

J Sainsbury plc

J SAINSBURY PLC

(incorporated in England and Wales with limited liability under registered number 185647)

£190,000,000

4.25 per cent. Convertible Bonds due 2014

Issue Price: 100.00 per cent.

The £190,000,000 4.25 per cent. Convertible Bonds due 2014 (the “**Bonds**”) of J Sainsbury plc (the “**Issuer**”) will be convertible (subject as provided herein) for fully paid ordinary shares (the “**Ordinary Shares**”) of the Issuer, having at the Closing Date (as defined below) a nominal value of 28¹/₂ pence each, at the then applicable Conversion Price, at any time on or after 26 August 2009 and up to the close of business on the date falling seven days prior to the Final Maturity Date (as defined herein) (both dates inclusive) or, if such Bond is to be redeemed prior to the Final Maturity Date, then up to (and including) the close of business on the seventh day before the date fixed for redemption (subject as further described in “Terms and Conditions of the Bonds”). The initial Conversion Price (as defined herein) will be £4.1850 per Ordinary Share and will be subject to adjustment in certain circumstances described in “Terms and Conditions of the Bonds – Conversion of Bonds”.

This Offering Circular (the “**Offering Circular**”) comprises listing particulars given in compliance with the listing rules made under Section 73A of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the UK Listing Authority (the “**UKLA**”) for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries taken as a whole (the “**Group**”) and the Bonds. Applications have been made to the Financial Services Authority in its capacity as competent authority under the FSMA for the Bonds to be admitted to the Official List of the UKLA (the “**Official List**”) and to the London Stock Exchange plc (the “**LSE**”) for the Bonds to be admitted to trading on the Professional Securities Market (the “**Professional Securities Market**”) of the LSE. References in this Offering Circular to the Bonds being “listed” (and all related references) shall mean that the Bonds have been admitted to the Official List and have been admitted to trading on the Professional Securities Market. The Professional Securities Market is not a regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”).

The Bonds will bear interest from and including 16 July 2009 (the “**Closing Date**”) at the rate of 4.25 per cent. per annum. Interest on the Bonds will be payable semi-annually in arrear in equal instalments on 16 January and 16 July in each year (each an “**Interest Payment Date**”), commencing on 16 January 2010.

Unless previously purchased and cancelled, redeemed or converted, the Bonds will be redeemed at 100 per cent. of their principal amount on 16 July 2014 (the “**Final Maturity Date**”). The Bonds are subject to early redemption in whole, but not in part, at their principal amount, together with accrued interest, at the option of the Issuer (i) in the event of certain changes affecting taxes of the United Kingdom, (ii) at any time on or after 6 August 2012, if the Volume Weighted Average Price (as defined herein) of the Ordinary Shares on each of at least 20 dealing days in any period of 30 consecutive dealing days ending not earlier than five days prior to the giving of the relevant notice, shall have been at least 130 per cent. of the Conversion Price in effect on each such dealing day; or (iii) if Conversion Rights (as defined herein) have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued (which for this purpose shall include Further Bonds). See “Terms and Conditions of the Bonds – Redemption and Purchase”.

An investment in the Bonds involves risks. See “Risk Factors” for a discussion of certain factors that should be carefully considered by investors.

None of the Bonds nor the Ordinary Shares to be delivered upon conversion of the Bonds have been or will be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”), and may not be offered or sold or delivered within the United States, absent registration or an applicable exemption from registration under the Securities Act. In addition, the Bonds are subject to U.S. tax law requirements and may not be sold to U.S. persons. For a description of certain further restrictions on the offering and sale of Bonds and on the distribution of this document see “Subscription and Sale”.

The Bonds will initially be represented by a temporary global bond (the “**Temporary Global Bond**”), without interest coupons, which will be deposited with a common depository on behalf of Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) on or about 16 July 2009. The Temporary Global Bond will be exchangeable for interests in a permanent global bond (the “**Global Bond**”), without interest coupons, on or after a date which is expected to be 26 August 2009 upon certification as to non-U.S. beneficial ownership. See “Summary of Provisions relating to the Bonds while in Global Form”. The Global Bond will be exchangeable for definitive Bonds in bearer form in the denomination of £50,000 only in the limited circumstances set out in the Global Bond.

Joint Bookrunners and Joint Lead Managers

MORGAN STANLEY

UBS INVESTMENT BANK

BARCLAYS CAPITAL

Co-Managers

HSBC

LLOYDS TSB CORPORATE MARKETS

RBS HOARE GOVETT

The Issuer accepts responsibility for all the information contained in this document. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Managers (as defined in “Subscription and Sale”) is acting for the Issuer and no one else in connection with the offering and will not regard any other person (whether or not as a recipient of this document) as its client in relation to the offering and will not be responsible to anyone other than the Issuer for providing the protections afforded to clients of the Managers, or for providing advice in relation to the offering, the contents of this document or any transaction or arrangement or other matter referred to in this document.

This Offering Circular should be read and construed in conjunction with any documents incorporated herein by reference. See “Documents Incorporated by Reference”.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or any of the Managers or the Trustee to subscribe for or purchase, any of the Bonds or the Ordinary Shares. The distribution of this Offering Circular and the offering of the Bonds and/or the Ordinary Shares in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Bonds and/or the Ordinary Shares and distribution of this Offering Circular, see “Subscription and Sale” below.

No person is authorised in connection with the issue, offering or sale of the Bonds to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. Neither the delivery of this Offering Circular nor any offer, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development likely to involve a change in the condition (financial or otherwise) of the Issuer or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or create any implication that the information contained herein is correct as of any date subsequent to the date hereof or the date as of which that information is stated herein to be given.

None of the Issuer or any of the Managers or the Trustee is providing any advice or recommendation in this Offering Circular on the merits of the purchase, subscription for, or investment in, the Bonds or the Ordinary Shares or the exercise of any rights conferred by the Bonds or the Ordinary Shares.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. It should be remembered that the price of securities and the income from them can go down as well as up.

No representation or warranty, express or implied, is made by any of the Managers as to the accuracy, completeness or sufficiency of the information set out or incorporated in this Offering Circular, and nothing set out or incorporated in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by any of the Managers. To the fullest extent permitted by law, the Managers accept no responsibility whatsoever for the contents of this Offering Circular or for any other statement made or purported to be made by a Manager or on its behalf in connection with the Issuer or the issue and offering of the Bonds. Each Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular (including the information incorporated by reference herein) is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the

Issuer, the Trustee or any of the Managers that any recipient of this Offering Circular should purchase the Bonds or the Ordinary Shares. Each potential purchaser of the Bonds should determine for itself the relevance of the information set out or incorporated by reference in this Offering Circular and its purchase of Bonds should be based upon such investigations as it deems necessary.

The Issuer confirms that the information in the section "Description of the Ordinary Shares – Principal Interests in the Issuer" in this Offering Circular has been accurately reproduced from the filings made by individual shareholders under the FSMA and the Financial Services Authority's Disclosure and Transparency Rules, and as far as the Issuer is aware and is able to ascertain from information filed by such individual shareholders, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Issuer has not independently verified such information.

The Issuer's Ordinary Shares are listed on the Official List and trade on the LSE's market for listed securities under the symbol "SBRY".

The Bonds are securities which, because of their nature, are normally bought and traded by a limited number of investors who are particularly knowledgeable in investment matters. This Offering Circular has been prepared on the basis that any purchaser of Bonds is a person or entity having sufficient knowledge and experience of financial matters as to be capable of evaluating the merits and risks of the purchase. Before making any investment decision with respect to the Bonds, prospective investors should consult their own counsel, accountants or other advisers and carefully review and consider their investment decision in the light of the foregoing. An investment in the Bonds is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may result therefrom.

In connection with this issue, each of the Managers and any of their respective affiliates acting as an investor for its own account may take up Bonds and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer or related investments and may offer or sell such securities or other investments otherwise than in connection with this issue. Accordingly, references in this document to the Bonds being issued, offered or placed should be read as including any issue, offering or placement of securities to the Managers and any of their affiliates acting in such capacity. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

IN CONNECTION WITH THE ISSUE OF THE BONDS, MORGAN STANLEY & CO. INTERNATIONAL PLC (THE "STABILISING MANAGER") OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER, MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF IT) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE CLOSING DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSON(S) ACTING ON BEHALF OF IT) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Unless otherwise specified or the context otherwise requires, references in this document to (i) “pounds sterling”, “GBP” and “£” are to the lawful currency of the United Kingdom and (ii) “UK” are to the United Kingdom of Great Britain and Northern Ireland.

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DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the audited consolidated financial statements of the Issuer as at, and for the financial years ended, 21 March 2009 and 22 March 2008, together, in each case, with the audit report thereon, and the Issuer's first quarter trading statement for the 12 weeks to 13 June 2009, which have been previously published and which have been approved by the Financial Services Authority or filed with it. Such documents shall be incorporated in, and form part of, this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular. Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular may be obtained (without charge) from the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/en-gb/pricesnews/marketnews/.

Prospective investors are advised to obtain and read the documents incorporated by reference herein before making their investment decision in relation to the Bonds.

RISK FACTORS

Prospective investors should consider carefully the risks set forth below and the other information contained in this Offering Circular prior to making any investment decision with respect to the Bonds. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds and/or the value of the Bonds and Ordinary Shares. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Bonds are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the Issuer does not represent that the statements below regarding the risks of holding any Bonds are exhaustive. The Issuer has only described those risks to its operations that it considers to be material. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware, and any of these risks could have the effects set forth above. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

Capitalised terms used below but not defined shall have the meaning set out under “Terms and Conditions of the Bonds”.

Risks Relating to the Issuer

Business strategy

The Group’s business strategy is based on five key areas of focus: great product at fair prices, accelerating the growth of complementary non-food ranges, reaching more customers through additional channels, growing supermarket space and active property management. If the Issuer adopts the wrong business strategy or does not implement its strategies effectively, this could have a materially adverse effect on the operational and financial performance of the Group.

Economic and market risk

The profitability of the Group’s business could be adversely affected by the worsening of general economic conditions. The Group has no control over changes in inflation and interest rates, foreign currency exchange rates and controls, or other economic factors affecting its business such as household and consumer spending. The current unprecedented economic slowdown and reducing job security is resulting in an increasing demand for value from customers. These challenges to household disposable income, competitor pricing positions and product costs may have a materially adverse effect on the performance of the Group in terms of its operations and financial results.

Regulatory environment

The Group is subject to a broad spectrum of regulatory requirements, particularly in relation to key areas such as planning, competition, environmental issues, employment, pensions, trading hours and tax rules and regulations over the Group’s products and services. A change in any of these factors could have a materially adverse effect on the Group’s operations and financial results.

Business interruption

A major incident or act of terrorism could have a materially adverse effect on the Group's ability to trade.

Financial strategy and Group treasury risk

The Group's activities expose it to a variety of financial risks including the availability of sufficient short-term and long-term funding to meet business needs (liquidity risk), default by counter-parties to financial transactions (credit risk) and fluctuations in interest rates, foreign currency exchange rates and commodity prices (market risk).

The ability of the Group to fund its day-to-day business commitments and to refinance its maturing borrowings may be impacted by a variety of events beyond its control including credit events, corporate activity and market dislocation. Such risks are heightened by the turbulence in the financial markets and the downturn in the global economic environment.

Any downgrade in the Issuer's credit ratings, which could be caused by a deterioration in the Group's business profile or financial performance, or events beyond its control, could result in a decrease in the availability of funding sources, an increase in funding costs and could have negative implications for the Issuer's business.

The Issuer's central treasury function is responsible for managing the Group's liquidity resources and interest rate and currency exposures in accordance with policies and guidelines approved by the Board. The central treasury function may use derivative financial instruments to hedge the interest rate and currency risks arising from the Group's operations and financing but not for any speculative purposes.

A major event in any of these areas could have a materially adverse effect on the Group's operations and financial results.

Operational risks

Operational risk is the risk of direct or indirect losses resulting from human factors, external events and inadequate or failed internal processes and systems. Operational risks are inherent within the Group's operations and are typical of any large enterprise. Major sources of operational risk include operational process reliability, dependence on key suppliers, implementation of strategic change, integration of acquisitions, fraud, human error, customer service quality, regulatory compliance, recruitment, training and retention of staff, and social and environmental impacts. In particular, the Group is reliant on its information technology systems and operational infrastructure in order to trade efficiently.

A failure in any of these processes and systems would have a significant impact on the Group's ability to trade and may have a materially adverse effect on its operations and financial results.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the Group will be unable to comply with the Issuer's obligations as a company with securities admitted to the Official List.

Market competition

The Group operates in a highly competitive market. The Group competes with a wide variety of retailers of varying sizes and faces increased competition from UK retailers as well as from international operators in the UK. Failure to compete successfully with competitors on areas including price, product range, quality and service could have a materially adverse effect on the Group's financial results.

Human resources

The Group employs an average of approximately 150,000 employees who are critical to the success of its business. If staff are not adequately skilled or effectively managed this could affect the Group's operations in a number of ways. These could range from, but are not limited to, not delivering basic retail standards in stores through to ineffective buying capability, or management capability in general. Any such event could have a materially adverse effect on the Group's operations and financial results.

Reputational risk

Failure to protect the Group's reputation and brand ethics could lead to a loss of trust and confidence in the Group. In particular, the safety and quality of the Group's products is essential and any failure in standards would significantly impact customer trust and confidence. Failure to protect the Sainsbury's reputation and brand could affect operations in a number of ways, ranging from, but not limited to, a decline in the customer base, an adverse impact on partnerships with suppliers and an adverse impact on the Group's ability to recruit and retain the best staff, any of which could have a materially adverse effect on the Group's operations and financial results.

Fraud

The Group is exposed to the risk of fraudulent and other dishonest behaviour by its employees. Systematic and widespread fraud could have a materially adverse effect on the Group's operations and financial results.

Pension risks

The Group operates a number of pension arrangements which includes two defined benefit schemes. These schemes are subject to risks in relation to their liabilities as a result of changes in life expectancy, inflation and future salary increases, and risks regarding the value of investments and the returns derived from such investments.

A significant future funding requirement might conflict with cash available from operational activities, operational or strategic financing requirements, or might require funding from external sources. Such a funding requirement could have a materially adverse effect on the Group's operations and financial results.

Legal and compliance

The Group is subject to a comprehensive range of legal and compliance obligations and is therefore exposed to many forms of legal and compliance risk, which may arise in a number of ways including, but not limited to, failure to adequately protect its intellectual property (such as its trade names) and failure to conduct its business in accordance with applicable laws. The Group also faces risk where legal proceedings are brought against it. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain, may attract adverse publicity and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered even if the Group is successful. A failure to manage these risks could have a materially adverse effect on the Group's operations and financial results.

Joint venture governance and partnerships

As the Group continues to enter into new partnerships and joint ventures, as well as developing existing arrangements, including Sainsbury's Bank and two existing property joint ventures, one with Land Securities Group and the other with The British Land Company PLC, there remains an inherent risk in managing these partnerships and joint ventures. It is more difficult to guarantee the achievement of joint goals that affect the Group's partners and the Group relies on its partners to help achieve such goals. The Issuer may also be impacted by reputational issues which affect its partners.

Sainsbury's Bank (the "Bank")

The Bank joint venture is exposed to traditional banking risks associated with commercial saving and lending activity. Any major event impacting on this activity could have a material adverse effect on the operations and financial results of the Bank.

Risks Relating to the Bonds

Bonds may not be a suitable investment for all investors

Each potential investor in any Bonds 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 Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- (iv) understand thoroughly the terms of the Bonds; 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.

