2007 and the business has achieved some steady portfolio gains throughout the period in continental Europe.

Operating profit for 2007 was down on 2006 in the first half of the year but showed modest growth in the second.

The UK business, which in 2007 accounted for 12 per cent. of divisional revenue, was during 2007 the most challenged part of the division, undergoing a major re-engineering programme during the year. Following the closure of its loss making linen and garment activities in 2006, and its wipers business in the second half of 2007, the infrastructure of the washroom business has been completely changed. This was a necessary step in the Group's plan to return this important part of the business to growth.

Although they remain challenging, the market and economic conditions experienced in continental Europe during 2006 have eased slightly, with customer garment volumes improving modestly. Pricing is competitive in this market, and therefore there is expected to be limited scope to increase revenue through price increases.

During 2007 a management restructuring of the continental European business was completed, creating a new role of Operations Director and merging the former 19-country national structure into seven regions. This move is improving efficiency and will also help to develop and manage a number of international accounts.

The biggest turnaround programme during 2007 centred on the UK Washroom Services business which underwent major infrastructure changes. In the fourth quarter of 2007 there was an announcement of the closure of the plants at Bradford and Chorley, allowing the completion of the transfer of roller-towel and mats processing to three new modern sites in Reading, Birmingham and Glasgow at the end of January 2008, and the Group's exit from the wipers business. The development of these three new laundry plants and a significant number of new service centres were major achievements for 2007. The physical infrastructure changes to this business are now complete. Despite the reorganisation, the UK business was able to reduce the rate of washroom portfolio attrition during 2007. The overall effect has been a deceleration in the rate of decline of performance, ending with profit for the last quarter of 2007 level with the comparable period in 2006. For the 2007 full year, profits were £3.3 million lower than 2006.

In France, the industrial sector of the Textiles business saw a steady trend of customer development during 2007 and as a result the business exited 2007 with a number of important contract wins. The revised organisational structure put in place during 2006 has restored greater profit and loss accountability within this business, which is the largest contributor to profit in the division. The Washroom Services business saw consistent portfolio growth throughout 2007. This can be attributed to a combination of some creative client solutions and also the impact of the sale of the CWS-branded business in France to Elis. On the strength of its return to profit and revenue growth (up by £8.0 million and 3.8 per cent., respectively, over 2006), the Washroom Services business in France was taken off the turnaround list during 2007.

During 2007, the Netherlands business returned to profit and revenue growth, posting full year increases of £2.0 million and 2.1 per cent. respectively. This is a result of a new management team introduced in 2007, a smaller but more effective sales team and an improving contract portfolio position.

In the results for 2006 there was an announcement of plans to exit the loss-making hospital services business in Germany. A successful exit from the business was secured in the fourth quarter of 2007. This led to a 6.9 per cent. decline in revenue compared to 2006, but assisted profit which was up £0.8 million in 2007.

2007 revenue increased in the division's business in Belgium by 3.2 per cent. compared with 2006, but higher costs associated with the settling down of the new plant at Lokeren resulted in a decline in adjusted operating profit in the second half of 2007, which held full year profits growth to £0.2 million.

All of the division's smaller continental European businesses recorded higher revenue in 2007 and, in general, higher profits.

A number of capital investment programmes continued in continental Europe in 2007. The developments in Amstetten in Austria, Lokeren in Belgium and Brie-Comte Robert in France were all completed to budget and on time. A new plant for Prague in the Czech Republic continues in development.

Restructuring and other one-off costs in the division during 2007 were a net £2.1 million (2006: £16.3 million), because costs were offset by the profit on sale of surplus UK washroom property of £10.7 million. Costs were incurred in plant closure in Belgium, the closure of the wipers business in the UK, UK branch closures and management reorganisation and redundancy.

First half 2008 revenue for the division was up 0.8 per cent., held back by the disposal of the UK Wipers business and German Hospital Services business in the second half of 2007 and poor trading in the UK. Excluding Wipers and German Hospital Services, the division grew revenue by 2.9 per cent. in the first half of 2008. Growth in continental Europe was 3.6 per cent., but was offset by a decline of 16.6 per cent. in the UK. Adjusted operating profit of £44.8 million in the first half of 2008 was down 16.3 per cent. on 2007.

In continental Europe higher service expenses in the French and Belgian textiles operations relating to rising labour costs, a back-dated property tax assessment and in particular energy costs have impacted financial performance. In the Netherlands, although retention has remained strong in an increasingly tough pricing environment, the level of new sales has been disappointing. In Spain, linen volumes are down, principally as a result of factors affecting the Group's hotel and leisure customers. These businesses represent approximately 80 per cent. of the Group's European profit in this division. While profits from these operations grew in the first quarter of 2008, they declined in the second quarter of 2008 as compared with 2007, and the Group is cautious about the outlook for the remainder of the year.

