



## InterContinental Hotels Group PLC

(incorporated with limited liability in England and Wales)

unconditionally and irrevocably guaranteed by

**SIX CONTINENTS LIMITED**

(incorporated with limited liability in England and Wales)

and

**INTERCONTINENTAL HOTELS LIMITED**

(incorporated with limited liability in England and Wales)

**£750,000,000 Euro Medium Term Note Programme**

InterContinental Hotels Group PLC (the “**Issuer**”) has established a Euro Medium Term Note Programme (the “**Programme**”) described in this Base Prospectus. Pursuant to the Programme, the Issuer may from time to time issue notes (“**Notes**”) unconditionally and irrevocably guaranteed by Six Continents Limited and InterContinental Hotels Limited (each a “**Guarantor**” and together, the “**Guarantors**”) up to the maximum aggregate principal amount of £750,000,000.

Notes will be issued in series (each a “**Series**”) in bearer form. Each Series may comprise one or more tranches (each a “**Tranche**”) issued on different issue dates. Each Tranche of Notes will be issued on the terms set out herein under “**Terms and Conditions of the Notes**” (the “**Conditions**”) as amended and/or supplemented by a document setting out the final terms of such Tranche (the “**Final Terms**”) or in a separate prospectus specific to such Tranche (the “**Drawdown Prospectus**”) as described under “**Final Terms and Drawdown Prospectuses**” below. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise. This Base Prospectus must be read and construed together with all documents incorporated by reference herein, any amendments or supplements hereto and, in relation to any Tranche of Notes which is the subject of Final Terms, must be read and construed together with the relevant Final Terms.

The Notes are constituted by, have the benefit of and are in all respects subject to an amended and restated trust deed dated 9 November 2012 (as amended, restated and/or supplemented from time to time, the “**Trust Deed**”) between the Issuer, the Guarantors and HSBC Corporate Trustee Company (UK) Limited (the “**Trustee**”, which expression shall include all persons appointed for the time being as trustee or trustees under the Trust Deed) as trustee for the holders of the Notes (the “**Noteholders**”). The Notes also have the benefit of an agency agreement dated 27 November 2009 (as amended, restated and/or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantors, the Trustee and HSBC Bank plc as principal paying agent (the “**Principal Paying Agent**”).

This Base Prospectus has been approved by the United Kingdom Financial Services Authority (the “**FSA**”), which is the United Kingdom competent authority for the purposes of the Prospectus Directive (as defined herein) and relevant implementing measures in the United Kingdom, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of Notes issued under the Programme described in this Base Prospectus during the period of twelve months after the date hereof. Applications have been made for the Notes to be admitted to listing on the Official List of the FSA and to trading on the Regulated Market of the London Stock Exchange plc (the “**London Stock Exchange**”) during the period of twelve months after the date hereof. The Regulated Market of the London Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Notes which are to be admitted to trading on a market which is a regulated market for the purposes of Directive 2004/39/EC (each a “**Regulated Market**”) or offered to the public in any Member State of the European Economic Area may only be issued under the Programme in minimum denominations of at least EUR100,000 (or its equivalent in another currency).

The Issuer has been rated BBB by Standard and Poor’s Credit Market Services Europe Limited (“**Standard and Poor’s**”). The Issuer’s senior long term debt obligations have been rated BBB by Standard and Poor’s. Standard and Poor’s is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) on credit rating agencies (the “**CRA Regulation**”). Certain Series of Notes to be issued under this Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings specified above and will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell, or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

*Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under “**Risk Factors**” below.*

Arranger

HSBC

Dealers

BoFA MERRILL LYNCH

HSBC

MITSUBISHI UFJ SECURITIES

CITIGROUP

LLOYDS BANK

THE ROYAL BANK  
OF SCOTLAND

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## IMPORTANT NOTICES

Unless otherwise specified, all references in this Prospectus to the “**Prospectus Directive**” refer to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) and all references to the “**2010 PD Amending Directive**” refer to Directive 2010/73/EU provided, however, that all references in this document to the “**Prospectus Directive**” in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and include any relevant implementing measure in the relevant Member State.

This Prospectus together with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”) constitutes a base prospectus (a “**Base Prospectus**”) for the purposes of Article 5.4 of the Prospectus Directive.

The Issuer and the Guarantors accept responsibility for the information contained in this Base Prospectus and any Final Terms and declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of their knowledge, in accordance with the facts and does not omit anything likely to affect its import.

Information contained in this Base Prospectus under the heading “*Description of the Issuer*” has been supplied by the Issuer. Neither Six Continents Limited nor InterContinental Hotels Limited accept any responsibility for the accuracy of such information, nor have they independently verified the accuracy of any such information.

Information contained in this Base Prospectus under the heading “*Description of Six Continents Limited*” has been supplied by Six Continents Limited. Neither the Issuer nor InterContinental Hotels Limited has verified the accuracy of any such information.

Information contained in this Base Prospectus under the heading “*Description of InterContinental Hotels Limited*” has been supplied by InterContinental Hotels Limited. Neither the Issuer nor Six Continents Limited has verified the accuracy of any such information.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer and the Guarantors and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantors, the Trustee or any Dealer.

Neither the Dealers nor any of their respective affiliates nor the Trustee have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. No Dealer nor the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer or the Guarantors in connection with the Programme. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer or the Guarantors since the date thereof or, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer, the Guarantors and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see “*Subscription and Sale*”. In particular, 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 U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the

Guarantors, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer or the Guarantors.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed £750,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into pounds sterling at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under “*Subscription and Sale*”.

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating of the Programme and will be specified in the relevant Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused. A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

***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 may wish to consider, either on its own or with the help of its financial or other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (d) understands thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;
- (e) is 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; and
- (f) is subject to legal investment laws and regulations, or review or regulation by certain authorities.

Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

In this Base Prospectus, unless otherwise specified, references to a “**Member State**” are references to a Member State of the European Economic Area, references to a “**Relevant Member State**” are references to a Member State which has implemented the Prospectus Directive, references to “**U.S.\$**”, “**U.S. dollars**” or “**dollars**” are to United States dollars, references to “**Euro**” “**euro**” are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union, as amended and references to “**£**” or “**sterling**” are to the lawful currency for the time being of the United Kingdom.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

**In connection with the issue of any Tranche of Notes, any Dealer or Dealers acting as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or 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

*This description of the Programme must be read as an introduction to this Base Prospectus, and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including all documents incorporated by reference.*

*Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Base Prospectus have the same meanings in this description.*

<b>Issuer:</b>	InterContinental Hotels Group PLC
<b>Guarantors:</b>	Six Continents Limited InterContinental Hotels Limited
<b>Risk Factors:</b>	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes and the Guarantors to fulfil their obligations under the Guarantees are discussed under “Risk Factors” below and include, without limitation, risks relating to the Notes and risks relating to the Issuer, the Guarantors and the Group generally.
<b>Arranger:</b>	HSBC Bank plc
<b>Dealers:</b>	Citigroup Global Markets Limited, HSBC Bank plc, Lloyds TSB Bank plc, Merrill Lynch International, Mitsubishi UFJ Securities International plc and The Royal Bank of Scotland plc and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
<b>Trustee:</b>	HSBC Corporate Trustee Company (UK) Limited
<b>Principal Paying Agent:</b>	HSBC Bank plc
<b>Final Terms or Drawdown Prospectus:</b>	Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as completed by the relevant Final Terms or, as the case may be, supplemented, amended and/or replaced by the relevant Drawdown Prospectus.
<b>Listing and Trading:</b>	Application has been made for Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List of the FSA and to trading on the Regulated Market of the London Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.
<b>Clearing Systems:</b>	Euroclear and/or Clearstream, Luxembourg, each as defined under “Forms of the Notes” below, and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
<b>Initial Programme Amount:</b>	Up to £750,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer and the Guarantors may increase the amount of the Programme at any time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under “Subscription and Sale”.

<b>Issuance in Series:</b>	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date, issue price and the amount of the first payment of interest may be different in respect of different Tranches.
<b>Forms of Notes:</b>	Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note which is not intended to be issued in new global note form (a “ <b>Classic Global Note</b> ” or “ <b>CGN</b> ”), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a “ <b>New Global Note</b> ” or “ <b>NGN</b> ”), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.
<b>Currencies:</b>	Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
<b>Status of the Notes:</b>	Notes will be issued on an unsubordinated basis and will constitute direct, general, unsubordinated and unconditional obligations of the Issuer, as described in “ <i>Terms and Conditions of the Notes – Status of the Notes and Guarantees.</i> ”
<b>Status of the Guarantees:</b>	The guarantees given by the Guarantors in the Trust Deed will constitute unsecured and unsubordinated obligations of the Guarantors, as described in “ <i>Terms and Conditions of the Notes – Status of the Notes and Guarantees.</i> ”
<b>Issue Price:</b>	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
<b>Maturities:</b>	Such maturity as may be agreed between the Issuer and the relevant Dealer(s), subject to such minimum or maximum maturities as may be allowed or required from time to time by the Bank of England (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant currency.  Any Notes having a maturity of less than one year must (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the

purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer.

- Redemption:** Notes may be redeemable at par or at such other redemption amount (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms.
- Optional Redemption:** Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or at the option of the Noteholders to the extent (if at all) specified in the relevant Final Terms.
- Change of Control Redemption:** Notes may be redeemed before their stated maturity at the option of the Noteholders to the extent (if at all) specified in the relevant Final Terms following the occurrence of a Change of Control Put Event (as defined in the Conditions).
- Tax Redemption:** Except as described in “*Optional Redemption*” above, early redemption will only be permitted for tax reasons as described in Condition 9(b) (*Redemption and Purchase – Redemption for tax reasons*).
- Interest:** Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
- Denominations:** Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, **PROVIDED THAT** Notes which are to be admitted to trading on a Regulated Market or offered to the public in any Member State will only be issued in minimum denominations of at least EUR100,000 (or its equivalent in another currency). Notes may be issued under the Programme in minimum Specified Denominations and integral multiples in excess thereof of another smaller amount.
- Negative Pledge:** The Notes will have the benefit of a negative pledge as further described in Condition 5 (*Negative Pledge*).
- Cross Default:** The Notes will have the benefit of a cross default provision as further described in Condition 12(c) (*Events of Default – Cross Default*).
- Taxation:** All payments in respect of Notes will be made free and clear of withholding taxes of the United Kingdom, unless the withholding is required by law. In that event, the Issuer and/or the Guarantors, as the case may be, will (subject as provided in Condition 11 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
- Governing Law:** The Notes, the Agency Agreement and the Trust Deed, and any non-contractual obligations arising out of or in connection with the Notes, the Agency Agreement and the Trust Deed, are governed by, and construed in accordance with, English law.
- Ratings:** Notes issued under the Programme may be rated or unrated. A rating is not a recommendation to buy, hold or sell securities and may be subject to suspension, or withdrawal at any time. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating of the Programme and will be specified in the relevant Final Terms.



**Selling Restrictions:**

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the United Kingdom and Japan, see “*Subscription and Sale*” below.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Base Prospectus contains certain forward-looking statements about the Issuer and the Guarantors. The Issuer and the Guarantors believe such forward-looking statements, identified by words such as ‘anticipates’, ‘believes’, ‘expects’, ‘intends’, ‘may’, ‘will’, or ‘should’ or in each case their negative, or other variations or comparable terminology are based on reasonable assumptions. However, forward-looking statements involve inherent risks and uncertainties such as those summarised below, and may be influenced by factors beyond the Issuer’s and the Guarantors’ control and/or may have actual outcomes materially different from the Issuer’s and the Guarantors’ expectations. There can be no assurance that the results and events contemplated by the forward-looking statements contained in this Base Prospectus will, in fact, occur. These forward-looking statements speak only as at the date of this Base Prospectus. The Issuer and the Guarantors will not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Base Prospectus except as required by law or by any appropriate regulatory authority.

## RISK FACTORS

*The Issuer and the Guarantors believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantors to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer or the Guarantors based on information currently available to them or which they may not currently be able to anticipate and neither the Issuer nor the Guarantors 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, or incorporated by reference in, this Base Prospectus and the applicable Final Terms and reach their own views prior to making any investment decision.*

*Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Base Prospectus have the same meanings in this section.*

### **RISKS RELATING TO THE ISSUER AND ITS BUSINESS**

This section describes the risks that could materially affect the business of the Issuer, the Guarantors and their subsidiaries (together, the “**Group**”). The risks below are not the only ones that the Group faces. All of these risks could materially affect the Group’s business, revenue, operating profit, earnings, net assets and liquidity and/or capital resources.

#### ***The Issuer and the Guarantors are reliant upon dividend and other payments being received from their respective subsidiaries***

The Issuer is the holding company of the Group and the Guarantors are intermediate holding companies of the Group. Accordingly, substantially all of the assets of the Issuer and the Guarantors are comprised of their respective shareholdings in other companies in the Group. The ability of the Issuer to satisfy any payment obligations under the Notes, and the ability of the Guarantors to perform their obligations under the Guarantees, will be dependent on dividend and/or other payments received by the Issuer or, as applicable, the Guarantors, from other members of the Group.

#### ***The Group is exposed to the risks of political and economic developments***

The Group is exposed to political, economic and financial market developments such as recession, inflation, availability of credit and currency fluctuations that could lower revenues and reduce income. A recession reduces leisure and business travel to and from affected countries and adversely affects room rates and/or occupancy levels and other income-generating activities. This may result in deterioration of results of operations and potentially reduce the value of properties in affected economies. The owners or potential owners of hotels franchised or managed by the Group face similar risks which could adversely impact the Group’s ability to retain and secure franchise or management agreements. As the Group operates across numerous countries and territories, such events in countries or territories where a significant proportion of the Group’s hotels is based may adversely affect the Group’s financial performance. More specifically, the Group is highly exposed to the US market and, accordingly, is particularly susceptible to adverse changes in the US economy.

#### ***The Group is exposed to the risk of events that adversely impact domestic or international travel***

The room rates and occupancy levels of the hotels in the Group’s portfolio could be adversely impacted by events that reduce domestic or international travel, such as actual or threatened acts of terrorism or war, political or civil unrest, epidemics, travel-related accidents, travel-related industrial action, increased transportation and fuel costs and natural disasters, resulting in reduced worldwide travel or other local factors impacting individual hotels. A decrease in the demand for hotel rooms as a result of such events may have an adverse impact on the Group’s operations and financial results. In addition, inadequate preparedness, contingency planning or recovery capability in relation to a major incident or crisis may prevent operational continuity and consequently impact the value of the brand or the reputation of the Group.