A potential investor should not invest in the Bonds, which are complex financial instruments, unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

The Bonds may be redeemed prior to maturity

The Conditions provide that the Bonds are redeemable at the Issuer's option in certain limited circumstances and accordingly the Issuer may choose to redeem the outstanding Bonds at times when prevailing interest rates may be relatively low. In such circumstances an investor may either be compelled to exercise its Conversion Rights earlier than it might otherwise have chosen to do so or, if not, may not be able to reinvest the redemption proceeds in a comparable security bearing an effective interest rate as high as that of the Bonds and/or containing a Conversion Right.

Risks attached to the exercise of Conversion Rights

Investors should be aware that the Bonds, which are convertible into Ordinary Shares, bear certain additional risks. Depending on the performance of the underlying Ordinary Shares, the value of the Ordinary Shares may be substantially lower than when the Bonds were initially purchased. In addition, the value of the Ordinary Shares to be delivered upon conversion of the Bonds may vary substantially between the date on which Conversion Rights are exercised under the Bonds and the date on which such Ordinary Shares are delivered. See "Terms and Conditions of the Bonds – Conversion of Bonds".

There is a limited period for the exercise of Conversion Rights

A Bondholder will, subject as more fully described herein under "Terms and Conditions of the Bonds", have the right to convert his or her Bonds into Ordinary Shares. Conversion Rights may be exercised, subject

as provided herein, at any time on or after 26 August 2009 and up to the close of business on the date falling seven days prior to the Final Maturity Date (as defined herein) (both dates inclusive) or, if such Bond is to be redeemed prior to the Final Maturity Date, then up to (and including) the close of business on the seventh day before the date fixed for redemption or, if earlier, the date upon which the relevant Bondholder has exercised its right to require the Issuer to redeem such Bond following a Change of Control. If the Conversion Rights are not exercised by Bondholders during the Conversion Period, the Bonds will be redeemed at their principal amount on 16 July 2014, unless the Bonds are previously purchased and cancelled or redeemed in accordance with the Conditions.

Bondholders have limited anti-dilution protection

The Bonds are convertible into Ordinary Shares. The Conversion Price at which the Bonds may be converted into Ordinary Shares will be adjusted in the event that there is a consolidation, reclassification or subdivision, capitalisation of profits, Capital Distribution, Extraordinary Dividend, rights issue or grant of other subscription rights or other adjustment, including a spin-off event which affects the Ordinary Shares, but only in the situations and only to the extent provided under “Terms and Conditions of the Bonds – Conversion of Bonds”. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Ordinary Shares. Events in respect of which no adjustment is made may adversely affect the value of the Ordinary Shares and, therefore, adversely affect the value of the Bonds.

Further issues or sales of Ordinary Shares

There can be no certainty as to the effect, if any, that future issues or sales of Ordinary Shares, or the availability of such Ordinary Shares for future issue or sale, would have on the market price of the Ordinary Shares prevailing from time to time and therefore on the price of the Bonds. Although the Issuer has agreed not to, and the Issuer has agreed it will procure that none of its subsidiaries or any other party acting on its or their behalf (other than the Managers) will, subject to certain exceptions; (i) directly or indirectly, issue, offer, pledge, sell, contract to issue or sell, issue or sell any option or contract to purchase, purchase any option or contract to issue or sell, grant any option, right or warrant to subscribe or purchase or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares, or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of Ordinary Shares, whether any such swap or transaction described above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise (see “Subscription and Sale”), for a period from 17 June 2009 to the date falling 60 days from the Closing Date, sales of substantial numbers of Ordinary Shares in the public market, or a perception in the market that such sales could occur, could adversely affect the prevailing market price of the Ordinary Shares and the Bonds.

Modification, waivers and substitution

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

The Conditions also provide that the Trustee may, without the consent of Bondholders or Couponholders, agree to (i) modifications and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Bonds, the Conditions or the Trust Deed (except as mentioned in the Trust Deed) which are not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or (ii) modifications to any provisions of the Bonds, the Conditions or the Trust Deed which, in the opinion of the Trustee, are of a formal, minor or technical nature or which are made to correct a manifest error or an error which, in the opinion of the Trustee, is proven or to comply with mandatory provisions of law or (iii) the

substitution of certain other entities as principal debtor under the Trust Deed and the Bonds in place of the Issuer, in the circumstances and subject to the matters described in Condition 13(c) of the Conditions.

Change of law

The Conditions are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Risks related to the market generally

The Bonds may not have an active trading market

Although it is expected that the Bonds will be admitted to trading on the London Stock Exchange's Professional Securities Market on or after the Closing Date, there may be little or no secondary market for the Bonds. Even if a secondary market for the Bonds develops, it may not provide significant liquidity and it is expected that transaction costs in any secondary market may be high. As a result, the difference between bid and ask prices for the Bonds in any secondary market could be substantial.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest and other similar income paid by a person within its jurisdiction to an individual or to certain other persons in another Member State. However, for a transitional period, Belgium, Luxembourg and Austria may instead (unless during that period they elect otherwise) impose a withholding system (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), 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 Jersey and Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Savings Directive, which included the European Commission's advice on the need for changes to the Savings Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Savings Directive, they may amend or broaden the scope of the requirements described above.

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

Exchange rate risks and exchange controls

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

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.

Interest rate risks

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

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

Bondholders will bear the risk of fluctuation in the price of the Ordinary Shares

The market price of the Bonds is expected to be affected by fluctuations in the market price of the Ordinary Shares and it is impossible to predict whether the price of the Ordinary Shares will rise or fall. Trading prices of the Ordinary Shares will be influenced by, among other things, the financial position of the Issuer, its results of operations, its future prospects and political, economic, financial and other factors. Any decline in the market price of the Ordinary Shares may have an adverse effect on the market price of the Bonds. The future issue of Ordinary Shares by the Issuer or the disposal of Ordinary Shares by any substantial shareholders of the Issuer or the perception that such issues or sales may occur may significantly affect the trading price of the Bonds and the Ordinary Shares.

The Global Bond is held by or on behalf of Euroclear and Clearstream, Luxembourg

The Bonds will be represented by the Global Bond. The Global Bond will be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Global Bond, investors will not be entitled to receive Bonds in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Bond. While the Bonds are represented by the Global Bond, investors will be able to trade their beneficial interests in the Global Bond only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Bonds by making payments to the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Bond.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds.

The issue of the £190,000,000 4.25 per cent. Convertible Bonds due 2014 (the “**Bonds**”, which expression shall, unless otherwise indicated, include any Further Bonds) was (save in respect of any such Further Bonds) authorised by a resolution of the Board of Directors of J Sainsbury plc (the “**Issuer**”) passed on 10 June 2009 and resolutions of a Committee of the Board of Directors of the Issuer passed on 16 June 2009 and 9 July 2009. The Bonds are constituted by a trust deed dated 16 July 2009 (the “**Trust Deed**”) between the Issuer and BNY Corporate Trustee Services Limited (the “**Trustee**”, which expression shall include all persons for the time being appointed as the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. The statements set out in these Terms and Conditions (the “**Conditions**”) are summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds and the interest coupons relating to them (the “**Coupons**”). The Bondholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions applicable to them which are contained in the Paying and Conversion Agency Agreement dated 16 July 2009 (the “**Agency Agreement**”) relating to the Bonds between the Issuer, the Trustee, The Bank of New York Mellon, London Branch (the “**Principal Paying and Conversion Agent**”, which expression shall include any successor as Principal Paying and Conversion Agent under the Agency Agreement) and the other Paying and Conversion Agents for the time being (such persons, together with the Principal Paying and Conversion Agent, being referred to below as the “**Paying and Conversion Agents**”, which expression shall include their successors as Paying and Conversion Agents under the Agency Agreement).

Copies of each of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee (being at the Closing Date at One Canada Square, London, E14 5AL, United Kingdom), and at the specified offices of the Paying and Conversion Agents.

Capitalised terms used but not defined in these Conditions shall have the meanings provided in the Trust Deed unless, in any case, the context otherwise requires or unless otherwise stated.

1 **Form, Denomination, Title and Status of the Bonds**

(a) *Form and Denomination*

The Bonds are serially numbered and in bearer form in the denomination of £50,000 each with Coupons attached on issue.

(b) *Title*

Title to the Bonds and Coupons passes by delivery. The holder of any Bond or Coupon will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

(c) *Status*

The Bonds and Coupons constitute direct, unconditional, unsubordinated and (subject to Condition 2) unsecured obligations of the Issuer ranking *pari passu* and without any preference among themselves,

and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such exceptions as may be provided by applicable legislation and subject to Condition 2.

2 Negative Pledge

So long as any of the Bonds or Coupons remains outstanding (as defined in the Trust Deed) the Issuer will not and will procure that no Subsidiary of the Issuer will create or permit to subsist any mortgage, lien, pledge or other charge, encumbrance or security interest (“**Relevant Security**”) upon, or with respect to, the whole or any part of any of its present or future assets or revenues to secure any existing or future Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, unless, simultaneously with, or prior to, the creation of such Relevant Security, all amounts payable by the Issuer under the Bonds, the Coupons and the Trust Deed (i) are secured equally and rateably by such Relevant Security to the satisfaction of the Trustee or (ii) such other security, guarantee, indemnity or other arrangement is provided as the Trustee shall in its absolute discretion deem not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution of the Bondholders.

For the purposes of this provision:

“**Permitted Security**” means:

- (i) any Relevant Security in respect of any Relevant Indebtedness (“**Existing Relevant Indebtedness**”), or in respect of any guarantee of or indemnity in respect of any Existing Relevant Indebtedness, given by any Subsidiary where the relevant company becomes a Subsidiary after the Closing Date and where such Relevant Security exists at the time such company becomes a Subsidiary (provided that (1) such Security was not created in contemplation of that company becoming a Subsidiary and (2) the principal amount secured at the time of that company becoming a Subsidiary is not subsequently increased); and
- (ii) any Relevant Security given by any Subsidiary in respect of any Relevant Indebtedness, or in respect of any guarantee of or indemnity in respect of any Relevant Indebtedness, where such Relevant Indebtedness (“**New Relevant Indebtedness**”) is incurred to refinance Existing Relevant Indebtedness in circumstances where there is outstanding Relevant Security (“**Existing Relevant Security**”) given by that Subsidiary in respect of such Existing Relevant Indebtedness or, as the case may be, in respect of any guarantee or indemnity in respect of such Existing Relevant Indebtedness, provided that (1) the principal amount of the New Relevant Indebtedness is not greater than the principal amount of the Existing Relevant Indebtedness and (2) the Relevant Security does not extend to any undertaking, assets or revenues, present or future, of that Subsidiary which were not subject to the Existing Relevant Security.

“**Relevant Indebtedness**” means any present or future indebtedness (whether being principal, interest or other amounts) in the form of, or represented by, bonds, notes, depositary receipts, debentures, loan stock or other securities, whether issued for cash or in whole or in part for a consideration other than cash, and which are for the time being, by agreement with the Issuer, quoted, listed or dealt in or traded on any stock exchange and/or quotation system or by any listing authority or other securities market.

For the purposes of these Conditions, “**Relevant Security**” shall exclude (i) any Permitted Security or (ii) any Relevant Security created by the Issuer or any Subsidiary on, over or in respect of any property or asset acquired by it for the sole purpose of securing the financing of that acquisition and securing an amount not exceeding that agreed as at the date such Relevant Security is created.

3 Definitions

In these Conditions, unless otherwise provided:

“**Additional Ordinary Shares**” has the meaning provided in Condition 5(c).

“**Bondholder**” and “**holder**” mean the holder of any Bond.

“**business day**” means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place.

“**Capital Distribution**” has the meaning provided in Condition 5(b)(iii)(A).

“**Cash Dividend**” has the meaning provided in Condition 5(b)(iii)(B).

a “**Change of Control**” shall occur if an offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any associate (as defined in Section 988(1) of the Companies Act) of the offeror), to acquire all or a majority of the issued ordinary share capital of the Issuer or if any person proposes a scheme with regard to such acquisition (other than an Exempt Newco Scheme) and (such offer or scheme having become or been declared unconditional in all respects or having become effective) the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer has or will become unconditionally vested in any person and/or any associate of that person (as defined in Section 988(1) of the Companies Act).

“**Change of Control Conversion Price**” has the meaning provided in Condition 5(b)(x).

“**Change of Control Notice**” has the meaning provided in Condition 5(l).

“**Change of Control Period**” means the period commencing on the occurrence of a Change of Control and ending 60 calendar days following the Change of Control or, if later, 60 calendar days following the date on which a Change of Control Notice is given to Bondholders as required by Condition 5(l).

“**Change of Control Put Date**” has the meaning provided in Condition 6(e).

“**Change of Control Put Exercise Notice**” has the meaning provided in Condition 6(e).

“**Closing Date**” means 16 July 2009.

“**Companies Act**” means the Companies Act 2006 of the United Kingdom.

“**Conversion Date**” has the meaning provided in Condition 5(g).

“**Conversion Notice**” has the meaning provided in Condition 5(g).

“**Conversion Period**” has the meaning provided in Condition 5(a).

“**Conversion Price**” has the meaning provided in Condition 5(a).

“**Conversion Right**” has the meaning provided in Condition 5(a).

“**Couponholder**” means the holder of any Coupon.

“**Current Market Price**” means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Price of an Ordinary Share on each of the five consecutive dealing days ending on the dealing day immediately preceding such date; provided that if at any time during the said five-dealing-day period the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex- any other

entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement), then:

- (a) if the Ordinary Shares to be issued or transferred and delivered do not rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price cum-Dividend (or cum- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit; or
- (b) if the Ordinary Shares to be issued or transferred and delivered do rank for the Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the Ordinary Shares shall have been based on a price ex-Dividend (or ex- any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit,

and provided further that if on each of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued or transferred and delivered do not rank for that Dividend (or other entitlement) the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit,

and provided further that, if the Volume Weighted Average Price of an Ordinary Share is not available on one or more of the said five dealing days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five-dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period the Current Market Price shall be determined by an Independent Financial Adviser.

“**dealing day**” means a day on which the Relevant Stock Exchange or relevant market is open for business and on which Ordinary Shares, Securities or Spin-Off Securities (as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or relevant market is scheduled to or does close prior to its regular weekday closing time).

“**Dividend**” means any dividend or distribution to Shareholders (including a Spin-Off) whether of cash, assets or other property, and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to holders upon or in connection with a reduction of capital (and for these purposes a distribution of assets includes without limitation an issue of Ordinary Shares or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves), provided that:

- (a) where:

- (1) a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash, then the Dividend in question shall be treated as a Cash Dividend of an amount equal to the greater of (i) the Fair Market Value of such cash amount and (ii) the Current Market Price of such Ordinary Shares as at the first date on which the Ordinary Shares are traded ex- the relevant Dividend on the Relevant Stock Exchange or, as the case may be, the record date or other due date for establishment of entitlement in respect of the relevant capitalisation or, as the case may be, the Fair Market Value of such other property or assets as at the date of first public announcement of such Dividend or capitalisation or, in any such case, if later, the date on which the number of Ordinary Shares (or amount of such other property or assets, as the case may be) which may be issued or delivered is determined; or
 - (2) there shall be any issue of Ordinary Shares by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) where such issue is or is expressed to be in lieu of a Dividend (whether or not a cash Dividend equivalent or amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise), the Dividend in question shall be treated as a Cash Dividend of an amount equal to the Current Market Price of such Ordinary Shares as at the first date on which the Ordinary Shares are traded ex- the relevant Dividend on the Relevant Stock Exchange or, as the case may be, the record date or other due date for establishment of entitlement in respect of the relevant capitalisation or, in any such case, if later, the date on which the number of Ordinary Shares to be issued or transferred and delivered is determined;
- (b) any issue of Ordinary Shares falling within Condition 5(b)(ii) below shall be disregarded;
- (c) a purchase or redemption or buy back of share capital of the Issuer by or on behalf of the Issuer or any member of the Group shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Issuer or any member of the Group, the weighted average price per Ordinary Share (before expenses) on any one day (a “**Specified Share Day**”) in respect of such purchases or redemptions or buy backs (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent. the average of the closing prices of the Ordinary Shares on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the five dealing days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price or where a tender offer is made, on the five dealing days immediately preceding the date of such announcement or the date of first public announcement of such tender offer (and regardless of whether or not a price per Ordinary Share, a minimum price per Ordinary Share or a price range or formula for the determination thereof is or is not announced at such time), as the case may be, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in the Relevant Currency to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by the Issuer or, as the case may be, any member of the Group (translated where appropriate into the Relevant Currency as provided above) exceeds the product of (i) 105 per cent. of the average closing price of the Ordinary Shares determined as aforesaid and (ii) the number of Ordinary Shares so purchased, redeemed or bought back;

- (d) if the Issuer or any member of the Group shall purchase, redeem or buy back any depositary or other receipts or certificates representing Ordinary Shares, the provisions of paragraph (c) above shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined by an Independent Financial Adviser; and
- (e) where a dividend or distribution is paid or made to Shareholders pursuant to any plan implemented by the Issuer for the purpose of enabling Shareholders to elect, or which may require Shareholders, to receive dividends or distributions in respect of the Ordinary Shares held by them from another person or person other than (or in addition to) the Issuer, such dividend or distribution shall for the purposes of these Conditions be treated as a dividend or distribution made or paid to Shareholders by the Issuer, and the foregoing provisions of this definition, and the provisions of these Conditions shall be construed accordingly.