The profitability of the Group's UK Washroom business deteriorated in the second quarter of 2008. Customer retention rates remain an issue as the Group seeks to recover from a long period of disrupted service. As a result, revenue has fallen by 9.2 per cent. in the first half of 2008, as compared with the first half of 2007, and customer receivables and associated provisions have increased sharply as have service credits. This has resulted in a small loss being incurred in the second quarter of 2008 by UK Washrooms. A new Managing Director has been appointed who now reports to the UK Facilities Services division with a brief to focus immediately on restoring customer service and reducing Accounts Receivable to acceptable levels. The Group considers it unlikely that profitability will improve in 2008.

For the division as a whole net portfolio gain for the first half of 2008 was good, with growth of 4.4 per cent. annualised. This can be attributed both to good levels of retention, currently up 0.5 per cent. at 90.4 per cent. compared to the first half of 2007, and strong sales from Germany, France Washroom, France Hospital Services and the specialist Medical Services activity. Retention rates in continental Europe continue to strengthen as actions implemented in 2007, most notably in Benelux, Germany and France, bear fruit.

Rentokil Pest Control

Rentokil Pest Control provides a service for the prevention of a wide variety of pests in the commercial, industrial and residential sectors. The largest operations are in the USA, the United Kingdom, France, Germany, Belgium and the Netherlands.

Overall, 2007 was a year of strong performance in Rentokil Pest Control with results accelerating as anticipated in the last three months of 2007. Fourth quarter 2007 adjusted operating profit increased by 15.6 per cent. on revenue up 15.7 per cent. year on year. The major drivers of improvement in the fourth quarter were the tighter management of off-season productivity in North America, contributions from Presto-X LLC ("Presto-X") in line with the acquisition business case and strong growth, both organic and acquired, in Europe. Full year 2007 revenue increased by 11.5 per cent. and adjusted operating profit was down 3.1 per cent. on 2006. However, had it not been for the impact of the inclusion of a full first quarter of seasonal losses in the US business acquired on 1 March 2006, profit would have shown an improvement year on year. In addition, comparisons with 2006 reflect the transfer of research and development costs previously borne centrally to the division which took place at the end of 2006 and which amounted to some £3.0 million per annum in 2006. Divisional margin performance improved as 2007 progressed, beginning the year 9.5 per cent. down on the first quarter of 2006 and closing at the same levels as the last quarter of 2006.

The new Rentokil.com website was successfully rolled out to Rentokil branded businesses representing 91 per cent. of divisional revenue. By December 2007 the site experienced a fourfold increase in the number of

visitors compared with 2006, and web-based enquiries are now higher than enquiries sourced from the Yellow Pages in both the UK and Spain.

During 2007 new residential propositions were launched in the UK, Belgium, Ireland and Portugal and, whilst outside North America the overall contribution from these customers is still small, the Group believes there is now the potential for a residential service offering to make a positive contribution to the business over the next few years.

The divisional spend on acquisitions in 2007 was £42.3 million. The major acquisitions were Presto-X in North America and a further six in Spain, including Ambigest, to expand Rentokil Spain's Pest Control operation.

Continental Europe continued to build on the progress delivered in 2005 and 2006 and demonstrated a strong performance throughout 2007. Revenue grew by 10 per cent., driving profit growth of £2.9 million. Overall, organic growth was 5.7 per cent. and was particularly good in the important markets of Spain (10.6 per cent.), Italy (7.6 per cent.), Ireland (9.3 per cent.) and the Netherlands (7.3 per cent.). In addition, good progress was made in gaining market share through acquisitions in Spain, Italy, Germany and France. During 2007 the division took its first step into the Baltic States, entering Estonia through the acquisition of two small businesses.

During 2007 the extensive reorganisation of the UK Pest Control business was completed. Its new management team has focused on growing the business by driving sales and improving customer retention through higher quality service delivery. Against 2006, the last quarter's revenue grew by 5.8 per cent. (compared with a decline of 9.6 per cent. in the first quarter). Retention levels strengthened further during the quarter to an annualised rate of 81.8 per cent., and the contract portfolio had grown by 2.5 per cent. since the beginning of 2007. The last quarter's profit, however, still trailed behind 2006 by £0.6 million as the business adjusted to its new operating model, but represents a significant improvement on the £1.2 million decline posted in the first quarter of 2007.

North America in 2007 recovered from a weak start to finish strongly. The cool weather and a late start to the season adversely impacted profit in the first half of the year, but actions to improve J C Ehrlich's off-season productivity in the last quarter of 2007 were partly responsible for improving profit by 12.0 per cent. on like for like revenue, which increased by 6.2 per cent. compared to 2006. Presto-X is a new acquisition and, so far, is delivering to expectations. The Group is confident that it has acquired a high-quality business that expands its national footprint in the United States into an additional 16 States. This is a continuation of the Group's strategy to build market share through regional anchors delivering both residential and commercial pest control.

The Rentokil Pest Control division performed broadly in line with expectations over both the first half of 2008 and the second quarter of 2008. First half 2008 revenue grew by 15.0 per cent. and adjusted operating profit increased by 3.2 per cent., held back by the recharge in 2008 of an additional £1.3 million of central costs. Organic revenue growth weakened to 5.1 per cent., largely due to adverse revenue movement in the UK and atypical weather conditions impacting the North American business, which suffered from a late start to the season and an unusually wet May. Excluding the UK, organic revenue growth was 6.1 per cent. in the second quarter of 2008 compared with 5.3 per cent. for the first quarter of 2008. Acquisitions in North America and Spain continue to perform in line with expectations.