#### ***The Group is exposed to the risks of the hotel industry supply and demand cycle***

The future operating results of the Group could be adversely affected by industry overcapacity (by number of rooms) and weak demand due, in part, to the cyclical nature of the hotel industry, or other differences between planning assumptions and actual operating conditions. Reductions in room rates and occupancy levels would adversely impact the results of Group operations.

***The Group is exposed to a variety of risks related to identifying, securing and retaining franchise and management agreements***

The Group's growth strategy depends on its success in identifying, securing and retaining franchise and management agreements. This is an inherent risk for the hotel industry and franchise business model. Competition with other hotel companies may generally reduce the number of suitable franchise, management and investment opportunities offered to the Group and increase the bargaining position of property owners seeking to become a franchisee or engage a manager. The terms of new franchise or management agreements may not be as favourable as current arrangements and the Group may not be able to renew existing arrangements on similarly favourable terms or at all.

There can also be no assurance that the Group will be able to identify, retain or add franchisees to the Group's system or to secure management contracts. For example, the availability of suitable sites, market saturation, planning and other local regulations or the availability and affordability of finance may all restrict the supply of suitable hotel development opportunities under franchise or management agreements. In connection with entering into franchise or management agreements, the Group may be required to make investments in, or guarantee the obligations of, third-parties or guarantee minimum income to third-parties. There are also risks that significant franchisees or groups of franchisees may have interests that conflict, or are not aligned, with those of the Group including, for example, the unwillingness of franchisees to support brand improvement initiatives. This could result in franchisees exiting the system which would adversely impact overall system size.

In addition, changes in legislation or regulatory changes may be implemented that have the effect of favouring franchisees relative to brand owners.

***The Group is exposed to inherent risks in relation to changing technology and systems***

The Group is reliant upon certain technologies and systems (including IT systems) for the running of its business, particularly those which are highly integrated with business operational processes. Disruption to those technologies or systems could adversely affect the efficiency of the business, notwithstanding business continuity or disaster recovery processes. The Group may have to make substantial additional investments in new technologies or systems to remain competitive. Failing to keep pace with developments in technologies or systems may put the Group at a competitive disadvantage. The technologies or systems that the Group chooses may not be commercially successful or the technology or system strategy employed may not be sufficiently aligned with the needs of the business or responsive to changes in business strategy. As a result, the Group could lose customers, fail to attract new customers or incur substantial costs or face other losses.

***The Group is reliant on the reputation of its brands and the protection of its intellectual property rights***

Any event that materially damages the reputation of one or more of the Group's brands and/or fails to sustain the appeal of the Group's brands to its customers may have an adverse impact on the value of that brand and subsequent revenues from that brand or business.

In particular, where the Group is unable to enforce adherence to its safety or operating and quality standards, or the significant regulations applicable to hotel operations, pursuant to its franchise and management agreements, there may be further adverse impact upon brand reputation or customer perception and therefore the value of the Group's brands.

In addition, the value of the Group's brands is influenced by a number of other factors, some of which may be outside the Group's control, including commoditisation (whereby price and/or quality becomes relatively more important than brand identifications due, in part, to the increased prevalence of third-party intermediaries), consumer preference and perception, or other factors affecting consumers' willingness to purchase goods and services.

Given the importance of brand recognition to the Group's business, the Group has invested considerable resources in protecting its intellectual property, including registration of trademarks and domain names. However, the controls and laws globally are variable and subject to change. Any widespread infringement, misappropriation or weakening of the control environment could materially harm the value of the Group's brands and its ability to develop its business.

***The Group requires the right people, skills and capability to manage growth and change***

In order to remain competitive, the Group must employ the right people. This includes hiring and retaining highly skilled employees with particular expertise or leadership capability. The implementation of the Group's strategic business plans could be undermined by a failure to build a resilient corporate culture, recruit or retain key personnel, the unexpected loss of key senior

employees, failures in the Group's succession planning and incentive plans, or a failure to invest in the development of key skills.

Some of the markets in which the Group operates are experiencing economic growth and the Group must compete against other companies inside and outside the hospitality industry for suitably qualified or experienced employees. Furthermore, some emerging markets may not have the required local expertise to operate a hotel and may not be able to attract the right talent. Failure to attract and retain employees may threaten the success of the Group's operations in these markets. Additionally, unless skills are supported by a sufficient infrastructure to enable knowledge and skills to be passed on, the Group risks losing accumulated knowledge if key employees leave the Group.

***The Group is reliant upon its proprietary reservations system and is exposed to the risk of failures in the system and increased competition in reservations infrastructure***

The value of the Group's brands is partly derived from the ability to drive reservations through its proprietary HolidexPlus reservations system, a central repository of the Group's hotel room inventories linked electronically to multiple sales channels including the Group's own websites, call centres and hotels, third-party intermediaries and travel agents.

Lack of resilience and operational availability could lead to prolonged service disruption and may result in significant business interruption and subsequent impact on revenues. Lack of investment in these systems may also result in reduced ability to compete. Additionally, failure to maintain an appropriate technology strategy and select the right technology partners could erode the Group's long-term competitiveness.

***The Group is exposed to risks related to information security***

The Group is increasingly dependent upon the availability, integrity and confidentiality of information including, but not limited to, guest and employee credit card, financial and personal data, business performance and financial reporting.

The reputation and performance of the Group may be adversely affected if it fails to maintain confidentiality of information and ensure relevant controls are in place to enable the release of information through appropriate channels only and in a timely and accurate manner.

***The Group is exposed to a variety of risks associated with its financial stability and ability to borrow and satisfy debt covenants***

While the strategy of the Group is to extend the hotel network through activities that do not involve significant amounts of its own capital, the Group does require capital to fund some development opportunities and to maintain and improve owned hotels. The Group is reliant upon having financial strength and access to borrowing facilities to meet these expected capital requirements. The majority of the Group's borrowing facilities are only available if the financial covenants in the facilities are complied with. Adverse changes to trading conditions could impact on the Group's ability to comply with such covenants and non-compliance with covenants could result in the lenders demanding repayment of the funds advanced. If the Group's financial performance does not meet market expectations, it may not be able to refinance existing facilities on favourable terms.

***The Group is exposed to risks relating to interest rate fluctuation and foreign exchange risks***

The Group is exposed to interest rate risks and foreign exchange risks on its income streams and in connection with its net investments in foreign operations. The Group uses a variety of derivative financial instruments including swaps and forwards as a part of its overall risk management strategy. Such derivative financial instruments are used to manage the Group's exposure to interest rate and/or foreign exchange risks. There can be no assurance that such arrangements will adequately protect the Group and the Group could be adversely affected.

***The Group is required to comply with existing and changing regulations across numerous countries, territories and jurisdictions***

Governmental regulations affect many aspects of the Group's business ranging from corporate governance, health and safety, environmental, bribery and corruption, employment law and diversity, disability access, relationships, data privacy and information protection, financial, accounting and tax. Regulatory changes may require significant changes to the way the business operates and may inhibit the Group's strategy including the markets the Group operates in, brand protection, and use or transmission of customer data. If the Group fails to comply with existing or changing regulations, it may be subject to fines, prosecution, loss of licence to operate or reputational damage.

***The Group is exposed to the risk of litigation***

The Group could be at risk of litigation from many parties, including guests, customers, joint venture partners, suppliers, employees, regulatory authorities, franchisees and/or the owners of hotels it manages. Claims filed in the US may involve class actions and/or include requests for punitive damages as well as compensatory damages. Exposure to costs of defending claims, unfavourable outcomes of litigation or fines imposed by regulatory authorities may adversely affect the Group's financial performance as well as the reputation of the Group and its brands.

***The Group is exposed to risks related to corporate responsibility***

The reputation of the Group and the value of its brands are influenced by a wide variety of factors, including the perception of stakeholder groups such as the communities in which the Group operates. The social and environmental impacts of business are under increasing scrutiny, and the Group is exposed to the risk of damage to its reputation if it fails to demonstrate sufficiently responsible practices, ethical behaviour, or fails to comply with relevant regulatory requirements.

***The Group is exposed to funding risks in relation to the defined benefits under its pension plans***

The Group is required by law to maintain a minimum funding level in relation to its ongoing obligation to provide current and future pensions for members of its UK pension plans who are entitled to defined benefits. The contributions payable by the Group must be set with a view to making prudent provision for the benefits accruing under the plans of the Group.

In particular, the trustees of the Group's UK defined benefit plan may demand increases to the contribution rates relating to the funding of this plan, which would oblige relevant employers of the Group to contribute extra amounts. The trustees must consult the plan's actuary and principal employer before exercising this power. In practice, contribution rates are agreed between the Group and the trustees on actuarial advice, and are set for three-year terms.

***The Group may face difficulties insuring its business***

Historically, the Group has maintained insurance at levels determined to be appropriate in light of the cost of cover and the risk profiles of the business in which it operates. However, forces beyond its control, including those related to the market, may limit the scope of coverage the Group can obtain and its ability to obtain coverage at reasonable rates. Other forces beyond the Group's control, such as terrorist attacks or natural disasters may be uninsurable or simply too expensive to insure. Inadequate or insufficient insurance could expose the Group to large claims or could result in the loss of capital invested in properties, as well as the anticipated future revenue from properties, and could leave the Group responsible for guarantees, debt or other financial obligations related to such properties.

**RISKS RELATING TO THE NOTES**

***Notes subject to optional redemption by the Issuer***

An optional redemption feature is likely to limit the market value of Notes. During any period where 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 may also 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 such 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.

***Zero Coupon Notes***

Zero coupon notes do not pay current interest but are issued at a discount from their nominal value. Instead of periodic interest payments, the difference between the redemption price and the issue price constitutes interest income until maturity and reflects the market interest rate. A holder of zero coupon notes is exposed to the risk that the price of such notes falls as a result of changes in the market interest rate. Prices of zero coupon notes are more volatile than prices of fixed rate notes and are likely to respond to a greater degree to market interest rate changes than interest bearing notes with a similar maturity.

### ***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 terms of a security, the greater the price volatility as compared to a conventional interest-bearing security with comparable maturity.

### ***There is no active trading market for the Notes***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Guarantors. Although applications have been made for the Notes issued under the Programme to be admitted to the Official List of the FSA and to trading on the Regulated Market of the London Stock Exchange, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

### ***Global economic conditions***

Since mid-2007, and particularly during the second half of 2008, the financial services industry and the securities markets generally were materially and adversely affected by significant declines in the values of nearly all asset classes and by a serious lack of liquidity. The global markets have been characterised by substantially increased volatility and short-selling and an overall loss of investor confidence, initially in financial institutions, but more recently in companies in a number of other industries and in the broader markets. Declining asset values, defaults on mortgages and consumer loans, the lack of market and investor confidence and other factors have all combined to increase credit default swap rates, to cause rating agencies to lower credit ratings, and to otherwise increase the cost and to decrease the availability of credit, despite very significant declines in central bank borrowing rates and other government actions. Banks and other lenders have suffered significant losses and have become reluctant to lend, even on a secured basis, due to the increased risk of default and the impact of declining asset values on the value of collateral. Since 2008, governments and regulators worldwide have taken numerous steps to increase liquidity and to restore investor confidence, but access to credit continues to be limited. Adverse changes in the global credit markets may adversely affect the borrowing capacity and the cost of borrowing of the Issuer and the Guarantors.

In addition, holders of Notes should be aware that, in view of the prevailing and widely reported global credit market conditions (which continue at the date hereof), the secondary market for Notes and instruments of this kind may be illiquid. The Issuer and the Guarantors cannot predict when these circumstances will change.

### ***The Notes may be redeemed prior to maturity***

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof or any authority

therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at the Issuer's option in certain other circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

***Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfers, payments and communications with the Issuer***

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or, as the case may be, common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

***Modification, waivers and substitution***

The Conditions 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 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.

***Change of law***

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

***Notes with integral multiples***

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the Specified Denomination that are not integral multiples of the Specified Denomination. Noteholders who, as a result of trading such amounts, hold a principal amount of Notes other than a multiple of the minimum Specified Denomination will receive definitive Notes in respect of their holding (provided that the aggregate amount of Notes they hold is in excess of the minimum Specified Denomination), however, any such definitive Notes which are printed in denominations other than the minimum Specified Denomination may be illiquid and difficult to trade. Furthermore, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination 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.



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

Under EC Council Directive 2003/48/EC (the “**Directive**”) on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during such 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). The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

### **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 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 (as appropriate) 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.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the

European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused.

Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating of the Programme and will be specified in the relevant Final Terms.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents (excluding all information incorporated by reference in any such documents either expressly or implicitly and excluding any information or statements included in any such documents either expressly or implicitly that is or might be considered to be forward looking) which have previously been published or are provided simultaneously with this Base Prospectus and have been approved by the Financial Services Authority or filed with it, shall be incorporated in, and to form part of, this Base Prospectus:

- the audited consolidated financial statements (including the notes and the auditors' report in respect thereof) of the Issuer for the financial year ended 31 December 2010, as set out on pages 61 to 114 of the Issuer's Annual Report and Financial Statements 2010;
- the audited consolidated financial statements (including the notes and the auditors' report in respect thereof) of the Issuer for the financial year ended 31 December 2011, as set out on pages 69 to 122 of the Issuer's Annual Report and Financial Statements 2011;
- the unaudited consolidated interim financial statements of the Issuer for the three and six months ended 30 June 2012;
- the unaudited consolidated financial results of the Issuer for the three and nine months ended 30 September 2012; and
- the Terms and Conditions set out on pages 24 to 54 of the Issuer's Base Prospectus dated 27 November 2009,

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication, or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

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

Copies of the documents incorporated by reference in this Base Prospectus are available on the website of the London Stock Exchange plc at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or, as the case may be, a Drawdown Prospectus, for use in connection with any subsequent issue of Notes.

The Issuer has undertaken to the Dealers in the Dealer Agreement (as defined in "Subscription and Sale" below) to comply with section 87 of the Financial Services and Markets Act 2000, as amended, (the "FSMA").

## FINAL TERMS AND DRAWDOWN PROSPECTUSES

In this section the expression “**necessary information**” means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the Guarantors and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has endeavoured to include in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Final Terms or in a Drawdown Prospectus, as determined by the Issuer and the Guarantors.

