

OFFERING CIRCULAR DATED 24 MARCH 2010



Salamander Energy plc

(incorporated with limited liability in England and Wales under the Companies Act 1985 with registered number 05934263)

U.S.\$100,000,000

5.00 per cent. Convertible Bonds due 2015

convertible into Ordinary Shares of

Salamander Energy plc

Issue Price: 100 per cent.

Sole Bookrunner and Lead Manager

Goldman Sachs International

Joint Lead Managers

EQL Capital Limited

Oriel Securities Limited

This Offering Circular (the "**Offering Circular**") comprises listing particulars given in compliance with the listing rules made under Section 73A of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "**UKLA**") for the purpose of giving information with regard to Salamander Energy plc (the "**Issuer**" or the "**Company**"), and the Issuer and its subsidiaries taken as a whole (the "**Group**") and the U.S.\$100,000,000 5.00 per cent. convertible bonds due 2015 (the "**Bonds**"). Applications have been made for the Bonds to be admitted to the Official List of the UKLA (the "**Official List**") and to be admitted to trading on the Professional Securities Market (the "**PSM**") of the London Stock Exchange plc (the "**LSE**"). References in this Offering Circular to the Bonds being "listed" (and all related references) shall mean that the Bonds have been admitted to the Official List and have been admitted to trading on the PSM. The PSM is not a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive). This Offering Circular is to be read in conjunction with all the documents which are incorporated by reference herein (see "*Documents Incorporated by Reference*").

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

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

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

No person is authorised in connection with the issue, offering or sale of the Bonds to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Bonds and the Ordinary Shares to be issued upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "**Securities Act**"), and the Bonds, which are in bearer form, are subject to U.S. tax law requirements. The Bonds and the Ordinary Shares to be issued upon conversion of the Bonds may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in certain transactions permitted by U.S. tax regulations and the Securities Act. For a more complete description of restrictions on offers and sales and applicable U.S. tax law requirements see "*Subscription and Sale*".

The Bonds will initially be represented by a temporary global bond in bearer form without interest coupons attached (the "**Temporary Global Bond**"), which will be deposited with a common depositary (the "**Common Depositary**") on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") on or about 30 March 2010 (the "**Closing Date**"). Interests in the Temporary Global Bond will be exchangeable not earlier than 40

days after the Closing Date (and upon certification of non-U.S. beneficial ownership) for interests in a global bond (the "**Global Bond**") in bearer form, without interest coupons, which will also be deposited with the Common Depositary. The Global Bond will be exchangeable for definitive Bonds in bearer form in the denomination of U.S.\$100,000 only in the limited circumstances set out in the Global Bond. See "*Summary of Provisions Relating to the Bonds while in Global Form*".

Neither the Issuer nor any of the Managers is providing any advice or recommendation in this Offering Circular on the merits of the purchase, subscription for, or investment in, the Bonds or the Ordinary Shares or the exercise of any rights conferred by the Bonds or the Ordinary Shares.

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

No representation or warranty, express or implied, is made by any of the Managers as to the accuracy, completeness or sufficiency of the information set out or incorporated by reference in this Offering Circular, and nothing set out or incorporated by reference in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by any of the Managers.

This Offering Circular (including the information incorporated by reference herein) is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, or any of the Managers, that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information set out or incorporated by reference in this Offering Circular and its purchase of Bonds should be based upon such investigations as it deems necessary.

The Issuer's Ordinary Shares are listed for trading on the main market of the LSE under the symbol "SMDR".

BNP Paribas Trust Corporation UK Limited (the "**Trustee**") may rely without liability to Bondholders or Couponholders (each as defined in "*Terms and Conditions of the Bonds*") on a report, confirmation or certificate of any financial advisers or investment bank, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall be obliged to accept and entitled to rely on any such report, confirmation or certificate where the Issuer procures delivery of the same pursuant to its obligation to do so under the Conditions and/or the Trust Deed (each as defined in "*Terms and Conditions of the Bonds*") and such report, confirmation or certificate shall be binding on the Issuer, the Trustee, the Bondholders and the Couponholders in the absence of manifest or proven error.

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

The Issuer confirms that where the information in this Offering Circular has been reproduced from third party sources it has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate and misleading.

In connection with the issue of the Bonds, Goldman Sachs International (the "Stabilising Manager") (or persons acting on behalf of the Stabilising Manager) may over-allot or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Such stabilisation action, if commenced, may be discontinued at any time, but it must end no later than the earlier of 30 days after the issue of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any persons acting on behalf of the Stabilising Manager) in accordance with all applicable law and rules.

In this Offering Circular, all references to "U.S. dollars", "U.S.\$" and "\$" are to the lawful currency of the United States of America, all references to "euro", "Euro" and "€" are to the lawful currency introduced on 1 January 1999 at the start of the third stage of the European economic and monetary union and as defined in Article 2 of Council Regulation No. 974/98 of 3 May 1998 on the introduction of the euro, as amended and all references to "sterling", "pounds sterling", "pounds", "£", "p" or "pence" are to the lawful currency of the United Kingdom. The Group prepares its consolidated financial information in U.S. dollars.

