



RENTOKIL INITIAL PLC

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

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

Under this €2,500,000,000 Euro Medium Term Note Programme (the **Programme**), Rentokil Initial plc (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will be €2,500,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

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

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

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended, (the **UK Listing Authority**) for Notes issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the official list of the UK Listing Authority (the **Official List**). Application has also been made to the London Stock Exchange plc (the **London Stock Exchange**) for such Notes to be admitted to trading on the London Stock Exchange’s regulated market. The London Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**). Application has also been made to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange’s Professional Securities Market. The applicable Final Terms relating to each Tranche of Notes will specify whether such Notes are to be admitted to trading on the London Stock Exchange’s regulated market or Professional Securities Market. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be set out in the applicable Final Terms which, with respect to Notes to be admitted to the Official List and admitted to trading on the London Stock Exchange’s regulated market or Professional Securities Market, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the Notes of such Tranche.

The Issuer may agree with any Dealer and the Trustee (as defined herein) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplemental Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Arranger

HSBC

Dealers

Barclays Capital

HSBC

The Royal Bank of Scotland

BNP PARIBAS

Mizuho International plc

UBS Investment Bank

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the Prospectus Directive).

This Prospectus also comprises the listing particulars approved by the UK Listing Authority as required by the Financial Services and Markets Act 2000, as amended, (the Listing Particulars) in relation to Notes admitted to the Official List and admitted to trading on the London Stock Exchange's Professional Securities Market and issued during the period of 12 months from the date of this Prospectus.

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

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

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

Neither the Dealers nor the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Programme.

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

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

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Prospectus when deciding whether or not to purchase any Notes.

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

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Dealers and the Trustee do not represent that this Prospectus may be

lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealers or the Trustee which is intended to permit a public offering of any Notes outside the EEA states which have implemented the Prospectus Directive or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, European Economic Area (including the United Kingdom) and Japan (see “*Subscription and Sale*”).

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

All references in this Prospectus to “sterling” and “£” refer to pounds sterling, to “euro” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended and to “US\$” refer to United States dollars.

TABLE OF CONTENTS

<u>Clause</u>	<u>Page</u>
Description of the Programme.	5
Risk Factors	9
Documents Incorporated by Reference	18
Form of the Notes	19
Form of Final Terms.	21
Terms and Conditions of the Notes	30
Use of Proceeds	52
Rentokil Initial plc	53
United Kingdom Taxation	66
Subscription and Sale	67
General Information	69

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

DESCRIPTION OF THE PROGRAMME

The following description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a supplemental Prospectus or, as the case may be, supplementary listing particulars, will be published.

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this description.

Issuer:	Rentokil Initial plc
Description:	Euro Medium Term Note Programme
Arranger:	HSBC Bank plc
Dealers:	Barclays Bank PLC BNP PARIBAS HSBC Bank plc Mizuho International plc The Royal Bank of Scotland plc UBS Limited and any other Dealers appointed in accordance with the Programme Agreement.
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”) including the following restrictions applicable at the date of this Prospectus. Notes having a maturity of less than one year Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “ <i>Subscription and Sale</i> ”.
Trustee:	HSBC Corporate Trustee Company (UK) Limited
Issuing and Principal Paying Agent:	HSBC Bank plc
Programme Size:	Up to €2,500,000,000 (or its equivalent in other currencies calculated as described under “General Description of the Programme”) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Redenomination:	The applicable Final Terms may provide that certain Notes may be redenominated in euro.
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer form as described in “ <i>Form of the Notes</i> ”.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer. <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p>
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.
Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:	<p>Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.</p>

Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	<p>The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.</p> <p>The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.</p> <p>Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see “<i>Certain Restrictions — Notes having a maturity of less than one year</i>” above.</p>
Put Event:	In addition, upon the occurrence of a Put Event (as defined in Condition 6(g)) in respect of the Issuer, and subject to certain other conditions specified in Condition 6(g) being satisfied, the Notes may be redeemed at the option of the relevant Noteholders.
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “ <i>Certain Restrictions — Notes having a maturity of less than one year</i> ” above, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €50,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the United Kingdom, subject as provided in Condition 7. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 3.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 9.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured

obligations of the Issuer and will rank *pari passu* among themselves and (subject as aforesaid and save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Listing:

Application has been made for Notes issued under the Programme to be admitted to the Official List and to trading on the London Stock Exchange's regulated market or Professional Securities Market, as specified in the applicable Final Terms. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).

Governing Law:

The Notes will be governed by, and construed in accordance with, English law.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see "*Subscription and Sale*").

United States Selling Restrictions:

Regulation S, Category 2. TEFRA C or TEFRA D, as specified in the applicable Final Terms.

RISK FACTORS

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

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

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

Trading performance

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

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

Although the Issuer's operating performance improved, the trading performance of its City Link division was below expectations. This division accounted for approximately 16 per cent. of the Group's adjusted operating profits in the full year ended 31 December, 2007. The new senior management team put in place at City Link in 2008 has begun to address the operational problems within the division. This team, consisting largely of individuals experienced in running non-franchise networks, has already enjoyed some success in improving service levels and in re-establishing relationships with customers.

However, the declining performance trend of the fourth quarter of 2007 has continued into the first quarter of 2008. This is a result of the difficulties experienced in integrating the City Link franchisees and the Target Express acquisition with the core City Link business. This has led to a greater than anticipated operating loss of £16.9 million in the City Link division for the first quarter of 2008 (of which £10 million is attributable to non-recurring costs).

Although the full year outcome remains unclear, the Group expects that the division's disappointing level of first quarter trading (in which an operating loss before amortisation of £16.9 million was incurred) and the current trends in revenue and costs will have a significant impact on the division's financial results for the full year. This will also have a material adverse impact upon the adjusted profit before tax for the Group for 2008.

The Group cannot assure Noteholders that its planned actions in relation to City Link, together with improvement initiatives across its other businesses will either be effective and properly executed, or will have a timely effect sufficient to improve its future trading performance.

Many of the Group's businesses operate in very competitive markets in which it is difficult or not currently possible to pass increases in costs through to customers by means of price increases. These businesses therefore require increased volumes or operating efficiency improvements if margins are to be maintained. The Group cannot assure Noteholders that such offsets can be achieved or maintained and profit margins may therefore fall.

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

Operational change

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

The Group's trading statement of 2 May 2008 acknowledges that although a number of the Group's businesses are making good progress in growing the top line, developing customer portfolios and reducing termination rates, the Group is still experiencing some difficulties in implementing major change programmes, which has affected its ability to turn top line growth into profit.

The Group has outlined a plan to restore City Link to operational and financial health but returning the business to its former levels of profitability may take some time.

As part of the Group's plan to change the business culture there has been significant turnover in management, at all levels of seniority, during the last few years. This has been distracting for the Group and has also given rise to additional pressure on management resource at a critical time whilst it is addressing a number of deep-seated operational problems in some businesses. The Group cannot assure Noteholders that these changes will be successfully implemented or that these changes will be effective.

Competition

The Group operates in a number of highly competitive industries and it faces competition at local, national and international levels. Many of its competitors may have larger market shares and better financial resources than the Group. The entry barriers to most of the Group's markets are limited and, as a result, the entry of new competitors into its markets may affect the demand for its services as well as impose pressure on its pricing strategies. Its ability to compete depends on its ability to provide excellent services to its customers at a reasonable price; however, customers may elect to award contracts to the Group's competitors who are willing to accept a lower profit margin or expend more capital to obtain new businesses. The Group cannot assure Noteholders that such competition may not prevent it from effectively passing on cost rises in its business which may, for example, have arisen from changes to employment legislation, employment practices, wage cost, other inflationary cost increases or changes to energy prices. For example, in Europe, the washrooms and textiles business has been under pressure as competitors continue to compete fiercely on price and the pest control business has faced growing pressure both from increasingly aggressive international players and from local competition (including trained ex-Rentokil Initial operators who have set up their own businesses).