For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Conditions as completed by the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and/or the Guarantors and the relevant Notes or (2) by a registration document (the “**Registration Document**”) containing the necessary information relating to the Issuer and/or the Guarantors, a securities note (the “**Securities Note**”) containing the necessary information relating to the relevant Notes and, if necessary, a summary note. In addition, if the Drawdown Prospectus is constituted by a Registration Document and a Securities Note, any significant new factor, material mistake or inaccuracy relating to the information included in the Registration Document which arises or is noted between the date of the Registration Document and the date of the Securities Note which is capable of affecting the assessment of the relevant Notes will be included in the Securities Note.

## FORMS OF NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (the “**Temporary Global Note**”), without interest coupons, or a permanent global note (the “**Permanent Global Note**”), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Global Note**”) which is not intended to be issued in new global note (“**NGN**”) form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006, the European Central Bank (the “**ECB**”) announced that Notes in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ESCB credit operations” of the central banking system for the euro (the “**Eurosystem**”), **PROVIDED THAT** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

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

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

### **Temporary Global Note exchangeable for Permanent Global Note**

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for a Permanent Global Note”, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note from the 40th day after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (a) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and
- (b) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; **PROVIDED, HOWEVER, THAT** in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”):

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or, (b) any of the circumstances described in Condition 12 (*Events of Default*) occurs or (c) 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.

For the avoidance of doubt, Notes will only be issued with a minimum Specified Denomination and in integral multiples of another smaller amount in excess thereof if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note” in accordance with paragraph (c) above.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

#### **Temporary Global Note exchangeable for Definitive Notes**

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes from the 40th day after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes from the 40th day after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

#### **Permanent Global Note exchangeable for Definitive Notes**

If the relevant Final Terms specifies the form of Notes as being “Permanent Global Note exchangeable for Definitive Notes”, then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Trustee is then in existence or (b) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly

authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange,

**Terms and Conditions applicable to the Notes**

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “*Summary of Provisions Relating to the Notes while in Global Form*” below.

**Legend concerning United States persons**

In the case of any Tranche of Notes having a maturity of more than one year, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear the following legend:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions Relating to the Notes while in Global Form” below.

### 1. Introduction

#### (a) Programme

InterContinental Hotels Group PLC (the “**Issuer**”) has established a Euro Medium Term Note Programme (the “**Programme**”) for the issuance of up to £750,000,000 in aggregate principal amount of notes (the “**Notes**”) unconditionally and irrevocably guaranteed by Six Continents Limited (“**Six Continents**”) and by InterContinental Hotels Limited (“**Intercontinental**”) and, together with Six Continents, each a “**Guarantor**” and together, the “**Guarantors**”).

#### (b) Final Terms

Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of final terms (the “**Final Terms**”) which supplements these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented and amended by the relevant Final Terms.

#### (c) Trust Deed

The Notes are constituted by, have the benefit of and are in all respects subject to an amended and restated trust deed dated 9 November 2012 (as amended, restated and/or supplemented from time to time, the “**Trust Deed**”) between the Issuer, the Guarantors and HSBC Corporate Trustee Company (UK) Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below).

#### (d) Agency Agreement

The Notes are the subject of an agency agreement dated 27 November 2009 (the “**Agency Agreement**”) between the Issuer, the Guarantors, HSBC Bank plc as principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor principal paying agent appointed from time to time in connection with the Notes) and the Trustee.

#### (e) Guarantees

Each of the Guarantors has in the Trust Deed given an unconditional and irrevocable guarantee (each a “**Guarantee**” and together, the “**Guarantees**”) on a joint and several basis for the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons.

#### (f) The Notes

All subsequent references in these Conditions to “**Notes**” are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing during normal business hours and copies may be obtained from the Specified Office(s) of the Paying Agent(s), the initial Specified Office of the Principal Paying Agent being set out at the end of these Conditions. If the Notes are to be admitted to trading on the regulated market of the London Stock Exchange, the relevant Final Terms will be published on the website of the London Stock Exchange through a regulatory information service.

#### (g) Summaries

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the “**Noteholders**”) and the holders of the related interest coupons, if any, (the “**Coupon holders**” and the “**Coupons**”, respectively) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Office(s) of the Paying Agent(s).



## 2. Interpretation

### (a) Definitions

In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the relevant Final Terms;

“**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Additional Financial Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Additional Rating Agency**” means Moody’s and Fitch;

“**Borrowings**” means, as at any particular time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on redemption) of the Financial Indebtedness of members of the Group, other than:

- (a) any indebtedness referred to in paragraph (g) of the definition of Financial Indebtedness;
- (b) any Project Finance Indebtedness; and
- (c) any indebtedness referred to in paragraphs (f)(ii), (i) and (j) of the definition of Financial Indebtedness except, in the case of paragraphs (i) and (j), to the extent any such obligation or liability specified in such paragraphs has been provided for in the annual audited consolidated financial statements or interim unaudited consolidated financial statements of the Group or is disclosed as a contingency in the notes thereto and is quantified,

and deducting, to the extent included, amounts attributable to interests of third parties in members of the Group.

For this purpose, any amount outstanding or repayable in a currency other than U.S.\$ shall on that day be taken into account in its U.S.\$ equivalent at the rate of exchange that would have been used had an audited consolidated balance sheet of the Group been prepared as at that day in accordance with IFRS as applicable to the Original Financial Statements;

“**Business Day**” means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

“**Business Day Convention**”, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred, provided, however, that:
  - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

- (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) **“No Adjustment”** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**“Calculation Agent”** means the Principal Paying Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) and/or Redemption Amount(s);

**“Calculation Amount”** has the meaning given in the relevant Final Terms;

a **“Change of Control”** will be deemed to have occurred if:

- (a) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) 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; or
- (b) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006) whose shareholders are or are to be substantially similar to the pre-existing shareholders of any direct or indirect holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of any direct or indirect holding company of the Issuer or (B) shares in the capital of any direct or indirect holding company of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the any such direct or indirect holding company of the Issuer;

**“Change of Control Optional Redemption Amount”** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**“Change of Control Optional Redemption Date”** has the meaning given in the relevant Final Terms;

**“Change of Control Period”** means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

a **“Change of Control Put Event”** will be deemed to occur if a Change of Control has occurred and:

- (a) on the Relevant Announcement Date, the Notes carry from any Rating Agency:
  - (i) an investment grade credit rating (Baa3/BBB-, or equivalent, or better), and such rating from any Rating Agency is, within the Change of Control Period, either downgraded to a Non-Investment Grade Rating or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
  - (ii) a Non-Investment Grade Rating and such rating from any Rating Agency is, within the Change of Control Period, either downgraded by one or more notches (by way of example, Ba1 to Ba2 being one notch) or withdrawn and is not, within the Change

of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or

- (iii) no credit rating and a Negative Rating Event also occurs within the Change of Control Period, provided that if, at the time of the occurrence of the Change of Control, the Notes carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then subparagraph (i) will apply; and
- (b) in making any decision to downgrade or withdraw a credit rating pursuant to paragraphs (i) and (ii) above or not to award a credit rating of at least investment grade as described in paragraph (ii) of the definition of “Negative Rating Event”, 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 or the Relevant Potential Change of Control Announcement;

“**Change of Control Put Event Notice**” means the notice to be given pursuant to Condition 9(f) (*Change of Control redemption*) by the Issuer or, as the case may be, the Trustee to the Noteholders in accordance with Condition 18 (*Notices*) specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option;

“**Change of Control Put Option**” means the option of the Noteholders exercisable pursuant to Condition 9(f) (*Change of Control redemption*);

“**Change of Control Put Period**” means the period of 45 days after a Change of Control Put Event Notice is given;

“**Consolidated Gross Assets**” means the consolidated current assets plus consolidated non-current assets of the Group;

“**Coupon Sheet**” means, in respect of a Note, a coupon sheet relating to the Note;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if “**Actual/Actual (ICMA)**” is so specified, means:
  - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of: (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if “**30/360**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30”;

- (f) if “**30E/360**” or “**Eurobond Basis**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

- (g) if “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation 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

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation 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,

**PROVIDED, HOWEVER, THAT** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

**“Early Redemption Amount (Tax)”** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**“Early Termination Amount”** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**“EBITDA”** means, in relation to any Relevant Period, the total consolidated operating profit of the Group for that Relevant Period:

- (a) before taking into account:
  - (i) Net Interest Payable;
  - (ii) Tax; and
  - (iii) all exceptional items; and
- (b) after adding back all amounts provided for depreciation and amortisation; and
- (c) deducting, to the extent included, amounts attributable to interests of third parties in members of the Group;

**“Extraordinary Resolution”** has the meaning given in the Trust Deed;

**“Final Redemption Amount”** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**“Financial Indebtedness”** means any indebtedness (without double counting) for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock, commercial paper or any similar instrument (entered into or issued primarily as a method of raising finance) **PROVIDED THAT** Notes from time to time issued and outstanding under the Programme shall at the relevant time be valued as Financial Indebtedness having regard to the net effect of the marked to market value of any related interest and currency hedging arrangements in effect at that time;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold or discounted on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) required by IFRS to be shown as a borrowing in the audited consolidated balance sheet of the Group;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) shares which are expressed to be redeemable prior to 2 May 2013;
- (i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution; and
- (j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above,

but excluding indebtedness owing by a member of the Group to another member of the Group;

**“First Interest Payment Date”** means the date specified in the relevant Final Terms;

**“Fitch”** means Fitch Ratings Ltd. or any successor;

**“Fixed Coupon Amount”** has the meaning given in the relevant Final Terms;

**“Group”** means the Issuer and its Subsidiaries for the time being;

“**Gross Redemption Yield**” on the Notes and on the Reference Stock will be expressed as a percentage and will be calculated by the Calculation Agent on the basis as published by the Treasury Publisher on an annual compounding basis rounded up (if necessary) to three decimal places, 0.0005 being rounded up, or on such other basis as the Trustee may in its sole discretion approve;

“**Guarantee**” and “**Guarantees**” have the meaning stated in Condition 1(e);

“**Guarantor**” and “**Guarantors**” have the meaning stated in Condition 1(a);

“**IFRS**” means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements;

“**Indebtedness**” means 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 or any borrowed money or any liability under or in respect of any acceptance or acceptance credit;

“**Interest Amount**” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“**Interest Commencement Date**” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

“**Interest Determination Date**” has the meaning given in the relevant Final Terms;

“**Interest Payment Date**” means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“**Interest Period**” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“**ISDA Definitions**” means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

“**Issue Date**” has the meaning given in the relevant Final Terms;

“**Make Whole Amount**” means, in respect of any Note, the higher of:

- (a) its principal amount; or
- (b) an amount equal to the product of the Calculation Amount and the price, expressed as a percentage (rounded to three decimal places, 0.0005 being rounded up), at which the Gross Redemption Yield on the Note, if it were to be purchased at such price on the third dealing day prior to the date of publication of the notice of redemption, would be equal to the sum of the Make Whole Premium (expressed as a percentage) and the Gross Redemption Yield on such dealing day of the Reference Treasury or, if such stock is no longer in issue, of such other government stock issued by the central government of such sovereign country that issued the Reference Treasury as the Trustee, with the advice of three leading brokers operating in the Reference Treasury market and/or the Reference Treasury market makers or such other three persons operating in the Reference Treasury market as the Trustee may approve, shall determine to be appropriate (the “**Reference Stock**”) on the basis of the middle market price of the Reference Stock prevailing at 11.00 a.m. on such dealing day as determined by the Calculation Agent;

“**Make Whole Premium**” has the meaning given in the relevant Final Terms;

“**Margin**” has the meaning given in the relevant Final Terms;

“**Material Subsidiary**” means, at any time, any Subsidiary of the Issuer:

- (a) whose gross assets represent 10 per cent. or more of Consolidated Gross Assets or whose EBITDA represents 5 per cent. or more of consolidated EBITDA of the Group, in each case, as calculated by reference to the latest financial statements of such Subsidiary (which shall be audited if such statements are prepared by that Subsidiary) and the latest audited consolidated financial statements of the Group adjusted in such manner as the auditors of the Issuer may determine (which determination shall be conclusive in the absence of manifest error) (i) to reflect the gross assets and EBITDA of any person which has become or ceased to be a member of the Group since the end of the financial year to which the latest audited consolidated financial statements of the Group relate where such adjustment is requested by the Issuer and (ii) so that for the purposes of this definition, the gross assets of the relevant Subsidiary shall be calculated on the same basis as Consolidated Gross Assets are calculated and/or, as the case may be, EBITDA of the relevant Subsidiary shall be calculated on the same basis as consolidated EBITDA for the Group (but, in each case, relating only to the relevant Subsidiary) and making such adjustments and eliminations as are required to show the same as the contribution of the relevant Subsidiary to Consolidated Gross Assets and/or, as the case may be, consolidated EBITDA of the Group; or
- (b) to which is transferred all or substantially all of the business, undertaking or assets of a Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon the transferor Subsidiary shall cease to be a Material Subsidiary and the transferee Subsidiary shall become a Material Subsidiary under this sub-paragraph (b) upon the completion of such transfer;

Any determination made by the auditors of the Issuer as to whether a Subsidiary of the Issuer is or is not a Material Subsidiary at any time shall be conclusive in the absence of manifest error. The Trustee may rely on a report of the auditors of the Issuer, whether or not addressed to the Trustee, that, in their opinion, a Subsidiary is a Material Subsidiary, without liability to any person and without further enquiry or evidence, notwithstanding that such 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 and notwithstanding that the scope and/or basis of such a report may be limited by any engagement or similar letter or by the terms of the report itself.