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PRESENTATION OF INFORMATION

Forward-looking Statements

This Offering Circular includes statements that are, or may be deemed to be "forward-looking statements". Such forward-looking statements and information may include, but are not limited to, statements regarding schedules for completion of seismic surveys and exploration drilling, potential increases in reserves and production, the timing and scope of future commencement of production and potential acquisitions or increases in property interests. Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations (including grammatical variations) of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

With respect to forward-looking statements and information contained herein, the Issuer has made numerous assumptions including, among other things, the price of oil and gas, economic and political conditions, continuity of operations and production levels. Although the Issuer believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that forward-looking statements or information referenced herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. These risks, uncertainties or other factors include, but are not limited to, the actual prices of oil and gas, transportation of supply or other problems, political, economic and operational risks of foreign operations, availability of materials and equipment, the timing of receipt of governmental permits, force majeure events, the failure of plant, equipment or processes to operate in accordance with specific expectations, accidents, labour relations, environmental costs and risks, the outcome of acquisition negotiations, general domestic and international economic and political conditions, the factual results of exploration, appraisal and development activities, results of pending and future seismic surveys, changes in project parameters as plans continue to be evaluated, and those risks, uncertainties and other factors set out in "*Risk Factors*" and "*Salamander Energy plc*" herein. Although the Issuer has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Also, many of the factors are beyond the control of the Issuer. Accordingly, investors should not place undue reliance on forward-looking statements or information. All forward-looking statements and information herein are qualified by this cautionary statement.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with:

- (a) the audited financial statements and the audited consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2008, together with the notes thereto and the audit report thereon, which can be found on pages 41 to 78 of the Issuer's Annual Report for the financial year ended 31 December 2008 (the "**2008 Annual Report**");
- (b) the audited financial statements and the audited consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2009, together with the notes thereto and the audit report thereon, which can be found on pages 43 to 84 of the Issuer's Annual Report for the financial year ended 31 December 2009 (the "**2009 Annual Report**");
- (c) the section entitled "*Operating Review – Reserves*" on page 6 of the 2009 Annual Report;
- (d) the section entitled "*Statement of Proved and Probable Reserves (Working Interest Basis)*" on page 23 of the 2009 Annual Report;

Such documents shall be incorporated in, and form part of this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Where documents incorporated by reference themselves incorporate information by reference, such information does not form part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular may be obtained (without charge) from the registered office of the Issuer.

OVERVIEW

The following is a summary of the principal features of the Bonds and is qualified in its entirety by the detailed information appearing elsewhere in this Offering Circular and, in particular, "Terms and Conditions of the Bonds". Potential purchasers of the Bonds are urged to read this Offering Circular in its entirety. Terms used in this overview and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Bonds".

Issuer	Salamander Energy plc.
Bonds	U.S.\$100,000,000 5.00 per cent. Convertible Bonds due 2015.
The Offering	The Bonds are being offered outside the United States to non-US persons in accordance with Regulation S.
Closing Date	30 March 2010.
Issue Price	100 per cent. of the principal amount of the Bonds.
Final Maturity Date	30 March 2015 (the " Final Maturity Date ").
Final Redemption	Unless previously purchased and cancelled, redeemed or converted, the Bonds will be redeemed at their principal amount on the Final Maturity Date. The Issuer will have an option to redeem the Bonds in sterling, as more fully described in the " <i>Terms and Conditions of the Bonds – Redemption and Purchase – Issuer option to redeem in sterling</i> ".
Redemption at the Option of the Issuer	On giving not less than 30 nor more than 60 days' notice (an " Optional Redemption Notice "), in accordance with the Conditions, the Issuer may redeem all, but not some only, of the Bonds on the date (the " Optional Redemption Date ") specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to such date: (i) at any time on or after 20 April 2013, if the Aggregate Value on each dealing day in any period of not less than 20 dealing days in any period of 30 consecutive dealing days ending not earlier than 14 days prior to the giving of the relevant Optional Redemption Notice, exceeds U.S.\$130,000; or (ii) at any time if prior to the date the relevant Optional Redemption Notice is given, 85 per cent. or more in principal amount of the Bonds originally issued shall have been previously purchased and cancelled, converted and/or redeemed. See " <i>Terms and Conditions of the Bonds – Redemption and Purchase – Redemption at the Option of the Issuer</i> ".
Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a " Tax Redemption Notice ") to the Bondholders, in accordance with the Conditions, on the date specified in the Tax Redemption Notice (the " Tax Redemption Date ") at their principal amount, together with interest accrued up to but excluding the Tax Redemption Date, if (i) the Issuer satisfies the Trustee immediately prior to the giving of such Tax Redemption Notice that it has or will become obliged

to pay additional amounts in respect of any payments of interest in respect of the Bonds, as described in "*Terms and Conditions of the Bonds – Taxation*", as a result of, among other things, any change in the laws or regulations of the United Kingdom, which change becomes effective on or after 18 March 2010; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. See "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons*".

If the Issuer gives a Tax Redemption Notice, each Bondholder will have the right to elect that his Bonds shall not be redeemed pursuant to such Tax Redemption Notice whereupon payments of interest to be made in respect of such Bonds shall be made subject to the deduction or withholding of United Kingdom taxation required to be withheld or deducted, as further described in "*Terms and Conditions of the Bonds – Bondholders' Tax Option*".

Redemption at the option of Bondholders upon a Change of Control

Following the occurrence of a Change of Control, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Change of Control Put Date at its principal amount, together with accrued and unpaid interest to such date. See "*Terms and Conditions of the Bonds – Redemption at the Option of Bondholders Upon a Change of Control*". The Issuer will have an option to redeem the Bonds in sterling. See "*Terms and Conditions of the Bonds – Redemption and Purchase – Issuer option to redeem in sterling*".

Interest

The Bonds will bear interest from (and including) the Closing Date at the rate of 5.00 per cent. per annum calculated by reference to the principal amount thereof and payable semi-annually in arrear in equal instalments on 30 March, and 30 September, in each year (each an "**Interest Payment Date**") commencing with the Interest Payment Date falling on 30 September 2010. See "*Terms and Conditions of the Bonds – Interest*".

Form and Denomination

The Bonds will be in bearer form in the denomination of U.S.\$100,000 each with Coupons attached. The Bonds will initially be represented by the Temporary Global Bond which will be deposited with a common depository for Euroclear and Clearstream, Luxembourg.

Interests in the Temporary Global Bond will be exchangeable for interests in the Global Bond on or after a date which is expected to be 10 May 2010 upon certification as to non-U.S. beneficial ownership.

The Global Bond will be exchangeable in whole, but not in part, in certain limited circumstances described therein, for definitive Bonds in bearer form with Coupons, serially numbered, in denominations of U.S.\$100,000 each. See "*Summary of Provisions*".