“**Exempt Newco Scheme**” means a Newco Scheme where, immediately after completion of the relevant Scheme of Arrangement, the ordinary shares of Newco or depositary or other receipts or certificates representing ordinary shares of Newco are (1) admitted to trading on the Relevant Stock Exchange or (2) admitted to listing on such other regulated, regularly operating, recognised stock exchange or securities market as the Issuer or Newco may determine.

“**Extraordinary Dividend**” has the meaning provided in Condition 5(b)(iii)(B).

“**Extraordinary Resolution**” has the meaning provided in the Trust Deed.

“**Fair Market Value**” means, with respect to any property on any date, the fair market value of that property as determined by an Independent Financial Adviser provided that (i) the Fair Market Value of a Cash Dividend shall be the amount of such Cash Dividend; (ii) the Fair Market Value of any other cash amount shall be the amount of such cash; (iii) where Securities, Spin-Off Securities, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by an Independent Financial Adviser), the Fair Market Value (a) of such Securities or Spin-Off Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Securities or Spin-Off Securities and (b) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of both (a) and (b) during the period of five dealing days on the relevant market commencing on such date (or, if later, the first such dealing day such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded) or such shorter period as such Securities, Spin-Off Securities, options, warrants or other rights are publicly traded; (iv) where Securities, Spin-Off Securities, options, warrants or other rights are not publicly traded (as aforesaid), the Fair Market Value of such Securities, Spin-Off Securities, options, warrants or other rights shall be determined by an Independent Financial Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, Spin-Off Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof. Such amounts shall, in the case of (i) above, be translated into the Relevant Currency (if declared or paid or payable in a currency other than the Relevant Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Cash Dividend in the Relevant Currency; and in any other case, shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date. In addition, in the case of (i) and (ii) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

“**Final Maturity Date**” means 16 July 2014.

“**Further Bonds**” means any further Bonds issued pursuant to Condition 17 and consolidated and forming a single series with the then outstanding Bonds.

“**Group**” means the Issuer and the Issuer’s Subsidiaries taken as a whole.

“**Independent Financial Adviser**” means an independent financial institution of international repute appointed by the Issuer at its own expense and approved in writing by the Trustee or, if the Issuer fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee in its sole discretion) and the Trustee is indemnified and/or secured and/or prefunded to its satisfaction against the costs, fees and expenses of such adviser and otherwise in connection with such appointment, appointed by the Trustee (without liability for so doing) following notification to the Issuer.

“**Interest Payment Date**” has the meaning provided in Condition 4(a).

“**London Stock Exchange**” means the London Stock Exchange plc.

“**Newco Scheme**” means a scheme of arrangement or analogous proceeding (“**Scheme of Arrangement**”) which:

- (i) effects the interposition of a limited liability company (“**Newco**”) between the Shareholders of the Issuer immediately prior to the Scheme of Arrangement (the “**Existing Shareholders**”) and the Issuer; and
- (ii) in respect of which the Issuer and the Trustee agree, with effect immediately after the implementation of such Newco Scheme, (a) at the Issuer’s option, either to the substitution of Newco in place of the Issuer as principal obligor (with a guarantee from the Issuer) or to the provision of a guarantee from Newco and (b) to make such amendments to the Conditions and the Trust Deed as are necessary, in the opinion of the Trustee, to ensure that (i) the Bonds may be converted into or exchanged for ordinary shares in Newco (or depositary or other receipts representing such ordinary shares) *mutatis mutandis* in accordance with and subject to these Conditions and the Trust Deed and (ii) the Trust Deed and the Conditions (including, without limitation, the adjustment and related provisions (in Condition 5), the Events of Default (in Condition 9) and the Undertakings (in Condition 10)) provide at least the same protections and benefits to the Trustee and the Bondholders following the implementation of such Newco Scheme as they provided to the Trustee and the Bondholders prior to the implementation of the Newco Scheme, *mutatis mutandis*, all subject to and in accordance with Condition 10(a)(ix) below, provided that:

- (A) only ordinary shares of Newco or depositary or other receipts or certificates representing ordinary shares of Newco are issued to Existing Shareholders;
- (B) immediately after completion of the Scheme of Arrangement the only shareholders of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares of Newco, are Existing Shareholders;
- (C) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder (or shareholders) of the Issuer;
- (D) all Subsidiaries of the Issuer immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after completion of the Scheme of Arrangement; and
- (E) immediately after completion of the Scheme of Arrangement the Issuer (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital

of those Subsidiaries as was held by the Issuer immediately prior to the Scheme of Arrangement.

“**Non-Cash Dividend**” has the meaning provided in Condition 5(b)(iii).

“**Optional Redemption Date**” has the meaning provided in Condition 6(b).

“**Optional Redemption Notice**” has the meaning provided in Condition 6(b).

“**Ordinary Shares**” means fully paid ordinary shares in the capital of the Issuer currently with a par value of 28 and 4/7 pence each.

“**Permitted Security**” has the meaning provided in Condition 2.

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, unincorporated association, limited liability company, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

“**Presentation Date**” means a day which:

- (i) is or falls after the relevant due date for payment, but, if the due date for payment is not or was not a business day in London, is or falls after the next following such business day; and
- (ii) is a business day in the place of a specified office of the Paying and Conversion Agent at which the relevant Bond or Coupon is presented for payment.

“**Prevailing Rate**” means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (London time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (London time) on the immediately preceding day on which such rate can be so determined, or if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Financial Adviser shall prescribe.

“**Principal Subsidiary**” has the meaning provided in Condition 9.

“**Reference Date**” means, in relation to a Retroactive Adjustment, the date as of which the relevant Retroactive Adjustment takes effect or, in any such case, if that is not a dealing day, the next following dealing day.

“**Relevant Currency**” means sterling or, if at the relevant time or for the purposes of the relevant calculation or determination, the London Stock Exchange is not the Relevant Stock Exchange, the currency in which the Ordinary Shares are quoted or dealt in on the Relevant Stock Exchange at such time.

“**Relevant Date**” means, in respect of any Bond or Coupon, whichever is the later of:

- (i) the date on which payment in respect of it first becomes due; and
- (ii) if the full amount payable has not been received by the Principal Paying and Conversion Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders.

“**Relevant Indebtedness**” has the meaning provided in Condition 2.

“**Relevant Page**” means the relevant page on Bloomberg or such other information service provider that displays the relevant information.

“**Relevant Security**” has the meaning provided in Condition 2.

“**Relevant Stock Exchange**” means the London Stock Exchange or if at the relevant time the Ordinary Shares are not at that time listed and admitted to trading on the London Stock Exchange, the principal stock exchange or securities market on which the Ordinary Shares are then listed, admitted to trading or quoted or accepted for dealing.

“**Retroactive Adjustment**” has the meaning provided in Condition 5(c).

“**Scheme of Arrangement**” has the meaning provided in the definition of “Newco Scheme”.

“**Securities**” means any securities including, without limitation, shares in the capital of the Issuer, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of the Issuer.

“**Shareholders**” means the holders of Ordinary Shares.

“**Specified Date**” has the meaning provided in Condition 5(b) (vii) and (viii).

“**Spin-Off**” means:

- (a) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class; or
- (b) any issue, transfer or delivery of any property or assets (including cash or shares or Securities of or in or issued or allotted by any entity) by any entity (other than the Issuer) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders, as a class (but excluding the issue and allotment of ordinary shares (or depositary or other receipts or certificates representing such ordinary shares) by Newco to Existing Shareholders), pursuant in each case to any arrangements with the Issuer or any member of the Group.

“**Spin-Off Securities**” means equity share capital of an entity other than the Issuer or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Issuer.

“**Subsidiary**” has the meaning provided in Section 1159 of the Companies Act.

“**Tax Redemption Date**” has the meaning provided in Condition 6(c).

“**Tax Redemption Notice**” has the meaning provided in Condition 6(c).

“**UK Listing Authority**” means the Financial Services Authority in its capacity as competent authority for the purposes of the Financial Services and Markets Act 2000.

“**Volume Weighted Average Price**” means, in respect of an Ordinary Share, Security or, as the case may be, a Spin-Off Security on any dealing day, the order book volume-weighted average price of an Ordinary Share, Security or, as the case may be, a Spin-Off Security published by or derived (in the case of an Ordinary Share) from Bloomberg page VAP or (in the case of a Security (other than Ordinary Shares) or Spin-Off Security) from the principal stock exchange or securities market on which such Securities or Spin-Off Securities are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined to be appropriate by an Independent Financial Adviser on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Security or a Spin-Off Security, as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined, or as an Independent Financial Adviser might otherwise determine in good faith to be appropriate.

“**£**” and “**sterling**” means the lawful currency for the time being of the United Kingdom.

References to “**ordinary share capital**” has the meaning provided in Section 832 of the Income and Corporation Taxes Act 1988 of the United Kingdom and “**equity share capital**” has the meaning provided in Section 548 of the Companies Act.

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

References to any issue or offer or grant to Shareholders or Existing Shareholders “**as a class**” or “**by way of rights**” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as an Independent Financial Adviser considers appropriate to reflect any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event.

For the purposes of Condition 5(a), (b), (c), (g) and (h) and Condition 10 only, (a) references to the “**issue**” of Ordinary Shares or Ordinary Shares being “**issued**” shall include the transfer and/or delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any member of the Group, and (b) Ordinary Shares held by or on behalf of the Issuer or any member of the Group (and which, in the case of Conditions 5(b)(iv) and 5(b)(vi), do not rank for the relevant right or other entitlement) shall not be considered as or treated as “**in issue**” or “**issued**” or entitled to receive any Dividend, right or other entitlement.

References in these Conditions to listing on the London Stock Exchange (or like or similar references) shall be construed as admission to the Official List of the UK Listing Authority and admission to trading on the EEA Regulated Market of the London Stock Exchange and references to “**EEA Regulated Market**” means a market as defined by Article 4.1 (14) of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

4 **Interest**

(a) *Interest Rate*

The Bonds bear interest from (and including) the Closing Date at the rate of 4.25 per cent. per annum calculated by reference to the principal amount thereof and payable semi-annually in arrear in equal instalments on 16 January and 16 July in each year (each an “**Interest Payment Date**”), commencing with the Interest Payment Date falling on 16 January 2010.

The amount of interest payable in respect of a Bond in respect of any period which is shorter than an Interest Period shall be calculated on the basis of the number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by the product of the number of days from (and including) the immediately preceding Interest Payment Date (or, if none, the Closing Date) to (but excluding) the next Interest Payment Date and the number of Interest Periods normally ending in any year.

“**Interest Period**” means the period beginning on (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(b) *Accrual of Interest*

Each Bond will cease to bear interest (i) where the Conversion Right shall have been exercised by a Bondholder, from the Interest Payment Date immediately preceding the relevant Conversion Date or, if none, the Closing Date (subject in any such case as provided in Condition 5(i)) or (ii) where such Bond is redeemed or repaid pursuant to Condition 6 or Condition 9, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of the principal in respect of the Bond is improperly withheld or refused, in which event interest will continue to accrue at the rate specified in Condition 4(a) (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying and Conversion Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

5 Conversion of Bonds

(a) *Conversion Right*

Subject to and as provided in these Conditions, each Bond shall entitle the holder to convert such Bond into new and/or existing Ordinary Shares, as determined by the Issuer, credited as fully-paid (a “**Conversion Right**”).

The number of Ordinary Shares to be issued or transferred and delivered on exercise of a Conversion Right shall be determined by dividing the principal amount of the Bonds to be converted by the conversion price (the “**Conversion Price**”) in effect on the relevant Conversion Date.

The initial Conversion Price is £4.1850 per Ordinary Share. The Conversion Price is subject to adjustment in the circumstances described in Condition 5(b).

A Bondholder may exercise the Conversion Right in respect of a Bond by delivering such Bond, together with a Conversion Notice, to the specified office of any Paying and Conversion Agent in accordance with Condition 5(g) and making any payment required to be made as provided in Condition 5(g), whereupon the Issuer shall procure the delivery to or as directed by the relevant Bondholder of Ordinary Shares credited as paid-up in full as provided in this Condition 5.

Subject to and as provided in these Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time subject to any applicable fiscal or other laws or regulations and as hereinafter provided) from 26 August 2009 to the close of business (at the place where the relevant Bond is delivered for conversion) on the date falling 7 days prior to the Final Maturity Date (both days inclusive) or, if such Bond is to be redeemed pursuant to Condition 6(b) or 6(c) prior to the Final Maturity Date, then up to (and including) the close of business (at the place aforesaid) on the 7th day before the date fixed for redemption thereof pursuant to Condition 6(b) or 6(c), unless there shall be a default in making payment in respect of such Bond on such date fixed for redemption, in which event the Conversion Right shall extend up to (and including) the close of business (at the place aforesaid) on the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 16 or, if earlier, the Final Maturity Date or, if the Final Maturity Date is not a London business day, the

immediately preceding London business day; provided that, in each case, if such final date for the exercise of Conversion Rights is not a business day at the place aforesaid, then the period for exercise of Conversion Rights by Bondholders shall end on the immediately preceding business day at the place aforesaid.

Conversion Rights may not be exercised (i) following the giving of notice by the Trustee pursuant to Condition 9 or (ii) in respect of a Bond in respect of which the relevant Bondholder has exercised its right to require the Issuer to redeem that Bond pursuant to Condition 6(e).

The period during which Conversion Rights may (subject as provided below) be exercised by a Bondholder is referred to as the “**Conversion Period**”.

Conversion Rights may only be exercised in respect of the whole of the principal amount of a Bond.

Fractions of Ordinary Shares will not be issued or transferred and delivered on the exercise of Conversion Rights or pursuant to Condition 5(c) and no cash payment or other adjustment will be made in lieu thereof. However, if a Conversion Right in respect of more than one Bond is exercised at any one time such that Ordinary Shares to be issued or transferred and delivered on the exercise of Conversion Rights or pursuant to Condition 5(c) are to be registered in the same name, the number of Ordinary Shares to be issued or transferred and delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds, and rounded down to the nearest whole number of Ordinary Shares. The Issuer will procure that Ordinary Shares to be issued or transferred and delivered on exercise of Conversion Rights will be issued or transferred and delivered to the relevant person specified in the relevant Conversion Notice. Such Ordinary Shares will be deemed to be issued or transferred and delivered on or as of the relevant Conversion Date. Any Additional Ordinary Shares to be issued or transferred and delivered pursuant to Condition 5(c) will be deemed to be issued or transferred and delivered on or as of the relevant Reference Date.