Customer contracts

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

The Group also faces the risks associated with meeting its contractual performance obligations under existing or future contracts in which indemnities have not been properly negotiated by the Group's representatives. As a result, in performing such contracts, the Group may be exposed to uninsured and/or uninsurable claims resulting in potentially large exposures for the Group.

Senior leadership group

The Group is currently undergoing a period of considerable change. In order to reenergise the business culture, address deep-seated operational problems, and put the business back on the path to growth, significant changes have been made to the senior leadership structure of the business. New senior management positions have

been filled with managers who have broad ranging industry experience and come from a variety of professional backgrounds. New management remuneration and benefit packages, including long term incentive plans, have been implemented with a view to ensuring that the senior management team are appropriately incentivised to successfully execute the required business turnaround initiatives. The Group cannot assure Noteholders that such steps will be sufficient to retain key individuals or their management teams, on whose success key business projects and turnaround initiatives, and thereby the Group's future profitability, relies.

Further, Noteholders should note that the Group announced on 20 March 2008 the appointment of John McAdam as Chairman which was approved at the 14 May 2008 Annual General Meeting and Alan Brown as Chief Executive with effect from 1 April 2008 and Andy Ransom as Executive Director, Corporate Development with effect from 1 May 2008. Together with Andrew Macfarlane, Chief Financial Officer, and other members of senior management, they will form a new leadership team for the Group. On 19 March 2008 Doug Flynn, Chief Executive, resigned with immediate effect and Brian McGowan, the Chairman, who had already announced his intention to step down no later than the annual general meeting, also resigned on 19 March 2008.

Staff

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

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

In addition, under existing or future contracts, the Group may not be able to fully recover from its customers any incremental labour costs arising for any reason, including but not limited to annual pay awards, employment regulation and pension legislation. The Group's facilities services businesses in its operating services division have lower operating profit margins than its other businesses. As a result these businesses are more likely to be exposed to adverse financial effects arising from operational issues or from cost increases arising from changes to employment legislation which cannot be passed on to their customers in full.

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

Strike Action

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

Change of control

If any takeover of the Issuer is successful, this will constitute a Put Event as defined in condition 6(g) of the terms and conditions of the Notes (Condition 6(g)). If, while any Note is outstanding, a Put Event occurs and, as more particularly described in Condition 6(g), either the Notes are downgraded to a non investment grade rating, their rating is withdrawn, or the Notes were not at the time rated, the holder of such Note can require the Issuer to redeem that Note on a particular date at its Early Redemption Amount, as defined in Condition 6(g), together if appropriate, with any accrued interest. If the holders of such Notes exercise their right to redeem the Notes, this could affect the liquidity of the Group.

Pension fund

The Group's pension funds are required to be accounted for under IAS 19 in its financial statements. The UK defined benefit pension scheme, although now closed to new accruals, accounts for substantially all of the Group's pension exposure. In March 2005 a triennial actuarial review was carried out by the actuaries of the UK scheme. This resulted in the Issuer and the UK scheme trustees agreeing on a formal employer contribution to fund the deficit by 2012 (through a series of annual contribution payments), along with a change in the UK scheme's asset allocation. This contribution schedule resulted in a £200 million initial contribution being paid into the UK scheme in December 2005 and, as a result, the Group reporting an IAS 19 deficit on the UK scheme of approximately £170 million at 31 December, 2005. In April 2006 the UK scheme's assets were switched from being approximately 80 per cent./20 per cent. equities/fixed interest bonds to approximately 20 per cent./80 per cent. equities/fixed interest bonds. Shortly thereafter the UK scheme also undertook inflation and interest hedging actions. These actions were undertaken so as to increase the likelihood that the UK scheme's assets, taken together with the Issuer's agreed future employer contributions, would be sufficient to meet its anticipated financial commitments to UK scheme members. Notwithstanding these actions, the Group is still exposed to the following principal risks within the UK scheme: changes in the market value of the equity assets; a movement in the interest rate used to discount liabilities for reporting purposes under IAS 19; changes over time to actuarial mortality assumptions; defaults on bonds and, to a lesser extent, inflation (as mitigated by the inflation hedges put in place).

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

Acquisitions

During 2007, the Group acquired businesses for a total gross consideration of £201 million. The Group may in the future continue to acquire businesses which may be larger, at greater cost. The Group cannot assure Noteholders that its acquisitions will improve its financial performance in the short or long term or at all because the Group may not successfully integrate the acquired businesses into its management systems. There is a risk that the Group's acquisitions could distract the Group's management from its work on internal efficiency improvements. The benefits of the acquisitions may not be as significant as anticipated because the acquired businesses may have liabilities or adverse operating issues which the Group may have failed to discover prior to the acquisition. Difficulties in integrating the acquired businesses and liabilities relating to the acquired businesses may have a material adverse effect on the Group's operating results and financial condition.

Disposals

During the past three years the Group has sold its UK Style Conferences business, Manned Guarding businesses in the UK, USA, Canada and Belgium and Electronic Security businesses in the UK, USA, France and Netherlands, together with a number of smaller businesses, for a total consideration of approximately £1,094 million.

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

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

Share buy back programme/dividend policy

The Group has previously implemented a share buy back programme worth £1.9 billion. The Group has no current plans to implement a similar programme but it cannot assure Noteholders that a share buy back programme will not occur in the future. The Group also has a recent history of paying an increased dividend despite a decline in profits in the same period. In the 2008 first quarter trading update the Group stated that its dividend is not sustainable in light of 2008 trading and that the dividend policy will be reviewed at the time of the Group's interim results. However, the Group cannot assure Noteholders that a higher dividend will not be paid in the future even if profits have declined in the corresponding period.

Increases in energy prices

The Group's businesses are exposed to potential adverse rises in energy prices which, in order to remain competitive, it may not be able to pass on fully to its customers. The Group's energy usage arises particularly from its textile/laundry businesses and through the operation of its vehicle fleet. Performance of the Group's services requires its sale and service staff to drive between customers' premises. The Group also has a UK parcel delivery service. Any increase in prices that the Group is unable to pass on to its customers will have an adverse effect on its profitability.

Market trend

The Group's business and growth strategies depend in large part on the continuation of a trend towards outsourcing services. The decision to outsource will depend upon the customers' perception that outsourcing provides higher quality services at a lower overall cost and ultimately this will permit them to focus on their core business activities. Although the Group believes that there is currently no slowdown in the overall long-term trend towards outsourced services, it may be wrong in its judgment. If the trend towards outsourcing services continues, the Group cannot be certain that it will be able to successfully capitalise on it.

Administration and Business Continuity Planning

The Group's information technology infrastructure lacks resilience and has been recognised by management not to support business needs fully. In particular the Group's management are taking steps to address a lack of comprehensive and effective disaster recovery and business continuity plans. The Group cannot assure Noteholders that, in the event of either information technology or other operational problems, existing disaster recovery and continuity plans will be sufficiently robust and comprehensive to support the effective management of a material incident arising in a major business unit or process and thus limiting its potential adverse impact on the Group's business operations and possible financial loss.

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

Notwithstanding the above, the Group believes that its financial and other systems are sufficient to ensure its compliance with the requirements of the UK Listing Authority's Disclosure and Transparency Rules as a listed entity.

Interest rate exposure

The Group's policy is to manage interest rate exposures on a 12-month rolling basis (measured quarterly). Unless otherwise agreed by the Issuer's board, a minimum of 50 per cent. of the Group's estimated future interest rate exposures will be fixed (or capped) for a minimum period of 9 months forward. However, there can be no assurance that the Group's activities, operating results and financial position will not be adversely affected by changes in the level of interest rates.