Relating to the Bonds while in Global Form"

Ranking of the Bonds

The Bonds and Coupons will constitute direct, unconditional, unsubordinated and (subject to the provisions relating to the negative pledge, as described below) unsecured obligations of the Issuer ranking *pari passu* and rateably without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, but, in the event of a winding-up, save for such obligations that may be preferred by provisions of law that are mandatory and of general application. See "*Terms and Conditions of the Bonds – Form, Denomination, Title and Status – Status*".

Negative Pledge

The Bonds will have the benefit of a negative pledge, as described in "*Terms and Conditions of the Bonds – Negative Pledge*".

Cross Acceleration

The Bonds will have the benefit of cross acceleration, as described in "*Terms and Conditions of the Bonds – Events of Default*".

Conversion

Each Bond shall entitle the holder (such right a "**Conversion Right**") to convert such Bond into the Ordinary Shares of the Issuer, credited as fully paid. See "*Terms and Conditions of the Bonds – Conversion of Bonds – Conversion Period and Conversion Price*".

The Conversion Right in respect of a Bond, may be exercised at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and the Conditions) from, and including, 10 May 2010 to, and including, the close of business (at the place where the relevant Bond is delivered for conversion) on (i) the date falling seven calendar days prior to the Final Maturity Date or (ii) if such Bond is to be redeemed, at the option of the Issuer (including redemption for taxation reasons, as described above), prior to the Final Maturity Date, on the seventh calendar day before the date fixed for redemption.

The number of Ordinary Shares to be issued or transferred and delivered on exercise of a Conversion Right in respect of a Bond will be determined by dividing the principal amount of such Bond to be converted (translated into sterling at the Fixed Rate of Exchange) by the Conversion Price (the "**Conversion Price**") in effect on the relevant Conversion Date.

The initial Conversion Price is £3.637 per Ordinary Share.

The "**Fixed Rate of Exchange**" is £1.00 = U.S.\$1.529.

The Conversion Price is subject to adjustment as provided in "*Terms and Conditions of the Bonds – Conversion of Bonds – Adjustment of Conversion*".

Price", including in respect of any Dividend paid or made by the Issuer.

Taxation

All payments in respect of the Bonds by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In the event that such deduction or withholding is required in respect of a payment to the relevant Bondholder, the Issuer will, subject to extensive exceptions in respect of any payment of interest to be made in respect of any Bond, pay such additional amounts as will result in receipt by such Bondholder of such amounts as would have been received by it had no such withholding or deduction been required. See "*Terms and Conditions of the Bonds – Taxation*".

Lock up

The Issuer has agreed to certain restrictions on its ability to issue or dispose of Ordinary Shares or certain related securities for 90 days after the issue of the Bonds as described in "*Subscription and Sale*".

Governing Law

The Bonds, the Trust Deed constituting the Bonds, and any non-contractual obligations arising out of them, will be governed by English law.

Selling Restrictions

There are certain selling restrictions applicable to the Bonds, as described in "*Subscription and Sale*".

Trustee

BNP Paribas Trust Corporation UK Limited.

Principal Paying and Conversion Agent

BNP Paribas Securities Services, Luxembourg Branch.

Paying Agent

BNP Paribas Securities Services, London Branch.

Listing and Trading

The Issuer has applied for the Bonds to be admitted to the Official List of the UK Listing Authority and application has been made to the LSE for the Bonds to be admitted to trading on the Professional Securities Market of the LSE.

The Ordinary Shares trade on the LSE's main market for listed securities under the symbol "SMDR".

ISIN:

XS0497505957

Common Code:

049750595

Use of Proceeds:

The net proceeds of the issue of the Bonds, after deduction of fees and commissions associated with the issue, are expected to be approximately U.S.\$97,000,000.

The Issuer intends to use the net proceeds to allow the Group to react promptly to opportunities to broaden and diversify its Asian portfolio.

RISK FACTORS

Prospective investors should consider carefully the risks set forth below and the other information contained in this Offering Circular prior to making any investment decision with respect to the Bonds. Each of the risks highlighted below could have a material adverse effect on the business, operations, financial condition or prospects of the Issuer which, in turn, could affect its ability to fulfil its obligations under the Bonds. In addition, each of the risks highlighted below could adversely affect the trading price of the Bonds or the Ordinary Shares or the rights of investors under the Bonds or the Ordinary Shares and, as a result, investors could lose some or all of their investment.

Prospective investors should note that the risks described below are not the only risks the Issuer faces. The Issuer has only described those risks in connection with the Bonds and its ability to fulfil its obligations under them which it considers to be material. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware, and any of these risks could have the effects set forth above.

Prospective investors should read the entire Offering Circular, together with the documents incorporated by reference herein. Words and expressions defined in "Terms and Conditions of the Bonds" below or elsewhere in this Offering Circular have the same meanings in this section.

Investing in the Bonds involves certain risks. Prospective investors should consider, among other things, the following:

Risks relating to the operations of the Issuer and the Group

Fluctuations of hydrocarbon prices

Historically, hydrocarbon prices have been subject to large fluctuations due to a variety of factors beyond the Group's control. Accordingly, the Issuer can give no assurance that the price levels, existing as at the date of this Offering Circular, will be maintained in the future.

The Group benchmarks its selling prices for oil and gas against various indices and uses derivatives to reduce its exposure to the risk of a fall in prices. The Group may use a combinations of swaps, collars and other options depending on market conditions for periods of up to one calendar year. The Group currently has oil hedging in place for an output of 4000 barrels per day using zero cost collars at various strikes. The Group does not currently have any gas price hedges, but has fixed-term contracts to sell Indonesia gas at a fixed price.

The above arrangements may, however, prove insufficient to protect the Group against a decrease in hydrocarbon prices. Consequently, lower hydrocarbon prices may result in a reduction in revenues or net income, impair the Group's ability to make planned expenditures and could materially adversely affect the Group's business, prospects, financial condition and results of operations.