(b) *Adjustment of Conversion Price*

Upon the happening of any of the events described below, the Conversion Price shall be adjusted as follows:

- (i) If and whenever there shall be a consolidation, reclassification or subdivision in relation to the Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and
- B is the aggregate number of Ordinary Shares in issue immediately after, and as a result of, such consolidation, reclassification or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification or subdivision, as the case may be, takes effect.

- (ii) If and whenever the Issuer shall issue any Ordinary Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium

account or capital redemption reserve) other than (1) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Dividend in cash which the Shareholders would or could otherwise have elected to receive, (2) where the Shareholders may elect to receive a Dividend in cash in lieu of such Ordinary Shares or (3) where any such Ordinary Shares are or are expressed to be issued in lieu of a Dividend (whether or not a cash Dividend equivalent or amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such issue; and
B is the aggregate number of Ordinary Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Ordinary Shares.

(iii)

- (A) If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Ordinary Share on the Effective Date; and
B is the portion of the Fair Market Value of the aggregate Capital Distribution attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Capital Distribution by the number of Ordinary Shares entitled to receive the relevant Capital Distribution (or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Issuer or any member of the Group, by the number of Ordinary Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Ordinary Shares, or any Ordinary Shares represented by depositary or other receipts or certificates, purchased, redeemed or bought back).

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Capital Distribution is capable of being determined as provided herein.

“**Effective Date**” means, in respect of this paragraph (b)(iii)(A), the first date on which the Ordinary Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares, the date on which such purchase, redemption or buy back is made or in the case of a Spin-Off, the

first date on which the Ordinary Shares are traded ex- the relevant Spin-Off on the Relevant Stock Exchange.

“**Capital Distribution**” means any Non-Cash Dividend.

“**Non-Cash Dividend**” means any Dividend which is not a Cash Dividend, and shall include a Spin-Off.

- (B) If and whenever the Issuer shall pay any Extraordinary Dividend to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A - C}$$

where:

- A is the Current Market Price of one Ordinary Share on the Effective Date;
- B is the portion of the Fair Market Value of the aggregate Extraordinary Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Extraordinary Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend; and
- C is the amount (if any) by which the Threshold Amount in respect of the Relevant Year exceeds an amount equal to the aggregate of the Fair Market Values of any previous Cash Dividends per Ordinary Share paid or made in such Relevant Year (where C shall be zero if such previous Cash Dividends per Ordinary Share are equal to, or exceed, the Threshold Amount in respect of such Relevant Year). For the avoidance of doubt “C” shall equal the Threshold Amount in respect of the Relevant Year where no previous Cash Dividends per Ordinary Share have been paid or made in such Relevant Year.

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Extraordinary Dividend can be determined.

“**Effective Date**” means, in respect of this paragraph (b)(iii)(B), the first date on which the Ordinary Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange.

“**Extraordinary Dividend**” means any Cash Dividend (the “**Relevant Dividend**”) paid or made in a fiscal year of the Issuer (the “**Relevant Year**”), if (a) the Fair Market Value of the Relevant Dividend per Ordinary Share or (b) the sum of (i) Fair Market Value of the Relevant Dividend per Ordinary Share and (ii) an amount equal to the aggregate of the Fair Market Value or Values of any other Cash Dividend or Cash Dividends per Ordinary Share paid or made in the Relevant Year, exceeds the Threshold Amount in respect of such Relevant Year, and in that case the Extraordinary Dividend shall be the Relevant Dividend.

“**Threshold Amount**” means in respect of any Relevant Year, 13.2 pence (adjusted pro rata for any adjustments to the Conversion Price made pursuant to the provisions of this paragraph (b)).

“**Cash Dividend**” means (i) any Dividend which is to be paid or made in cash (in whatever currency), but other than falling within paragraph (b) of the definition of “**Spin-Off**” and (ii) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) of the definition of “**Dividend**”, and for the avoidance of doubt, a Dividend falling within paragraph (c) or (d) of the definition of “**Dividend**” shall be treated as being a Non-Cash Dividend.

- (C) For the purposes of the above, Fair Market Value shall (subject as provided in paragraph (a) of the definition of “**Dividend**” and in the definition of “**Fair Market Value**”) be determined as at the Effective Date.
- (D) In making any calculations for the purposes of this paragraph (b)(iii), such adjustments (if any) shall be made as an Independent Financial Adviser may determine in good faith to be appropriate to reflect (i) any consolidation or sub-division of any Ordinary Shares or the issue of Ordinary Shares by way of capitalisation of profits or reserves (or any like or similar event) or any increase in the number of Ordinary Shares in issue in the Relevant Year in question or (ii) any change in the fiscal year of the Issuer.
- (iv) If and whenever the Issuer shall issue Ordinary Shares to Shareholders as a class by way of rights, or shall issue or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase Ordinary Shares, or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A+B}{A+C}$$

where:

- A is the number of Ordinary Shares in issue on the Effective Date;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares issued by way of rights, or for the Securities issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares to be issued or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this paragraph (b)(iv), the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants on the Relevant Stock Exchange.

- (v) If and whenever the Issuer shall issue any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase any Ordinary Shares) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this paragraph (b)(v), the first date on which the Ordinary Shares are traded ex- the relevant Securities or ex-rights, ex-option or ex-warrants on the Relevant Stock Exchange.

- (vi) If and whenever the Issuer shall issue (otherwise than as mentioned in paragraph (b)(iv) above) wholly for cash or for no consideration any Ordinary Shares (other than Ordinary Shares issued on conversion of the Bonds or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, Ordinary Shares) or issue or grant (otherwise than as mentioned in sub-paragraph (b)(iv) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase any Ordinary Shares (other than the Bonds, which term shall for this purpose include any Further Bonds), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such Ordinary Shares or, as the case may be, for the Ordinary Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Ordinary Share; and

C is the number of Ordinary Shares to be issued pursuant to such issue of such Ordinary Shares or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this paragraph (b)(vi), the date of issue of such Ordinary Shares or, as the case may be, the grant of such options, warrants or rights.

- (vii) If and whenever the Issuer or any member of the Group or (at the direction or request of or pursuant to any arrangements with the Issuer or any member of the Group) any other company, person or entity (otherwise than as mentioned in paragraphs (b)(iv), (b)(v) or (b)(vi) above) shall issue wholly for cash or for no consideration any Securities (other than the Bonds, which term for this purpose shall exclude any Further Bonds) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be redesignated as Ordinary Shares, and the consideration per Ordinary Share receivable upon conversion, exchange, subscription or redesignation is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the terms of issue of such Securities (or the terms of such grant), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Issuer or any member of the Group (or at the direction or request or pursuant to any arrangements with the Issuer or any member of the Group) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or, as the case may be, for the Ordinary Shares to be issued or to arise from any such redesignation would purchase at such Current Market Price per Ordinary Share; and
- C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such redesignation,

provided that if at the time of issue of the relevant Securities or date of grant of such rights (as used in this paragraph (b)(vii), the “**Specified Date**”) such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or, as the case may be, such Securities are redesignated or at such other time as may be provided), then for the purposes of this paragraph (b)(vii), “C” shall be determined by the application of such formula or variable

feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, redesignation had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this paragraph (b)(vii), the date of issue of such Securities or, as the case may be, the grant of such rights.

- (viii) If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such Securities (other than the Bonds, which term shall for this purpose include any Further Bonds) as are mentioned in sub-paragraph (b)(vii) above (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Ordinary Share receivable has been reduced and is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Ordinary Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, or purchase or acquisition of, Ordinary Shares which have been issued, purchased or acquired by the Issuer or any member of the Group (or at the direction or request or pursuant to any arrangements with the Issuer or any member of the Group) for the purposes of or in connection with such Securities, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to the Securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange, subscription, purchase or acquisition price or rate of such Securities; and
- C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as an Independent Financial Adviser shall consider appropriate for any previous adjustment under this sub-paragraph (b)(viii) or sub-paragraph (b)(vii) above;

provided that if at the time of such modification (as used in this paragraph (b)(viii), the “**Specified Date**”) such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or at such other time as may be provided),

then for the purposes of this paragraph (b)(viii), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such Securities.

- (ix) If and whenever the Issuer or any member of the Group or (at the direction or request of or pursuant to any arrangements with the Issuer or any member of the Group) any other company, person or entity shall offer any Securities in connection with which Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Conversion Price falls to be adjusted under paragraphs (b)(ii), (b)(iii), (b)(iv), (b)(vi) or (b)(vii) above or (b)(x) below (or would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per Ordinary Share on the relevant dealing day) or under paragraph (b)(v) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Effective Date by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Ordinary Share on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the relevant offer attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date.

“**Effective Date**” means, in respect of this paragraph (b)(ix), the first date on which the Ordinary Shares are traded ex-rights on the Relevant Stock Exchange.

- (x) If a Change of Control shall occur, then upon any exercise of Conversion Rights where the Conversion Date falls during the Change of Control Period, the Conversion Price (the “**Change of Control Conversion Price**”) shall be adjusted by dividing the Conversion Price in force immediately prior to such Change of Control by a figure calculated in accordance with the formula and subsequent proviso set out below:

$$A \times \frac{C}{B}$$

where:

A is the average of the historical prices of a Bond at market close on each dealing day, expressed as a percentage of the nominal amount thereof, during the Calculation Period as quoted by three independent financial institutions of international repute appointed by the Issuer for such purpose;

B is the average of the daily highest and lowest quoted prices of an Ordinary Share during the Calculation Period as derived from the Official List of the UK Listing Authority; and

C is the average Conversion Price (as adjusted from time to time) during the Calculation Period,

provided that no increase of the Conversion Price shall be made pursuant to this Condition 5(b)(x).

“**Calculation Period**” means a period of 15 consecutive dealing days ending on the fifth day prior to the Commencement Date; and

“**Commencement Date**” means the commencement of an offer period (as determined in accordance with the Takeover Code (as defined in the Trust Deed)) and being an offer period in respect of which or in relation to which a Change of Control occurs, provided that if the Commencement Date would otherwise have occurred less than 90 days after the end of a previous offer period (as determined in accordance with the Takeover Code), then the Commencement Date shall be the commencement of such previous offer period (determined as above).

- (xi) If the Issuer (after consultation with the Trustee) determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in this paragraph (b) (even if the relevant circumstance is specifically excluded from the operation of paragraphs (b)(i) to (x) above), the Issuer shall, at its own expense and acting reasonably, request an Independent Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment (if any) should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this paragraph (b)(xi) if such Independent Financial Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.

Notwithstanding the foregoing provisions:

- (a) where the events or circumstances giving rise to any adjustment pursuant to this paragraph (b) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by an Independent Financial Adviser to be in its opinion appropriate to give the intended result; and
- (b) such modification shall be made to the operation of these Conditions as may be advised by an Independent Financial Adviser to be in its opinion appropriate (i) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once and (ii) to ensure that the economic effect of a Dividend is not taken into account more than once.

For the purpose of any calculation of the consideration receivable or price pursuant to paragraphs (b)(iv), (b)(vi), (b)(vii) and (b)(viii), the following provisions shall apply:

- (a) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;

- (b) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant date of first public announcement as referred to in paragraphs (b)(vi), (b)(vii) or (b)(viii), as the case may be, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;
- (c) if the consideration or price determined pursuant to (a) or (b) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date (in the case of (a) above) or the relevant date of first public announcement (in the case of (b) above);
- (d) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and
- (e) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity.

(c) *Retroactive Adjustments*

If the Conversion Date in relation to the conversion of any Bond shall be after the record date in respect of any consolidation, reclassification or sub-division as is mentioned in paragraph (b)(i) above, or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in paragraph (b)(ii), (b)(iii) (b)(iv), (b)(v) or (b)(ix) above, or after the date of the first public announcement of the terms of any such issue or grant as is mentioned in paragraph (b)(vi) and (b)(vii) above or of the terms of any such modification as is mentioned in paragraph (b)(viii) above, but before the relevant adjustment to the Conversion Price becomes effective under paragraph (b) above (such adjustment, a “**Retroactive Adjustment**”), then the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or transferred and delivered to the converting Bondholder, in accordance with the instructions contained in the relevant Conversion Notice, such additional number of Ordinary Shares (if any) (the “**Additional Ordinary Shares**”) as, together with the Ordinary Shares issued or to be transferred and delivered on conversion of the relevant Bonds (together with any

fraction of an Ordinary Share not so issued or transferred and delivered), is equal to the number of Ordinary Shares which would have been required to be issued or transferred and delivered on such conversion if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Conversion Date.

(d) *Decision of an Independent Financial Adviser*

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, and following consultation between the Issuer and an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error.

(e) *Share or Option Schemes, Dividend Reinvestment Plans*

No adjustment will be made to the Conversion Price where Ordinary Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive or non-executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any member of the Group or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme or pursuant to any dividend reinvestment plan or similar plan or scheme.

(f) *Rounding Down and Notice of Adjustment to the Conversion Price*

On any adjustment, the resultant Conversion Price, if not an integral multiple of £0.01, shall be rounded down to the nearest whole multiple of £0.01. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Issuer to Bondholders in accordance with Condition 16 and to the Trustee promptly after the determination thereof.

The Conversion Price shall not in any event be reduced to below the nominal value of the Ordinary Shares. The Issuer undertakes that it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal value or any minimum level permitted by applicable laws or regulations.

(g) *Procedure for exercise of Conversion Rights*

Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering the relevant Bond to the specified office of any Paying and Conversion Agent, during its usual business hours, accompanied by a duly completed and signed notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from any Paying and Conversion Agent. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying and Conversion Agent to whom the relevant Conversion Notice is delivered is located.

If the delivery of the relevant Bond and Conversion Notice as described in the foregoing paragraph is made after the end of normal business hours or on a day which is not a business day in the place of the

specified office of the relevant Paying and Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

Each Bond should be delivered upon exercise of Conversion Rights together with all Coupons relating to it which mature on or after the relevant Conversion Date, failing which the relevant holder will be required to pay the full amount of any such missing Coupon. Each amount so paid will be repaid in the manner specified in Condition 7 against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant missing Coupon at any time after the relevant Conversion Date and before the expiry of ten years after the Relevant Date in respect of the Relevant Bond (whether or not any such Coupon would otherwise have become void pursuant to Condition 11), but not thereafter.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Paying and Conversion Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Trustee and the Paying and Conversion Agents and the relevant Bondholder.

A Conversion Notice, once delivered, shall be irrevocable.

The conversion date in respect of a Bond (the “**Conversion Date**”) shall be the business day in London immediately following the date of the delivery of the relevant Bond and the Conversion Notice as provided in this Condition 5(g) and payment of any other amount payable by the relevant Bondholder pursuant to the third paragraph of this Condition 5(g).

A Bondholder exercising Conversion Rights must pay directly to the relevant authorities any taxes and capital, stamp, issue and registration and transfer taxes and duties arising on conversion (other than any capital, stamp, issue, registration and transfer taxes and duties payable in the United Kingdom in respect of the allotment, issue or transfer and delivery of any Ordinary Shares in respect of such exercise (including any Additional Ordinary Shares), which shall be paid by the Issuer). If the Issuer shall fail to pay any capital, stamp, issue, registration and transfer taxes and duties payable for which it is responsible as provided above, the relevant holder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

The Trustee shall not be responsible for determining whether such taxes or capital, stamp, issue and registration and transfer taxes and duties are payable or the amount thereof and it shall not be responsible or liable for any failure by the Issuer or any Bondholder to pay such capital, stamp, issue, registration and transfer taxes and duties.

Such Bondholder must also pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond or any interest therein in connection with the exercise of Conversion Rights by it.