Currency exposure

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

Liquidity

The Issuer cannot assure Noteholders, in light of current bond and money market illiquidity, that there is not a higher risk of the Issuer's own liquidity becoming constrained.

Environmental issues

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

The Group also has certain obligations to environmentally remediate premises that it owned or previously occupied whilst conducting businesses that it formerly owned. Whilst the Group has made provisions for such environmental obligations, it cannot assure Noteholders that these provisions will be sufficient and that it will have adequate liquidity to fund remediation to the required regulatory standards that may vary over time. The Group also cannot assure Noteholders that it has identified all the sites where remediation work is required and it is possible that further sites where remediation is needed may be identified in the future.

International operations

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

Regulatory issues

The Group seeks to work within local regulations but it cannot assure Noteholders that from time to time, particularly in view of the development and introductions of competition laws in certain overseas territories, it will not be challenged over its adherence to these regulations (including but not limited to competition law) which may lead to a risk of both financial and reputational loss.

However, this risk factor should not be read by Noteholders as implying that the Issuer is or will be unable to comply with its obligations as a company with securities admitted to the Official List.

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

The Notes may not be a suitable investment for all investors

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

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

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under

changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

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

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a Relevant Factor). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

Risks related to Notes generally

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

Modification

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

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

Notes where denominations involve integral multiples: definitive Notes

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

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

Risks related to the market generally

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

The secondary market generally

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

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's

financial activities are denominated principally in a currency or currency unit (the Investor's Currency) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

Interest rate risks

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

Credit ratings may not reflect all risks

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

DOCUMENTS INCORPORATED BY REFERENCE

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

- The auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2007.
- The auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2006.

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

Following the publication of this Prospectus, a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

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

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes. The Issuer has undertaken to the Dealers in the Programme Agreement (as defined in "*Subscription and Sale*") that it will comply with section 87G of the Financial Services and Markets Act 2000.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global Note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global Note (a **Permanent Global Note** and together with the Temporary Global Note, the **Global Notes**) which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Note without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event. A Permanent Global Note representing Notes having denominations consisting of a minimum Specified Denomination and integral multiples of a smaller amount there above may only be exchanged for definitive Notes upon an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

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

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any

gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

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

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

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

FORM OF FINAL TERMS

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

[Date]

RENTOKIL INITIAL PLC

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €2,500,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [date] [which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**)/listing particulars approved by the UK Listing Authority as required by the Financial Services and Markets Act 2000]. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive] and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing on the website of the London Stock Exchange and is available for viewing at, and copies may be obtained from, the registered office of the Issuer at Portland House, Bressenden Place, London SW1E 5BH, United Kingdom.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [original date]. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**)] and must be read in conjunction with the Prospectus dated [current date] which constitutes a base prospectus [for the purposes of the Prospectus Directive], save in respect of the Conditions which are extracted from the Prospectus dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [current date] and [original date]. Copies of such Prospectuses are available for viewing on the website of the London Stock Exchange and are available for viewing at, and copies may be obtained from, the registered office of the Issuer at Portland House, Bressenden Place, London SW1E 5BH, United Kingdom.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

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

1. (i) Series Number: []
(ii) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
2. Specified Currency or Currencies: []
3. Aggregate Nominal Amount:
(i) Series: []
(ii) Tranche: []

4. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
5. (i) Specified Denominations: []
- (Note – where multiple denominations above [€50,000] or equivalent are being used the following sample wording should be followed:*
- “[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000], No Notes in definitive form will be issued with a denomination above [€99,000].”)*
- (N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €50,000 minimum denomination is not required.)*
- (ii) Calculation Amount []
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
6. (i) Issue Date [and Interest Commencement Date]: []
- (ii) Interest Commencement Date (if different from the Issue Date): []
7. Maturity Date: [Fixed rate – specify date]
[Floating rate – Interest Payment Date falling in or nearest to [specify month]]
8. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)
9. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[specify other]
10. Change of Interest Basis or Redemption/ Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/ Payment Basis]
11. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
12. [Date [Board] approval for issuance of Notes obtained: []]
13. Method of distribution: [Syndicated/Non syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub- paragraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/ semi-annually/quarterly] in arrear]
(If payable other than annually, consider amending Condition 4)
- (ii) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[specify other]
(NB: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [on/in] []
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or specify other])
- (vi) Determination Date(s): [] in each year
[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]
(NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration)
(NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
15. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub- paragraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (vi) Screen Rate Determination:
— Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)

- Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET 2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination:
- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []
- (viii) Margin(s): [+/–] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)
Other]
(See Condition 4 for options)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
16. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub- paragraphs of this paragraph)
- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6(e)(iii) and 6(k) apply/specify other]
17. Index Linked Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub- paragraphs of this paragraph)
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent: [give name [and address]]
- (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): []

- (iv) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (v) Specified Period(s)/Specified Interest Payment Dates: []
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (vii) Additional Business Centre(s): []
- (viii) Minimum Rate of Interest: [] per cent. per annum
- (ix) Maximum Rate of Interest: [] per cent. per annum
- (x) Day Count Fraction: []
- 18. Dual Currency Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Rate of Exchange/method of calculating Rate of Exchange: *[give or annex details]*
 - (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): []
 - (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
 - (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

- 19. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: []
 - (b) Maximum Redemption Amount: []
 - (iv) Notice period (if other than as set out in the Conditions): []
- 20. Investor Put: [Applicable/Not Applicable]
(Condition 6(d)) (If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]

- (iii) Notice period (if other than as set out in the Conditions): []
21. Final Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
22. Early Redemption Amount of each Note payable on the occurrence of a Put Event as described in Condition 6(g), redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(e)):
- [[] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes:
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Notes exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*
24. Additional Financial Centre(s) or other special provisions relating to Payment Days:
- [Not Applicable/give details]
- (Note that this item relates to the place of payment and not Interest Period end dates to which items 14(iii) and 16(vi) relate)*
25. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):
- [Yes/No. If yes, give details]
26. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:
- [Not Applicable/give details. NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]
27. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
28. Redenomination applicable:
- Redenomination [not] applicable

29. Other Final Terms: [(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)]
[Not Applicable/give details]
- DISTRIBUTION**
30. (i) If syndicated, names of Managers: [Not Applicable/give names]
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)
- (ii) Date of [Subscription] Agreement: []
(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies).
- (iii) Stabilising Manager (if any): [Not Applicable/give name]
31. If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
32. Whether TEFRA C or TEFRA D rules applicable or TEFRA rules not applicable: [TEFRA C/TEFRA D/TEFRA not applicable]
33. Additional selling restrictions: [Not Applicable/give details]

[PURPOSE OF FINAL TERMS

These Final Terms comprise the details required to list the issue of Notes described herein pursuant to the listing of the €2,500,000,000 Euro Medium Term Note Programme of Rentokil Initial plc.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components] has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION¹

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [London/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [the London Stock Exchange's regulated market/ the London Stock Exchange's Professional Securities Market] with effect from [].] [Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading: []
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading)*

2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: []]
- [Moody's: []]
- [[Other]: []]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – Amend as appropriate if there are other interests.]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) [Reasons for offer: []]
- (see "Use of Proceeds" wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here) (ii) Estimated net proceeds: []
- (ii) [Estimated net proceeds: []]
- (iii) [Estimated total expenses: []]
- (N.B.: Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)]*

5. YIELD (*Fixed Rate Notes Only*)

- []
- Indication of yield: The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

¹ Please note that if an issue of Notes is not to be admitted to trading on a regulated market in the EEA or offered to the public in the EEA then only sections 1 and 8 of part B need to be completed and sections 2 to 7 may be deleted.

6. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Index-Linked Notes only*)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] [does not intend to provide post-issuance information.]

(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

7. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (*Dual Currency Notes only*)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

8. OPERATIONAL INFORMATION

- | | | |
|-------|--|---|
| (i) | ISIN Code: | [] |
| (ii) | Common Code: | [] |
| (iii) | Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): | [Not Applicable/give name(s) and number(s)] |
| (iv) | Delivery: | Delivery [against/free of] payment |
| (v) | Names and addresses of additional Paying Agent(s) (if any): | [] |

TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by Rentokil Initial plc (the **Issuer**) constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 9 December 2005 made between the Issuer and HSBC Trustee (C.I.) Limited (the **Trustee**, which expression shall include any successor as Trustee).

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

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

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 9 December 2005 and made between the Issuer, HSBC Bank plc as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the Trustee and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the "applicable Final Terms" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

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

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing on the website of the London Stock Exchange and are available for viewing at, and copies may be obtained from, the registered office of the Issuer at Portland House, Bressenden Place, London SW1E 5BH,

United Kingdom. However, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity.

In the case of a Tranche of Notes that is not offered to the public nor admitted to trading on a regulated market in any Member State of the European Union, Iceland, Norway or Liechtenstein (together, the **European Economic Area**) in circumstances requiring publication of a prospectus in accordance with Directive 2003/71/EC and any relevant implementing measure nor admitted to trading on the London Stock Exchange's Professional Securities Market, copies of the Final Terms will only be available for inspection by a Holder of or, as the case may be, a relevant account holder in respect of, such Notes.

The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed and the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

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

1. FORM, DENOMINATION AND TITLE

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

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

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

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

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, any Paying Agent and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

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

2. STATUS OF THE NOTES

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

3. NEGATIVE PLEDGE

So long as any of the Notes remain outstanding the Issuer will not, and will procure that no Subsidiary (which expression shall, in these Terms and Conditions, unless the context otherwise expressly provides, means a subsidiary as defined in Section 736 of the Companies Act 1985) of the Issuer will, create or permit to subsist any mortgage, lien, pledge or other charge (each a **Security Interest**) upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any existing or future Relevant Indebtedness of any person or any guarantee or indemnity given in respect thereof, unless the Issuer shall, simultaneously with, or prior to, the creation of such Security Interest take any and all action necessary to procure that all amounts payable by the Issuer under the Notes and the Trust Deed are secured equally and rateably by such Security Interest to the satisfaction of the Trustee or such other security or other arrangement is provided as the Trustee shall in its absolute discretion deem not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

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

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

4. INTEREST

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

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

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

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

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

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

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

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

In these Terms and Conditions:

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

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

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) Interest Payment Dates

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

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

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

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

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

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

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

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

(ii) *Rate of Interest*

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

(A) *ISDA Determination for Floating Rate Notes*

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

amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

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

(B) Screen Rate Determination for Floating Rate Notes

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

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

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

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

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

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

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

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

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount,

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

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

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

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

where:

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

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

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

“M₂” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

- (v) *Notification of Rate of Interest and Interest Amounts*

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

(vi) *Determination or Calculation by Trustee*

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

(vii) *Certificates to be final*

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

(c) Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

(d) Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) Accrual of interest

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

5. PAYMENTS

(a) Method of payment

Subject as provided below:

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

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

(b) Presentation of definitive Notes, Receipts and Coupons

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

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

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

(c) Payments in respect of Global Notes

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

the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(d) General provisions applicable to payments

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

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

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) Payment Day

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

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

(f) Interpretation of principal and interest

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

- (i) any additional amounts which may be payable with respect to principal under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;

- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(e)); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

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

6. REDEMPTION AND PURCHASE

(a) Redemption at maturity

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

(b) Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Trustee and the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

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

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

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

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

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

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

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Trustee and the Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional

Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date.

If the Notes are Fixed Rate Notes denominated in sterling, the Optional Redemption Amount will, unless otherwise specified in the applicable Final Terms, be an amount equal to the higher of (i) the outstanding nominal amount of the Notes and (ii) an amount calculated by multiplying the outstanding nominal amount of the Notes by that price (expressed as a percentage) (as reported in writing to the Issuer and the Trustee by a financial adviser nominated by the Issuer and approved by the Trustee) (and rounded to three decimal places (0.0005 being rounded upwards)) at which the Gross Redemption Yield on the Notes on the Determination Date (as defined below) is equal to the Redemption Rate (as defined below).

For the purposes of this Condition 6(c):

Determination Date means the date which is two Business Days prior to the publication or dispatch of the notice of redemption under this Condition 6(c);

Gross Redemption Yield means a yield calculated on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields” page 4, Section One: Price/Yield Formulae “Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8/6/1998) or such other basis as the Trustee may approve;

Redemption Rate means the Relevant Swap Mid Curve Rate or, if the Relevant Swap Mid Curve Rate is not able to be determined, such rate as may be approved by the Trustee;

Relevant Swap Mid Curve Rate means the mid-point of the bid-side and offer-side rates for the fixed leg of a hypothetical interest rate swap with a notional profile equal to the semi-annual interest that would be payable on the Notes to be redeemed, with the same payment dates as the Notes to be redeemed, against a floating leg of Six Month Sterling LIBOR with no spread, where such hypothetical interest rate swap is between two highly-rated (AA- or equivalent or higher) and fully collateralised market counterparties (the Relevant Swap Mid Curve Rate shall be determined by a financial adviser (nominated by the Issuer and approved by the Trustee) using its standard valuation methodology as at the date of calculation) as at or about 11.00 a.m. (London time) on such Determination Date; and

Six Month Sterling LIBOR means the rate of interest for six month sterling deposits as determined as at or about 11.00 a.m. (London time) on the Determination Date by reference to the display designated as the British Bankers Association LIBOR Rates as quoted on Telerate Screen No. 3750 or such other page as may replace Telerate Screen No. 3750 on that service for the purposes of displaying such information; or if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Trustee) as may replace Telerate.

Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Higher Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

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

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 15 nor more than 30 days' notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional

Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

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

(e) Early Redemption Amounts

For the purpose of paragraph (b) above, paragraph (g) below and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

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

where:

“RP” means the Reference Price;

“AY” means the Accrual Yield expressed as a decimal; and

“y” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

(f) Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) Event Risk

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

- (i) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 736 of the Companies Act 1985 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, shall become interested (within the meaning of Part VI of the Companies Act 1985 as amended) in (a) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (b) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer (each, a **Change of Control**); and

- (ii) at the time of the occurrence of a Change of Control, the Notes carry from any Rating Agency an investment grade credit rating (*Baa3/BBB-, or equivalent, or better*), and such rating from any Rating Agency is within a period ending 120 days after announcement of the Change of Control having occurred (or such longer period as the Notes are under consideration, announced publicly within such 120 day period, for rating review) either downgraded to a non-investment grade credit rating (*Ba1/BB+, or equivalent, or worse*) or withdrawn; and
- (iii) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control.