Hydrocarbon reserves and resources

There are uncertainties inherent in estimating the quantity of reserves and resources and in projecting future rates of production, including factors beyond the Group's control. Estimating the amount of hydrocarbon reserves and resources is a subjective process and, in addition, the results of drilling, testing and production subsequent to the date of an estimate may result in revisions to original estimates.

The reserves and resources data contained in this Offering Circular are estimates only and should not be construed as representing exact quantities. Reserves and resources estimates contained in this Offering Circular are based on production data, prices, costs, ownership, geophysical, geological and engineering data, and other information assembled by the Group (with assistance from other operators). The estimates may prove to be incorrect and potential investors should not place undue reliance on the statements contained in this Offering Circular concerning the Group's reserves and resources. In addition, prospective investors should be aware that certain categories of reserves and resources (such as prospective and contingent resources) are inherently less certain than certain other categories.

If the assumptions upon which the estimates of the Group's hydrocarbon reserves or resources have been based prove to be incorrect, the Group, or the operators of assets in which the Group has interests,

may be unable to recover and produce the estimated levels or quality of hydrocarbons set out in this Offering Circular and the Group's business, prospects, financial condition or results of operations could be materially and adversely affected.

Only certain of the reserves and resources data contained, or incorporated by reference, in this Offering Circular has been reviewed or estimated by RPS Energy ("**RPS Energy**"), the Group's independent engineers.

There is additional uncertainty in relation to the remaining data which has not been reviewed or estimated by RPS Energy and no assurance can be given that such data is accurate. Potential investors should not place undue reliance upon such reserves or resources data.

In addition to uncertainties associated with reserves determinations, if the reserves or resources data proves to be incorrect, the Group or the operators of assets in which it has interests may be unable to produce the estimated levels or quality of hydrocarbons represented by such data and accordingly the Group's business, prospects, financial condition or results of operations could be materially and adversely affected.

Production

Production operations of the Group, or by operators of assets in which it has interests, involve risks normally incident to such activities, including blowouts, oil spills, gas leaks, explosions, fires, equipment damage or failure, natural disasters, unexploded ordinance, geological uncertainties, unusual or unexpected rock formations and abnormal pressures. Offshore operations are also subject to natural disasters as well as to hazards inherent in marine operations and damage to pipelines, platforms, facilities and sub-sea facilities from trawlers, anchors and vessels. The occurrence of any of these events could result in environmental damage, injury to persons and loss of life, production delays, failure to produce oil or gas in commercial quantities or an inability to fully produce discovered reserves. Consequent production delays and declines from normal field operating conditions can be expected to adversely affect revenue and cash flow levels to varying degrees.

The majority of the Group's production is sourced from its interests in a limited number of assets. Problems in any one asset could have a material adverse impact upon the Group.

Appraisal and development

The results of appraising discoveries are uncertain, which may result in reductions in projected reserves and production declines and may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but uneconomic to develop. Appraisal and development activities may be subject to delays in obtaining governmental approvals or consents, shut-ins of connected wells, insufficient storage or transportation capacity or other geological and mechanical conditions all of which may variously increase the Group's costs of operations or delay its revenue stream.

Exploration

Exploration activities are capital intensive and inherently uncertain in their outcome. There is a risk that the Group, or the operators of assets in which it has interests, will undertake exploration activities and incur significant costs in so doing with no assurance that such expenditure will result in the discovery of hydrocarbons, whether or not in commercially viable quantities.

Interruptions in availability of exploration, production or supply infrastructure

The Group, or the operators of production facilities in which the Group has interests, may face interruptions or delays in the availability of infrastructure, including pipelines and storage tanks, on which exploration and production activities are dependent.

Such interruptions or delays could result in disruptions to the Group's or such operators' projects, oil and gas offtake, increased costs, and may have an adverse effect on the Group's profitability.

Third-party contractors and providers of capital equipment

In common with most exploration and production companies, the Group and/or the operators of assets in which it has interests often contract or lease services and capital equipment from third-party providers. Such equipment and services can be scarce and may not be readily available at the times and places required.

In addition, the costs of third-party services and equipment have increased over recent years and may continue to rise. Scarcity of equipment and services and increased prices may, in particular, result from any significant increase in regional exploration and development activities which in turn may be the consequence of increased or continued high prices for oil or gas. The scarcity of such equipment and services, as well as their potentially high costs, could delay, restrict or lower the profitability and viability of the Group's, or such operators', projects and therefore have an adverse affect on the Group's business.

Reliance on third-party operators and other joint venture partners

The Group operates, or jointly operates, only certain of its assets. Accordingly, in relation to assets which are not operated by the Group, whilst in the relevant operating agreement typically provides for a right of consultation or consent in relation to significant matters, the Group generally has limited control over the day-to-day management or operations of such assets and is therefore dependent upon the activities of the operators of such assets. Any mismanagement of an asset by its operator may result in delays or increased costs to the Group's non-operated exploration, development or production activities.

The terms of any relevant operating agreement generally impose standards and requirements in relation to the operator's activities, but there can be no assurance that the operator will observe such standards or requirements.

Another party with interests in an assets, in which the Group has an interest, may elect not to participate in certain activities (which may require such party's consent) relating to such asset. In these circumstances, it may not be possible for such activities to be undertaken by the Group alone or in conjunction with other participants at the desired time or at all.

Other participants may default in their obligations to fund capital or other funding obligations in relation to the assets in which the Group has interests. In certain circumstances, the Group may be required, under the terms of the relevant operating agreement, to contribute all or part of any such funding shortfall.

Counterparties

The Group has entered into agreements with a number of contractual counterparties in relation to the sale and supply of its hydrocarbon production volumes and will therefore be subject to the risk of delayed offtakes or payment for delivered production volumes or counterparty default.

Some of such counterparties, either legally or as a result of geographic, infrastructure or other constraints or factors, are in practice the sole potential purchasers of the Group's production output. This is particularly the case for sales of gas which rely upon the availability or construction of transmission and other infrastructure facilities, enabling the supply of gas produced to be supplied to end users. The absence of competitors for the transmission or purchase of gas produced by the Group may expose it to offtake and production delays, adverse pricing or other contractual terms, or may restrict the availability of transmission or other necessary infrastructure.