The Ordinary Shares will not be available for issue or transfer and delivery (i) to, or to a nominee or agent for, Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme or any other person providing a clearance service within the meaning of Section 96 of the Finance Act 1986 of the United Kingdom or (ii) to a person, or nominee or agent for a person, whose business is or includes issuing depositary receipts within the meaning of Section 93 of the Finance Act 1986 of the United Kingdom, in each case at any time prior to the “**abolition day**” as defined in Section 111(1) of the Finance Act 1990 of the United Kingdom.

Ordinary Shares to be issued or transferred and delivered on exercise of Conversion Rights (including any Additional Ordinary Shares) will be issued or transferred and delivered in uncertificated form through the dematerialised securities trading system operated by Euroclear UK & Ireland Limited,

known as CREST, unless at the relevant time the Ordinary Shares are not a participating security in CREST. Where Ordinary Shares are to be issued or transferred and delivered through CREST, they will be issued or transferred and delivered to the account specified by the relevant Bondholder in the relevant Conversion Notice by not later than seven London business days following the relevant Conversion Date (or, in the case of any Additional Ordinary Shares, not later than seven London business days following the Reference Date). Where Ordinary Shares are to be issued or transferred and delivered in certificated form, a certificate in respect thereof will be dispatched by mail free of charge (but uninsured and at the risk of the recipient) to the relevant Bondholder or as it may direct in the relevant Conversion Notice within 28 days following the relevant Conversion Date or, as the case may be, the Reference Date.

(h) *Ordinary Shares*

- (i) Ordinary Shares (including any Additional Ordinary Shares) issued or transferred and delivered upon exercise of Conversion Rights will be fully paid and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Conversion Date or, in the case of Additional Ordinary Shares, on the relevant Reference Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such Ordinary Shares or, as the case may be, Additional Ordinary Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Conversion Date or, as the case may be, the relevant Reference Date.
- (ii) Save as provided in Condition 5(i), no payment or adjustment shall be made on exercise of Conversion Rights for any interest which otherwise would have accrued on the relevant Bonds since the last Interest Payment Date preceding the Conversion Date relating to such Bonds (or, if such Conversion Date falls before the first Interest Payment Date, since the Closing Date).

(i) *Interest on Conversion*

If any notice requiring the redemption of the Bonds is given pursuant to Condition 6(b) on or after the fifteenth London business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Closing Date) in respect of any Dividend or distribution payable in respect of the Ordinary Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall accrue at the rate provided in Condition 4(a) on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in respect of such Dividend or distribution, in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from the Closing Date) to but excluding such Conversion Date. The Issuer shall pay any such interest by not later than 14 days after the relevant Conversion Date by transfer to a sterling account with a bank in London in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

(j) *Purchase or Redemption of Ordinary Shares*

The Issuer or any member of the Group may exercise such rights as it may from time to time enjoy to purchase or redeem or buy back any shares of the Issuer (including Ordinary Shares) or any depositary or other receipts or certificates representing the same without the consent of the Trustee or the Bondholders.

(k) *No Duty to Monitor*

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or as to the amount of any adjustment actually made, and will not be responsible or liable to the Bondholders for any loss arising from any failure by it to do so.

(l) *Change of Control*

Within 14 calendar days following the occurrence of a Change of Control, the Issuer shall give notice thereof to the Trustee and to the Bondholders in accordance with Condition 16 (a “**Change of Control Notice**”). The Change of Control Notice shall contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 6(e) (i).

The Change of Control Notice shall also specify:

- (i) all information material to Bondholders concerning the Change of Control;
- (ii) the Conversion Price immediately prior to the occurrence of the Change of Control and the Change of Control Conversion Price applicable pursuant to Condition 5(b)(x);
- (iii) the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of the Change of Control Notice;
- (iv) the last day of the Change of Control Period;
- (v) the Change of Control Put Date; and
- (vi) such other information relating to the Change of Control as the Trustee may require.

The Trustee shall not be required to take any steps to monitor or ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so.

6 **Redemption and Purchase**

(a) *Final Redemption*

Unless previously purchased and cancelled, redeemed or converted as herein provided, the Bonds will be redeemed at their principal amount on the Final Maturity Date. The Bonds may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition 6(b) or 6(c).

(b) *Redemption at the Option of the Issuer*

On giving not less than 45 nor more than 60 days’ notice (an “**Optional Redemption Notice**”) to the Trustee and to the Bondholders in accordance with Condition 16, the Issuer may redeem all but not some only of the Bonds on the date (the “**Optional Redemption Date**”) specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to such date:

- (i) at any time on or after 6 August 2012, if the Volume Weighted Average Price of the Ordinary Shares on each of at least 20 dealing days in any period of 30 consecutive dealing days ending not earlier than 5 days prior to the giving of the relevant Optional Redemption Notice, shall have been at least 130 per cent. of the Conversion Price in effect on each such dealing day; or

- (ii) at any time if prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any Further Bonds).

For the purposes of Condition 6(b)(i), if on any dealing day in such 30 dealing day period the Volume Weighted Average Price on such dealing day shall have been quoted cum-Dividend (or cum-any other entitlement), the Volume Weighted Average Price of an Ordinary Share on such dealing day shall be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date (or, if that is not a dealing day, the immediately preceding dealing day) of first public announcement of such Dividend (or entitlement).

(c) *Redemption for Taxation Reasons*

At any time the Issuer may, having given not less than 45 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders redeem (subject to the second following paragraph) all but not some only of the Bonds for the time being outstanding on the date (the "**Tax Redemption Date**") specified in the Tax Redemption Notice at their principal amount, together with accrued but unpaid interest to such date, if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts pursuant to Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 17 June 2009, and (ii) such obligation cannot be avoided by the Issuer by 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 Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisers of recognised standing to the effect that such change or amendment has occurred and that the Issuer has or will be obliged to pay such additional amounts as a result thereof (irrespective of whether such amendment or change is then effective) and the Trustee shall be entitled to accept without any liability for so doing such certificate and opinion as sufficient evidence of the matters set out in (i) and (ii) above in which event it shall be conclusive and binding on the Bondholders and the Couponholders.

On the Tax Redemption Date the Issuer shall (subject to the next following paragraph) redeem the Bonds at their principal amount, together with accrued interest to such date.

If the Issuer gives a Tax Redemption Notice, each Bondholder will have the right to elect that his Bonds shall not be redeemed and that the provisions of Condition 8 shall not apply in respect of any payment of interest to be made on such Bonds by the Issuer which falls due after the relevant Tax Redemption Date, whereupon no additional amounts shall be payable by the Issuer in respect thereof pursuant to Condition 8 and payment of all amounts of such interest on such Bonds shall be made subject to the deduction or withholding of any United Kingdom taxation required to be withheld or deducted by the Issuer. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying and Conversion Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying and Conversion Agent together with the relevant Bonds on or before the day falling 10 days prior to the Tax Redemption Date.

(d) *Optional Redemption and Tax Redemption Notices*

Any Optional Redemption Notice or Tax Redemption Notice shall be irrevocable. Any such notice shall specify (i) the Optional Redemption Date or, as the case may be, the Tax Redemption Date, which shall be a London business day, (ii) the Conversion Price, the aggregate principal amount of the Bonds outstanding and the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange, in each case as at the latest practicable date prior to the publication of the Optional Redemption Notice or, as the case may be, the Tax Redemption Notice, (iii) the last day on which Conversion Rights may be exercised by Bondholders and (iv) the amount of accrued interest payable in respect of each Bond on the Optional Redemption Date or, as the case may be, Tax Redemption Date.

(e) *Redemption at the Option of Bondholders upon a Change of Control*

Following the occurrence of a Change of Control, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Change of Control Put Date at its principal amount, together with accrued and unpaid interest to such date. To exercise such right, the holder of the relevant Bond must deliver such Bond, together with all Coupons relating to it which mature after the Change of Control Put Date, to the specified office of any Paying and Conversion Agent, together with a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying and Conversion Agent (a “**Change of Control Put Exercise Notice**”), at any time during the Change of Control Period. The “**Change of Control Put Date**” shall be the fourteenth calendar day after the expiry of the Change of Control Period.

Payment in respect of any such Bond shall be made by transfer to a sterling account with a bank in London as specified by the relevant Bondholder in the relevant Change of Control Put Exercise Notice.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

(f) *Purchase*

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any member of the Group may at any time purchase any Bonds (provided that all unmatured Coupons relating to them are purchased therewith or attached hereto) in the open market or otherwise at any price. Such Bonds may be held, re-sold or reissued or, at the option of the relevant purchaser, surrendered to any Paying and Conversion Agent for cancellation.

(g) *Cancellation*

All Bonds which are redeemed or in respect of which Conversion Rights are exercised (together with all unmatured Coupons attached to the Bonds or surrendered with the Bonds) will be cancelled and may not be reissued or resold. Bonds purchased by the Issuer or any member of the Group (together with all unmatured Coupons attached to the Bonds or surrendered with the Bonds) may be surrendered to the Principal Paying and Conversion Agent for cancellation and, if so surrendered, shall be cancelled.

(h) *Multiple Notices*

If more than one notice of redemption is given pursuant to this Condition 6, the first of such notices to be given shall prevail.

7 Payments

(a) *Principal*

Payment of principal in respect of the Bonds and payment of accrued interest payable on redemption of the Bonds (other than on an Interest Payment Date) will be made against presentation and surrender (or in the case of partial payment only, endorsement) of the relevant Bond at the specified office of any Paying and Conversion Agent.

(b) *Interest and Other Amounts*

- (i) Payment of interest due on any Interest Payment Date will be made against presentation and surrender (or in the case of partial payment only, endorsement) of the relevant Coupons at the specified office of any of the Paying and Conversion Agents.
- (ii) Payments of all amounts other than as provided in Condition 7(a) and (b) (i) will be made as provided in these Conditions.

(c) *Coupons*

Each Bond should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, the proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of the relevant Bond (whether or not the Coupon would otherwise have become void pursuant to Condition 11) or, if later, five years after the date on which the Coupon would have become void pursuant to Condition 11, but not thereafter.

(d) *Payments*

Each payment in respect of the Bonds pursuant to Condition 7(a) and (b)(i) will be made by transfer to a sterling account maintained by the payee with a bank in London.

(e) *Payments subject to fiscal laws*

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to Condition 9.

(f) *Presentation Date*

A holder shall be entitled to present a Bond or Coupon for payment only on a Presentation Date and shall not be entitled to any further interest or other payment if the due date for payment is not a Presentation Date or if the relevant Bond or Coupon is presented for payment after the due date.

(g) *Paying and Conversion Agents, etc.*

The initial Paying and Conversion Agents and their initial specified offices are listed below. The Issuer reserves the right under the Agency Agreement at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying and Conversion Agent and appoint additional or other Paying and Conversion Agents, provided that it will (i) maintain a Principal Paying and Conversion Agent, (ii) maintain a Paying and Conversion Agent (which may be the Principal Paying and Conversion Agent) with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law

implementing or complying with, or introduced in order to conform to, such Directive and (iii) maintain a Paying and Conversion Agent with a specified office in at least two major European cities approved by the Trustee. Notice of any change in the Paying and Conversion Agents or their specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

(h) *No charges*

None of the Paying and Conversion Agents shall make or impose on a Bondholder or Couponholder any charge or commission in relation to any payment in respect of the Bonds or Coupons or any conversion of the Bonds.

(i) *Fractions*

When making payments to Bondholders or Couponholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Bondholders and the Couponholders of such amounts, after such withholding or deduction, as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon:

- (a) presented for payment by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the United Kingdom otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond or Coupon; or
- (b) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days; or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) presented for payment by or on behalf of a Bondholder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying and Conversion Agent in a Member State of the European Union.

References in these Conditions to principal and/or interest and/or any other amounts payable in respect of the Bonds or Coupons shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

The provisions of this Condition 8 shall not apply in respect of any payments of interest which fall due after the relevant Tax Redemption Date in respect of any Bonds which are the subject of a Bondholder election pursuant to Condition 6(c).

9 Events of Default

The Trustee at its discretion may, and if so directed by an Extraordinary Resolution of the Bondholders or if so requested in writing by holders of at least one-fifth in principal amount of the Bonds then outstanding shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Bonds are and they shall accordingly immediately become due and payable at their principal amount together with accrued interest (if any) as provided in the Trust Deed, if any of the following events (“**Events of Default**”) shall occur and be continuing:

- (i) there is a failure to pay the principal of or any interest on any of the Bonds when due and such failure continues for a period of seven days (in respect of principal) or 14 days (in respect of interest); or
- (ii) the Issuer fails to perform or observe any of its other obligations under the Bonds or the Trust Deed or fails to perform or observe any obligation under Condition 10 which would, but for the provisions of applicable law, be a breach thereof and (except where in any such case the Trustee considers such failure to be incapable of remedy when no such notice as is hereinafter mentioned will be required) such failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii)
 - (a) any loan or other indebtedness for borrowed money of the Issuer or any Principal Subsidiary becomes due and repayable prematurely by reason of an event of default (however described); or
 - (b) the Issuer or any Principal Subsidiary fails to make any payment in respect of any such loan or other indebtedness for borrowed money on the due date for such payment as extended by any applicable grace period as originally provided; or
 - (c) the security for any such loan or other indebtedness for borrowed money becomes enforceable; or
 - (d) default is made by the Issuer or any Principal Subsidiary in making any payment due under any guarantee and/or indemnity given by it in respect of any loan or other indebtedness for borrowed money;

in each case provided that the aggregate amount of all such loans and other indebtedness for borrowed money in respect of which one or more events as are referred to in sub-paragraphs (a) to (d), inclusive, occurs is not less than £20,000,000 (or its equivalent in other currencies) or one and one half of one per cent. of the Issuer’s ordinary share capital and consolidated reserves (as derived from the latest audited consolidated accounts of the Issuer) whichever is higher; or

- (iv) any order shall be made by any competent court or resolution passed for winding up the Issuer or any Principal Subsidiary, or the Issuer or any Principal Subsidiary stops payment or threatens to stop payment of its obligations generally or ceases or threatens to cease to carry on the whole or substantially the whole of its business (except for the purpose of a reconstruction, reorganisation or amalgamation (a) on terms which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of Bondholders, (b) in the case of a Principal Subsidiary, a voluntary solvent

winding-up in connection with the transfer of all or the major part of the business, undertaking and assets of such Principal Subsidiary to the Issuer or a Subsidiary); or

- (v) the Issuer or any Principal Subsidiary is unable to pay its debts within the meaning of Section 123(1)(e) of the Insolvency Act 1986 of Great Britain or makes a general assignment for the benefit of its creditors or any kind of composition, scheme of arrangement, compromise or other similar arrangement involving the Issuer or any Principal Subsidiary and the creditors of any of them generally (or any class of such creditors) is entered into or made; or
- (vi) an encumbrancer takes possession or a receiver, administrative receiver, administrator manager, judicial manager or other similar person is appointed of the whole or any material part of the assets of the Issuer or any Principal Subsidiary or a distress or execution is levied or enforced upon or sued out against any material part of the assets of the Issuer or any Principal Subsidiary and is not removed, discharged or paid out within 60 days (or such longer period as the Trustee may permit); or
- (vii) an administrator, administrative receiver, administrator manager, judicial manager or other similar person is appointed or an administration order made with respect to the Issuer or any Principal Subsidiary of the whole or a material part of the assets of the Issuer or any Principal Subsidiary and is not removed, discharged or paid out within 60 days (or such longer period as the Trustee may permit); or
- (viii) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

PROVIDED, except in the case of sub-paragraphs (i) and (insofar as they relate to the Issuer) (iv) and (v) above, that the Trustee shall have certified to the Issuer that such Event of Default is in its opinion materially prejudicial to the interests of the holders of the Bonds.