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

- (B) If a Put Event occurs, each Noteholder shall have the option to require the Issuer to redeem or repay that Note on the Put Date (as defined below) at its Early Redemption Amount together with interest accrued to but excluding the date of redemption or purchase. Such option shall operate as set out below.
- (C) Promptly upon the Issuer becoming aware that a Put Event has occurred the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to being indemnified to its satisfaction), give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 13 specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 6(g).
- (D) To exercise the option to require the redemption or repayment of a Note under this Condition 6(g) the holder of the Note must, if the Notes are in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver such Note, on any Payment Day (as defined in Condition 5(e)) falling within the period (the **Put Period**) of 45 days after a Put Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **Change of Control Put Notice**). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is 7 days after the expiration of the Put Period (the **Put Date**), failing which (unless the applicable Final Terms provide that the relative Coupons are to become void upon the due date for redemption of such Note) the Paying Agent will require payment of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed in the manner provided in Condition 5 against presentation and surrender of the relevant missing Coupon (or any replacement therefore issued pursuant to Condition 10) at any time after such payment, but before the expiry of the period of 10 years from the Relevant Date (as defined in Condition 7) in respect of that Coupon. The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. If the Notes are represented by a Global Note or are in definitive form and held through Euroclear and/ or Clearstream, Luxembourg, to exercise the right to require redemption of the Notes held by it the Noteholder must, within the Put Period, give notice of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, at the same time, present or procure the presentation of the relevant Global Note to the Agent for notation accordingly. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. Payment in respect of

any Notes represented by a Global Note or in definitive form and held through Euroclear and/or Clearstream, Luxembourg in respect of which the relevant Noteholder has exercised the option given under this Condition 6(g) will be made on the Put Date. A Change of Control Put Notice, once given, shall be irrevocable. The Issuer shall redeem or repay the relevant Notes on the Put Date unless previously redeemed and cancelled.

If 80 per cent. or more in nominal amount of the Notes then outstanding have been redeemed pursuant to this Condition 6(g), the Issuer may, on not less than 30 or more than 60 days' notice to the Noteholders given within 30 days after the Put Date, redeem, at its option, the remaining Notes as a whole at a redemption price of the Early Redemption Amount thereof plus interest accrued to but excluding the date of such redemption.

- (E) If the rating designations employed by any of Moody's, S&P or Fitch are changed from those which are described in paragraph (A)(ii) above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, with the agreement of the Trustee (not to be unreasonably withheld or delayed), the rating designations of Moody's or S&P or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P or Fitch and paragraph A(ii) shall be read accordingly.
- (F) The Trustee is under no obligation to ascertain whether a Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Put Event or Change of Control has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Put Event or Change of Control or other such event has occurred.
- (G) In these Conditions **Rating Agency** means Moody's Investors Service, Inc. (**Moody's**) or Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc, (**S&P**) or Fitch Ratings Ltd (**Fitch**), or their respective successors or any rating agency (a **Substitute Rating Agency**) substituted for any of them by the Issuer from time to time with the prior written approval of the Trustee.

(h) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

(i) Purchases

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

(j) Cancellation

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

(k) Late payment on Zero Coupon Notes

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

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

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

7. TAXATION

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

- (a) presented for payment in the United Kingdom; or
- (b) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of such Note, Receipt or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5(e)); or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

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

8. PRESCRIPTION

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

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

9. EVENTS OF DEFAULT

(a) Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified to its satisfaction), (but in the case of the happening of any of the events described in paragraphs (ii) to (viii) inclusive (other than (iv) in relation to the Issuer), only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer that the Notes are, and they shall thereupon immediately become, due and repayable at their Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events shall occur (**Events of Default**):

- (i) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days, in the case of principal, or 14 days, in the case of interest; or
- (ii) if the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation and notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) (A) if any Indebtedness for Borrowed Money (as defined below) of the Issuer or any of its Principal Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described); or (B) if the Issuer or any of its Principal Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any originally applicable grace period; or (C) if any security given by the Issuer or any of its Principal Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable by reason of default; or (D) if default is made by the Issuer or any of its Principal Subsidiaries in making any payment due as extended by any originally applicable grace period under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that no event referred to in this Condition 9(a)(iii) shall constitute an Event of Default, first, unless the relative Indebtedness for Borrowed Money either alone or when aggregated with other Indebtedness for Borrowed Money relative to all (if any) other such events which shall have occurred shall amount to at least £20,000,000 (or its equivalent in any other currency) and, second, in the case where such event has occurred in relation to Indebtedness for Borrowed Money of a Principal Subsidiary at the time such company becomes a Principal Subsidiary through acquisition by the Issuer or a Subsidiary of the Issuer, unless such event continues for a period of seven days after the date of such acquisition, if such default is in respect of interest on any Indebtedness for Borrowed Money, and, in any other case, 14 days (or such longer period as the Trustee may permit) after the date of such acquisition; or
- (iv) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Principal Subsidiaries, save for the purposes of an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement (A) in the case of a Principal Subsidiary not involving or arising out of the insolvency of such Principal Subsidiary and under which all or substantially all of its assets are transferred to the Issuer or any of its Subsidiaries, or (B) in the case of a Principal Subsidiary under which all or substantially all of its assets are transferred to a third party or parties (whether associated or not) for full consideration received by the Issuer or a Subsidiary on an arm's length basis, or (C) in the case of a Principal Subsidiary under which all or substantially all of its assets are transferred and the transferee is or immediately upon such transfer becomes a Principal Subsidiary, or (D) on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (v) if the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save (A) in the case of a Principal Subsidiary for the purposes of an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement, (i) not involving or arising out of the insolvency of such Principal Subsidiary and under which all or substantially all of its assets are transferred to the Issuer or any of its Subsidiaries or (ii) under which all or a substantial part of its assets are transferred to a third party or parties (whether associated or not) for full consideration received by the Issuer or a Subsidiary on an arm's length basis or (iii) under which all or substantially all of its assets are transferred and the transferee is or immediately upon such transfer becomes a Principal Subsidiary or (iv) the terms of which have been previously approved by the Trustee or by an Extraordinary Resolution of the Noteholders; or (B) in the case of a Principal Subsidiary which is a Principal Subsidiary by virtue only of part (B) of the definition of Principal Subsidiary, provided that at the time of such cessation or threatened cessation such Principal Subsidiary is not in default in respect of any Indebtedness for Borrowed Money or any guarantee and/or indemnity given by such Principal Subsidiary in respect of any Indebtedness for Borrowed Money; or
- (vi) the Issuer or any of its Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed

unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

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

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

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

(b) Definitions

For the purposes of this Condition:

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

- (A) whose operating profits (or, if the Subsidiary in question prepares consolidated accounts, whose total consolidated operating profits) attributable to the Issuer represent not less than 10 per cent. of the consolidated operating profits of the Issuer and its Subsidiaries taken as a whole, all as calculated by reference to the then latest audited accounts (unconsolidated or, as the case may be, consolidated) of the Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries; or
- (B) any Subsidiary which has Indebtedness for Borrowed Money outstanding (or available under a committed bank facility) in an amount of at least £25,000,000 (or its equivalent in any other currency); or
- (C) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately before the transfer is a Principal Subsidiary,

all as more particularly defined in the Trust Deed; and

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

10. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

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

11. PAYING AGENTS

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

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

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

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(d). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

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

12. EXCHANGE OF TALONS

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

13. NOTICES

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

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

notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

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

14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

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

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest or proven error.