Such delays or defaults or adverse pricing or other contractual terms or restricted infrastructure availability could adversely affect the Group's business, results of operations and cash flows.

Key personnel

The Group's business depends in significant part upon the contributions of a number of the Group's key senior management and personnel. There can be no certainty that the services of the Group's key personnel will continue to be available to the Group. Factors critical to retaining the Group's present staff and attracting additional highly qualified personnel include the Group's ability to provide these

individuals with competitive compensation arrangements. If the Group is not successful in retaining or attracting highly qualified individuals in key management positions and highly skilled engineers and geologists, its business may be materially harmed. In some of the jurisdictions where the Group's operations and development projects are located, it may be difficult for the Group to find or hire qualified people who are situated in those jurisdictions or to obtain all of the necessary services or expertise locally or to conduct operations on its projects at reasonable rates.

If qualified people and services or expertise cannot be obtained in those jurisdictions, those services will need to be obtained from people located elsewhere which will require work permits and compliance with applicable laws and could result in delays and higher costs to develop its projects.

Health, safety and environment

The Group's operations are subject to laws and regulations relating to the protection of health and safety as well as the environment. The Group's health, safety and environment policy is to observe local legal requirements as well as to apply recognised international standards in its operations. Failure by the Group to comply with applicable legal requirements or recognised international standards may give rise to significant liabilities.

Health, safety and environment laws and regulations may over time become more complex and stringent or the subject of increasingly strict interpretation or enforcement. The terms of the grant of title may include more stringent environmental and/or health and safety requirements. The obtaining of exploration, development or production titles and permits for operations may become more difficult or be the subject of delay by reason of governmental, regional or local environmental consultation, approvals or other considerations or requirements.

These factors may lead to delayed or reduced exploration, development or production activity as well as to increased costs.

Current and future financing

The Group's business will involve significant capital expenditure and, depending on the evolution of the portfolio, in certain circumstances, the Group may need to obtain further external debt and equity financing at a future date. There is no assurance that such additional funding, if required, will be available on acceptable terms and/or at the relevant time. Furthermore, any incremental debt financing may involve restrictive covenants, which may limit the Group's operating flexibility. An inability to obtain sufficient funding for its operations, exploration or development plans, may adversely affect the Group's business, results of operations and cash flows.

Future business acquisitions

Part of the Group's strategy is to increase its oil and gas reserves through strategic business acquisitions. Risks commonly associated with acquisitions of companies or businesses include the difficulty of integrating the operations and personnel of the acquired business, problems with minority shareholders in acquired companies, the potential disruption of the Group's own business, the possibility that agreements with the sellers or their suppliers or contractors may be unenforceable or inadequate to cover potential risks, liabilities and difficulties arising out of integration. Furthermore, the value of any business which the Group acquires may be less than the amount it pays.

Relatively early stage of operations

The Group has a relatively limited operating history on which to assess its future expected performance. There can be no guarantee or assurance that growth will occur or that future performance will be favourable.

Uninsured hazards

The Group may be subject to substantial liability claims due to the inherently hazardous nature of its business or for acts and omissions of contractors, sub-contractors, operators or joint venture partners. Any indemnities which the Group may receive from such parties may be limited or may be difficult to enforce if such contractors, sub-contractors, operators or joint venture partners lack adequate resources.

The Issuer believes that the level of the Group's insurance cover (and that of the operators of assets the Group does not itself operate) is reasonable, based on the costs of cover, the risks associated with its business and industry practice.

However, the Group's insurance does not cover all potential risks. Further, the Group can give no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. Accordingly, the Group may suffer material losses from uninsurable or uninsured risks or insufficient insurance coverage. The Group is also subject to the risk of unavailability, increased premiums or deductibles, reduced coverage and additional or expanded exclusions in connection with its insurance policies and those of operators of assets which it does not itself operate.

Exchange rates

The Group's revenues are predominantly in U.S. dollars, whilst a proportion of the Group's costs are incurred in local currencies at its different operating locations. The Group may seek to mitigate exchange rate exposure where possible without entering into speculative hedges. The Group may therefore undertake hedging activities in relation to exchange rates where the Group has a determined future income or expenditure in a currency other than U.S. dollars where the Group may forward sale or buy the currency to secure an amount of U.S. dollar receipt or payment. As a result, if these local currencies were to significantly strengthen against the U.S. dollar, this could have an adverse effect on the Group's financial condition and results of operations. In addition, if inflation in such locations were to increase without a corresponding devaluation of the relevant local currency relative to the U.S. dollar, the Group's financial condition and results of operations could be materially and adversely affected to the extent that the Group does not have a foreign exchange hedge in place.

Macroeconomic risk

The business of the Group is sensitive to the state of the global economy, and to the United Kingdom, the United States of America and Southeast Asian economies in particular. A significant deterioration in economic conditions in those areas may be detrimental to the Group.

Legislative changes

The Group's financial performance may be impaired by certain legislative changes. This could include more onerous obligations being imposed on the Group as a result of future legislation or regulation in the area of oil and gas exploration, employment or the environment.

Risks relating to the countries in which the Group operates

Political, economic, legal, regulatory and social uncertainties

The Group's operations will continue to be exposed to the political, economic, legal, regulatory and social risks of the countries in which it operates or intends to operate. These risks potentially include expropriation and nationalisation of property, instability in political, economic or financial systems, uncertainty arising from underdeveloped legal and regulatory systems, corruption, civil strife or labour unrest, acts of war, armed conflict, terrorism, outbreaks of infectious diseases, prohibitions, limitations or price controls on hydrocarbon exports and limitations or the imposition of tariffs or duties on imports of certain goods.

Countries in which the Group has, or may have, operations, have transportation, telecommunications and financial services infrastructures that may present logistical challenges not associated with doing business in certain more developed countries. Furthermore, the Group may have difficulty ascertaining its legal obligations and enforcing any rights it may have. Certain governments in other countries have in the past expropriated or nationalised property of hydrocarbon production companies operating within their jurisdictions. Sovereign or regional governments could require the Group to grant to them larger shares of hydrocarbons or revenues than previously agreed to.