As used in this Condition, “**Principal Subsidiary**” means at any relevant time a Subsidiary of the Issuer:

- (i) whose total assets or gross revenues (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets or gross consolidated revenues, as the case may be) attributable to the Issuer represent not less than 10 per cent. of the total consolidated assets or the gross consolidated revenues of the Issuer, all as calculated by reference to the then latest audited accounts (or consolidated accounts as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Issuer; or
- (ii) to which is transferred all or substantially all the assets and undertaking of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary.

A certificate signed by two directors of the Issuer that in their opinion, a Subsidiary is or is not or was or was not at any particular time a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

10 Undertakings

(a) *Undertakings of the Issuer*

Whilst any Conversion Right remains exercisable, the Issuer will, save with the approval of an Extraordinary Resolution or with the prior written approval of the Trustee where, in its opinion, it is not materially prejudicial to the interests of the Bondholders to give such approval:

- (i) issue, allot and deliver Ordinary Shares on exercise of Conversion Rights and at all times keep available for issue free from pre-emptive or other similar rights out of its authorised but unissued share capital such number of Ordinary Shares as would enable the Conversion Rights and all other rights of subscription and exchange for and conversion into Ordinary Shares to be satisfied in full;
- (ii) other than in connection with a Newco Scheme, not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:
 - (1) by the issue of fully paid Ordinary Shares or other Securities to the Shareholders and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Ordinary Shares or other Securities on a capitalisation of profits or reserves; or
 - (2) by the issue of Ordinary Shares paid up in full out of profits or reserves (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a cash dividend; or
 - (3) by the issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares); or
 - (4) by the issue of Ordinary Shares or any equity share capital to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office of the Issuer or any of its Subsidiaries or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any one or more of them,

unless, in any such case, the same constitutes a Dividend or otherwise gives (or, in the case of an issue or payment up of Securities in connection with a Change of Control, will give) rise (or would, but for the provisions of Condition 5(f) relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price or is (or, in the case of any issue or payment up of Securities in connection with a Change of Control, will be) otherwise taken into account for the purposes of determining whether such an adjustment should be made;

- (iii) not in any way modify the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than such rights attaching to the Ordinary Shares but so that nothing in this Condition 10(a)(iii) shall prevent:
 - (1) the issue of any equity share capital to employees (including directors holding or formerly holding executive or non-executive office or the personal service company of any such person) whether of the Issuer or any of the Issuer's subsidiaries or associated companies by virtue of their office or employment pursuant to any scheme or plan approved by the Issuer in general meeting or which is established pursuant to such a scheme or plan which is or has been so approved; or
 - (2) any consolidation, reclassification or subdivision of the Ordinary Shares or the conversion of any Ordinary Shares into stock or vice versa; or

- (3) any modification of such rights which is not, in the opinion of an Independent Financial Adviser, materially prejudicial to the interests of the holders of the Bonds; or
 - (4) any alteration to the articles of association of the Issuer made in connection with the matters described in this Condition 10 or which is supplemental or incidental to any of the foregoing (including any amendment made to enable or facilitate procedures relating to such matters and any amendment dealing with the rights and obligations of holders of Securities, including Ordinary Shares, dealt with under such procedures); or
 - (5) any issue of equity share capital where the issue of such equity share capital results or would, but for the provisions of Condition 5(f) relating to roundings or the carry forward of adjustments or, where comprising Ordinary Shares, the fact that the consideration per Ordinary Share receivable therefor is at least 95 per cent. of the Current Market Price per Ordinary Share on the relevant date, otherwise result, in an adjustment to the Conversion Price; or
 - (6) any issue of equity share capital or modification of rights attaching to the Ordinary Shares where prior thereto the Issuer shall have instructed an Independent Financial Adviser to determine what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and such Independent Financial Adviser shall have determined either that no adjustment is required or that an adjustment to the Conversion Price is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly); or
 - (7) without prejudice to Condition 5(b)(x) and Condition 6(e), the amendment of the articles of association of the Issuer following a Change of Control to ensure that any Bondholder exercising its Conversion Right after the occurrence of a Change of Control will receive the same consideration for the Ordinary Shares arising on conversion as it would have received had it exercised its Conversion Right at the time of the occurrence of the Change of Control; or
 - (8) without prejudice to any rule of law or legislation (including regulations made under Sections 783, 784(3), 785 and 788 of the Companies Act or any other provision of that or any other legislation), the conversion of Ordinary Shares into, or the issue of any Ordinary Shares in, uncertificated form (or the conversion of Ordinary Shares in uncertificated form to certificated form) or the amendment of the articles of association of the Issuer to enable title to securities in the Issuer (including Ordinary Shares) to be evidenced and transferred without a written instrument or any other alteration to the articles of association of the Issuer made in connection with the matters described in this Condition 10(a)(iii) or which is supplemental or incidental to any of the foregoing (including any amendment made to enable or facilitate procedures relating to such matters and any amendment dealing with the rights and obligations of holders of Securities, including Ordinary Shares, dealt with under such procedures);
- (iv) procure that no Securities (whether issued by the Issuer or any member of the Group or procured by the Issuer or any member of the Group to be issued) issued without rights to convert into, or exchange or subscribe for, Ordinary Shares shall subsequently be granted such rights exercisable at a consideration per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share at the close of business on the last dealing day

preceding the date of the first public announcement of the proposed inclusion of such rights unless the same gives rise (or would, but for the provisions of Condition 5(f) relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price and that at no time shall there be in issue Ordinary Shares of differing nominal values, save where such Ordinary Shares have the same economic rights;

- (v) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on conversion of the Bonds, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;
- (vi) not reduce its issued share capital, share premium account or capital redemption reserve or any uncalled liability in respect thereof except (1) pursuant to the terms of issue of the relevant share capital or (2) by means of a purchase or redemption of share capital of the Issuer or (3) as permitted by Section 610(2) and (3) of the Companies Act or (4) where the reduction does not involve any distribution of assets to Shareholders or (5) solely in relation to a change in the currency in which the nominal value of the Ordinary Shares is expressed or (6) a reduction of its share premium account to facilitate the writing off of goodwill arising on consolidation which requires the confirmation of the High Court and which does not involve the return to Shareholders, either directly or indirectly, of an amount standing to the credit of the share premium account of the Issuer in respect of which the Issuer shall have tendered to the High Court such undertaking as it may require prohibiting, so long as any of the Bonds remains outstanding, the distribution (except by way of capitalisation issue) of any reserve which may arise in the books of the Issuer as a result of such reduction or (7) to create distributable reserves (to which, in respect of any such creation of distributable reserves by the Issuer, the Trustee will be deemed to have irrevocably given its consent (without any liability for so doing) prior to such creation of distributable reserves occurring and, to the extent that express consent is required, the Bondholders authorise and direct the Trustee to give its consent (without any liability for so doing) to such creation of distributable reserves) or (8) pursuant to a Newco Scheme or (9) by way of transfer to reserves as permitted under applicable law or (10) where the reduction is permitted by applicable law and the Trustee is advised by an Independent Financial Adviser, acting as an expert, that the interests of the Bondholders will not be materially prejudiced by such reduction or (11) where the reduction is permitted by applicable law and results (or, in the case of a reduction in connection with a Change of Control, will result) in (or would, but for the provisions of Condition 5(f) relating to roundings or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is (or, in the case of a reduction in connection with a Change of Control, will be) otherwise taken into account for the purposes of determining whether such an adjustment should be made,

provided that, without prejudice to the other provisions of these Conditions, the Issuer may exercise such rights as it may from time to time be entitled pursuant to applicable law to purchase, redeem or buy back its Ordinary Shares and any depositary or other receipts or certificates representing Ordinary Shares without the consent of Bondholders;

- (vii) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any associates (as defined in Section 988(1) of the Companies Act or any modification or re-enactment thereof) of the offeror) to acquire all or a majority of the issued ordinary share capital of the Issuer, or if a scheme (other than a Newco Scheme) is proposed with regard to such acquisition, give notice of such offer or scheme to the Trustee and the Bondholders at the same time as any notice thereof is sent to its Shareholders (or as soon as practicable thereafter) that details

concerning such offer or scheme may be obtained from the specified offices of the Paying and Conversion Agents and, where such an offer or scheme has been recommended by the Board of Directors of the Issuer, or where such an offer has become or been declared unconditional in all respects or such scheme has become effective, use its reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Ordinary Shares issued during the period of the offer or scheme arising out of the exercise of the Conversion Rights by the Bondholders and/or to the holders of the Bonds (which like offer or scheme in respect of such Bondholders shall entitle any such Bondholders to receive the same type and amount of consideration it would have received had it held the number of Ordinary Shares to which such Bondholder would be entitled assuming he were to exercise his Conversion Rights in the relevant Change of Control Period);

- (viii) use its reasonable endeavours to ensure that the Ordinary Shares issued upon conversion of the Bonds will as soon as practicable be admitted to the Official List of the UK Listing Authority and admitted to trading by the London Stock Exchange in accordance with their respective rules and will be listed, quoted or accepted for dealing as soon as practicable on any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in; and
- (ix) in the event of a Newco Scheme, take (or shall procure that there is taken) all necessary action to ensure that (to the satisfaction of the Trustee) immediately after completion of any Scheme of Arrangement:
 - (1) at its option, either Newco is substituted under the Bonds and the Trust Deed as principal obligor in place of the Issuer (with the Issuer providing a guarantee) subject to and as provided in the Trust Deed; or Newco becomes a guarantor under the Bonds and the Trust Deed and such amendments are made to these Conditions and the Trust Deed as are necessary, in the opinion of the Trustee, to ensure that the Bonds may be converted into or exchanged for ordinary shares in Newco (or depositary or other receipts or certificates representing ordinary shares of Newco) *mutatis mutandis* in accordance with and subject to these Conditions and the Trust Deed (and the Trustee shall (at the expense of the Issuer) be obliged to concur in effecting such substitution or grant of such guarantee and in either case making any such amendments, provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to further liabilities or reduce its protections);
 - (2) the Trust Deed and the Conditions (including, without limitation, the adjustment and related provisions (in Condition 5), the Events of Default (in Condition 9) and the Undertakings (in Condition 10)) provide at least the same protections and benefits to the Trustee and the Bondholders following the implementation of such Newco Scheme as they provided to the Trustee and the Bondholders prior to the implementation of the Newco Scheme, *mutatis mutandis*;
 - (3) the ordinary shares of Newco (or depositary or other receipts or certificates representing ordinary shares of Newco) are (i) admitted to the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's EEA Regulated Market or (ii) admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market (and listed on a recognised stock exchange for the purposes of section 1005 of the Income Tax Act 2007); and

- (4) for so long as any Bond remains outstanding, use its reasonable endeavours to ensure that its issued and outstanding Ordinary Shares are (i) admitted to the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's EEA Regulated Market or (ii) admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market (and listed on a recognised stock exchange for the purposes of section 1005 of the Income Tax Act 2007).

(b) *Compliance Certificates*

The Issuer has undertaken in the Trust Deed to deliver to the Trustee annually a certificate signed by two of its directors, as to there not having occurred an Event of Default or Potential Event of Default since the date of the last such certificate or if such event has occurred as to the details of such event. The Trustee will be entitled to rely on such certificate and shall not be obliged to independently monitor compliance by the Issuer with the undertakings set forth in this Condition 10, nor be liable to any person for not so doing.

11 Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 7 within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date, subject as otherwise provided in Conditions 5(g) and 7(c).

Claims in respect of any other amounts payable in respect of the Bonds shall be prescribed and become void unless made within 10 years following the due date for payment thereof.

12 Replacement of Bonds

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying and Conversion Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

13 Meetings of Bondholders, Modification and Waiver, Substitution

(a) *Meetings of Bondholders*

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if requested in writing by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to change the Final Maturity Date or the dates on which interest is payable in respect of the Bonds, (ii) to modify the circumstances in which the Issuer or Bondholders are entitled to redeem the Bonds pursuant to Condition 6(b), (c) or (e), (iii) to reduce or cancel the principal amount of, or interest on, the Bonds or to reduce the amount payable on redemption of the Bonds, (iv) to modify the basis for calculating the interest payable in respect of

the Bonds, (v) to modify the provisions relating to, or cancel, the Conversion Rights, (other than pursuant to or as a result of any amendments to these Conditions, the Trust Deed, made pursuant to and in accordance with the provisions of Condition 10(a)(ix) (“**Newco Scheme Modification**”) and other than a reduction to the Conversion Price), (vi) to increase the Conversion Price (other than in accordance with the Conditions or pursuant to a Newco Scheme Modification), (vii) to change the currency of the denomination or any payment in respect of the Bonds, (viii) to change the governing law of the Bonds, the Trust Deed or the Agency Agreement (other than in the case of a substitution of the Issuer (or any previous substitute or substitutes) under Condition 13(c)), or (ix) or modify certain other provision of these Conditions or the Trust Deed, or (viii) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than 75 per cent, or at any adjourned meeting not less than 25 per cent, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Bondholders (whether or not they were present at the meeting at which such resolution was passed) and all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held.

No consent or approval of Bondholders shall be required in connection with any Newco Scheme Modification.

(b) Modification and Waiver

The Trustee may agree, without the consent of the Bondholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions, which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or an error which, in the opinion of the Trustee, is proven or to comply with mandatory provisions of law, and (ii) any other modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions, (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions, which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. The Trustee may, without the consent of the Bondholders or Couponholders, determine any Event of Default or a Potential Event of Default (as defined in the Trust Deed) should not be treated as such, provided that in the opinion of the Trustee, the interests of Bondholders will not be materially prejudiced thereby. Any such modification, authorisation, waiver or determination shall be binding on the Bondholders and Couponholders and, if the Trustee so requires, shall be notified to the Bondholders promptly in accordance with Condition 16.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Bondholders or Couponholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds, subject to (i) the Bonds continuing to be convertible or exchangeable into Ordinary Shares *mutatis mutandis* as provided in these Conditions, with such amendments as the Trustee shall consider appropriate, (ii) the

Trustee being satisfied that the interests of the Bondholders will not be materially prejudiced by the substitution and (iii) certain other conditions set out in the Trust Deed being complied with. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders or Couponholders, to a change of the law governing the Bonds, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.

In connection with a Newco Scheme, at the request of the Issuer the Trustee shall, without the requirement for any consent or approval of the Bondholders or the Couponholders, concur with the Issuer in the substitution in place of the Issuer (or any previous substituted company) as principal debtor under the Trust Deed and the Bonds of Newco pursuant to and subject to the provisions set out in Condition 10(a)(ix).

(d) Entitlement of the Trustee

Where, in connection with the exercise or performance of any right, power, trust, authority, duty or discretion under or in relation to these Conditions (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), the Trustee shall have regard to the interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Bondholders 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 Bondholder or Couponholders 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 Bondholders or Couponholders.

14 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Bonds 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 Bonds or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least one-fifth in principal amount of the Bonds then outstanding, and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder 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.

15 The Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer without accounting for any profit. The Trustee may rely without liability to Bondholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers or financial institution, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise, and if so relied upon such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders and Couponholders.

16 Notices

Notices to Bondholders will be valid if published in a leading English language daily newspaper circulating in the United Kingdom (which is expected to be the *Financial Times*) or, if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Bondholders in accordance with this Condition.

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.