“**Maturity Date**” has the meaning given in the relevant Final Terms;

“**Maximum Redemption Amount**” has the meaning given in the relevant Final Terms;

“**Minimum Redemption Amount**” has the meaning given in the relevant Final Terms;

“**Moody’s**” means Moody’s Investors Service, Inc. or any successor;

a “**Negative Rating Event**” shall be deemed to have occurred if at such time as there is no rating assigned to the Notes by a Rating Agency (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes, or any other unsecured and unsubordinated debt of the Issuer or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a rating of at least investment grade by the end of the Change of Control Period;

“**Net Interest Payable**” means, in relation to any Relevant Period, the aggregate amount of interest and any other finance charges accrued by the Group in that Relevant Period in respect of Borrowings including:

- (a) the interest element of leasing and hire purchase payments;
- (b) commitment fees, commissions and guarantee fees; and
- (c) amounts in the nature of interest payable in respect of any shares other than equity share capital,

adjusted (but without double counting) by:

- (i) deducting interest income of the Group in respect of that Relevant Period;

- (ii) adding back the net amount payable (or deducting the net amount receivable) by members of the Group in that Relevant Period as a result of close-out or termination of any interest or (so far as they relate to interest) currency hedging activities;
- (iii) adding back the amount payable as a premium on any bond buy-back by members of the Group in that Relevant Period;
- (iv) deducting, to the extent included, the amount payable by members of the Group in that Relevant Period for arrangement or related fees in respect of Borrowings (to include, for the avoidance of doubt, underwriting, syndication and fees of a similar nature); and
- (v) deducting, to the extent included, the amount of interest and other finance charges attributable to interests of third parties in members of the Group and adjusting, as appropriate, the additions or deductions specified in paragraphs (i) to (iv) (inclusive) above as a consequence of interests of third parties in members of the Group,

but shall exclude in relation to the Relevant Period (A) net mark-to-market gains or losses on revaluation of financial instruments, and (B) for the avoidance of doubt, any amount of interest paid to the Group's loyalty programme on the accumulated balance of cash received in advance of the redemption of loyalty points awarded;

**“Non-Investment Grade Rating”** means a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse);

**“Optional Redemption Amount (Call)”** means, in respect of any Note, its principal amount or, if specified in the relevant Final Terms, the Make Whole Amount;

**“Optional Redemption Amount (Put)”** means, in respect of any Note, its principal amount or such other amount as may be specified in the relevant Final Terms;

**“Optional Redemption Date (Call)”** has the meaning given in the relevant Final Terms;

**“Optional Redemption Date (Put)”** has the meaning given in the relevant Final Terms;

**“Original Financial Statements”** means the audited consolidated financial statements of the Group for the financial period ended 31 December 2008;

**“Participating Member State”** means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

**“Paying Agents”** means the Principal Paying Agent and any substitute or additional paying agents appointed in accordance with the Agency Agreement and a **“Paying Agent”** means any of them;

**“Payment Business Day”** means:

- (a) if the currency of payment is euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**“Person”** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**“Principal Financial Centre”** means, in relation to any currency, the principal financial centre for that currency, **PROVIDED, HOWEVER, THAT:**

- (a) in relation to euro, it means the principal financial centre of such Participating Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and



- (b) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**“Project Finance Indebtedness”** means Financial Indebtedness (in respect of which Security has been given) incurred by a member of the Group (a **“Project Group Member”**) for the purposes of financing the acquisition, construction, development and/or operation of an asset (a **“Project Asset”**) where the provider of the Financial Indebtedness has no recourse against any member of the Group, except for recourse to:

- (a) the Project Asset of the Project Group Member or receivables arising from the Project Asset;
- (b) a Project Group Member for the purpose of enforcing Security given by it so long as:
- (i) the recourse is limited to recoveries in respect of the Project Asset; and
  - (ii) if the Project Asset does not comprise all or substantially all of the business of that Project Group Member, the provider of the Financial Indebtedness does not have the right to take any steps towards its winding up or dissolution or the appointment of a liquidator, administrator, receiver or similar officer or person, other than in respect of the Project Asset or receivables arising therefrom; or
- (c) a member of the Group to the extent only of its shareholding in a Project Group Member;

**“Project Group Member”** has the meaning given to it in the definition of Project Finance Indebtedness provided that the principal assets and business of such member of the Group is constituted by Project Assets and it has no other Financial Indebtedness except Project Finance Indebtedness;

**“Put Option Notice”** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder pursuant to Condition 9(e) (*Redemption at the option of Noteholders*);

**“Put Option Receipt”** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**“Rate of Interest”** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions;

**“Rating Agency”** means S&P or any of its respective successors or any Substitute Rating Agency and, for the purposes of Condition 9(f) (*Change of Control redemption*), includes any Additional Rating Agency;

**“Redemption Amount”** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

**“Reference Price”** has the meaning given in the relevant Final Terms;

**“Reference Rate”** has the meaning given in the relevant Final Terms;

**“Reference Treasury”** has the meaning given in the relevant Final Terms;

**“Regular Period”** means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls; and

- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

“**Relevant Announcement Date**” means the date that is the earlier of (a) the date of the first public announcement of the relevant Change of Control and (b) the date of the earliest Relevant Potential Change of Control Announcement (if any);

“**Relevant Date**” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

“**Relevant Financial Centre**” has the meaning given in the relevant Final Terms;

“**Relevant Indebtedness**” means (i) any present or future 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 which have an initial stated maturity of not less than one year and which are or are of a type which is customarily quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness;

“**Relevant Period**” means:

- (a) each financial year of the Issuer; and
- (b) each period beginning on the first day of the second half of a financial year of the Issuer and ending on the last day of the first half of its next financial year;

“**Relevant Potential Change of Control Announcement**” means any public announcement or statement by or on behalf of the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs;

“**Reserved Matter**” means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity;
- (b) to effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed (other than as permitted under Clause 7.3 of the Trust Deed);
- (c) to change the currency in which amounts due in respect of the Notes are payable;
- (d) to change the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution; or
- (e) to amend this definition;

“**S&P**” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies Inc. or any successor;

“**Security**” means a mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance entered into for the purpose of securing any obligation of any person;

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“**Specified Currency**” has the meaning given in the relevant Final Terms;

“**Specified Denomination(s)**” has the meaning given in the relevant Final Terms;

“**Specified Office**” has the meaning given in the Agency Agreement;

“**Specified Period**” has the meaning given in the relevant Final Terms;

“**Step Down Rating Change**” means the first public announcement after a Step Up Rating Change by the Rating Agency of an increase in, or as the case may be the reinstatement of, the credit rating of the Issuer’s senior unsecured long-term debt with the result that, following such public announcement(s), the Rating Agency rates the Issuer’s senior unsecured long-term debt as BBB- or higher. For the avoidance of doubt, any further increases in the credit rating of the Issuer’s senior unsecured long-term debt by the Rating Agency above BBB- shall not constitute a Step Down Rating Change;

“**Step Up Rating Change**” means the first public announcement by the Rating Agency of a decrease in the credit rating of the Issuer’s senior unsecured long-term debt to below BBB-. For the avoidance of doubt, any further decrease in the credit rating of the Issuer’s senior unsecured long-term debt by the Rating Agency from below BBB- shall not constitute a Step Up Rating Change;

“**Step Up/Step Down Margin**” has the meaning given in the relevant Final Terms;

“**Subsidiary**” means any company where the Issuer.

- (a) holds a majority of the voting rights in the company; or
- (b) is a member of the company and has the right to appoint or remove a majority of its board of directors, or
- (c) is a member of the company and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it,

or if the company is a subsidiary of a company that is itself a subsidiary of the Issuer;

“**Substitute Rating Agency**” means any rating agency of international standing substituted for the Rating Agency by the Issuer from time to time with the prior written approval of the Trustee, such approval not to be unreasonably withheld or delayed;

“**Talon**” means a talon for further Coupons;

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

“**TARGET Settlement Day**” means any day on which TARGET2 is open for the settlement of payments in euro;

“**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure by the Issuer to pay or any delay in paying by the Issuer any of the same);

“**Treasury Publisher**” has the meaning given in the relevant Final Terms;

“**Treaty**” means the Treaty on the functioning of the European Union, as amended;

“**Wholly-Owned Subsidiary**” means any Person in which the Issuer, and/or one or more of its Wholly-Owned Subsidiaries, controls, directly or indirectly, all of the stock with ordinary voting power to elect the board of directors of that Person; and

“**Zero Coupon Note**” means a Note specified as such in the relevant Final Terms.

(b) **Interpretation**

In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “**outstanding**” shall be construed in accordance with the Trust Deed;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement or the Trust Deed shall be construed as a reference to the Agency Agreement or the Trust Deed, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

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

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Notes with more than one denomination (the “**Specified Denomination**”) specified in the relevant Final Terms, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of any Note or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

### **4. Status of the Notes and Guarantees**

The Notes and Coupons constitute direct, general, unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The payment obligations of the Guarantors rank *pari passu* with all other present and future unsecured obligations of the Guarantors, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### **5. Negative Pledge**

So long as any of the Notes remains outstanding neither the Issuer nor any Guarantor nor any Material Subsidiary will create or have outstanding any Security Interest upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer or any Guarantor or any Material Subsidiary to secure any Relevant Indebtedness, unless the Issuer or, as the case may be, such Guarantor or such Material Subsidiary, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by it under the Notes, the Coupons and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interest of the Noteholders or (B) as is approved by an Extraordinary Resolution (which is defined in the Trust Deed as a resolution duly passed by a majority of not less than three-quarters of the votes cast thereon at a meeting of the Noteholders or by a resolution in writing signed by or on behalf of the holders of not less than three quarters of the nominal amount of the Notes) of the Noteholders.

## 6. Fixed Rate Note Provisions

### (a) *Application*

This Condition 6 is applicable to the Notes only if the Fixed Rate Note provisions are specified in the relevant Final Terms as being applicable.

### (b) *Accrual of interest*

The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

### (c) *Fixed Coupon Amount*

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

### (d) *Calculation of interest amount*

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

### (e) *Step Up/Step Down provisions*

- (i) If the Step Up/Step Down provisions are specified in the relevant Final Terms as being applicable, the Rate of Interest payable on the Notes will be subject to adjustment from time to time in the event of a Step Up Rating Change or a Step Down Rating Change, as the case may be.
- (ii) From and including the first Interest Payment Date following the date of a Step Up Rating Change, if any, the Rate of Interest payable on the Notes shall, subject to any adjustment pursuant to a Step Down Rating Change, be increased by the Step Up/Step Down Margin.
- (iii) Furthermore, in the event of a Step Down Rating Change following a Step Up Rating Change, with effect from and including the first Interest Payment Date following the date of such Step Down Rating Change, the Rate of Interest payable on the Notes shall be decreased by the Step Up/Step Down Margin.
- (iv) The Issuer shall use all reasonable efforts to maintain a credit rating for its senior unsecured long-term debt from the Rating Agency. If, notwithstanding such reasonable efforts, the Rating Agency fails to or ceases to assign a credit rating to the Issuer’s senior unsecured long-term debt, the Issuer shall use all reasonable efforts to obtain a credit rating of its senior unsecured long-term debt from a Substitute Rating Agency, and references in this Condition 6(e) to the Rating Agency, or the credit ratings thereof, shall be to such Substitute Rating Agency and, as the case may be, the equivalent credit ratings thereof. Notwithstanding anything else in this Condition 6(e), if there is at any time no current rating by a Rating Agency for a period of 90 consecutive days, the Rate of Interest accruing to the Notes, with effect from and including the first Interest Payment Date immediately following such period of 90 consecutive days shall be as though a Step Up Rating Change had occurred unless such a rating is obtained on or prior to such

Interest Payment Date. For the avoidance of doubt, the provisions of this sub-paragraph (iv) remain subject in all cases to the provisions relating to the Step Down Rating Change set out in sub-paragraphs (ii) and (iii) above.

- (v) The Issuer will cause the occurrence of a Step Up Rating Change or a Step Down Rating Change to be notified to the Trustee and the Principal Paying Agent and notice thereof to be published in accordance with Condition 18 (*Notices*) as soon as possible after the occurrence of the Step Up Rating Change or the Step Down Rating Change (whichever the case may be) but in no event later than the fifth Business Day thereafter.
- (vi) The Step Up Rating Change may occur only once during the term of the Notes.
- (vii) The Trustee is under no obligation to ascertain whether a change in the rating assigned to the Notes by the Rating Agency or any Substitute Rating Agency has occurred or whether there has been a failure or a ceasing by the Rating Agency or any Substitute Rating Agency to assign a credit rating to the Issuer's senior unsecured long-term debt and until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such change to the credit rating assigned to the Notes has occurred or no such failure or ceasing by the Rating Agency or any Substitute Rating Agency has occurred.
- (viii) If the rating designations employed by the Rating Agency are changed from those which are described in the definitions of "*Step Down Rating Change*" and "*Step Up Rating Change*", 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 the Rating Agency or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of the Rating Agency, and this Condition 6(e) shall be construed accordingly.

## **7. Floating Rate Note Provisions**

### **(a) Application**

This Condition 7 is applicable to the Notes only if the Floating Rate Note provisions are specified in the relevant Final Terms as being applicable.

### **(b) Accrual of interest**

The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

### **(c) ISDA Determination**

The Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

(d) ***Maximum or Minimum Rate of Interest***

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(e) ***Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(f) ***Calculation of other amounts***

If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

(g) ***Publication***

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(h) ***Notifications etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantors, the Trustee, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(i) ***Determination or Calculation by Trustee***

If the Calculation Agent fails at any time to determine a Rate of Interest or to calculate an Interest Amount, the Trustee or a person appointed by the Trustee for that purpose (but without any liability accruing to the Trustee as a result) will determine such Rate of Interest and make such determination or calculation which shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee or a person appointed by the Trustee for that purpose (but without any liability accruing to the Trustee as a result) shall apply all of the provisions of these Conditions with any necessary consequential amendments to the extent that, in its sole opinion and with absolute discretion, it can do so and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and will not be liable for any loss, liability, cost, charge or expense which may arise as a result thereof. Any such determination or calculation made by the Trustee shall be binding on the Issuer, the Guarantors, the Noteholders and the Couponholders.

## 8. Zero Coupon Note Provisions

### (a) *Application*

This Condition 8 is applicable to the Notes only if the Zero Coupon Note provisions are specified in the relevant Final Terms as being applicable.

### (b) *Late payment on Zero Coupon Notes*

If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

## 9. Redemption and Purchase

### (a) *Scheduled redemption*

Unless previously redeemed, or purchased and cancelled in accordance with Condition 9(j) (*Cancellation*), the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments*).