Across continental Europe, profit in the first half of 2008 grew 7.6 per cent. on revenue up 15.3 per cent. (of which 7.4 per cent. is attributable to organic growth). Reported profit was held back in the second quarter 2008 by a £0.6 million provision taken by the Group's business in Ireland to fund the disposal of ageing cylinders of unstable fumigation gas. The region saw strong organic growth continue with particularly good performances in Germany, the Netherlands, Spain and across the Nordic region.

The UK had a poor 2008 second quarter with revenue declining by 4.0 per cent. compared to the same period in 2007, and profit declining by £1.9 million; revenue growth was 14.5 per cent. in the first quarter of 2008. This decline is largely attributable to the issue of credits to customers relating to poor service quality during the restructuring in early 2007, which had a subsequent impact on both revenue and profit. These issues have been crystallised through a drive to improve the ageing of customer receivables and the Group's focus on operational excellence.

Service in the UK business in 2008 has significantly improved compared to prior years and is currently at 95.4 per cent. (2007: 83.3 per cent.), meaning that only 4.6 per cent. of routine service visits are overdue. This is the best level recorded in the recent history of the business. Demand has, however, weakened in recent weeks with June 2008 enquiries declining by 25 per cent. on 2007. Although July enquiries were 5 per cent. lower than in the corresponding period in 2007, this nonetheless represents a significant improvement on June's performance. It remains unclear whether the degree to which June's slow down related to poor weather conditions for pest control and/or to the weakening UK economy. The key focus for the short term is to reduce receivables by improving customer query resolution and cash collection and returning the business to profit growth.

North America grew revenue by 24.6 per cent. in the first half of 2008, including the contribution from Presto-X, acquired in July 2007. Organic growth slowed in the second quarter of 2008 to 3.6 per cent., the result of unseasonably wet weather adversely impacting revenue in May 2008. Further, the rate of contract terminations in the US residential business has increased, which the Group believes reflects conditions in the US economy. The business's forced exit from Copesan (a US organisation of independent pest control companies) is expected to reduce 2008 revenue by an estimated £3 million. The exit agreement was completed during the second quarter of 2008 in which a £0.7 million credit was recognised, relating primarily to compensation for the loss of customers the Group contributed to Copesan. Further progress has been made during the first half of 2006 in improving J C Ehrlich's off-season productivity.

Ambius

Tropical Plants are offered to customers on a rental and maintenance or purchase and maintenance basis, ranging from a single plant or tree to displays for the largest atrium. The Group's design and development team also offers a range of services to facilities managers, interior designers and architects, to introduce plants as an integral part of building design and refurbishment.

The largest market for the business is in the USA and it also operates in the United Kingdom and a number of Continental European countries.

Ambius' total revenue of £112.4 million for 2007 represented an increase of 6.2 per cent. compared to 2006, generating adjusted operating profit of £9.1 million, an increase of 13.8 per cent. compared to 2006. Operating margin increased in 2007 from 7.6 per cent. in 2006 to 8.1 per cent., despite the £1.0 million of re-branding costs charged against operating costs.

The North American business, the division's largest operation, representing 57 per cent. of 2007 revenues, continued to build on the solid progress achieved in 2006. This business is the only player in the market able to offer a national service to large, multi-site organisations. Revenue grew by 6.4 per cent. during 2007. A combination of strict control on costs and record sales of higher-margin Christmas items generated a growth in profit of 17.3 per cent.

With the exception of the UK, Europe delivered excellent performance during 2007, growing revenue by 9.9 per cent. leading to profit improvement of 68.8 per cent. over 2006. Revenue and profit in the UK declined 5.6 per cent. and 29.2 per cent. respectively year on year.

During the course of 2007, Ambius made a number of acquisitions for a consideration of £3.1 million. In addition, it has expanded its product and service offerings to include ambient scenting, art sales and rentals, fresh fruit baskets delivery and online order and delivery of fresh cut flowers in selected markets.

The business has some exposure to economic downturn in the US which could affect plant sales and customer retention in affected customer segments (e.g. financial institutions). However, despite weakened consumer confidence towards the end of 2007, Ambius produced record sales in the approach to Christmas.

First half 2008 revenue increased 4.0 per cent. year-on-year, of which 1.4 per cent. was organic. This result was a combination of portfolio growth and job revenues, which increased by 4.6 per cent. First half 2008 adjusted operating profit showed a 12.0 per cent. decline compared to 2007, where profit included a property disposal in the UK. Excluding this factor, underlying profit increased by £0.3 million year-on-year.

Europe has continued to perform well during the first half of 2008. Organic portfolio growth was 4.8 per cent. annualised and job revenues were up 8.6 per cent. In particular, the business delivered a solid performance from its European businesses during the second quarter of 2008, but is suffering in North America from increasing terminations and poor new business, influenced somewhat by the weak US economy. The Group continues to be cautious about revenue and profit growth in North America as the economic downturn continues to show signs of softening portfolio and job sales growth across the region. The outlook for the year will be dependent on the business's performance during the US holiday season.