17 Further Issues

The Issuer may from time to time without the consent of the Bondholders or Couponholders create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them and the first date on which Conversion Rights may be exercised) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

18 Contracts (Rights of Third Parties) Act 1999

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

19 Governing Law

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

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Temporary Global Bond and the Global Bond contain provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this document. The following is a summary of certain of those provisions:

1 Exchange

The Temporary Global Bond will be exchangeable in whole or in part for interests in the Global Bond on or after a date which is expected to be 26 August 2009 upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Bond. The Global Bond will become exchangeable, in whole but not in part (free of charge to the holder), for the definitive Bonds only (i) if the Global Bond is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, or (ii) if the Issuer would suffer a material disadvantage in respect of the Bonds as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 8 which would not be suffered were the Bonds represented by such Global Bond in definitive form and a certificate to such effect signed by two Directors of the Issuer is delivered to the Trustee. Thereupon (in the case of (i) above) the holder may give notice to the Trustee and the Principal Paying and Conversion Agent and (in the case of (ii) above) the Issuer may give notice to the Trustee, the Principal Paying and Conversion Agent and the Bondholders, of its intention to exchange the Global Bond for definitive Bonds on or after the Exchange Date (as defined below) specified in the notice.

On or after the Exchange Date, the holder of the Global Bond may (or, in the case of (ii) above, shall) surrender the Global Bond to or to the order of the Principal Paying and Conversion Agent. In exchange for the Global Bond the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Bonds (having attached to them all Coupons in respect of interest which has not already been paid on the Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange in full of the Global Bond, the Issuer will procure that it is cancelled.

For these purposes, **Exchange Date** means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying and Conversion Agent is located and, except in the case of exchange pursuant to (i) above, in the city in which the relevant clearing system is located.

2 Payments

No payment will be made on the Temporary Global Bond unless exchange for the relevant interest in the Global Bond is improperly withheld or refused. Payments of principal and interest in respect of the Global Bond will be made against presentation for endorsement and, if no further payment falls to be made on it, surrender of the Global Bond to or to the order of the Principal Paying and Conversion Agent or such other Paying and Conversion Agent as shall have been notified to the Bondholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global Bond, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Bonds. Condition 7(b)(i) will apply to the definitive Bonds only.

3 Notices

So long as the Bonds are represented by the Temporary Global Bond and/or the Global Bond and the Temporary Global Bond and/or the Global Bond is held on behalf of a clearing system, notices to Bondholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions, provided that, so long as the Bonds are admitted to the Official List and admitted to trading on the Professional Securities Market, the notice requirements of the UKLA and the LSE have been complied with. Any such notice shall be deemed to have been given to the Bondholders on the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be).

4 Prescription

Claims against the Issuer in respect of principal and interest on the Bonds while the Bonds are represented by the Global Bond will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 3).

5 Meetings

The holder of the Global Bond will be treated at a meeting of Bondholders as having one vote in respect of each £50,000 in principal amount of Bonds.

6 Purchase and Cancellation

Cancellation of any Bond represented by the Temporary Global Bond or the Global Bond to be cancelled following its purchase will be effected by reduction in the principal amount of the Temporary Global Bond or the Global Bond (as the case may be).

7 Trustee's Powers

In considering the interests of Bondholders while the Temporary Global Bond or Global Bond is held on behalf of a clearing system the Trustee may have regard to any information provided to it by such clearing system or its operator or a participant in such system as to the identity (either individually or by category) of its accountholders with entitlements to the Temporary Global Bond or the Global Bond (as the case may be) and may consider such interests as if such accountholders were the holder of the Temporary Global Bond or the Global Bond (as the case may be).

8 Conversion Rights

The Conversion Rights in respect of the Bonds may be exercised at any time during the Conversion Period by the relevant accountholder giving notice to the Principal Paying and Conversion Agent in accordance with the standard procedures for Euroclear and/or Clearstream, Luxembourg (which may include notice being given on such accountholder's instructions by Euroclear and/or Clearstream, Luxembourg or any common depositary for them to the Principal Paying and Conversion Agent by electronic means) and in a form acceptable to Euroclear and/or Clearstream, Luxembourg, of the principal amount of Bonds in respect of which Conversion Rights are exercised and at the same time presenting or procuring the presentation of the Global Bond to the Principal Paying and Conversion Agent for endorsement of exercise within the time limits specified in Condition 5. Conversion Rights may not be exercised in respect of any Bond while such Bond is represented by the Temporary Global Bond.

9 Put Option

The Bondholders' put option in Condition 6(e) may be exercised by the relevant accountholder giving notice to the Principal Paying and Conversion Agent in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (which may include notice being given on such accountholder's instructions by Euroclear and/or Clearstream, Luxembourg or any common depository for them to the Principal Paying and Conversion Agent by electronic means), and in a form acceptable to Euroclear and/or Clearstream, Luxembourg, of the principal amount of Bonds in respect of which such option is exercised and at the same time presenting or procuring the presentation of the Global Bond to the Principal Paying Agent for endorsement of exercise within the time limits specified in Condition 6(e).

10 Election Right under Condition 6(c)

The Bondholders' right under Condition 6(c) to elect, after the Issuer has given a Tax Redemption Notice, that his Bonds shall not be redeemed by the Issuer under Condition 6(c) and that the provisions of Condition 8 shall not apply in respect of any payment of interest to be made under such Bonds by the Issuer which falls due after the relevant Tax Redemption Date, may be exercised by the relevant accountholder giving notice to the Principal Paying and Conversion Agent within the time limits specified by Condition 6(c) and in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (which may include notice being given on such accountholder's instructions by Euroclear and/or Clearstream, Luxembourg or any common depository for them to the Principal Paying and Conversion Agent by electronic means), and in a form acceptable to Euroclear and/or Clearstream, Luxembourg, of the principal amount of Bonds in respect of which such election right is exercised.

11 Euroclear and Clearstream, Luxembourg

References in the Global Bond and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to be references to any other clearing system approved by the Trustee.

USE OF PROCEEDS

The net proceeds of the offering of the Bonds will be used to finance accelerated space growth and for general corporate purposes.

DESCRIPTION OF J SAINSBURY PLC

J Sainsbury plc

J Sainsbury plc (the “**Issuer**”) was founded in 1869 and through its subsidiary Sainsbury’s Supermarkets Ltd (“**Sainsbury’s**”) operates a food retail chain in the UK. The Issuer jointly owns Sainsbury’s Bank (the “**Bank**”) with Lloyds Banking Group and two property joint ventures, one with Land Securities Group PLC and the other with The British Land Company PLC. The Issuer was incorporated in 1922 under the name “J. Sainsbury, Limited”, which was changed by special resolution on 9 June 1971 to “J Sainsbury Limited”. By resolution of the Directors passed on 28 January 1982, the name of the Issuer was changed to “J Sainsbury plc”. The Issuer’s principal and registered office is 33 Holborn, London, EC1N 2HT and the telephone number of its registered office is: +44 20 7695 6000. The Ordinary Shares have been traded on the London Stock Exchange since 1973, and continue to do so under the symbol “**SBRY**”.

For the financial year ended 21 March 2009, Group sales (including VAT) increased by 5.7 per cent. to £20,383 million (2008: £19,287 million) with underlying profit before tax increasing by 11.3 per cent. to £543 million (2008: £488 million).

Sainsbury’s Supermarkets Ltd

As at 21 March 2009, Sainsbury’s operated 502 supermarkets and 290 convenience stores across the UK, a total estate of 792 stores covering 16,703,000 sq ft. of selling space.

The Sainsbury’s brand is built upon a heritage of providing customers with healthy, safe, fresh and tasty food at fair prices. Sainsbury’s serves over 18 million customers a week. Sainsbury’s ‘good’, ‘better’ and ‘best’ product range hierarchy underpins its universal customer appeal and caters for the full range of customer needs and budgets. The main food sub brands on offer include ‘Taste the Difference’, ‘Sainsbury’s SO organics’, ‘Be Good to Yourself’, ‘Basics’ and ‘Kids’.

A large Sainsbury’s supermarket will offer approximately 30,000 products, many of which will include complementary non-food products and services. Whilst food remains at the heart of Sainsbury’s proposition, non-food ranges are increasing in importance, particularly the clothing range ‘TU’ which is now on offer in 290 stores.

Sainsbury’s operates an online home delivery service delivering over 100,000 orders a week. The service is available to the vast majority of UK households.

Sainsbury’s Bank

For the financial year ended 21 March 2009 the Issuer’s 50 per cent. share of the post tax profit of the Bank was £4 million (2008: £3 million loss). The Bank operates wholly within the UK. The major product areas of the Bank are savings accounts, insurance products, personal loans and credit cards.

Property Joint Ventures

The Issuer has two strategic property joint ventures. The first, with Land Securities Group PLC, formed in November 2007, brings together undeveloped properties and development expertise. The joint venture comprises five properties planned for future mixed use development. In March 2008, a new joint venture was created with The British Land Company PLC comprising 38 Sainsbury’s supermarkets, with 25 earmarked for development.

Board of Directors of the Issuer

The Directors of the Issuer and their functions and principal directorships outside the Group are as follows:

Name	Position	Principal activities outside the Group
Philip Hampton ¹	Chairman	Non-Executive Chairman of The Royal Bank of Scotland Group plc and Non-Executive Director of Belgacom S.A.
Justin King ²	Chief Executive	Non-Executive Director of Staples, Inc. and appointed to the Board of the London Organising Committee of the Olympic Games and Paralympic Games.
Darren Shapland	Chief Financial Officer	
Mike Coupe	Trading Director	
Val Gooding ^{1,3}	Non-Executive Director	Non-Executive Director of Standard Chartered Bank plc and member of the BBC's Executive Board and the Advisory Board of the Warwick Business School. Trustee of the British Museum and Non-Executive Director of the Lawn Tennis Association.
Gary Hughes ^{1,4}	Non-Executive Director	Chief Financial Officer of the Gala Coral Group.
Bob Stack ^{1,3}	Non-Executive Director	Trustee and Non-Executive Director of Earthwatch International and Non-Executive Director of IMI plc and Visiting Professor at Henley Management College.
Dr John McAdam ^{1,4}	Senior Independent Director	Chairman of Rentokil Initial plc and United Utilities plc. Non-Executive Director of Rolls-Royce Group plc and Sara Lee Corporation.
Anna Ford ^{1,2,3}	Non-Executive Director	Non-Executive Director of N Brown Group plc, Fellow of the Royal Geographical Society, Trustee of Forum for the Future and an Honorary Bencher of Middle Temple.
Mary Harris ^{1,2,4}	Non-Executive Director	Member of the supervisory boards of TNT NV and Unibail-Rodamco S.A.

1 = Nomination Committee

2 = Corporate Responsibility Committee

3 = Remuneration Committee

4 = Audit Committee

The business address of each of the above is 33 Holborn, London, EC1N 2HT.

No potential conflicts of interest exist between the Directors' duties to the Issuer and their private interests or other duties.

Certain Directors hold directorships outside the Group, all of which have been considered and authorised by the Board of Directors in accordance with the Companies Act 2006, and the Issuer has concluded that there are no material conflicts resulting therefrom.

Recent Developments

A summary of recent developments affecting the Issuer is set out in the Issuer's first quarter trading statement for the 12 weeks to 13 June 2009 which has been incorporated herein by reference. See "Documents Incorporated by Reference".

DESCRIPTION OF THE ORDINARY SHARES

The following summarises certain provisions of the Articles of Association of the Issuer (the “Articles”). This summary does not purport to be a complete summary of the Articles.

Share Capital

As at 10 July 2009, the Issuer’s authorised share capital is £1,435,000,000, comprising 2,450,000,000 ordinary shares of 28⁴/₇ pence each and 2,100,000,000 preference ‘B’ shares of 35 pence each in the Issuer, each credited as fully-paid.

Principal Interests in the Issuer

The following table sets out details, in so far as is known to the Issuer, as at 10 July 2009, of all shareholders that hold 3 per cent. or more of the Issuer’s ordinary share capital. These figures are based solely on the filings made by individual shareholders under the FSMA and the Financial Services Authority’s Disclosure and Transparency Rules, and the Issuer has not independently verified this information.

Name of Shareholder	Per cent. of Issued ordinary share capital
Qatar Holdings LLC	26.15
Lord Sainsbury of Turville.....	5.85
Judith Portrait (a trustee of various settlements, including charitable trusts).....	4.09
Legal & General Group plc.....	3.99
Credit Agricole Cheuvreux International Ltd, Calyon SA, Credit Agricole Asset Management Group, Credit Agricole Asset Management.....	3.21

Summary of Share Rights

Voting Rights

Subject to the Articles generally and to any special rights or restrictions as to voting attached by or in accordance with the Articles to any class of shares, on a show of hands every member who is present in person at a general meeting and every proxy present who has been duly appointed by a member entitled to vote on the resolution shall have one vote and on a poll every member who is present in person and every proxy present who has been duly appointed by a member entitled to vote on the resolution shall have one vote for every share of which he is the holder. No member shall, unless the Directors otherwise determine, be entitled in respect of any share held by him to vote either personally or by proxy at a general meeting or to exercise any other right or privilege conferred by membership in relation to general meetings if any call or other sum presently payable by him to the Issuer in respect of that share remains unpaid.

Transfer of Shares

- (a) All transfers of shares which are in certificated form may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Directors and need not be under seal. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the register of members. All transfers

of shares which are in uncertificated form must be effected by means of a relevant system (as defined in the Regulations).

- (b) The Directors may decline to recognise any instrument of transfer relating to shares in certificated form unless it:
 - (i) is in respect of only one class of share;
 - (ii) is lodged duly stamped at the registered office of the Issuer or such other place as the Directors may appoint accompanied (save where not required by law) by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and
 - (iii) the instrument of transfer is in favour of not more than four transferees.
- (c) The Directors may, in the case of shares in certificated form, in their absolute discretion refuse to register any transfer of shares (not being fully-paid shares) to a person of whom they shall not approve provided that, where any such shares are admitted to the Official List, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.
- (d) If the Directors refuse to register an allotment or transfer they shall within two months after the date on which:
 - (i) the letter of allotment or transfer was lodged with the Issuer (in the case of shares held in certificated form); or
 - (ii) the Operator-instruction (as defined in the Regulations) was received by the Issuer (in the case of shares held in uncertificated form),

send to the allottee or transferee notice of the refusal giving reasons for the refusal.

Dividends

- (a) The Issuer may by ordinary resolution declare dividends to be paid to the members but no such dividend shall exceed the amount recommended by the Directors. The Directors may if they think fit from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Issuer and are permitted by the Companies Acts. If at any time the share capital of the Issuer is divided into different classes, the Directors may pay such interim dividends in respect of those shares in the capital of the Issuer which confer on the holders thereof deferred or non-preferred rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and the Directors may also pay half-yearly or at other suitable intervals to be settled by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits justify the payment and if and to the extent that such payment is permitted by the Companies Acts.
- (b) Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For this purpose, no amount paid on a share in advance of calls shall be treated as paid on the share.

- (c) No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Companies Act, the Regulations and every other enactment, statutory instrument, regulation or order to the extent the same is in force, concerning companies and affecting the Issuer (the “Statutes”).
- (d) Any dividend unclaimed after a period of 12 years from the date on which such dividend became due for payment shall be forfeited and shall revert to the Issuer.
- (e) The Directors may offer to ordinary shareholders the right to receive, in lieu of dividend (or part thereof), an allotment of Ordinary Shares credited as fully paid.

Winding up

If the Issuer shall be wound up, the liquidator may, with the authority of a special resolution:

- (a) divide among the members *in specie* or kind the whole or any part of the assets of the Issuer (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided and may determine how such division shall be carried out as between the members or different classes of members; and
- (b) vest any part of the assets in trustees upon such trust for the benefit of members as the liquidator shall think fit;

and the liquidation of the Issuer may be closed and the Issuer dissolved but so that no member shall be compelled to accept any shares in respect of which there is a liability.

SHARE PRICE HISTORY

The table below sets out, for the periods indicated, the reported high and low closing sales prices per Ordinary Share on the London Stock Exchange, the principal market for the Ordinary Shares. As at 10 July 2009, the closing price in pounds sterling per Ordinary Share on the London Stock Exchange was 310.75 pence.