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

The Notes may be redeemed at the option of the Issuer in whole, but not in part:

- (i) at any time (if the Floating Rate Note provisions are not specified in the relevant Final Terms as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Note provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) as a result of any change in, or amendment to, the tax laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes on the next Interest Payment Date either (i) the Issuer would be obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) or (ii) each Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts; and
- (B) such obligation cannot be avoided by the Issuer or, as the case may be, each of the Guarantors taking reasonable measures available to it,

**PROVIDED, HOWEVER, THAT** no such notice of redemption shall be given earlier than:

- (I) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or, as the case may be, the relevant Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (II) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or, as the case may be, the relevant Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (i), if the Trustee so requests, an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, a Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment and



(ii) a certificate signed by two authorised officers of the Issuer or, as the case may be, each of the Guarantors, as the case may be, stating that the obligation referred to in (A) above cannot be avoided by the Issuer or, as the case may be, each of the Guarantors taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (B) above in which event it shall be conclusive and binding on the Noteholders and Couponholders. Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

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

If Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer giving not less than 30 nor more than 60 days' notice to the Noteholders and the Trustee (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(d) ***Partial redemption***

If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place and in such manner as the Trustee approves, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(e) ***Redemption at the option of Noteholders***

If Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which such Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; **PROVIDED, HOWEVER, THAT** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

If the Note is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption or, as the case may be, purchase of a Note under this Condition 9(e) the holder of the Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depository for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

(f) ***Change of Control redemption***

If Change of Control Put Option is specified in the relevant Final Terms as being applicable and a Change of Control Put Event occurs, the holder of each Note will have the option (unless prior to the giving of the relevant Change of Control Put Event Notice the Issuer has given notice of redemption under Condition 9(b) (*Redemption for tax reasons*) or 9(c) (*Redemption at the option of the Issuer*), if applicable) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Change of Control Optional Redemption Date at its Change of Control Optional Redemption Amount together with interest accrued to (but excluding) the Change of Control Optional Redemption Date.

Promptly upon, and in any event within 14 days after, the Issuer becoming aware that a Change of Control Put Event has occurred the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured to its satisfaction) give the Change of Control Put Event Notice to the Noteholders.

To exercise the Change of Control Put Option, the holder of the Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the Change of Control Put Period, 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 (an "**Exercise Notice**"). The Note should be delivered together with all Coupons appertaining thereto maturing after the Change of Control Optional Redemption Date, failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any such missing Coupon. Any amount so paid will be reimbursed by the Paying Agent to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement issued therefor pursuant to Condition 14 (*Replacement of Notes and Coupons*)) at any time after such payment, but before the expiry of the period of ten years from the date on which such Coupon would have become due, but not thereafter. If the Note is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption or, as the case may be, purchase of a Note under this Condition 9(f) the holder of the Note must, within the Change of Control Put Period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time. The Paying Agent to which such Note and Exercise Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered or, in the case of a Note held through Euroclear and/or Clearstream, Luxembourg, notice received. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Exercise Notice to which payment is to be made, on the Change of Control Optional Redemption Date by transfer to that bank account and, in every other case, on or after the Change of Control Optional Redemption Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. For the purposes of these Conditions, receipts issued pursuant to this Condition 9(f) shall be treated as if they were Notes. The Issuer shall redeem or purchase (or procure the purchase of) the Notes in respect of which the Change of Control Put Option has been validly exercised in accordance with the provisions of this Condition 9(f) on the Change of Control Optional Redemption Date unless previously redeemed (or purchased) and cancelled.

Any Exercise Notice, once given, shall be irrevocable except where prior to the Change of Control Optional Redemption Date an Event of Default shall have occurred and the Trustee shall have accelerated the Notes, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Exercise Notice and instead to treat its Notes as being forthwith due and payable pursuant to Condition 12 (*Events of Default*).

If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 9(f), the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Change of Control Optional Redemption Date), redeem or purchase (or procure the purchase

of), at its option, all but not some only of the remaining outstanding Notes at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by any Rating Agency are changed from those which are described in paragraph (ii) of the definition of “Change of Control Put Event”, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, with the agreement of the Trustee, the rating designations of such Rating Agency or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of the relevant Rating Agency and this Condition 9(f) shall be construed accordingly.

The Trustee is under no obligation to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred, or to seek any confirmation from any Rating Agency pursuant to the definition of Negative Rating Event below, and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

(g) ***No other redemption***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 9(a) (*Scheduled redemption*) to 9(f) (*Change of control redemption*) above.

(h) ***Early redemption of Zero Coupon Notes***

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(h) or, if none is so specified, a Day Count Fraction of 30E/360.

(i) ***Purchase***

The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **PROVIDED THAT** all unmatured Coupons are purchased therewith.

(j) ***Cancellation***

All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

**10. Payments**

(a) ***Principal***

Payments of principal shall be made only against presentation and (**PROVIDED THAT** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).

(b) ***Interest***

Payments of interest shall, subject to Condition 10(h) (*Payments other than in respect of matured Coupons*), be made only against presentation and (**PROVIDED THAT** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 10(a) (*Principal*).

(c) ***Payments in New York City***

Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City as specified in Part B of the relevant Final Terms if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

(d) ***Payments subject to fiscal laws***

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Deductions for unmatured Coupons***

If the relevant Final Terms specify that the Fixed Rate Note provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:

- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **PROVIDED HOWEVER, THAT** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
  - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; **PROVIDED HOWEVER, THAT** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
  - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **PROVIDED, HOWEVER, THAT**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 10(a) (*Principal*) against presentation and (**PROVIDED THAT** payment is made in full) surrender of the relevant missing Coupons.

(f) ***Unmatured Coupons void***

If the relevant Final Terms specifies that this Condition 10(f) is applicable or that the Floating Rate Note provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(c) (*Redemption at the option of the Issuer*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) ***Payments on business days***

If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) ***Payments other than in respect of matured Coupons***

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 10(c) (*Payments in New York City*) above).

(i) ***Partial payments***

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) ***Exchange of Talons***

On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 13 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

## **11. Taxation**

(a) ***Gross up***

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

- (i) presented for payment by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
- (ii) where such withholding or deduction is imposed on a payment to or for an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iii) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent (if any); or
- (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

(b) ***Taxing jurisdiction***

If the Issuer or any Guarantor becomes subject at any time to any taxing jurisdiction other than the United Kingdom, references in these Conditions to the United Kingdom shall be construed as references to the United Kingdom and/or such other jurisdiction.

## **12. Events of Default**

If any of the following events occurs and is continuing then the Trustee may at its discretion and shall, if so requested in writing by the holders of at least one fifth of the aggregate principal amount of the outstanding Notes, or if so directed by an Extraordinary Resolution (subject to the Trustee

having been indemnified and/or provided with security and/or prefunded by the Noteholders to its satisfaction) by written notice to the Issuer, declare the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest (if any) without further action or formality:

(a) ***Non-payment***

the Issuer fails to pay any amount of principal in respect of the Notes within ten days of the due date for payment thereof or any amount of interest in respect of the Notes within ten days of the due date for payment thereof; or

(b) ***Breach of other obligations***

the Issuer or any Guarantor does not comply with any of their other obligations under or in respect of the Notes or the Trust Deed and (except in any case where, in the opinion of the Trustee, such failure is incapable of remedy in which case no continuation or notice as is hereinafter provided will be required) such failure to comply continues unremedied for 30 days (or such longer period as the Trustee may permit) after written notice thereof has been delivered by the Trustee to the Issuer or such Guarantor, as the case may be; or

(c) ***Cross Default***

- (i) any Indebtedness of the Issuer or any Guarantor or any Material Subsidiary becomes due and repayable prematurely by reason of an event of default (however described);
- (ii) the Issuer or any Guarantor or any Material Subsidiary fails to make any payment in respect of any Indebtedness on the due date for payment or, as the case may be, within any applicable grace period as originally provided;
- (iii) any security given by the Issuer or any Guarantor or any Material Subsidiary for any Indebtedness is enforced; or
- (iv) default is made by the Issuer or any Guarantor or any Material Subsidiary in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness of any other person,

provided that (i) no event described in this Condition 12(c) shall constitute an Event of Default where the Issuer or the relevant Guarantor or the relevant Material Subsidiary, as the case may be, satisfies the Trustee that it is contesting such Event of Default in good faith and by appropriate action and (ii) no event described in this Condition 12(c) shall constitute an Event of Default unless the Indebtedness or other relative liability, either alone or when aggregated with other Indebtedness and/or other liabilities relative to all (if any) other events described in this Condition 12(c) which have occurred and are continuing (excluding where the Issuer and/or the relevant Guarantor and/or the relevant Material Subsidiary, as the case may be, has satisfied the Trustee that it is contesting such event in good faith and by appropriate action), amounts to at least U.S.\$50,000,000 (or its equivalent in any other currency); or

(d) ***Security enforced***

a secured party takes possession, or a receiver, manager or other similar officer is appointed, of all or substantially all of the undertaking, assets and revenues of the Issuer, a Guarantor or any Material Subsidiary; or

(e) ***Creditor's process***

any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Issuer, any Guarantor or a Material Subsidiary having an aggregate value of and in respect of indebtedness aggregating at least U.S.\$50,000,000 (or its equivalent in any other currency or currencies) and is not discharged within 30 days; or

(f) ***Insolvency etc.***

(i) the Issuer, any Guarantor or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer, any Guarantor or any Material Subsidiary of all or substantially all of the undertaking, assets and revenues of the Issuer, such Guarantor or such Material Subsidiary is appointed (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent on terms previously approved in writing by the Trustee or by an Extraordinary Resolution); or (iii) the Issuer, any Guarantor or any Material Subsidiary makes a general assignment or an arrangement or composition with or for the benefit of its creditors generally or declares a

moratorium in respect of any of its Indebtedness given by it; or (iv) a person presents a petition for the winding up, liquidation, dissolution, administration or suspension of payments of the Issuer, any Guarantor or any Material Subsidiary (excluding where the Issuer, such Guarantor or such Material Subsidiary has satisfied the Trustee that it is contesting such petition in good faith and by appropriate action); or

(g) ***Winding up etc.***

an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, any Guarantor or any Material Subsidiary (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent on terms previously approved in writing by the Trustee or by an Extraordinary Resolution); or

(h) ***Failure to take action etc.***

any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer or the Guarantors lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes, the Coupons and the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Trust Deed admissible in evidence in the courts of England is not taken, fulfilled or done; or

(i) ***Cessation of business etc.***

the Issuer, any Guarantor or any Material Subsidiary ceases or threatens to cease to carry on all or substantially all of its business, save for (i) the purposes of or pursuant to an amalgamation, reorganisation or restructuring neither involving nor arising out of the insolvency of the Issuer or, as the case may be, such Guarantor or Material Subsidiary, (ii) any transfer of assets by the Issuer, any Guarantor or any Material Subsidiary to any other member of the Group, (iii) any transfer of assets by the Issuer, any Guarantor or any Material Subsidiary to a third party or parties (whether associated or not) on an arm's length basis, (iv) any transfer of assets by the Issuer, any Guarantor or any Material Subsidiary whereby the transferee is or immediately upon such transfer becomes a Material Subsidiary, or (v) any transfer of assets by the Issuer, any Guarantor or any Material Subsidiary the terms of which have been previously approved by the Trustee or by an Extraordinary Resolution of the Noteholders; or

(j) ***Guarantee etc.***

any Guarantee ceases to be, or is claimed by a Guarantor not to be, in full force and effect; or

(k) ***Guarantors etc.***

any Guarantor ceases to be a Subsidiary controlled, directly or indirectly, by the Issuer,

provided that, in the case of Conditions 12(b), (d) and (f) to (i) inclusive, the Trustee shall have certified in writing that such event is in its opinion materially prejudicial to the interests of the Noteholders.

### **13. Prescription**

Claims for principal shall become void unless such claims are made within ten years of the appropriate Relevant Date. Claims for interest shall become void unless such claims are made within five years of the appropriate Relevant Date.

### **14. Replacement of Notes, Coupons and Talons**

If any Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent, as specified in Part B of the relevant Final Terms, in any particular place, a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Guarantors may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## 15. Trustee and Agents

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from any obligation to take proceedings to enforce repayment unless indemnified and/or secured to its satisfaction and to be paid its costs and expenses in priority to the claims of Noteholders. The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer, the Guarantors and/or any other Subsidiary and/or any related entity thereof and to act as trustee for the holders of any other securities issued or guaranteed by or relating to the Issuer, the Guarantors or any other Subsidiary, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

In the exercise of its powers and discretions under these Conditions and/or the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequences for individual holders of Notes, Coupons or Talons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents and the Calculation Agent (if any) act solely as agents of the Issuer or, following the occurrence of an Event of Default, the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The Principal Paying Agent and its initial Specified Office is set out below. If any additional Paying Agent is appointed in connection with any Series, the name of such Paying Agent will be specified in Part B of the relevant Final Terms. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time, with the prior written consent of the Trustee, to vary or terminate the appointment of any Paying Agent or Calculation Agent and to appoint a successor principal paying agent or calculation agent and additional or successor paying agents; **PROVIDED HOWEVER, THAT**

- (a) the Issuer shall at all times maintain a Principal Paying Agent; and
- (b) the Issuer shall at all times maintain a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any appointment of, or change in, any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 18 (*Notices*).

## 16. Meetings of Noteholders; Modification and Waiver

### (a) *Meetings of Noteholders*

The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **PROVIDED HOWEVER, THAT** Reserved Matters may only



be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, not less than one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of at least 75 per cent. of the Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) ***Modification and waiver***

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification to or of these Conditions, the Notes or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders, (ii) any modification of these Conditions, the Notes or the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error or to correct an error which, in the opinion of the Trustee, is proven, and (iii) any waiver or authorisation of any breach or proposed breach, of any of the provisions of these Conditions, the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable in accordance with Condition 18 (*Notices*).

(c) ***Substitution***

The Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Noteholders, the Receiptholders or the Couponholders, to the substitution of certain other entities in place of the Issuer or any Guarantor (or in either case any previously substituted company) as principal debtor or, as the case may be, guarantor under the Trust Deed in relation to the Notes and Coupons of any Series of Notes, subject to (i) the Notes being unconditionally and irrevocably guaranteed by the Issuer or, as the case may be, the relevant Guarantor, (ii) the Trustee being satisfied that such substitution is not materially prejudicial to the interests of Noteholders; and (iii) certain other conditions set out in the Trust Deed being complied with.

No Noteholder or Couponholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder or (as the case may be) Couponholder except to the extent provided for in Condition 11 (*Taxation*) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

## **17. Enforcement**

The Trustee may, at any time, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantors as it thinks fit to enforce any obligation, condition or provision binding on the Issuer and/or the Guarantors under these Conditions, the Notes or the Trust Deed, but shall not be bound to do so unless:

- (a) it has been so directed by an Extraordinary Resolution or it has been so requested in writing by the holders of at least one fifth of the nominal amount of the Notes outstanding; and
- (b) it has been indemnified and/or secured and/or prefunded by the Noteholders to its satisfaction.

No Noteholder or Couponholder shall be entitled to institute proceedings directly against the Issuer or a Guarantor unless the Trustee, having become bound to proceed as aforesaid, fails to do so within a reasonable time and such failure is continuing.