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

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

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

15. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

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

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

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

18. GOVERNING LAW

The Trust Deed, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

RENTOKIL INITIAL PLC

History and development

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

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

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

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

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

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

Accounting

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

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

Principal Operating Subsidiaries and Associated Undertakings

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

Name	Country of Incorporation	Principal Activities
Rentokil Initial 1927 plc	England & Wales	Holding company for all the entities listed below
City Link Limited	England & Wales	Parcels Delivery
Dudley Industries Limited	England & Wales	Facilities Management Services
Enviro-Fresh Limited	England & Wales	Washroom
Initial Building Services Limited	England & Wales	Facilities Management Services
Initial Catering Services Limited ⁽¹⁾	England & Wales	Catering
Initial Facilities Management Limited	England & Wales	Facilities Management Services
Initial Hospital Services Limited	England & Wales	Hospital Services
Insitu Cleaning Limited	England & Wales	Cleaning
Lancaster Office Cleaning Company Limited	England & Wales	Cleaning

Name	Country of Incorporation	Principal Activities
Rentokil Initial Facilities Services (UK) Limited	England & Wales	Facilities Management Services
Rentokil Initial UK Limited	England & Wales	Hygiene, Pest Control, Tropical Plants and Facilities Management Services
Rentokil Initial Services Limited	England & Wales	Textiles and Washroom
Rentokil Insurance Limited	England & Wales	Insurance for Property Services
Retail Cleaning Services Limited ⁽²⁾	England & Wales	Cleaning
Target Express Parcels Limited	England & Wales	Parcels Delivery
Rentokil Initial Pty Limited	Australia	Pest Control, Washroom, Tropical Plants
Rentokil Initial GmbH	Austria	Pest Control
Textilservice Pointner GmbH	Austria	Textiles and Washroom
Rentokil Initial (Bahamas) Limited	Bahamas	Pest Control and Washroom
Rentokil Initial (Barbados) Limited	Barbados	Pest Control and Washroom
Initial Textiles NV	Belgium	Textiles and Washroom
Rentokil Initial NV	Belgium	Pest Control and Tropical Plants
Rentokil Initial (B) Sdn Bhd ⁽³⁾	Brunei	Pest Control
Rentokil Pest Control Canada Limited	Canada	Pest Control
Initial Tropical Plants Canada Limited	Canada	Tropical Plants
Rentokil Initial (Shanghai) Limited	People's Republic of China	Pest Control and Washroom
Rentokil Tai Ming China Co Limited ⁽⁴⁾	People's Republic of China	Pest Control
Initial Ecotex sro	Czech Republic	Textiles and Washroom
Rentokil Initial A/S	Denmark	Pest Control, Tropical Plants and Washroom
Rentokil Initial Limited	Republic of Ireland	Pest Control, Tropical Plants and Washroom
PPS Eesti OU	Estonia	Pest Control
Rentokil Initial Limited	Fiji	Pest Control and Washroom
Oy Rentokil Initial AB	Finland	Pest Control, Tropical Plants and Washroom
Initial BTB SA	France	Textiles and Washroom
Rentokil Initial SAS	France	Pest Control and Washroom
Ambius SAS	France	Tropical Plants
Technivap Paris SAS	France	Washroom
Technivap Lyon SAS	France	Washroom
Rentokil Initial Martinique SARL	France – overseas region	Pest Control and Washroom
Initial Textil Service GmbH & Co KG	Germany	Textiles and Washroom
Medentex GmbH	Germany	Hygiene
Rentokil Initial GmbH	Germany	Pest Control and Tropical Plants
Rentokil Initial Hellas EPE	Greece	Pest Control and Washroom
Felcourt Insurance Co. Limited	Guernsey	Insurance
Rentokil Initial Guyana Limited	Guyana	Pest Control and Washroom
Rentokil Initial Hong Kong Limited	Hong Kong	Pest Control and Washroom
Po Hong Hong Kong Limited	Hong Kong	Cleaning
Initial Textile Services Kft	Hungary	Textiles and Washroom
Rentokil India Pte Limited	India	Pest Control
PT Calmic Indonesia	Indonesia	Washroom
PT Rentokil Indonesia	Indonesia	Pest Control
Rentokil Initial Italia SpA	Italy	Pest Control and Washroom
Rentokil Initial Jamaica Limited	Jamaica	Pest Control and Washroom
Nippon Calmic Limited ⁽⁵⁾	Japan	Pest Control and Washroom
Rentokil Initial Kenya Limited	Kenya	Pest Control and Washroom
Rentokil Luxembourg Sarl	Luxembourg	Pest Control

Name	Country of Incorporation	Principal Activities
Initial Textile Luxembourg Sarl	Luxembourg	Textiles and Washroom
Rentokil Initial (M) Sdn Bhd	Malaysia	Pest Control and Washroom
Initial Hokatex BV	Netherlands	Textiles and Washroom
Rentokil Initial BV	Netherlands	Pest Control and Washroom
Ambius BV	Netherlands	Tropical Plants
Rentokil Initial Limited	New Zealand	Pest Control, Tropical Plants and Washroom
Rentokil Initial Norge AS	Norway	Pest Control, Tropical Plants and Washroom
Rentokil Initial (Philippines) Inc	Philippines	Pest Control and Washroom
Electronic Security Corporation Inc	Philippines	Electronic Security
Matadoor Sp. z.o.o.	Poland	Washroom
Rentokil Initial Portugal-Serviços de protecção ambiental Lda	Portugal	Pest Control and Washroom
Rentokil Initial Singapore Pte Limited	Singapore	Pest Control and Washroom
Ademco (Far East) Pte Limited	Singapore	Electronic Security
Pestermator Pte Ltd	Singapore	Pest Control
Initial Textile Services Sro	Slovak Republic	Textiles and Washroom
Rentokil Initial (Pty) Limited ⁽⁶⁾	South Africa	Pest Control, Tropical Plants and Washroom
Rentokil Initial Korea Limited	South Korea	Pest Control
Rentokil Enguard Limited ⁽⁷⁾	South Korea	Electronic Security
Yu Yu Calmic Co Limited ⁽⁸⁾	South Korea	Pest Control and Washroom
Initial Gaviota SA	Spain	Textile and Washroom
Limpiezas Initial SA	Spain	Cleaning
Rentokil Initial España SA	Spain	Pest Control and Tropical Plants
Rentokil Initial AB	Sweden	Pest Control, Tropical Plants and Washroom
Rentokil Initial AG	Switzerland	Pest Control and Washroom
Initial Hygiene Taiwan Co Limited	Taiwan	Washroom
Rentokil Ding Sharn Co Limited	Taiwan	Pest Control
Rentokil Initial (Thailand) Limited	Thailand	Pest Control and Washroom
Rentokil Initial (Trinidad) Limited	Trinidad	Pest Control and Washroom
Initial Tropical Plants Inc	USA	Tropical Plants
J. C. Ehrlich Inc	USA	Pest Control
Initial Services Co Limited ⁽⁹⁾	Vietnam	Washroom

Notes:

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

Management Structure

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

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

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

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

BUSINESS OF THE GROUP

(In all cases, references in this section of this Prospectus to operating profit are for continuing businesses before amortisation of intangible assets (other than computer software and development costs). References to the Group's adjusted operating profit and adjusted profit before tax also exclude items of a one-off nature of £28.4 million. The one-off items primarily relate to the Group's restructuring programme and are not considered to represent normal ongoing expenditure for continuing operations.)

The Group currently has some 79,000 employees providing a range of business support services across more than 49 countries, including the major developed economies in Europe, North America, Asia Pacific and Africa.

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

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

The Group principally operates (although not every division operates in all the countries where the Group has a presence) in the following six divisions: Textiles and Washroom Services, Pest Control & Ambius (formerly known as Tropical Plants), Parcel Delivery, Facilities Services, Asia Pacific and Other (South Africa).

Textiles and Washroom Services

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

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

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

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

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

Although they remain challenging, the market and economic conditions experienced in continental Europe during 2006 eased slightly with customer garment volumes improving modestly. Pricing is competitive in this market and is expected to remain so in 2008 therefore there is expected to be limited scope to increase revenue through price increases.

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

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

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

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

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

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

All of the division's smaller continental European businesses recorded higher revenue in 2007 and, in general, higher profits. The change from a country to a regional management structure will help reduce overheads in these businesses in 2008. Some small acquisitions have been undertaken during the year in Poland and Sweden to build scale.