Sales in new brand extension services, including ambient scenting and fresh fruit delivery, accounted for 6.9 per cent. of portfolio sales in the first half of 2008, and the Group continues to aim to offset any downturn in core trading with service extensions.

City Link

The Group's City Link parcel delivery operation is a UK premium express service with options for next-day or specific delivery times. Its preferred traffic is parcels which are generally small in size and of relatively high value. Prior to 2005, City Link was largely a franchised network. Typically, franchisees were responsible for the local collection and delivery of parcels while City Link operated the trunking network and parcel sorting in the hubs. In 2005, City Link took steps to buy in the 20 franchisees' businesses. This was done progressively during 2006 and 2007, and the last franchisee was acquired on 28 February 2008. In November 2006, City Link acquired Target Express, a similar UK business, with a view to merging it with City Link's operations to create a leading UK next-day parcel business. The enlarged business was branded City Link on 1 May 2007. The business integration plan called for depots to be progressively combined; however, the integration plan was suspended in early 2008.

Revenue from City Link increased by 95.5 per cent. during 2007, delivering a 24.1 per cent. increase in adjusted operating profit before tax, reflecting the impact of the acquisitions of the former City Link franchises and the Target Express business. Network turnover grew only by a modest 1.9 per cent. during 2007, depressed as a result of poor volumes in the fourth quarter of 2007 when the expected surge of volumes in the approach to Christmas did not materialise.

Until October 2007, City Link's performance tracked budget month-by-month and the business exited the third quarter of 2007 with network growth up 4.7 per cent. However, in December 2007 the Group issued a trading statement stating that fourth quarter 2007 profits for City Link were likely to be up to £10 million below expectations as a result of a further volume decline in the business to consumer segment in the ten weeks before Christmas. The Group attributed this slowdown to weaker consumer spending in a challenging retail environment.

Since then, the Group has conducted a detailed analysis of the trends in City Link's revenue base. The Group has concluded that, although there was an impact from downtrading in the business to consumer segment of the business, this played only a part in a downturn that can principally be attributed to the fact that the integration programme tried to do too much too quickly without establishing a sound base. This had the effect of impacting service. In addition, some of the actions the business undertook, most notably with the former City Link franchises, had a negative effect on the division's performance.

The profit shortfall in the last quarter of 2007, anticipated at the time of the December 2007 trading statement, can be explained as follows: revenues during the fourth quarter of 2007 fell well short of expectation as a result of down trading by existing customers, an increase in customer attrition and the fact that this lost revenue was not replaced by sales generated from new business. In addition, the UK parcels industry has, over the years, experienced a gradual decline in revenue per consignment ("RPC") — the Group's measure of average price. Historically this has not had a detrimental effect on City Link profits because strong volume growth and the benefits from operational leverage on the business's fixed cost base have offset price erosion. However, in 2007 City Link's network RPC fell further than expected and this combination of lower volumes at lower RPC is the principal reason for the 2007 profit shortfall in the last quarter. This was further compounded by the fact that City Link carried excess cost in the last quarter of 2007 in anticipation of the pre-Christmas surge in volumes which failed to materialise.

The business's foundation for integration was not solid enough to cope with the degree of changes being put through the combined networks, and the depot integration programme had a temporary negative impact on service levels, most notably around the time of the introduction of cage handling into the Target Express network and the integration pilot in the late summer. As a result, the business lost some customers and unsettled others, causing them to downtrade, and issued an increased number of service credits as compensation for poor service. These service credits exacerbated the fall in RPC. A hiatus in sales management during the first half of 2007 also led to an inadequate new business pipeline.

In addition to the mid-2007 service issues described above, poor account management of the small- to mid-size ex-franchise customers is thought likely to be the other principal reason for the lost business highlighted above. The move from a local to more centralised account management system unsettled customers who had formed strong relationships with former franchisees, most of whom left the business post-acquisition. In addition, as the business moved to integrate depots, relevant management positions were not appointed quickly enough to take effective ownership of their additional new customer base.

The issues outlined above became apparent very suddenly and with no obvious warning, and have seriously impacted the financial performance of City Link. Despite regular reviews and updates, nothing untoward came to light. The underlying issues were masked by increased volumes of business from the business's continuing customers. When that trend reversed in the fourth quarter of 2007 this, combined with poor new business generation, caused a sudden and marked effect on revenue and profit.

The Group took immediate action to address these issues. Peter Cvetkovic, the former CEO of Target Express, replaced Michael Cooke as Managing Director of City Link on 18 February 2008 with a clear focus on restoring the profitability of the business. In order to ensure continuity of customer service the Group has decided to pause the depot rationalisation programme until such time as the Group's systems, processes and account management have been improved.

The mid-year 2007 service issues experienced at the time of the depot closure pilot and the change to cage handling in the Target Express network have been resolved. The operation of the hubs, their sort times and last trunk arrivals is working according to plan. The roll-out of hand-held, real-time proof of delivery equipment is resulting in faster, better and more transparent service information, and improved depot scanners are ensuring end-to-end visibility and control. A project is nearing completion to allow online updating of

autogazetteers on customer sites which will help ensure that timed deliveries are not delayed by incorrect labelling and routing.