## 18. Notices

### (a) *Valid Notices*

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

### (b) *Other Methods*

Notwithstanding Condition 18(a) (*Valid Notices*), the Trustee may approve some other method of giving notice to the Noteholders if, in its opinion, that other method is reasonable having regard to market practice then prevailing and to the requirements of any stock exchange on which Notes are then listed and **PROVIDED THAT** notice of that other method is given to the Noteholders in the manner required by the Trustee.

### (c) *Couponholders*

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

## 19. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent, being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## 20. Further Issues

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

## 21. Governing Law and Jurisdiction

### (a) *Governing law*

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

### (b) *English courts*

The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Notes and the Trust Deed (including a dispute relating to the existence, validity or cancellation of the Notes or any non-contractual obligation arising out of or in connection with the Notes or the Trust Deed) or the consequences of their nullity.

### (c) *Appropriate forum*

The Issuer and each of the Guarantors agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.

## FORM OF FINAL TERMS

Final Terms dated [date]

**InterContinental Hotels Group PLC (the “Issuer”)**  
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**  
**under the £750,000,000**  
**Euro Medium Term Note Programme**

**unconditionally and irrevocably guaranteed by**  
**Six Continents Limited**  
**and**  
**InterContinental Hotels Limited**  
**(each a “Guarantor” and together the “Guarantors”)**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated 9 November 2012 [and the supplement(s) to it dated [date]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of Article 14 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer, the Guarantors and the offer of Notes is available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the London Stock Exchange at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the base prospectus dated 27 November 2009 which are incorporated by reference in the base prospectus dated 9 November 2012 and are attached hereto. 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 Base Prospectus dated 9 November 2012 [and the supplement(s) to it dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Base Prospectus**”).

Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the website of the London Stock Exchange plc at [www.londonstockexchange.com/exchange/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).]

1. (i) Issuer: InterContinental Hotels Group PLC  
(ii) Guarantor(s): Six Continents Limited  
InterContinental Hotels Limited
2. (i) Series Number: [●]  
(ii) Tranche Number: [●]  
(iii) Date on which the Notes will be consolidated and form a single Series [The Notes will be consolidated and form a single Series on [the Issue Date]/[exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 25 below [which is expected to occur on or about [●]]]/[Not Applicable]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount:  
(i) Series: [●]  
(ii) Tranche: [●]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]

6. (i) Specified Denominations: [●] [and integral multiples of [●] in excess thereof up to and including [●]. Definitive Notes will not be issued in denominations in excess of [●]]
- (ii) Calculation Amount: [●]
7. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [●]/[Issue Date]/[Not Applicable]
8. Maturity Date: [●]/[The Interest Payment Date falling in or nearest to ●]
9. Interest Basis: [[●]per cent. Fixed Rate]  
[[*Reference Rate*] +/- [●] per cent. Floating Rate]  
[Zero Coupon]
10. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.
11. Change of Interest Basis: [●]/[Not Applicable]
12. Put/Call Options: [Investor Put]  
[Change of Control Put]  
[Issuer Call]
13. Status of the Notes: Senior
14. [[Date [Board] approval for issuance of Notes obtained: [●] [and [●], respectively]]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable]/[Not Applicable]
- (i) Rate(s) of Interest: [●] per cent. per annum [payable in arrear on each Interest Payment Date] [subject to the provisions relating to any Step Up Rating Change or Step Down Rating Change set out in (vii) below]
- (ii) Interest Payment Date(s): [●] [and [●]] in each year up to and including the Maturity Date
- (iii) Fixed Coupon Amount(s): [●] per Calculation Amount
- (iv) Broken Amount(s): [[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]]/[Not Applicable]
- (v) Day Count Fraction: [Actual/Actual (ICMA)]/  
[Actual/Actual (ISMA)]/  
[Actual/365 (Fixed)]/  
[Actual/360]/  
[30/360]/  
[30E/360]/[Eurobond Basis]  
[30E/360 (ISDA)]
- (vi) Interest Determination Dates: [[●] in each year]/[Not Applicable]
- (vii) Step Up/Step Down provisions:
- Step Up/Step Down Margin: [●] per cent. per annum
16. **Floating Rate Note Provisions** [Applicable]/[Not Applicable]
- (i) Interest Period(s): [●]
- (ii) Specified Period: [●]
- (iii) Specified Interest Payment Dates: [●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below]

- (iv) First Interest Payment Date:
- (v) Business Day Convention:  [Following Business Day Convention]/  
 [Modified Following Business Day Convention]/  
 [Modified Business Day Convention]/  
 [Preceding Business Day Convention]/  
 [FRN Convention]/ [Floating Rate Convention]/  
 [Eurodollar Convention]  
 [No Adjustment]
- (vi) Additional Business Centre(s):
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):
- (viii) ISDA Determination:
- Floating Rate Option:
  - Designated Maturity:
  - Reset Date:  [First day of the Interest Period]/
  - ISDA Definitions: 2006
- (ix) Margin(s):  [+/-]  per cent. per annum
- (x) Minimum Rate of Interest:  per cent. per annum
- (xi) Maximum Rate of Interest:  per cent. per annum
- (xii) Day Count Fraction:  [Actual/Actual (ICMA)]/  
 [Actual/Actual (ISDA)]/  
 [Actual/ 365 (Fixed)]/  
 [Actual/360]/  
 [30/360]/  
 [30E/360]/ [Eurobond Basis]/  
 [30E/360 (ISDA)]
17. **Zero Coupon Note Provisions**  [Applicable/Not Applicable]
- (i) Accrual Yield:  per cent. per annum
  - (ii) Reference Price:
  - (iii) Day Count Fraction in relation to Early Repayment Amounts:  [Actual/Actual (ICMA)]/  
 [Actual/Actual (ISDA)]/  
 [Actual/ 365 (Fixed)]/  
 [Actual/360]/  
 [30/360]/  
 [30E/360]/ [Eurobond Basis]/  
 [30E/360 (ISDA)]

## PROVISIONS RELATING TO REDEMPTION

18. **Call Option**  [Applicable]/ [Not Applicable]
- (i) Optional Redemption Date(s) (Call):
  - (ii) Make Whole Premium:  [ ] per cent./ [Not Applicable]
  - (iii) Reference Treasury:  [ ]/ [Not Applicable]
  - (iv) Treasury Publisher:  [ ]/ [Not Applicable]

- (v) If redeemable in part:
  - (a) Minimum Redemption Amount: [●] per Calculation Amount
  - (b) Maximum Redemption Amount: [●] per Calculation Amount
- (vi) Notice period: [●]
- 19. **Put Option** [Applicable]/[Not Applicable]
  - (i) Optional Redemption Date(s) (Put): [●]
  - (ii) Optional Redemption Amount(s) (Put) of each Note: [●] per Calculation Amount
  - (iii) Notice period: [●]
- 20. **Change of Control Put Option** [Applicable]/[Not Applicable]
  - (i) Change of Control Optional Redemption Date: [●] days after the expiration of Change of Control Put Period
  - (ii) Change of Control Optional Redemption Amount of each Note: [●] per Calculation Amount
- 21. **Final Redemption Amount of each Note** [●] per Calculation Amount
- 22. **Early Redemption Amount (Tax) and Early Termination Amount payable on redemption for taxation reasons or, as the case may be, on event of default:** [●] per Calculation Amount

**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 [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]

[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice.]

[Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note].
- 24. New Global Note: [Yes]/[No]
- 25. Additional Financial Centres(s): [●]/[Not Applicable]
- 26. Talons for future Coupons to be attached to Definitive Notes: [No]/[Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]

Signed on behalf of the Issuer:

By: .....  
*Duly authorised*

Signed on behalf of Six Continents Limited

By: .....  
*Duly authorised*

Signed on behalf of InterContinental Hotels Limited

By: .....  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. Listing and Admission to trading

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [Regulated Market of the London Stock Exchange]/[[●]] with effect from [●].]  
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [Regulated Market of the London Stock Exchange]/[[●]] with effect from [●].]  
[Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: [●]

### 2. Ratings

- Ratings: [Not Applicable]/[The Notes to be issued [have been]/[are expected to be] rated:  
[Standard and Poor's Credit Market Services Europe Limited:  
[●]]

### 3. [Interests of Natural and Legal Persons involved in the Offer]

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

### 4. [Yield

- Indication of yield: [●]

### 5. Operational Information

- [ISIN Code: [●]
- Common Code: [●]
- Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, *soci t  anonyme* and the relevant identification number(s): [●]/[Not Applicable]
- Delivery: Delivery [against]/[free of] payment
- Names and addresses of additional paying agent(s) (if any): [●]



## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **Clearing System Accountholders**

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Conditions to “**Noteholder**” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depository or a common depository, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depository or common depository or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

### **Exchange of Temporary Global Notes**

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of an NGN, effectuated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Principal Paying Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Principal Paying Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become

void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder.

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

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder.

#### **Conditions applicable to Global Notes**

Each Global Note will contain provisions which modify the Conditions as they apply to the Global Note. The following is a summary of certain of those provisions:

##### ***Payments***

All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

##### ***Exercise of change of control put option***

In order to exercise the right to require redemption or, as the case may be, purchase of a Note under Condition 9(f) (*Change of Control Redemption*) the holder of the Permanent Global Note must, within the Change of Control Put Period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depository for them to the Principal Paying 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 Permanent Global Note to the Principal Paying Agent for notation accordingly.

##### ***Exercise of put option***

In order to exercise the option contained in Condition 9(e) (*Redemption at the option of Noteholders*) the Noteholder must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised in accordance with the procedures of Euroclear or, as the case may be, Clearstream, Luxembourg. Any such notice will be irrevocable and may not be withdrawn.

***Partial exercise of call option***

In connection with an exercise of the option contained in Condition 9(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

***Notices***

Notwithstanding Condition 18 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 18 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## **USE OF PROCEEDS**

The net proceeds from the issue of each Tranche of Notes will be used for the general corporate purposes of the Issuer's business.

## DESCRIPTION OF THE ISSUER

### Introduction

InterContinental Hotels Group PLC (the “**Issuer**”) was incorporated in England and Wales on 21 May 2004. The registered office of the Issuer is situated at Broadwater Park, Denham, Buckinghamshire UB9 5HR, telephone number: +44 1895 512000, facsimile number: +44 1895 512101. The registered number of the Issuer is 5134420.

This business description set out on pages 62 to 69 of this Base Prospectus is an overview of the Issuer’s business and should be read in conjunction with the information incorporated by reference into this Base Prospectus (see “*Documents Incorporated by Reference*” on page 19 of this Base Prospectus).

### Principal activities

InterContinental Hotels Group PLC, through its various subsidiaries (together, the “**Group**”), franchises, manages and owns an international hotel business and owns a portfolio of established and diverse hotel brands. In June 2005, following a capital restructuring, the Issuer became the holding company for the Group. Six Continents Limited (formerly Six Continents PLC), which was formed in 1967, is the principal subsidiary company of the Issuer.

On 15 April 2003, Six Continents Limited separated its businesses into two groups – the hotels and soft drinks businesses remained within the Group and the retail pubs business was de-merged from the Group to create Mitchells & Butlers PLC. Over the last several years, the Group has undergone a major transformation in its operations and organisation which has narrowed the scope of its business. With the disposal of the Group’s interests in its soft drinks business (Britvic) by way of an initial public offering in December 2005, the Group is now focused solely on hotel franchising, management and ownership.

The Group is a global organisation with nine hotel brands. The Group’s brands include InterContinental Hotels & Resorts (“**InterContinental**”), Crowne Plaza Hotels & Resorts, (“**Crowne Plaza**”), Holiday Inn Hotels & Resorts (“**Holiday Inn**”), Holiday Inn Express, Staybridge Suites, Candlewood Suites and Hotel Indigo as well as two brands launched in 2012, EVEN Hotels and HUALUXE Hotels & Resorts. As at 30 September 2012, the Group franchised, managed, leased or owned 4,573 hotels and 672,252 guest rooms in nearly 100 countries and territories around the world. The Group also manages the hotel loyalty programme, Priority Club Rewards, which is the largest customer loyalty programme in the hotel industry, with over 69 million members worldwide as at 30 September 2012. On 29 October 2012, the Issuer had a market capitalisation of approximately £4.206 billion, and is included in the list of FTSE 100 companies.

### Business Models

The Group currently operates a fee-based, asset-light business model having moved away from predominantly owning hotel properties and now focuses on its hotel franchise and management business. Through three distinct business models, which offer different growth, return, risk and reward opportunities, the Group achieves growth through its contractual arrangements with third party hotel owners who provide capital investment in hotel assets in exchange for, among other things, the Group’s expertise and brand value. The models are summarised as follows:

*Franchised:* where Group companies neither own nor manage a hotel, but license the use of a Group brand and provide access to reservations systems, loyalty schemes and know-how. The Group derives revenues from a brand royalty or licensing fee, based on a percentage of room revenue. As at 30 September 2012, just over 74 per cent. of the Group’s rooms were franchised. The franchising business model reduces the Group’s dependence on the profitability of its franchised hotels and allows for a more predictable revenue stream. The stable income stream that results, combined with organic growth in the number of hotels operating under the Group’s brands, allows the Group to steadily increase its scale, to drive market share, and importantly, to drive efficiency throughout the business.

*Managed:* where in addition to licensing the use of a Group brand, a Group company manages a hotel for third party owners. The Group derives revenues from base and incentive management fees and provides the system infrastructure necessary for the hotel to operate. Base management fees are generally a percentage of hotel revenue and incentive management fees are generally a percentage of a hotel’s gross operating profit. The terms of these agreements vary, but are often long-term (for example, 10 years or more). In certain circumstances the Group may provide performance guarantees

to third party owners to secure management contracts. The performance guarantee may be in respect of a hotel's gross operating profit or an "owner's priority return". The Group may be required to defer its incentive management fees or fund shortfalls under such guarantee arrangements. As at 30 September 2012, the Group's maximum unprovided exposure under such guarantee arrangements was U.S.\$ 35 million.

The Group's responsibilities under the management agreement typically include hiring, training and supervising the managers and employees that operate the hotels under the relevant brand standards. As at 30 September 2012, approximately 25 per cent. of the Group's rooms were operated under management contracts.