Once the Group, or the operator of an asset in which the Group has an interest, has established hydrocarbon exploration and/or production operations in a particular country, it may be expensive and logistically burdensome to discontinue such operations should economic, political, physical or other

conditions subsequently deteriorate. All of these factors could materially adversely affect the Group's business, results of operations, financial condition or prospects.

Uncertainties relating to the legal systems and the operation of courts

The courts and legal systems in the jurisdictions in which the Group operates, or may operate in the future, may offer less certainty as to judicial outcome and less effective forms of redress than is the case in certain more developed jurisdictions. Accordingly, the Group could, *inter alia*, face risks from (i) a higher degree of discretion on the part of governmental authorities; (ii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iii) inconsistencies or conflicts between and with various laws, regulations, decrees, orders and resolutions; (iv) relative inexperience of the judiciary and courts in such matters; or (v) a more protracted judicial process resulting in delays in reaching a judicial outcome. Similarly, there may be less certainty that government officials and agencies will abide by legal requirements, licences, permits and negotiated agreements. There can be no assurance that the foregoing would not have an adverse effect on the validity or enforceability of the PSCs, concessions, licences, permits or other legal arrangements entered into by the Group or the application or enforcement of laws and regulations to which the Group is subject.

Governmental involvement in the oil and gas industry

The governments of the countries in which the Group currently operates, or may operate, have exercised and continue to exercise significant influence over many aspects of their respective economies and the right of a party to operate or carry on business, including the oil and gas industry. Any government action concerning the economy, including the oil and gas industry (such as a change in oil or gas pricing policy or taxation rules or practice, or renegotiation or nullification of existing concession contracts), could have a material adverse effect on the Group's business, results of operations, financial condition or prospects.

Further, there is no assurance that these governments will not postpone or review projects or will not make any changes to laws, rules, regulations or policies, in each case, which could adversely affect the Group's financial position, results of operations or prospects.

Licensing and other regulatory requirements

The Group's activities in the countries in which it operates, or may operate, are subject to licences, regulations and approvals of governmental authorities including those relating to the exploration, development, operation, production, marketing, pricing, transportation and storage of oil and gas, taxation and environmental and health and safety matters.

The Group has limited control over whether or not necessary approvals or licences (or renewals thereof) are granted, the timing of obtaining (or renewing) such licences or approvals, the terms on which they are granted or the tax regime to which it or assets in which it has interests will be subject. As a result, the Group may in certain circumstances have limited control over the nature and timing of development and exploration of oil and gas fields in which it has or seeks interests.

Upon the expiry of licences, contractors are generally required, under the terms of relevant licences or local law, to dismantle and remove equipment, cap or seal wells and generally make good production sites. The Group's accounts do not make provision for this decommissioning since either local laws, the relevant PSCs, licences or concessions do not specifically provide for decommissioning charges by their terms or the possibility of incurring decommissioning charges is regarded by the Group as a possibility that is sufficiently unlikely for a provision to be appropriate at this time. However, there can be no assurance that the Group will not, in the future, incur decommissioning charges, since local or national governments may require decommissioning to be carried out even in circumstances where there is no express obligation to do so, particularly in case of future licence renewals.

Licence withdrawal and renewal

In the future, the Group or operators of assets in which the Group has an interest may be unable or unwilling to comply with the terms or requirements of a title document in circumstances that entitle the relevant authority to suspend or withdraw the terms of such title.

Furthermore, some of the exploration and production licences may expire before the end of what the Group estimates to be the productive life of its licensed fields. The Group intends to apply, or expects operators of assets in which it has interests to apply, for extensions to such licences but there can be no assurance that such extensions will be granted. Any failure to receive such extensions or any premature termination, suspension or withdrawal of licences may have a material adverse effect on the Group's reserves, business, results of operations and prospects.

Southeast Asia regional energy demand

There can be no assurance that the anticipated levels of growth of Southeast Asian economies or of their energy requirements will in fact materialise. Should such economies not grow or should one or more economies, or the region generally, be subject to recession, then demand for energy, and accordingly for oil and gas, may not continue to increase in accordance with projected growth rates or may decline, and planned expansion of power generation facilities may be reduced or not take place. In such circumstances, the Group may need to find alternative markets for certain of its expected future gas developments. Such markets may not be available or it may not be economic to access such alternative markets from the Group's existing gas reserves. Should any of such factors occur, and if no alternative markets for the Group's gas reserves are then available, the level of the Group's exploration and the development of assets in which it has an interest may be reduced. Even if such markets are available, the costs of accessing such alternative markets may be greater. All or any of such factors may have a material adverse effect on the results of operations, financial condition and prospects of the Group.

Competition

The oil and gas industry is highly competitive. The Group will compete with other industry participants in the search for, and acquisition of, oil and gas assets and licences. Competitors include companies with, in many cases, greater financial resources, local contacts, staff and facilities than those of the Group.

Competition for exploration and production licences, as well as other regional investment or acquisition opportunities, may increase in the future. This may lead to increased costs in the carrying out of the Group's activities in the region, and reduced available growth opportunities and may adversely affect the business, financial condition, results of operations and prospects of the Group.

Risks Relating to the Bonds

Bonds may not be a suitable investment for all investors

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- (iii) understand thoroughly the terms of the Bonds and be familiar with the behaviour of financial markets in which they participate; and
- (iv) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Structure of the Group and claims of creditors of subsidiaries of the Issuer

The holding company structure of the Group means that the claims of creditors of subsidiaries of the Issuer will generally have priority over claims on the Bonds.