For the five years up to 2006, City Link and Target Express businesses were the UK's leading and fastest growing overnight parcels delivery businesses, consistently outpacing market growth. Their positioning, service profiles and geographies represented a tight fit and the economies of putting the two businesses together looked compelling. The problem has been in execution of the plan.

First half 2008 revenue of £191.3 million declined year-on-year by 5.8 per cent. Approximately £29 million of this network revenue decline can be attributed to the in-year revenue effect of customers lost in 2007. The business delivered a first half adjusted operating loss of £27.9 million. RPC in the first six months of 2008 was £8.13, a decline of 2.3 per cent. year-on-year (against a typical yearly decline of approximately 2.0 per cent.).

Since the beginning of 2008, City Link, has been implementing a seven-point recovery plan, which has had a positive impact on service performance. Customer relationships have improved, attrition has slowed and overall service levels have been restored to a very high level. However, despite the service improvement, the revenue trend has weakened as 2008 has progressed, which the Group believes to be the result of generally weakening demand.

Volumes in both the business-to-business and business-to-consumer sectors weakened further in June 2008, falling 9 per cent. in the month. Until the end of May 2008, volumes had been trending down some 6 per cent. to 7 per cent. year-on-year. June 2008's performance was not due to customer losses but appears to be indicative of weakening demand which the Group believes can be attributed to the UK economy. July 2008 has shown a similar trend to June 2008.

The new sales team put in place at the beginning of the year has continued to make good progress, with new business wins now marginally ahead of business lost, in contrast to 2007. Net uptrading from existing customers during the first half of 2008 generated approximately £10 million of net in-year revenue. This is a marked difference from the last quarter of 2007, where customers were net downtrading.

A new management incentive programme has been introduced throughout the business, based on successful execution of City Link's seven-point recovery plan. The plan is focused on customer service, improved productivity and cash collection. Significant progress has already been made on cash collection, aided by improved reporting procedures and improved network service levels. Progress has also been made in rolling out new leading-edge handheld scanners for drivers which will improve further customer service levels and productivity. In addition, having already made progress in improving performance for and relationships with larger customers, a "customer win back" programme specifically targeted at SMEs will be rolled out in the third quarter of 2008.

During the first half of 2008, City Link's new management team has been entirely focused on service. Its focus for the second half of 2008 will be on addressing the cost base of the business. Substantial cost saving opportunities have now been identified which should deliver payback within 12 to 18 months, although with limited impact on 2008 results. City Link will continue to drive a successful execution of its seven-point recovery plan. This involves moving customer service closer to the customer; developing reliable and integrated information systems; improving financial control systems and reporting; optimising hub and depot networks; developing organisational people capability and capitalising on growth opportunity initiatives.

City Link's trading outlook for the second half of 2008 remains unclear, and will be largely dependent on volumes during the third quarter of 2008 and the peak Christmas trading period in the fourth quarter of 2008, historically the business's busiest period. Cost action plans are also expected to produce a small positive

effect. However, the Group believes it is prudent to assume that the current run-rate of losses will continue for the remainder of 2008.

Initial Facilities Services

The Facilities Services division incorporates cleaning, catering, hospital services and building services. Each of these services are provided individually, but also create the platform for multi-service contracts offering one point of customer contact. In addition, this division includes the Group's specialist hygiene businesses and product supply companies. The bulk of the division's revenues and profits are derived in the UK. Cleaning is the division's largest operation.

Facilities Services delivered a good performance in 2007, increasing revenue by 12.8 per cent. and adjusted operating profit by 24.7 per cent. The Netherlands cleaning business was sold in the third quarter of 2007. Excluding acquisitions and disposals, revenue grew organically by 3.9 per cent. The focus on expanding Group services to existing customers, an activity in which this division takes the lead, is also beginning to show rewards.

In the UK, cleaning revenue in 2007 increased by 22.1 per cent. to £318.8 million (2006: £261 million), largely as a result of increased contract turnover and portfolio growth derived from the acquisitions of InSitu Cleaning Company Limited and Lancaster Office Cleaning Company Ltd ("Lancaster"). Adjusted 2007 operating profit from cleaning was £2.3 million higher than in 2006 due principally to higher volumes and acquisitions. Margins remain under pressure and management remains focused on cost and productivity. The business is implementing a number of service initiatives including the "SmartClean" daytime cleaning concept; "RAPID" customer account management – an industry first in remote management of cleaning contracts; and streamlining its operating structure to offset price pressure. Annualised customer retention rates fell in the second half largely as a result of one major loss and a 25 per cent. reduction in contract scope by its largest customer.

During 2007, revenues in the catering service business declined to £59.7 million following the decision to exit a number of unprofitable schools contracts. Contract wins effective from the last quarter of 2007 will offset much of this revenue loss and at better margins. The catering business is now profitable (it made a loss of £0.8 million in 2006) due to both the above factors and the success of procurement initiatives on food purchasing and distribution.