A number of capital investment programmes continued in continental Europe in 2007. The developments in Amstetten in Austria, Lokeren in Belgium and Brie-Comte Robert in France were all completed to budget and on time. A new plant for Prague in the Czech Republic continues in development and is due to open on schedule in the autumn of 2008. The total investment associated with these projects is estimated to be £21.0 million, of which £17.5 million was spent in 2006 and 2007 with the balance to be spent in 2008.

Restructuring and other one-off costs in the division were a net £2.1 million (2006: £16.3 million), because costs were offset by the profit on sale of surplus UK washroom property of £10.7 million. Costs were incurred in plant closure in Belgium, the closure of the wipers business in the UK, UK branch closures and management reorganisation and redundancy. The division continues to explore opportunities to improve procurement and supply chain efficiency, but it is not yet clear whether this will result in restructuring or other one-off costs being incurred in 2008.

Pest Control & Ambius

The Issuer provides primarily Pest Control and Tropical Plants services within this division.

Pest Control

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

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

The new Rentokil.com website was successfully rolled out to Rentokil branded businesses representing 91 per cent. of divisional revenue. By December 2007 the site experienced a fourfold increase in the number of visitors over 2006 and web-based enquiries are now higher than enquiries sourced from the Yellow Pages in both the UK and Spain.

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

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

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

During 2007 the extensive reorganisation of the UK Pest Control business was completed. Its new management team has focused on growing the business by driving sales and improving customer retention through higher quality service delivery. Against 2006, the last quarter's revenue grew by 5.8 per cent. (against a decline of 9.6 per cent. in the first quarter). Retention levels strengthened further during the quarter to an annualised rate of 81.8 per cent. and the contract portfolio has now grown by 2.5 per cent. since the beginning of 2007. The last quarter's profit, however, still lagged 2006 by £0.6 million as the business adjusted to its new operating model, but represents a significant improvement on the £1.2 million decline posted in the first quarter. Returning this business to profit growth in 2008 is a priority for the Pest Control division.

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

Copesan, a US organisation of independent pest control companies, has recently taken steps to exclude JC Ehrlich and Presto-X from membership. This matter is under negotiation but represents a small risk to the division's US revenue base in the short-term.

The recent indications of economic slowdown have not yet impacted demand for pest control services and at this stage the Group anticipates largely unchanged market conditions for 2008. The Group will continue to focus on growing organically through improved sales and marketing capability, better and more integrated systems and high levels of customer service.

Ambius

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

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

2007 was a significant year for the business. All 11 European countries in which the Group operates were rebranded to Ambius and North America will follow in the first quarter of 2008.

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

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

With the exception of the UK, Europe delivered excellent performance during 2007 growing revenue by 9.9 per cent. leading to profit improvement of 68.8 per cent. over 2006. Revenue and profit in the UK declined 5.6 per cent. and 29.2 per cent. respectively year on year but the new management team recruited in 2007 is making progress in addressing performance issues in this market. Quarterly revenue trends are now improving, although this has yet to show through in profits.

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

The business has some exposure to economic downturn in the US which could affect plant sales and customer retention in affected customer segments (e.g. financial institutions). However, despite weakened consumer confidence towards the end of 2007, Ambius produced record sales in the approach to Christmas. The Group is seeing less evidence of economic pressure in Europe. Brand extension services across the business will aim to offset any downturn in trading.

City Link

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

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

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

before Christmas. The Group attributed this slowdown to weaker consumer spending in a challenging retail environment.

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

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

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

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

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

The Group took immediate action to address these issues. Peter Cvetkovic, the former CEO of Target Express, replaced Michael Cooke as Managing Director of City Link on 18 February 2008 with a clear focus on restoring the profitability of the business. In order to ensure continuity of customer service the Group has taken the decision to pause the depot rationalisation programme until such time as the Group's systems, processes and account management have been improved. The Group will however continue with the first phase of the integration, the roll out of mechanical handling equipment and handheld consignment scanners, as they are delivering service and operational benefits within the depots.

The mid-year 2007 service issues experienced at the time of the depot closure pilot and the change to cage handling in the Target Express network have been resolved. The operation of the hubs, their sort times and last trunk arrivals is on plan. The roll-out of hand-held, real-time proof of delivery equipment is resulting in faster, better and more transparent service information, and improved depot scanners are ensuring end-to-end visibility and control. A project is nearing completion to allow online updating of autogazetteers on customer sites which will help ensure that timed deliveries are not delayed by incorrect labelling and routing.

The new senior management team put in place at City Link has begun to address the operational problems within the division. This team, consisting largely of individuals experienced in running non-franchise networks, has already enjoyed some success in improving service levels and in re-establishing relationships with customers.

However, the declining performance trend of the fourth quarter of 2007 has continued into the first quarter of 2008. This is a result of the difficulties experienced in integrating the City Link franchisees and the Target Express acquisition with the core City Link business. This has led to a greater than anticipated first quarter 2008 operating loss (before amortisation of intangible assets) of £16.9 million, of which £10 million is attributable to non-recurring costs. In accordance with the Issuer's policy, £1.5 million of these costs, relating primarily to depot integration, have been treated as one off items. The adjusted operating loss for the first quarter 2008 was therefore £15.4 million (2007: profit £10.2 million).

Network revenue was 11 per cent. lower than first quarter 2007. Adjusted for fewer trading days in 2008, revenue was down 8.0 per cent.. Revenue from the top 50 customers, which accounts for 26 per cent. of total revenue, has grown year on year. The loss of revenue is primarily from small accounts, which have been particularly adversely affected by the buy-back of franchisees and the problems experienced as a result of the attempted integration of Target Express and City Link.

Headline costs have risen sharply from £84.3 million in first quarter 2007 to £110.6 million (adjusted to exclude one-off items of £1.5 million) in first quarter 2008. Approximately £13 million of this increase is attributable to the cost bases of the acquired franchisees (offset by the acquired revenue). A further £8.5 million is attributable to non-recurring costs which were not restructuring costs and do not meet the Group's definition of one-off items and the balance of £5 million to underlying cost increases.

As announced on 21 April 2008, in light of first quarter trading and the current trends in revenue and costs, it now appears likely that the division will incur a significant full year loss.

Although City Link's new management team has made progress in sales generation and improved account management, the team has a number of challenges to address and will work to a seven-point plan which will involve:

- Re-instituting a service orientated culture by ensuring customer services are in close proximity to the division's customers;
- Establishing operating systems that enable information to be shared across the combined network, reliably and securely;
- Establishing control systems and processes that enable transparency of information and enable central control of costs, where appropriate, rather than the dispersal of costs and controls across each of the 94 depots;
- Reviewing the size, number and location of hubs and depots;
- Right-sizing resources to match the cost base to current levels of revenue;
- Considering how to capitalise on the growth opportunities in the parcels market; in particular the growth of business to customer driven by Internet purchases; and
- Ensuring that the organisation has the capability to drive this agenda efficiently and effectively.

Although the full year outcome remains unclear, in light of first quarter trading and the current trends in revenue and costs, it now appears likely that the division will incur a significant full year loss.

For the five years up to 2006, City Link and Target Express businesses were the UK's leading and fastest growing overnight parcels delivery businesses, consistently outpacing market growth. Their positioning, service profiles and geographies represented a tight fit and the economies of putting the two businesses together looked compelling. The problem has been in execution of the plan. Despite the business's unacceptable short-term financial performance, the new management team is highly motivated to achieve the business's original financial goals and potential. The priorities for 2008 will be on delivering strong account management for customers, improving customer facing systems and processes and ensuring that the business's information systems provide greater visibility and control.

City Link incurred one-off integration costs of £25.4 million in 2007 (2006: £1.3 million). The largest component of this, £16.3 million, is a provision for the costs of exiting surplus leasehold depots.