The Issuer is a holding company and derives the majority of its operating income and cash flow from its subsidiaries. It must rely upon distributions from its subsidiaries to generate funds necessary to meet its obligations under the Bonds. The Bonds will constitute, subject to the provisions of Condition 2 (see "*Terms and Conditions of the Bonds – Negative Pledge*"), unsecured obligations of the Issuer and will rank *pari passu* with all other future unsecured and unsubordinated obligations of the Issuer. These obligations will also be structurally subordinated to the holders of secured and unsecured debt and other creditors of the Issuer's subsidiaries.

No established trading market for the Bonds

The Bonds are new securities which may not be widely distributed and for which there is currently no established trading market. If the Bonds 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, the Issuer's results of operations and the market price of the Ordinary Shares. Although applications have been made for the Bonds to be admitted to the Official List and trading on the PSM, there is no assurance that such applications will be accepted or that an active trading market for the Bonds will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds.

Risk of fluctuation in the price of the Ordinary Shares

In recent years, the securities markets have experienced a high level of price and volume volatility and the market price of securities of many companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values of prospects of such companies. The market price of the Bonds is expected to be affected by fluctuations in the market price of the Ordinary Shares and it is impossible to predict whether the price of the Ordinary Shares will rise or fall. Trading prices of the Ordinary Shares will be influenced by, among other things, the financial position of the Issuer, the results of operations and political, economic, financial and other factors. Any decline in the market price of the Ordinary Shares may have an adverse effect on the market price of the Bonds.

Future issues of, or disposals of the Ordinary Shares by substantial shareholders may significantly affect the trading price of the Bonds or the Ordinary Shares. Even the expectation that such issues or disposals may occur may significantly affect the trading price of the Bonds and the Ordinary Shares. The Issuer has agreed to certain restrictions on its ability to issue or dispose of Ordinary Shares or certain related securities for 90 days after the issue of the Bonds. Except for such restrictions and the undertakings of the Issuer described in Condition 10 (see "*Terms and Conditions of the Bonds – Undertakings*"), there is no restriction on the Issuer's ability to issue Ordinary Shares, and there can be no assurance that the Issuer will not issue Ordinary Shares or that any substantial shareholder will not dispose of, encumber, or pledge its Ordinary Shares or related securities.

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

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

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

Meetings of Bondholders, Modification and Waiver and Substitution

The Trust Deed (the "**Trust Deed**") constituting the Bonds contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined

majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Conditions of the Bonds also provide, among other things, that the Trustee may, without the consent of the Bondholders (i) agree to any modification, or any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the Conditions, which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders; (ii) determine without the consent of the Bondholders that any Event of Default or Potential Event of Default (each as defined in the Trust Deed) should not be treated as such, provided that in the opinion of the Trustee, the interests of Bondholders will not be materially prejudiced thereby; or (iii) agree to the substitution of any Subsidiary (as defined in "*Terms and Conditions of the Bonds*") of the Issuer as principal debtor under the Bonds in place of the Issuer, in the circumstances described in Condition 13 (see "*Terms and Conditions of the Bonds – Meetings of Bondholders, Modification and Waiver, Substitution*").

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), Member States of the European Union are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident, or to certain limited types of entities established, in another Member State. However, for a transitional period, Luxembourg and Austria may instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no interest be withheld), the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries (Belgium has, as from 1 January 2010, replaced this withholding tax with a regime of exchange of information with the authorities of the Member State of residence of the beneficial owner). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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

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

Bondholders have limited anti-dilution protection

The Conversion Price at which the Bonds may be converted into Ordinary Shares will be adjusted, *inter alia*, in the event that there is a consolidation, reclassification or subdivision in relation to the Ordinary Shares, capitalisation of profits or reserves, the payment of any dividend or the making of a distribution by the Issuer, rights issue or grant of other subscription rights or other adjustment which affects the Ordinary Shares, but only in the situations and only to the extent provided under "*Terms and Conditions of the Bonds – Conversion of Bonds*". There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Ordinary Shares. Events in respect of which no adjustment is made may adversely affect the value of the Ordinary Shares and, therefore, adversely affect the value of the Bonds.

Risks attached to the exercise of Conversion Rights

At any point when the Bonds are outstanding, depending on the performance of the Ordinary Shares, the value of the Ordinary Shares may be substantially lower than when the Bonds were initially

purchased. In addition, because there will be a delay between when Conversion Rights are exercised and when Ordinary Shares are delivered, the value of the Ordinary Shares to be delivered may vary substantially between the date on which Conversion Rights are exercised and the date on which such Ordinary Shares are delivered.

The Bonds may be redeemed prior to maturity

The Conditions provide that the Bonds are redeemable at the Issuer's option prior to their Final Maturity Date in certain limited circumstances and accordingly the Issuer may choose to redeem the outstanding Bonds at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security bearing an effective interest rate as high as that of the Bonds.

There is a limited period for, and there are costs associated with, the exercise of Conversion Rights

A Bondholder will, subject as more fully described in "*Terms and Conditions of the Bonds – Conversion of Bonds*", have the right to convert his or her Bonds into Ordinary Shares. Conversion Rights may be exercised (subject to the Conditions, any applicable fiscal or other laws or regulations) at any time on or after 10 May 2010 up to, and including: (a) the close of business (at the place where the Bonds are delivered for conversion) on the date falling seven calendar days prior to the Final Maturity Date; or (b) if the Bonds have been called for redemption by the Issuer before the Final Maturity Date, the close of business (at the place aforesaid) on the seventh calendar day before the date fixed for redemption thereof. If the Conversion Rights are not exercised by Bondholders during this period, the Bonds will be redeemed at their principal amount on the Final Maturity Date unless they are previously purchased and cancelled, redeemed or converted in accordance with the Conditions.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in U.S. dollars, and, in certain specified circumstances, in sterling (the "**Specified Currencies**" and each, a "**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 Currencies. These include the risk that exchange rates may significantly change (including changes due to devaluation of a 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 a Specified Currency would decrease (i) the Investor's Currency equivalent yield in the Bonds, (ii) the Investor's Currency equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or, in certain limited circumstances, no interest or principal.