*Owned and Leased:* where a Group company both owns (or leases) and operates the hotel and, therefore, takes all the benefits and risks associated with ownership of the asset. Since 2003, the Group has sold the majority of its owned and leased portfolio. As at 30 September 2012, 10 hotels representing less than 1 per cent. of the Group's rooms were owned or leased. The owned and leased hotels had a book value as at 30 September 2012 of U.S.\$ 1.469 billion. The majority of this value resides in the Group's four flagship InterContinental hotels in London, Paris, New York and Hong Kong. The Group remains committed to reducing its ownership of its remaining hotels over time. The disposal of the InterContinental New York Barclay remains in progress and the Issuer has announced that the InterContinental London Park Lane is likely to be the next major asset disposal, with a key milestone in the decision making progress being the expected opening of InterContinental London Westminster in late 2012. The Group has a strategy of developing additional locations for the InterContinental brand in key cities. Once these additional locations are established then the Group will consider its options in respect of the possible disposal of the remaining owned InterContinental hotels in Paris and Hong Kong.

In addition to the three models described, the Group may, in certain circumstances, make an equity investment in a strategic hotel development project. Such an investment is generally a minority investment and the Group will participate in a share of the benefits and risks of ownership and will enter into an associated hotel management agreement.

The following table shows the number of hotels and rooms owned or leased, managed or franchised by the Group as at 30 September 2012, 2011 and 2010.

	<i>Owned or leased</i>		<i>Management contracts and joint ventures</i>		<i>Franchised</i>		<i>Total</i>	
	<i>No. of hotels</i>	<i>No. of rooms</i>	<i>No. of hotels</i>	<i>No. of rooms</i>	<i>No. of hotels</i>	<i>No. of rooms</i>	<i>No. of hotels</i>	<i>No. of rooms</i>
2012	10	4,188	652	168,834	3,911	499,230	4,573	672,252
2011	12	4,437	677	172,206	3,831	489,833	4,520	666,476
2010	15	5,130	633	161,970	3,859	490,854	4,507	657,954

The Group sets quality and service standards for all of its hotel brands and operates a customer satisfaction and hotel quality evaluation system to ensure those standards are met or exceeded in all hotels operating under the Group's brands. The quality evaluation system includes an assessment of both physical property and customer service standards.

## **Brands**

The Group's portfolio includes seven established and diverse brands, as well as two new brands launched in 2012, EVEN Hotels and HUALUXE Hotels & Resorts. These brands cover several market segments ranging from luxury to midscale (limited service) and in the case of InterContinental, Crowne Plaza, Holiday Inn, Holiday Inn Express, Staybridge Suites and Hotel Indigo, operate internationally.

	<i>30 September 2012</i>	
<i>Brands</i>	<i>Room numbers</i>	<i>Hotels</i>
InterContinental	168	56,813
Crowne Plaza	395	108,282
Holiday Inn	1,243	231,445
Holiday Inn Express	2,171	202,912
Staybridge Suites	188	20,549
Candlewood Suites	295	28,363
Hotel Indigo	48	5,435
Other	65	18,453
Total	4,573	672,252

#### ***InterContinental Hotels & Resorts***

InterContinental is the Group's luxury brand. InterContinental branded hotels are located in major cities and leisure destinations in over 60 countries and are targeted at affluent internationally minded travellers.

InterContinental hotels are principally managed by the Group. As at 30 September 2012, there were 168 InterContinental hotels which represented approximately 8 per cent. of the Group's total hotel rooms.

#### ***Crowne Plaza Hotels & Resorts***

Crowne Plaza is the Group's upscale full service brand. Mainly sited in principal cities, these hotels offer high quality accommodation targeting leisure and business travellers.

The majority of Crowne Plaza hotels are operated under franchise agreements. As at 30 September 2012, there were 395 Crowne Plaza hotels which represented approximately 16 per cent. of the Group's total hotel rooms.

#### ***Holiday Inn Hotels & Resorts***

Holiday Inn is the Group's midscale full service brand and is the world's largest midscale hotel brand family by number of rooms. One of the world's most recognised hotel brands, it is aimed at both business travellers and families.

Holiday Inn hotels are predominantly operated under franchise agreements. As at 30 September 2012, there were 1,243 Holiday Inn hotels (including Holiday Inn Club Vacations) which represented approximately 34 per cent. of the Group's total hotel rooms.

#### ***Holiday Inn Express***

Holiday Inn Express is the Group's midscale limited service brand and is targeted at the value-conscious guest.

Holiday Inn Express hotels are almost entirely operated under franchise agreements. As at 30 September 2012, there were 2,171 Holiday Inn Express hotels worldwide which represented approximately 30 per cent. of the Group's total hotel rooms.

#### ***Staybridge Suites***

Staybridge Suites is the Group's upscale extended stay brand, offering services and amenities designed specifically for those on extended travel. Residential in style, Staybridge Suites branded hotels provide studios and suites, kitchens, living rooms and work areas, and high-speed internet access for business and leisure guests.

The Staybridge Suites brand is principally operated under management contracts and franchise agreements. As at 30 September 2012, there were 188 Staybridge Suites hotels, which represented approximately 3 per cent. of the Group's total hotel rooms.

#### ***Candlewood Suites***

Candlewood Suites is the Group's midscale extended stay brand and is designed for guest stays of a week or longer, Candlewood Suites branded hotels offer studios and one bedroom suites with well equipped kitchens, spacious work areas and an array of convenient amenities.

The Candlewood Suites brand is operated under management contracts and franchise agreements. As at 30 September 2012, there were 295 Candlewood Suites hotels, which represented approximately 4 per cent. of the Group's total hotel rooms.

#### ***Hotel Indigo***

Hotel Indigo is the industry's first branded boutique hotel. The brand is aimed at style-conscious guests who want affordable luxury.

The first Hotel Indigo opened in Atlanta, Georgia in the United States in October 2004. As at 30 September 2012, there were 48 Hotel Indigo hotels, which represented less than 1 per cent. of the Group's total hotel rooms.

#### ***EVEN Hotels***

EVEN Hotels, which was launched in 2012, is the first hotel brand designed for business and leisure travellers who maintain a healthy and active lifestyle and are looking for a complete wellness experience at a mainstream price point. The first signed EVEN Hotel is expected to open in New York City in late 2014.

#### ***HUALUXE Hotels & Resorts***

HUALUXE Hotels & Resorts, which was also launched in 2012, is the first upscale international hotel brand designed specifically for Chinese customers. The first HUALUXE hotel is expected to open in China in 2014.

#### **Operating System**

The Group's operating system (the "System") comprises those elements of the Group's operations which drive demand for its brands and stays at hotels operated under the Group's brands. Each of the Group's branded hotels contributes assessments to the System fund (totalling approximately U.S.\$611 million in the six months ended 30 June 2012) and benefit from and are supported by, the System. The elements of the global System include:

#### ***Priority Club Rewards***

The Group's worldwide loyalty scheme, Priority Club Rewards, is the largest of its kind in the hotel industry. Priority Club Rewards membership was over 69 million customers as at 30 September 2012.

#### ***Central Reservations System Technology***

The Group operates the HolidexPlus reservations system. The HolidexPlus system receives reservations requests entered on terminals located at most of its reservations centres, as well as from global distribution systems operated by a number of major corporations and travel agents. Where local hotel systems allow, the HolidexPlus system immediately confirms reservations or indicates alternative accommodation available within the Group's network. Confirmations are transmitted electronically to the hotel for which the reservation is made.

The Group operates 11 reservations centres around the world which enable it to sell in local languages in many countries and offer a high quality service to guests.

#### ***Geographical Analysis***

As at 30 September 2012, the Group had 4,573 hotels in nearly 100 countries and territories worldwide. The markets in which the Group operates include large and developed markets such as the United States, United Kingdom and Germany, as well as emerging markets like China. The Group is largely dependent on the Americas for operating profit, reflecting the structure of the branded global hotel market. The Americas region generated approximately 65 per cent. of the Group's continuing operating profit before central overheads and exceptional operating items during the 9 months ended 30 September 2012.

#### ***Americas***

In the Americas, the largest proportion of rooms is operated under the franchise business model (3,339 out of 3,543 hotels in the Americas operate under this model) primarily in the midscale segment (Holiday Inn and Holiday Inn Express). Similarly, in the upscale segment, Crowne Plaza is predominantly franchised, whereas the majority of the InterContinental branded hotels are operated under franchise and management agreements. With 3,543 hotels, the Americas represented 77 per cent. of the Group's hotels and approximately 65 per cent. of the Group's continuing operating profit



before central costs and exceptional operating items during the 9 months ended 30 September 2012. The key profit producing region is the United States, although the Group is also represented in each of Latin America, Canada, Mexico and the Caribbean.

### ***Europe***

In Europe, the largest proportion of rooms is operated under the franchise business model primarily in the midscale segment (Holiday Inn and Holiday Inn Express). Similarly, in the upscale segment, Crowne Plaza is predominantly franchised whereas the majority of the InterContinental branded hotels are operated under management agreements. Comprising 622 hotels as at 30 September 2012, Europe represented approximately 15 per cent. of the Group's continuing operating profit before central costs and exceptional operating items during the 9 months ended 30 September 2012. Profits are primarily generated from hotels in the United Kingdom and continental European gateway cities.

### ***AMEA***

In Asia, Middle East and Africa ("AMEA"), the largest proportion of rooms are operated under the managed business model. The majority of hotels are in the midscale and upscale segments. Comprising 227 hotels as at 30 September 2012, AMEA represented approximately 11 per cent. of the Group's operating profit before central costs and exceptional operating items during the 9 months ended 30 September 2012.

### ***Greater China***

In Greater China, as with AMEA, the majority of rooms are operated as managed hotels, the bulk of which are in the midscale and upscale segments. Comprising 181 hotels as at 30 September 2012, Greater China represented approximately 9 per cent. of the Group's continuing operating profit before central costs and exceptional operating items during the 9 months ended 30 September 2012.

### ***Advantages of Scale***

With over 672,000 rooms worldwide, the Group can deploy its significant scale to its own benefit and for the benefit of its hotel owners. During 2011, the Group's reservations channels and Priority Club Rewards Members contributed around 69 per cent. of total rooms revenue.

### ***Seasonality***

Although the performance of individual hotels and geographic markets might be highly seasonal due to a variety of factors such as the tourist trade and local economic conditions, the geographical spread of the Group's hotels in nearly 100 countries and territories and the relative stability of the income stream from franchising and management activities diminishes, to some extent, the effect of seasonality on the results of the Group.

### ***Competition***

The Group's hotels compete with a wide range of facilities offering various types of lodging options and related services to the public. The competition includes several large and moderate sized hotel chains offering upper, mid and lower priced accommodation and also includes independent hotels in each of these market segments, particularly outside of North America where the lodging industry is much more fragmented. Major hotel chains which compete with the Group include Marriott International, Inc., Starwood Hotels & Resorts Worldwide, Inc., Choice Hotels International, Inc., Best Western International, Inc., Hilton Hotels Corporation, Wyndham Worldwide, Four Seasons Hotels Inc. and Accor S.A. The Group also competes with non-hotel options, such as timeshare offerings and cruises.

### **Major Shareholders**

As far as is known to management, the Issuer is not directly or indirectly owned or controlled by another corporation or by any government. As at 29 October 2012, the Issuer had been notified in accordance with the Disclosure and Transparency Rules of the Financial Services Authority, of the following significant holdings of voting rights in its ordinary shares:

<i>Name of Shareholder</i>	<i>Percentage</i>
The Capital Group Companies, Inc.	5.10%
Cedar Rock Capital Limited	5.07%
BlackRock, Inc.	5.02%

### **Board of Directors**

The members of the Board of Directors and the Company Secretary of the Issuer as at the date of this Base Prospectus are as follows:

<i>Name</i>	<i>Title</i>	<i>Principal outside activity (if any) (of significance to the Issuer/Group)</i>
David Kappler	Director and Senior Independent Director	Non-Executive Director, Shire plc.
Kirk Kinsell	Director	
Jennifer Laing	Director	Non-Executive Director of Hudson Global, Inc.; Non-Executive Director of Premier Foods plc.
Jonathan Linen	Director	Non-Executive Director, Yum! Brands, Inc.; Non-Executive Director, Modern Bank, N.A.
Luke Mayhew	Director	Director of Brambles Limited
Dale Morrison	Director	Non-Executive Director of International Flavors and Fragrances Inc.
Tracy Robbins	Director	
Thomas Singer	Director and Chief Financial Officer	
Richard Solomons	Director and Chief Executive	
David Webster*	Director and Chairman	Non-Executive Chairman, Makinson Cowell Limited; Non-executive Director, Amadeus IT Holding SA; Director, Temple Bar Investment Trust PLC.
Ying Yeh	Director	Non-Executive Director, AB Volvo; Non-Executive Director, ABB Ltd.
George Turner	Company Secretary	

The business address of each of the Directors and the Company Secretary referred to above is Broadwater Park, Denham, Buckinghamshire UB9 5HR.

Otherwise than disclosed above, none of the directors listed above has any significant principal activities outside the Issuer (or, as the case may be, the Group). There are no potential conflicts of interest between duties owed by the directors of the Issuer to the Issuer (or, as the case may be, to the Group) and their private interests or other duties.

\* David Webster will retire on 31 December 2012 and will be succeeded as Chairman by Patrick Cescau.

## **Employees**

The Group directly employed an average of 7,956 people worldwide in the year ended 31 December 2011.

The costs of the above employees are borne by the Group. When the Group's entire estate is taken into account, including staff working in franchised and managed hotels, approximately 345,000 people worked globally across the Group's brands as at 31 December 2011.

## **Material Contracts**

The following contracts have been entered into otherwise than in the course of ordinary business by members of the Group.

### ***IHG Facility Agreement***

On 7 November 2011, the Issuer signed a five year U.S.\$1,070 million syndicated bank facility agreement (the "**IHG Facility Agreement**") with The Royal Bank of Scotland plc, Banc of America Securities Limited., Citigroup Global Markets Limited, HSBC Bank plc, Lloyds TSB Bank plc and The Bank of Tokyo-Mitsubishi UFJ, Ltd., all acting as mandated lead arrangers and Banc of America Securities Limited as facility agent.

The facility is a five year revolving credit facility. The interest margin payable on borrowings under the IHG Facility Agreement is linked to the Issuer's consolidated net debt to consolidated EBITDA ratio. The interest rate can vary between LIBOR + 0.9 per cent. and LIBOR + 1.7 per cent. depending on the level of the ratio.

## **Environmental Matters**

The Group is committed to all its operating companies having a responsibility to act in a way that respects the environment in which they operate. The Group's strong presence in the United States and European Union markets mean that it is affected by and is familiar with highly developed environmental laws and controls. The Group regularly considers environmental matters and seeks to embed good practice into its business strategies and operations.