Facilities Services

The Facilities Services division now incorporates cleaning, catering, hospital services and building services. Cleaning, catering, hospital services and building services are provided individually, but also create the platform for multi-service contracts offering one point of customer contact. In addition, this division includes

the Group's specialist hygiene businesses and product supply companies. The bulk of the division's revenues and profits are derived in the UK. Cleaning is the division's largest operation.

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

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

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

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

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

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

In UK cleaning, market conditions during 2008 are expected to remain unchanged from 2007 with pressure on margins continuing, particularly in the retail sector. The business continues to roll out service initiatives to add value and differentiate itself from competitors. Retention and new business will be a key focus for 2008. In catering the focus for growth is on the business and industry segment but returns on education contracts are improving. In hospital services the business will continue to focus on growth opportunities outside the NHS.

Asia Pacific

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

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

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

Washroom services ended 2007 well ahead of 2006, achieving double-digit growth in revenue and profit in its key markets of Australia, Singapore, Malaysia, Indonesia and Hong Kong. Washroom 2007 revenue (excluding the associate business in Japan) was £74 million (2006: £61.7 million).

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

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

First Quarter 2008 revenue from Asia Pacific increased 28.8 per cent. year-on-year. The contract portfolio grew at an annualized rate of 7.5 per cent.. Operating profit rose 1.7 per cent. (3.4 per cent. if reallocated central charges are taken into account) but was £1 million below expectations, a result of a disappointing first quarter performance from the Australian residential pest control business and operational challenges experienced in the washroom business in Sydney. In residential pest control, most work is done on job (i.e. non-contract basis). Poor weather led to low job sales which reduced profit because the cost base has not yet been made sufficiently flexible to adapt changes to revenue. In washrooms, sales were behind plan and contract terminations higher than expected. Actions are underway to rectify both problems.

Other (South Africa)

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

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

Environmental Issues

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

Regulation

The Group is required in certain jurisdictions to comply with licensing requirements in relation to its security businesses (for example, manned guarding and electronic security). So far as the Group is aware, such businesses are in material compliance with the relevant legal requirements and, to date, none of such businesses have been prevented from operating by a failure to obtain or comply with the relevant licences.

Recent Developments

Recent Board Appointments

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

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

Recent Acquisitions

During the first quarter of 2008 the Group has purchased companies and businesses for a total consideration of approximately £21.1 million.

City Link

The new senior management team put in place at City Link has begun to address the operational problems within the division. This team, consisting largely of individuals experienced in running non-franchise networks, has already enjoyed some success in improving service levels and in re-establishing relationships with customers.

However, the declining performance trend of the fourth quarter of 2007 has continued into the first quarter of 2008. This is a result of the difficulties experienced in integrating the City Link franchisees and the Target Express acquisition with the core City Link business.

Although the full year outcome remains unclear, in light of first quarter trading and the current trends in revenue and costs, it now appears likely that the division will incur a significant full year loss.

The Group released an update on City Link's trading (21 April 2008) and its first quarter (2 May 2008) and more detail on this can be found in the City Link section above.

UNITED KINGDOM TAXATION

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

Interest on the Notes

Payment of interest on the Notes

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

Under section 930 of the ITA interest on the Notes may be paid without withholding or deduction on account of United Kingdom tax where, at the time of payment, the interest is paid by a company and the Issuer (and any other person by or through whom the interest is paid) reasonably believes that the beneficial owner of the interest is a company within the charge to United Kingdom corporation tax in respect of the payment, or where the interest otherwise constitutes an 'excepted payment' within the meaning of section 935 to 937 of the ITA, in each case provided that H.M. Revenue & Customs has not given a direction in relation to any particular payment that section 930 is not to apply to it.

Interest on the Notes will also be payable without withholding or deduction on account of United Kingdom tax in cases where the maturity of the Notes is less than 365 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom tax at the basic rate of income tax (currently 20 per cent.), subject to any direction to the contrary by H.M. Revenue & Customs under an applicable double taxation treaty.

Noteholders may wish to note that, in certain circumstances, H.M. Revenue & Customs has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. H.M. Revenue & Customs also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Notes which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person. H.M. Revenue & Customs published practice has stated that H.M. Revenue & Customs would not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2009. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by H.M. Revenue & Customs with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

EU Directive on the Taxation of Savings Income

Under the European Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (the **Programme Agreement**) dated 13 June 2008, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

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

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

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

- (a) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

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

- (i) in relation to any Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the **FIEL**) and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws and regulations of Japan.

General

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

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 14 July 2005 and 18 December 2007 and a resolution of the Euro Medium Term Note Programme committee of the Issuer dated 10 June 2008.

Listing of Notes

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market or Professional Securities Market, as applicable, will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market or Professional Securities Market, as applicable. The listing of the Programme in respect of Notes is expected to be granted on or before 18 June 2008.

Notes may be issued pursuant to the Programme which will not be admitted to the Official List or to trading on the London Stock Exchange or listed on any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

- (i) the Memorandum and Articles of Association of the Issuer;
- (ii) the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2007 and 31 December 2006 in each case together with the audit report prepared in connection therewith;
- (iii) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer. The Issuer currently prepares audited consolidated and non-consolidated accounts on an annual basis and unaudited consolidated interim accounts on a semi-annual basis;
- (iv) the Programme Agreement, the Trust Deed, the Guarantee (as defined below), the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (v) a copy of this Prospectus;
- (vi) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Prospectus and any other documents incorporated herein or therein by reference; and
- (vii) in the case of each issue of Notes admitted to trading on the London Stock Exchange's regulated market subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Guarantee of Rentokil Initial 1927 plc

All Notes issued under the Programme will be irrevocably and unconditionally guaranteed by way of a deed of guarantee (the **Guarantee**) dated 9 December 2005 by Rentokil Initial 1927 plc (the **Guarantor**).

The Guarantee is an unsecured, unsubordinated obligation of the Guarantor, guaranteeing all monies due under the Notes, and will terminate on the date on which the issue of GBP 250,000,000 6.125 per cent. Notes due 19 November 2008 (XS0138467237), which is the last issue of notes under the €2,500,000,000 Euro Medium Term Note Programme of Rentokil Initial 1927 plc, as constituted in 2001 and subsequently amended, to remain outstanding, ceases to be outstanding.

Clearing Systems

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

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

Conditions for determining price

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

Significant or Material Change

Except as disclosed in the section “*Recent Developments*” paragraph “*City Link*” on page 65 of this Prospectus, there has been no significant change in the financial or trading position of the Group since 31 December 2007. Except as disclosed in the section “*Recent Developments*” paragraph “*City Link*” on page 65 of this Prospectus, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2007.

Litigation

Neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Group.

Auditors

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

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

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

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

Post-issuance information

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

Dealers transacting with the Issuer and its affiliates

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

**REGISTERED AND HEAD OFFICE OF
THE ISSUER**

Portland House,
Bressenden Place,
London SW1E 5BH

TRUSTEE

HSBC Corporate Trustee Company (UK) Limited
8 Canada Square
London E14 5HQ

ISSUING AND PRINCIPAL PAYING AGENT

HSBC Bank plc
8 Canada Square
London E14 5HQ

PAYING AGENT

HSBC Institutional Trust Services (Ireland) Limited
HSBC House
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

LEGAL ADVISERS

To the Issuer
Denton Wilde Sapte LLP
1 Fleet Place
London EC4M 7WS

To the Dealers and the Trustee
Allen & Overy LLP
One Bishops Square
London E1 6AO

AUDITORS

To the Issuer
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

DEALERS

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB

HSBC Bank plc
8 Canada Square
London E14 5HQ

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

BNP PARIBAS
10 Harewood Avenue
London NW1 6AA

Mizuho International plc
Bracken House
One Friday Street
London EC4M 9JA

UBS Limited
1 Finsbury Avenue
London EC2M 2PP