Hospital Services, which provides cleaning, catering and portering services to NHS hospitals in the UK and to the independent healthcare sector, recorded 2007 revenue up 10.5 per cent. at £62.8 million and profit up 33.8 per cent. Its focus has been on improving efficiency generally and addressing a number of unprofitable contracts.

The specialist hygiene businesses increased 2007 revenues by 26 per cent. to £52.0 million and profit by £1.1 million, largely as a result of the acquisition of Technivap S.A. in France in January 2007.

Improved profitability in catering and hygiene services offset the continued margin pressure in UK cleaning to give a divisional margin of 6.6 per cent. for 2007, compared with 6.0 per cent. for 2006.

Revenue from Initial Facilities Services increased 7.0 per cent. in the first six months of 2008, primarily driven by increased contract turnover from the acquisition of Lancaster in July 2007. Adjusted operating profit for the first six months of 2008 declined 4.8 per cent. year-on-year, principally as a result of the re-allocation of central charges (£1.1 million) and asset write-offs in Spain (£0.5 million) where the back office of the division's cleaning business is being reorganised.

In the UK, cleaning market conditions remain tough particularly in the retail sector. First half 2008 revenue (excluding Lancaster) was £9.1 million lower than 2007, reflecting contract losses in the second half of 2007. Initiatives to streamline the cost base and improve client retention are progressing well. Lancaster is also performing solidly. A number of new contracts have been secured, many based on existing clients in the Cleaning portfolio, leading to synergy benefits. The rate of contract re-tenders remains high and, although the Group has been successful to date, there is evidence of price discounting in the market. The Group has been given notice of £19 million worth of contract terminations which will take effect in the second half of 2008 and will impact primarily on 2009. Given the economic background, there is an increased risk of further client losses in the second half of 2008, which will also impact 2009. The Group believes that the new business pipeline remains good.

In Catering, first half 2008 revenues have declined as a result of exiting unprofitable contracts during 2007, although profits have improved. Food cost increases remain a cause for concern, but procurement initiatives are helping to mitigate their impact on profit.

In Hospitals, revenue increased by 7.6 per cent. in the first half of 2008 and profit by 5.1 per cent., helped by price and productivity improvements.

Rentokil Initial Asia Pacific

This division currently operates in 16 countries, throughout the Asia Pacific region, predominantly in the areas of washroom and hygiene services, pest control and, to a lesser extent, tropical plants and electronic security. Hygiene services include deep cleaning for hygiene sensitive environments such as washrooms, water purifying systems, dust control mats rental and air quality control services, as well as an office electronic equipment hygiene service. The division's largest operations are in Australia, New Zealand, Malaysia, Indonesia and Singapore.

Asia Pacific achieved strong double-digit growth in 2007 with revenue up 55 per cent. at £158.3 million and adjusted profits up 31.4 per cent. at £31 million. Organic revenue growth was 12.0 per cent. compared with 5.7 per cent. for 2006. The division's contract portfolio grew by 29.3 per cent. (18.2 per cent. excluding acquisitions). The strongest revenue and profit growth came from Rentokil Pest Control.

Rentokil Pest Control continued to demonstrate strong performance and achieved triple-digit growth in revenue and profit, boosted by the Hong Kong Government pest control contract and strong organic growth and acquisitions in Australia, New Zealand, Malaysia, Singapore, Thailand and China. The financial and commercial performance of Rentokil Tai Ming (China) and Rentokil Ding Sharn (Taiwan) was particularly positive. Rentokil Pest Control 2007 revenue was £64.8 million (2006: £31.5 million).

Washroom Services ended 2007 well ahead of 2006, achieving double-digit growth in revenue and profit in its key markets of Australia, Singapore, Malaysia, Indonesia and Hong Kong. Washroom Services 2007 revenue (excluding the associate business in Japan) was £74.0 million (2006: £61.7 million).

Ambius tropical plants in Australia demonstrated solid progress with both revenue and profit more than double that of 2006 as a result of strong organic growth and acquisition activity during 2007.

During 2007, the business continued its strategy of building stronger market positions to expand its footprint, investing £74.5 million on acquisitions. The largest transaction was Campbell Brothers Limited ("Campbell"), an Australian pest control business. Other notable acquisitions included Taiming Pest Control in China, One-Stop Fumigation and Pesterminator in Singapore.

Revenue in Asia Pacific increased by 22.5 per cent. in the first half of 2008. However, profit was significantly lower than 2007 in both the second quarter of 2008 and the first half of 2008. In the Group's Asian markets

profit was ahead in all territories but the performance of the division has been seriously undermined by operational issues in Australia. Problems within the Australian washrooms business following the acquisition of Pink Healthcare remain. The Campbell's residential pest acquisition is also not performing well. A plan to improve the performance of the combined residential and commercial pest businesses is being piloted at present and if successful should lead to performance improvement in 2009.

In the Australian washrooms business, sales in the first half of 2008 were lower than expected and contract terminations higher than expected. Service levels and operational efficiency declined and staff turnover rose to levels considered unacceptable by the Group. An initial assessment of the issues undertaken by the new management team revealed parallels with problems experienced within City Link and the UK washrooms business. In essence, the Group believes that too much was taken on too quickly resulting in a loss of focus and control. The removal of resource from local branches, the creation of super branches and introduction of a more centralised approach to customer account management and credit control forced the business to look inward, diverting its focus away from the basics of service delivery.