## **Litigation**

The Group is from time to time involved in litigation arising from its ordinary activities. The Group does not consider that liabilities relating to such litigation will in aggregate be material to its activities or to the Group's consolidated financial position.

Notwithstanding the above, the Issuer notes the matters set out below. Litigation is inherently unpredictable and as at the date of this Base Prospectus, the outcome of these matters cannot be reasonably determined.

1. On 20 April 2012, the owner of a former hotel in China filed an arbitration petition with the China International Economic Trade Arbitration Committee against a Group company, Holiday Inns (China) Limited ("HICL") seeking compensation for losses relating to the alleged mismanagement of the hotel. HICL subsequently filed a counterclaim. The Group intends to defend against this claim vigorously and pursue its counterclaim. As at the date of this Base Prospectus, the likelihood of a favourable or unfavourable result cannot be reasonably determined.
2. On 31 July 2012, the UK's Office of Fair Trading (the "OFT") issued a Statement of Objections alleging that the Issuer (together with Booking.com B.V. and Expedia, Inc.) infringed competition law in relation to the online supply of room only hotel accommodation by online travel agents.

As at the date of this Base Prospectus, the Issuer is in the process of responding to the Statement of Objections before the OFT decides whether competition law has in fact been infringed. The Issuer is cooperating fully with the investigation.

3. On 10 August 2012, the former owner of a hotel in China filed an arbitration notice with the International Economic and Trade Arbitration Commission Shanghai Committee containing numerous allegations in connection with the termination of the hotel management agreement and seeking damages. The Group intends to defend against this claim vigorously and also intends to file a counterclaim seeking damages. As at the date of this Base Prospectus, the likelihood of a favourable or unfavourable result cannot be reasonably determined.

4. On 20 August 2012, two plaintiffs filed a class action complaint in California against several online travel companies and hotel companies, including a Group company, InterContinental Hotels Group Resources, Inc. in connection with alleged anti-competitive practices. Several similar complaints have since been filed across the US by other plaintiffs alleging similar claims. The Group intends to defend against these claims vigorously. As at the date of this Base Prospectus, the likelihood of favourable or unfavourable results cannot be reasonably determined.

#### **Recent Developments**

Following approval granted by the Issuer's shareholders at a General Meeting held on 8 October 2012, the Issuer has made a special dividend payment of approximately U.S.\$500 million.

## DESCRIPTION OF SIX CONTINENTS LIMITED

### Introduction

Six Continents Limited (“Six Continents”) was incorporated in England and Wales on 17 August 1967. The registered office of Six Continents is situated at Broadwater Park, Denham, Buckinghamshire UB9 5HR, telephone number: +44 1895 512000. The registered number of Six Continents is 913450.

### Principal Activities and Organisational Structure

Six Continents is a private limited intermediate holding company for the Group, which franchises and manages an international hotel business and owns a portfolio of established and diverse hotel brands.

Six Continents’ principal activities comprise acting as an investment holding company and providing management services to the Group. Six Continents is also the main entity that conducts treasury activities for the Group. These activities include the borrowing of funds, investment of surplus cash, and management of foreign exchange and derivative transactions.

### Major Shareholders

As at 30 September 2012, 100 per cent. of Six Continents’ issued shares were held by InterContinental Hotels Limited.

### Board of Directors

The members of the Board of Directors of Six Continents as at the date of this Base Prospectus are as follows:

<i>Name</i>	<i>Title</i>	<i>Principal outside activity (if any) (of significance to Six Continents or the Group)</i>
Nicolette Henfrey	Director	n/a
Allan McEwan	Director	n/a
Thomas Singer	Director	n/a
George Turner	Director	n/a
Ralph Wheeler	Director	n/a

Pritti Patel is the Company Secretary of Six Continents.

The business address of each of the Directors and the Company Secretary referred to above is Broadwater Park, Denham, Buckinghamshire UB9 5HR.

None of the directors listed above has any significant principal activities outside Six Continents (or, as the case may be, the Group). There are no potential conflicts of interest between duties owed by the directors of Six Continents to Six Continents (or, as the case may be, the Group) and their private interests or other duties.

### Material Contracts

The following contracts have been entered into otherwise than in the course of ordinary business by members of the Group.

#### *IHG Facility Agreement*

On 7 November 2011, the Issuer signed a five year U.S.\$1,070 million syndicated bank facility agreement (the “**IHG Facility Agreement**”) with The Royal Bank of Scotland plc, Banc of America Securities Limited., Citigroup Global Markets Limited, HSBC Bank plc, Lloyds TSB Bank plc and The Bank of Tokyo-Mitsubishi UFJ, Ltd., all acting as mandated lead arrangers and Banc of America Securities Limited as facility agent. Six Continents is a borrower and guarantor under the IHG Facility Agreement.

The facility is a five year revolving credit facility. The interest margin payable on borrowings under the IHG Facility Agreement is linked to the Issuer’s consolidated net debt to consolidated EBITDA ratio. The interest rate can vary between LIBOR + 0.9 per cent. and LIBOR + 1.7 per cent. depending on the level of the ratio.

**Litigation**

Six Continents is from time to time involved in litigation arising from its ordinary activities. Six Continents does not consider that liabilities relating to such litigation will in aggregate be material to its activities or to the Group's consolidated financial position.

## DESCRIPTION OF INTERCONTINENTAL HOTELS LIMITED

### Introduction

InterContinental Hotels Limited (“**InterContinental**”) was incorporated in England and Wales on 2 October 2002. The registered office of InterContinental is situated at Broadwater Park, Denham, Buckinghamshire UB9 5HR, telephone number: +44 1895 512000. The registered number of InterContinental is 4551528.

### Principal Activities and Organisational Structure

InterContinental is a private limited company and a subsidiary of the Issuer. InterContinental is a part of the Group, which franchises and manages an international hotel business and owns a portfolio of established and diverse hotel brands.

### Major Shareholders

As at 30 September 2012, the issued shares of InterContinental were held by the Issuer.

### Board of Directors

The members of the Board of Directors of InterContinental as at the date of this Base Prospectus are as follows:

<i>Name</i>	<i>Title</i>	<i>Principal outside activity (if any) (of significance to InterContinental or the Group)</i>
Nicolette Henfrey	Director	n/a
Allan McEwan	Director	n/a
Thomas Singer	Director	n/a
George Turner	Director	n/a
Ralph Wheeler	Director	n/a

Pritti Patel is the Company Secretary of InterContinental.

The business address of each of the Directors and the Company Secretary referred to above is Broadwater Park, Denham, Buckinghamshire UB9 5HR.

None of the directors listed above has any significant principal activities outside InterContinental (or, as the case may be, the Group). There are no potential conflicts of interest between duties owed by the directors of InterContinental to InterContinental (or, as the case may be, the Group) and their private interests or other duties.

### Material Contracts

The following contracts have been entered into otherwise than in the course of ordinary business by members of the Group.

#### ***IHG Facility Agreement***

On 7 November 2011, the Issuer signed a five year U.S.\$1,070 million syndicated bank facility agreement (the “**IHG Facility Agreement**”) with The Royal Bank of Scotland plc, Banc of America Securities Limited, Citigroup Global Markets Limited, HSBC Bank plc, Lloyds TSB Bank plc and The Bank of Tokyo-Mitsubishi UFJ, Ltd., all acting as mandated lead arrangers and Banc of America Securities Limited as facility agent. InterContinental is a borrower and guarantor under the IHG Facility Agreement.

The facility is a five year revolving credit facility. The interest margin payable on borrowings under the IHG Facility Agreement is linked to the Issuer’s consolidated net debt to consolidated EBITDA ratio. The interest rate can vary between LIBOR + 0.9 per cent. and LIBOR + 1.7 per cent. depending on the level of the ratio.

### Litigation

InterContinental is from time to time involved in litigation arising from its ordinary activities. InterContinental does not consider that liabilities relating to such litigation will in aggregate be material to its activities or to the Group’s consolidated financial position.

## TAXATION

### United Kingdom Taxation

The following is a general description of the United Kingdom withholding tax treatment of payments of principal and interest in relation to the Notes. It is based on current United Kingdom law and what is understood by the Issuer to be the published practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to changes sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects, including the United Kingdom tax consequences of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes and some aspects do not apply to certain classes of taxpayer (such as dealers and Noteholders who are connected or associated with the Issuer for relevant tax purposes). Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes, not a complete analysis, and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. The description below does not cover the situation where the Issuer is substituted pursuant to the terms of the Notes or otherwise and does not consider the tax consequences of any such substitution. Prospective Noteholders who are in any doubt as to their tax position should consult their professional advisers.

Prospective Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions). In particular, prospective Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

### United Kingdom Withholding Tax

Notes which carry a right to interest will constitute "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007 (the "Act") as long as they are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Act. In the case of Notes to be traded on the London Stock Exchange, which is a recognised stock exchange, the Notes will be treated as "listed" on a recognised stock exchange if the Notes are included in the Official List of the United Kingdom Listing Authority (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. Notes to be traded on a recognised stock exchange outside the United Kingdom will be treated as "listed" on a recognised stock exchange if (and only if) they are admitted to trading on that exchange and they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments by the Issuer of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

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

In other cases, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty or to any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid by the Issuer on Notes with a maturity date of less than one year from the date of issue and



which are not issued under arrangements the effect of which is to render such Notes part of a borrowing intended to be capable of remaining outstanding for more than 364 days.

Depending on the correct legal analysis of payments in respect of interest on the Notes made by a Guarantor as a matter of United Kingdom tax law, it is possible that payments by such Guarantor would be subject to withholding on account of United Kingdom tax, subject to any applicable exemptions or reliefs.

#### ***Provision of Information***

Noteholders should note that where any interest on Notes is paid or credited to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a “**paying agent**”), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (a “**collecting agent**”), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HMRC details of the payment and certain details relating to the Noteholder (including the name and address of the beneficial owner of the interest). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. In certain circumstances, the details provided to HMRC may be passed by HMRC to the tax authorities of certain other jurisdictions.

The provisions referred to above may apply, in certain circumstances, to payments made on redemption of any Notes which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005. However, HMRC’s published guidance indicates that HMRC will not exercise its power to obtain information in relation to such payments where such payments are made on or before 5 April 2013.

Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

#### ***EU Savings Tax Directive***

Under EC Council Directive 2003/48/EC (the “**Directive**”) on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during such 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). The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Citigroup Global Markets Limited, HSBC Bank plc, Lloyds TSB Bank plc, Merrill Lynch International, Mitsubishi UFJ Securities International plc and The Royal Bank of Scotland plc (the “**Dealers**”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealer agreement dated 9 November 2012 (the “**Dealer Agreement**”) and made between the Issuer, the Guarantors and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### **United States of America**

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

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 United States Internal Revenue Code and regulations thereunder. The relevant Final Terms will identify whether the TEFRA C rules or TEFRA D Rules apply or whether TEFRA is not applicable.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, except as permitted by the Dealer Agreement, 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 of the Notes comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto 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.

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

### **European Economic Area**

In relation to each Relevant Member State, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant 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 Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

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

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

For the 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.

#### **Selling Restrictions Addressing Additional United Kingdom Securities Laws**

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

(a) ***No deposit-taking:***

in relation to any Notes having a maturity of less than one year:

- (i) it is a person whose ordinary activities involve it in acquiring holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
- (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
  - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
  - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) ***Financial promotion:***

it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) ***General compliance:***

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

#### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**FIEA**”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended) or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

#### **General**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has (to the best of its knowledge and belief) complied and will (to the best of its knowledge and belief) comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer, the Guarantors and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed “General” above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

## GENERAL INFORMATION

### Authorisation

The update of the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 27 September 2012 and by a duly appointed committee of the Board of Directors passed on 2 November 2012. The giving of the guarantees and the approval by the Guarantors of this Base Prospectus and the other documentation relating to the update of the Programme was authorised by the Board of Directors of each of Six Continents Limited and InterContinental Hotels Limited on 2 November 2012. The Issuer and the Guarantors have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### Legal and Arbitration Proceedings

Save as disclosed on pages 68 and 69 of this Base Prospectus under the heading “Litigation”, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and the Group.

### Significant/Material Change

Save for an increase to the Group’s net debt position as a result of the payment of the special dividend referred to on page 69 of this Base Prospectus under the heading “Recent Developments”, since 31 December 2011, there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries or of either of the Guarantors and their respective subsidiaries nor, since 30 September 2012, has there been any significant change in the financial or trading position of the Issuer and its subsidiaries or of either of the Guarantors and their respective subsidiaries.

### Auditors

The consolidated financial statements of the Issuer as at and for the years ended 31 December 2011 and 31 December 2010 have been audited without qualification in accordance with IFRS by Ernst & Young LLP, an independent registered public accounting firm.

### Documents on Display

Copies of the following documents may be inspected during normal business hours at the specified offices of the Principal Paying Agent in London for 12 months from the date of this Base Prospectus:

- (a) the Articles of Association of the Issuer and the Memorandum and Articles of Association of the Guarantors;
- (b) the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2011 and 31 December 2010;
- (c) the unaudited consolidated interim financial statements of the Issuer for the three and six months ended 30 June 2012;
- (d) the unaudited consolidated financial results of the Issuer for the three and nine months ended 30 September 2012;
- (e) the Agency Agreement;
- (f) the Trust Deed;
- (g) the Programme Manual (which contains the forms of the Notes in global and definitive form); and
- (h) the Issuer-ICSDs Agreement.

### Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

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.

### **Interests of the Dealers**

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

**ISSUER**

**InterContinental Hotels Group PLC**

Broadwater Park  
Denham  
Buckinghamshire UB9 5HR

**GUARANTORS**

**InterContinental Hotels Limited**

Broadwater Park  
Denham  
Buckinghamshire UB9 5HR

**Six Continents Limited**

Broadwater Park  
Denham  
Buckinghamshire UB9 5HR

**ARRANGER**

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ

**DEALERS**

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**HSBC Bank plc**

**8 Canada Square**  
London E14 5HQ

**Lloyds TSB Bank plc**

10 Gresham Street  
London EC2V 7AE

**Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ

**Mitsubishi UFJ Securities International plc**

Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AJ

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR

**TRUSTEE**

**HSBC Corporate Trustee Company (UK) Limited**

8 Canada Square  
London E14 5HQ

**PRINCIPAL PAYING AGENT**

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ

**LEGAL ADVISERS**

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