<i>Period</i>	<i>Price per Ordinary Share</i>	
	<i>High</i>	<i>Low</i>
	<i>(in Sterling)</i>	
2006		
First Quarter	335p	301p
Second Quarter.....	354.50p	311p
Third Quarter	387p	327.75p
Fourth Quarter.....	420p	377p
2007		
First Quarter	557p	410.25p
Second Quarter.....	590p	522.50p
Third Quarter	594p	510.50p
Fourth Quarter.....	584p	405.25p
2008		
First Quarter	421.50p	317.50p
Second Quarter.....	398.75p	308.75p
Third Quarter	374p	267.50p
Fourth Quarter.....	339.25p	240p
2009		
First Quarter	337.75p	289.75p
Second Quarter.....	346.25p	303.25p

(Source: Bloomberg)

Information about the past and further performance of the Ordinary Shares and their volatility can be obtained from Bloomberg SBRY LN Equity.

In relation to the 52 weeks to 24 March 2007, the Issuer paid a full year dividend of 9.75 pence per Ordinary Share, in relation to the 52 weeks to 22 March 2008, the Issuer paid a full year dividend of 12.00 pence per Ordinary Share and in relation to the 52 weeks to 21 March 2009, the Issuer expects to pay a full year dividend of 13.20 pence per Ordinary Share.

The Issuer has a long-term policy for dividends to be covered by a basic underlying earnings per Ordinary Share multiple of 1.50 to 1.75.

TAXATION

The United Kingdom

The comments below are of a general nature based on the Issuer's understanding of current law and HM Revenue & Customs ("HMRC") practice in the United Kingdom and are not intended to be exhaustive. They assume that the Finance Bill, as ordered to be printed on 25 June 2009, will be enacted without amendment. They apply only to persons who are the absolute beneficial owners of Bonds and Ordinary Shares and may not apply to certain classes of person such as dealers or certain professional investors and persons connected with the Issuer. The United Kingdom tax treatment of prospective Bondholders and Shareholders will depend on their individual circumstances and may be subject to change in the future, possibly with retrospective effect. Prospective Bondholders and Shareholders who may be subject to tax in a jurisdiction other than the United Kingdom or who are unsure as to their tax position should seek their own professional advice.

A. Withholding Tax on Interest on the Bonds

Payments of interest on the Bonds may be made without deduction of or withholding on account of United Kingdom income tax provided that the Bonds are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The Professional Securities Market is operated by the London Stock Exchange, which 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 Professional Securities Market. Provided, therefore, that the Bonds remain so listed (as is intended), interest on the Bonds will be payable without withholding or deduction on account of United Kingdom tax.

If the Bonds cease to be so listed at any time, interest will generally be paid by the Issuer under deduction of income tax at the basic rate (currently 20 per cent.) subject to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double tax treaty.

B. HMRC Information Powers

Bondholders may wish to note that, in certain circumstances, HMRC 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 Bondholder. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Bondholder is resident for tax purposes.

C. Taxation of Returns on the Bonds

The United Kingdom taxation treatment of a Bondholder that is within the charge to corporation tax will depend on, among other things, the accounting treatment of the Bonds in the Bondholder's hands, including, in particular, whether or not the Bonds are bifurcated into a host contract and an "embedded derivative" as an accounting matter. The accounting treatment will also affect the tax treatment of a disposal of the Bonds (including a disposal occurring on redemption or conversion).

Bondholders (whether corporate or non-corporate) should consult their own accounting and tax advisers concerning their tax liabilities that may arise as a result of holding the Bonds, or as a result of the disposal or conversion of the Bonds.

Subject to the above, Bondholders (other than certain trustees) who are not resident for tax purposes in the United Kingdom and who do not carry on a trade, profession or vocation in the United Kingdom through a permanent establishment, branch or agency in connection with which the returns on the Bonds are received or to which the Bonds are attributable, will generally not be liable to United Kingdom tax on the returns on the Bonds.

D. Dividends on Ordinary Shares

The Issuer will not be required to withhold tax at source when paying a dividend in respect of the Ordinary Shares.

Shareholders who are within the charge to United Kingdom corporation tax will be subject to corporation tax on dividends paid by the Issuer, unless the dividends fall within an exempt class and certain other conditions are met. It is expected that the dividends paid by the Issuer would generally be exempt from corporation tax.

Shareholders (whether corporate or non-corporate) are recommended to seek their own professional advice on the tax treatment of dividends that are paid by the Issuer in respect of the Shares.

E. United Kingdom Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

No United Kingdom stamp duty or SDRT is payable on the issue or redemption of the Bonds. No United Kingdom stamp duty will be payable on a transfer by delivery of the Bonds. No SDRT will generally be payable on an agreement to transfer the Bonds, including transfers within a clearance system, so long as (a) the Bonds are held by (or by a nominee or agent for) a provider of clearance services and such person has not made an election under Section 97A Finance Act 1986 or (b) no such agreement is entered into in contemplation of, or as part of, a takeover of the Issuer and both the Bonds and the Ordinary Shares continue (as is intended) to be listed on a recognised stock exchange (as described above in respect of the Bonds in “Withholding Tax on Interest on the Bonds”).

No United Kingdom stamp duty or SDRT is payable on the issue of the Ordinary Shares upon conversion of the Bonds, other than an issue to issuers of depositary receipts or providers of clearance services (or their nominees or agents (see further below)). Pursuant to condition 5(g) of the Bonds the Issuer will be liable to pay any United Kingdom stamp duty or SDRT which is payable in respect of the issue or transfer of the Ordinary Shares upon conversion of the Bonds, other than in respect of an issue or a transfer to issuers of depositary receipts or providers of clearance services (or their nominees or agents (see further below)).

The conveyance or transfer on sale of Ordinary Shares by means of an instrument of transfer will generally be subject to *ad valorem* stamp duty, generally at the rate of 0.5 per cent. of the amount or value of the consideration for the transfer, and rounded-up to the nearest £5. The purchaser normally pays the stamp duty.

An unconditional agreement to sell an Ordinary Share will generally give rise to a liability on the purchaser to SDRT, at the rate of 0.5 per cent. of the amount or value of the consideration for the sale. If a duly stamped transfer in respect of the agreement is produced within six years of the date that the agreement is entered into or (if later) the date that it becomes unconditional, any SDRT paid is repayable generally with interest, and the SDRT charge is cancelled.

Issues or transfers of Ordinary Shares (a) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts within Section 67 or Section 93 Finance Act 1986 or (b) to, or to a nominee or agent for, a person providing a clearance service within Section 70 or Section 96 Finance Act 1986, will generally be subject to stamp duty or SDRT at 1.5 per cent. of the amount or value of the consideration or, in certain circumstances, the value of the Ordinary Shares transferred (rounded up to the

nearest £5 in the case of stamp duty) unless, in the case of a transfer to a clearance service, the clearance service in question has made an election under Section 97A Finance Act 1986 which applies to the Ordinary Shares. Under Section 97A Finance Act 1986, clearance services may, provided they meet certain conditions, elect for the 0.5 per cent. rate of stamp duty or SDRT to apply to transfers of securities within such services instead of the 1.5 per cent. rate applying to an issue or transfer of such securities into the clearance service.

Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of Ordinary Shares into the CREST system unless such transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent.) will arise. Paperless transfers of Ordinary Shares within CREST are generally liable to SDRT rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions within the CREST system.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”), each Member State is required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction to an individual or to certain other persons in another Member State. However, for a transitional period, Belgium, Luxembourg and Austria may instead (unless during that period they elect otherwise) impose a withholding system (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), 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 Jersey and Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Savings Directive, which included the European Commission's advice on the need for changes to the Savings Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Savings Directive, they may amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

Morgan Stanley & Co. International plc, UBS Limited and Barclays Bank PLC (together, the “**Joint Lead Managers**”), and HSBC Bank plc, Lloyds TSB Bank plc and RBS Hoare Govett Limited (together with the Joint Lead Managers, the “**Managers**”) have, pursuant to a Subscription Agreement dated 17 June 2009 (the “**Subscription Agreement**”), agreed, subject to the satisfaction of certain conditions, to subscribe for, or to procure subscriptions for, the Bonds on a several (but not joint) basis.

The Issuer has agreed to pay to the Managers a combined management and underwriting commission and selling concession in consideration of their agreement to act as Managers. The Issuer has also agreed to reimburse the Managers for certain of their expenses incurred in connection with the management of the issue of the Bonds. The Subscription Agreement entitles the Managers to terminate, and thereby be released and discharged from their obligations under, it in certain circumstances prior to payment being made to the Issuer.

The Issuer has agreed that, during the period commencing on 17 June 2009 and ending 60 days from the Closing Date (both dates inclusive), it will not, and it will procure that none of its subsidiaries or any other party acting on its or their behalf (other than the Managers) will, without the prior written consent of the Joint Lead Managers (i) directly or indirectly, issue, offer, pledge, sell, contract to issue or sell, issue or sell any option or contract to purchase, purchase any option or contract to issue or sell, grant any option, right or warrant to subscribe or purchase or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of Ordinary Shares, whether any such swap or transaction described in (i) or (ii) above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise. The foregoing sentence shall not apply (a) to the issue of Placing Shares (as such term is defined in a placing agreement dated 17 June 2009 between the Issuer and the parties thereto) or (b) to the issue of the Bonds or (c) to the issue of any Ordinary Shares pursuant to the conversion of the Bonds or (d) upon exercise of options in respect of Ordinary Shares existing as at 17 June 2009 or (e) to the grant of options or issue of Ordinary Shares in respect of such options under any employees’ share scheme existing or similar arrangement and publicly disclosed as at 17 June 2009 or the new deferred shares plan disclosed on page 35 of the Issuer’s annual report for the financial year ended 21 March 2009.

For the purposes of the above paragraph “**Ordinary Shares**” shall include any participation certificates and any depositary or other receipt, instrument, rights or entitlement representing Ordinary Shares.

Selling Restrictions

United States

The Bonds and the Ordinary Shares to be issued or delivered upon conversion of the Bonds have not been and will not be registered under the U.S. Securities Act 1933 (the “**Securities Act**”) and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Bonds 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 treasury regulations promulgated thereunder.

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

United Kingdom

Each 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 any 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 of any Bonds 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 the Bonds in, from or otherwise involving the United Kingdom.

General

The Issuer and the Managers have confirmed that no action has been taken by the Managers or the Issuer that would, or is intended to, permit a public offer of the Bonds, or possession or distribution of the Offering Circular or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where any such action for that purpose is required. Accordingly each Manager has severally undertaken that it will not, directly or indirectly, offer or sell any Bonds or have in its possession, 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 Bonds by it will be made on the same terms.

Purchase of Bonds and Stabilising Activities

The Bonds are a new issue of securities with no established trading market. Accordingly, the Issuer cannot assure the liquidity of the trading market for the Bonds.

Purchasers who purchase Bonds from the Managers may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the Issue Price set out on the cover page of this Offering Circular.

In connection with the offering of the Bonds, the Managers are permitted to engage in certain transactions that stabilise the price of the Ordinary Shares or the price of the Bonds. These transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Ordinary Shares or the price of the Bonds.

In addition, if the Managers over-allot by selling more Bonds than are set out on the cover page of this Offering Circular, and thereby create a short position in the Bonds in connection with the offering, the Managers may reduce that short position by purchasing Bonds in the open market.

In general, purchases of a security for the purpose of stabilising or reducing a syndicate short position could cause the price of the security to be higher than it might otherwise be in the absence of such purchases.

Neither the Issuer nor the Managers make any representation or prediction as to the direction or magnitude of any effect that the transaction described above may have on the price of the Ordinary Shares or the price of the Bonds. In addition, neither the Issuer nor the Managers make any representation that the

Managers will engage in such transactions or that such transactions will not be discounted without notice, once they are commenced.

From time to time, the Managers and their respective affiliates have or may have provided, and may continue to provide, investment banking services to members of the Group for which they have been or will be paid customary fees.

In connection with the offering of the Bonds, the Managers and/or their respective affiliates may act as investors for their own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for their own account such securities and any securities of the Issuer or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being offered or placed should be read as including any offering or placement of Bonds to the Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

GENERAL INFORMATION

1. Application has been made to the Financial Services Authority in its capacity as competent authority under the FSMA for the Bonds to be admitted to the Official List. Application has been made to the LSE for the Bonds to be admitted to trading on the Professional Securities Market. It is expected that admission of the Bonds to the Official List and admission to trading of the Bonds on the Professional Securities Market will be granted on or around 17 July 2009, subject to the issue of the Bonds. It is expected that dealings in the Bonds will commence on 17 July 2009. The Issuer has undertaken to use its reasonable endeavours to ensure that the Ordinary Shares issued upon conversion of the Bonds will as soon as practicable be admitted to the Official List of the UK Listing Authority and admitted to trading by the London Stock Exchange.
2. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds. The issue of the Bonds was authorised by resolutions of a committee of the Board of Directors of the Issuer passed on 16 June 2009 and 9 July 2009. Such committee was duly constituted by a resolution of the Board of Directors of the Issuer passed on 10 June 2009. Pursuant to shareholder resolutions of the Issuer passed on 15 July 2008, authority was conferred on the Directors of the Issuer, amongst other things, to allot relevant securities up to a stated aggregate nominal amount for the purposes of Section 80 of the Companies Act 1985, as amended, and to renew the authority in the Articles of the Issuer to allot equity securities as if Section 89(1) of the Companies Act 1985 did not apply.
3. There has been no significant change in the financial or trading position of the Group since 21 March 2009, nor has there been any material adverse change in the prospects of the Issuer since 21 March 2009.
4. None of the Issuer and its subsidiaries is, or has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Offering Circular which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer and its subsidiaries.
5. Each Bond and Coupon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
6. The Bonds have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) with a Common Code of 043550276. The International Securities Identification Number (ISIN) for the Bonds is XS0435502769. The ISIN for the Ordinary Shares currently listed on the Official List and trading on the LSE’s market for listed securities is GB00B019KW72. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.
7. For the period of 12 months starting on the date on which this Offering Circular is made available to the public, copies of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Principal Paying and Conversion Agent at One Canada Square, London, E14 5AL:
 - the Trust Deed (which includes the form of the Temporary Global Bond, the Global Bond and the definitive Bonds);

- the Memorandum and Articles of Association of the Issuer and;
- the published annual report and audited consolidated accounts of the Issuer for the years ended 21 March 2009 and 22 March 2008, together with the notes thereto and the auditors' report thereon;
- a copy of this Offering Circular together with any supplement to this Offering Circular or further Offering Circular; and
- a copy of the Agency Agreement.

In addition, the Offering Circular and each of the documents incorporated by reference will be published on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/en-gb/pricesnews/marketnews/.

8. PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH (authorised and regulated by the Financial Services Authority for designated investment business) have for the years ended 21 March 2009 and 22 March 2008, audited, and rendered unqualified audit reports on, the consolidated accounts of the Issuer.
9. For investors in the Bonds, the issue price is 100.00 per cent. and the yield is 4.25 per cent. per annum, payable semi-annually in equal instalments in arrear, The yield is calculated as at the Issue Date and on the basis of the Issue Price. It is not an indication of future yield.
10. Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Bonds has an interest material to the offer.
11. The estimated total expenses related to the listing on the Official List and the admission to trading of the Bonds are approximately £7,175.

REGISTERED OFFICE OF THE ISSUER

J Sainsbury plc
33 Holborn
London EC1N 2HT
United Kingdom

TRUSTEE

BNY Corporate Trustee Services Limited
One Canada Square
London E14 5AL
United Kingdom

PRINCIPAL PAYING AND CONVERSION AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

LEGAL ADVISERS

To the Issuer as to English law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

To the Managers and Trustee as to English law

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH
United Kingdom