Key elements to the Australian recovery programme will involve: restoring state and quality of service; improving account maintenance (contract, invoicing, account reconciliation, collection); improving account management; and establishing operating systems that enable information to be shared across the branch network reliably and securely.

The Group's pest control strategy in Australia is to develop a residential pest control business alongside our existing commercial market, utilising our brand strength and global expertise. Campbell, the Australian residential business, is job-based (i.e. non-contract) with an inflexible cost base, and a lack of revenue (due in part to unseasonably wet weather impacting on sales) is adversely impacting profit. It is proving difficult to integrate both businesses successfully. For example, under-utilised residential technicians cannot be easily transferred across to commercial activities because of sector inexperience and mismatched skill sets.

The Group has begun to implement a recovery plan in Australia which involves the implementation of a new operational structure focused on five major cities. A new branch structure is being created following a successful trial in Melbourne which will result in fewer locations, reduced administrative personnel and increased service productivity. Technicians are being encouraged to take leave in non-peak periods and, in an attempt to tighten costs, a fuel surcharge is being implemented and materials are now being sourced from a single supplier. New service initiatives are being introduced to reduce the proportion of reactive revenue and minimise seasonality, weather and economic impacts.

Outside Australia, adjusted profit in the first half of 2008 grew by 21.8 per cent. on revenue up 37.3 per cent. Rentokil Pest Control continues to demonstrate strong revenue and profit growth in New Zealand, Malaysia, Singapore, Indonesia, Thailand and China, boosted by the Hong Kong government pest control contract which commenced on 1 April 2007. Rentokil Taiming (China) continues to deliver an excellent performance. Initial Textiles & Washroom Services in Asia has begun 2008 ahead of 2007, achieving double digit growth in revenue and profit in Hong Kong, Singapore and the Philippines.

Other (South Africa)

This division comprises the Group's activities in South Africa, principally pest control, washroom services and tropical plants.

Adjusted 2007 operating profit in the South African business was unchanged from 2006, although revenue increased by 2.4 per cent. The pest control division was the main driver of growth, increasing revenue by 11.2 per cent. and adjusted profit by 14.6 per cent. The turnaround of the larger washroom business has been the main focus of 2007 where turnover and adjusted profit were flat.

Overall, the first half of 2008 adjusted operating profit rose 2.1 per cent. on revenue up 9.2 per cent.

Environmental Issues

Many of the Issuer's businesses provide services to corporate customers to improve the working environment for their own employees and customers. Such activities generally have a lower impact on the environment than results from manufacturing processes or extractive industries. The Issuer has a policy of operating its businesses in a manner that minimises damage to the environment and has an environmental management system, with good practice procedures covering the main areas of environmental impact within the business.

Recent Developments

Recent Board Appointments

On the recommendation of the Issuer's nomination committee, Richard Burrows was appointed a director on 14 January 2008 and William Rucker was appointed a director on 15 February 2008. Both Richard Burrows and William Rucker were re-appointed at the annual general meeting held on 14 May 2008. Neither Richard Burrows nor William Rucker has a service contract with the Issuer.

Following the resignation of Brian McGowan and Doug Flynn as Chairman and Chief Executive, respectively, on 19 March 2008, John McAdam was appointed as a director and Chairman at the 2008 annual general meeting. Alan Brown was appointed a director and Chief Executive on 1 April 2008 and Andy Ransom was appointed a director on 1 May 2008, both of whom were re-elected at the 2008 annual general meeting.

Recent Acquisitions

During the first half of 2008 the Group has purchased companies and businesses for a total consideration of approximately £31 million.

Pension Scheme

Following the sale of the UK Electronic Security business in July 2007, £50 million was placed into escrow for the benefit of the UK defined benefit pension scheme. This money was released from escrow into the scheme in January 2008. The actuarial valuation of the UK defined benefit scheme as at 31 March 2007 was agreed in July 2008 and showed a deficit of £80.4 million. Following the release of £50 million from escrow into the pension scheme, a further amount of £33.3 million was placed in escrow in July 2008 to address the remainder of the deficit as at 31 March 2007. At 30 June 2008 the UK defined benefit scheme had an IAS 19 surplus of £84.8 million. The scheme actuary will conduct an informal valuation as at 30 September 2008. To the extent that it reveals a deficit, the corresponding amount (up to the maximum of the funds in escrow) will be released into the pension scheme by 31 January 2009. Any funds not paid into the scheme will remain in escrow until the next formal valuation. They will then be used to address any deficit in the scheme at that time, with any surplus funds being returned to the Group.

UNITED KINGDOM TAXATION

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

Interest on the Notes

Payment of interest on the Notes

There is no United Kingdom withholding tax on interest payments made in respect of securities which are issued by a company and are listed on a "recognised stock exchange", within the meaning of section 1005 of the Income Tax Act 2007 ("ITA"). The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange's regulated market or Professional Securities Market. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Noteholders may wish to note that, in certain circumstances, H.M. Revenue & Customs has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder.

EU Directive on the Taxation of Savings Income

Under the European Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual or certain other persons resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being 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).

SUBSCRIPTION AND SALE

BNP Paribas (the “Manager”) has, pursuant to a Subscription Agreement (the “Subscription Agreement”) dated 25 September 2008, agreed to subscribe or procure subscribers for the Notes at the issue price of 100 per cent. of the principal amount of Notes. The Issuer will also reimburse the Manager in respect of certain of its expenses, and has agreed to indemnify the Manager against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the net purchase money to the Issuer.

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.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Manager has agreed that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the latter of the commencement of the offering and the Issue Date, which is expected to be 10 November 2008, within the United States or to, or for the account or benefit of, U.S. persons and that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

United Kingdom

The Manager has represented and agreed that:

- (i) 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 Financial Services and Markets Act 2000 (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
- (ii) 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.

General

No action has been taken by the Issuer or the Manager that would permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, the Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering

circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

The Issuer has obtained the necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The creation and issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 20 August 2008 and a resolution of a duly authorised committee of the Board of Directors of the Issuer dated 10 September 2008.

Listing

The admission of the Notes to the Official List will be expressed as a percentage of their principal amount (exclusive of accrued interest). Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. It is expected that listing of the Notes to the Official List and admission of the Notes to trading on the Market will be granted on or about 1 October 2008, subject only to the issue of the Temporary Global Note.

Documents Available

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

- (i) the Memorandum and Articles of Association of the Issuer;
- (ii) the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2007 and 31 December 2006 in each case together with the audit report prepared in connection therewith;
- (iii) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer. The Issuer currently prepares audited consolidated and non-consolidated accounts on an annual basis and unaudited consolidated interim accounts on a semi-annual basis;
- (iv) the Trust Deed (which includes the form of the Global Notes, the definitive Notes, the Coupons and Talons) and the Agency Agreement; and
- (v) a copy of this Prospectus.

In addition, this Prospectus is also available on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/en-gb/pricenews/marketnews/.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The Common Code for the Notes is 038987194 and the ISIN is XS0389871947.

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

Material Contracts

There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Issuer's group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes to be issued.

Significant or Material Change

There has been no significant change in the financial or trading position of the Group since 30 June 2008. Except as disclosed in the following places in this Prospectus, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2007: page 44 (paragraphs 5 and 7), in relation to the decrease in network revenue within City Link in the first six months of 2008, City Link's losses and the reduction in the Group's operating profit in the same period; page 47 (paragraphs 1 and 3), in relation to the decline of revenue growth in the UK in the first half of 2008, the reduction in adjusted operating profit in the Initial Textiles and Washroom Services division and the fall in revenue in the Group's UK Washroom business in the first half of 2008; page 52 (paragraphs 3 and 5), in relation to the declines in revenue and volumes in the City Link division; and pages 54 (final paragraph) and 55 (first paragraph), respectively, in relation to the reduction in profit in the Rentokil Initial Asia Pacific division and operational issues in Australia.

Litigation

Neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) during 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 Group.

Auditors

The auditors of the Issuer are PricewaterhouseCoopers LLP (Chartered Accountants and Registered Auditors). The auditors of the Issuer have no material interest in the Issuer. PricewaterhouseCoopers LLP have audited the Issuer's initial accounts, prepared in accordance with Section 273 of the Companies Act 1985, without qualification, in accordance with generally accepted auditing standards in the United Kingdom, for each of the two financial years ended on 31 December 2006 and 31 December 2007.

PricewaterhouseCoopers LLP have audited Rentokil Initial 1927 plc's accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for each of the two financial years ended on 31 December 2007 and 31 December 2006. The audit report in respect of each of the two financial years ended 31 December 2004 and 31 December 2005 stated that the report, including the opinion, was prepared for and only for Rentokil Initial 1927 plc's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose and that the auditors did not, in giving the audit opinion, accept or assume responsibility for any other purpose or to any other person to whom the report was shown or into whose hands the report came except where expressly agreed with the auditor's prior consent in writing.

The above was recommended in guidance issued by the Institute of Chartered Accountants in England and Wales for inclusion in all Section 235 audit reports produced by audit firms.

Any certificate or report of the auditors of the Issuer or any other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts stated therein 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 of the Issuer or such other person in respect thereof.

Manager transacting with the Issuer and its affiliates

The Manager and its affiliates 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.

Post-issuance information

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

REGISTERED AND HEAD OFFICE OF THE ISSUER

Rentokil Initial plc
Portland House
Bressenden Place
London SW1E 5BH

TRUSTEE

BNP Paribas Trust Corporation UK Limited
55 Moorgate
London EC2R 6PA

PRINCIPAL PAYING AGENT AND AGENT BANK

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Howald – Hesperange
L-2085 Luxembourg

PAYING AGENT

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London EC2R 6PA

LEGAL ADVISERS

To the Issuer

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To the Manager and the Trustee

Allen & Overy LLP
One Bishops Square
London E1 6AO

AUDITORS

To the Issuer

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1 Embankment Place
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