Interest rate risks

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

Legal investment consideration may restrict certain investment

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Bonds are legal investments for it, (ii) the Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

USE OF PROCEEDS

The net proceeds of the issue of the Bonds, after deduction of fees and commissions associated with the issue, are expected to be approximately U.S.\$97,000,000.

The Issuer intends to use the net proceeds to allow the Group to react promptly to opportunities to broaden and diversify its Asian portfolio.

SALAMANDER ENERGY PLC

Salamander Energy plc (for the purposes of this section, the "**Company**" and together with its subsidiary undertakings, the "**Group**" or the "**Salamander Group**") was founded in 2005 as Salamander Energy Limited by James Menzies, Nick Cooper and Andrew Cochran. The Company re-registered on 13 September 2006, under the Companies Act 1985, as a public limited company registered in England and Wales with registered number 05934263, under the name Pilotpython Public Limited Company and, on 22 November 2006, changed its name to Salamander Energy plc. The Company's registered office, which is also its head office, is located at 5th Floor, 21 Palmer Street, London SW1H 0AD, United Kingdom (telephone number: +44 (0) 20 7960 1580). In addition, the Group has regional offices in Singapore, Bangkok (Thailand), Jakarta (Indonesia), Ho Chi Minh City (Vietnam) and Vientiane (Lao PDR).

The Company serves as a holding company for the Group and is listed on the London Stock Exchange plc (the "**LSE**"). The Company's shares were admitted to the Official List of the UK Listing Authority and admitted to trading on the LSE's main market for listed securities on 5 December 2006. The Company is a constituent of the FTSE 250 Index.

Overview and description of the Group's business

The Group is an independent, full cycle, upstream oil and gas business with exploration, appraisal, development and production capabilities. The Group is focused on Asia and has a portfolio of 21 license areas across Indonesia, Thailand, Vietnam, Lao PDR and the Philippines. The Group operates through a number of subsidiary and other undertakings, including joint venture entities.

As at 31 December 2009, the Group's 2P reserves were approximately 64.8 Mboepd and it operated approximately 50 per cent. of its production with its daily production during 2009 averaging 13,600 boepd (comprising approximately 67 per cent. liquids and 33 per cent. gas) (Source: the Company).

As at the date of this Offering Circular, the Group's production came from the following five assets:

- Bualuang oil field, Thailand (Operated);
- Glagah Kambuna TAC, Indonesia (Operated);
- Sinphuhorm gas field, Thailand;
- Offshore Northwest Java PSC, Indonesia; and
- Southeast Sumatra PSC, Indonesia.

Group strategy

The Group aims to create sustainable shareholder value through its portfolio of upstream assets and utilising the following strategies:

- regional focus;
- leveraging regional knowledge and relationships;
- maintaining a balanced portfolio;
- capital allocation discipline; and
- acquisition and organic-led growth.

Group structure

The Company is the holding company of the Group. The following table shows the details of the Company's subsidiaries:

Name of Company	Country of Incorporation	Percentage Holding
Salamander Energy Group Ltd*	United Kingdom	100%
Salamander Energy (E&P) Ltd	United Kingdom	100%
PHT Partners LP	United States of America	100%
APICO LLC	United States of America	27.1785%
APICO (Khorat) Holdings LLC	United States of America	27.1785%
APICO (Khorat) Limited	Thailand	27.1785%
Salamander Energy (Holdco) Ltd	United Kingdom	100%
Salamander Energy Singapore Pte Ltd	Singapore	100%
Salamander Energy (S.E. Asia) Ltd	United Kingdom	100%
Salamander Energy (Bontang) Company Pte Limited	Singapore	100%
Salamander Energy (Java & Sumatra) B.V.	The Netherlands	100%
Salamander Energy (Java) B.V.	Indonesia	100%
Salamander Energy (Sumatra) B.V.	The Netherlands	100%
Salamander Energy (Philippines) Ltd	United Kingdom	100%
Salamander Energy (Indonesia) Limited	United Kingdom	100%
Salamander Energy (Vietnam) Ltd	United Kingdom	100%
Salamander Energy (Simenggaris) Ltd	United Kingdom	100%
Salamander Energy (Bengara) Ltd	United Kingdom	100%
Salamander Energy (Lao) Company Ltd	LaoPDR	100%
Salamander Energy (Canada) Ltd	Canada	100%
Salamander Energy (Canada) Holdings Corporation	Canada	100%
Salamander Energy Oil & Gas Inc	Canada	100%
Salamander Energy Oil & Gas USA Inc	United States of America	100%
Salamander Energy Oil & Gas Crystal Inc	United States of America	100%

Salamander International Holdings Ltd	British Virgin Islands	100%
Salamander Energy (Asahan) Ltd	British Virgin Islands	100%
Salamander Energy (Seruway) Ltd	British Virgin Islands	100%
Salamander Bualuang & Kambuna Holdings Ltd	British Virgin Islands	100%
Salamander Energy (Bualuang) Ltd	British Virgin Islands	100%
Salamander Energy (Glagah Kambuna) Ltd	British Virgin Islands	100%
Salamander Energy (Kutai) Ltd	United Kingdom	100%
Salamander Energy (S.E. Sangatta) Ltd	United Kingdom	100%
Salamander Energy (North Sumatra) Limited	Indonesia	100%
Salamander Energy (Bualang Holdings) Limited	United Kingdom	100%
Salamander Energy (Glagah Kambuna Holdings) Limited	United Kingdom	100%

* Salamander Energy Group Limited is the only direct subsidiary of the Company.

Group's operations and assets

The Group's assets are divided into two categories: (i) production and development assets; and (ii) exploration and appraisal assets.

Production and development assets

Production assets

As stated above, at the date of this Offering Circular, the Group had five production assets:

- Bualuang oil field, Thailand (Operated);
- Glagah Kambuna TAC, Indonesia (Operated);
- Sinphuhorm gas field, Thailand;
- Offshore Northwest Java PSC ("**ONWJ PSC**"), Indonesia; and
- Southeast Sumatra PSC ("**SES PSC**"), Indonesia.

Bualuang oil field, Thailand

The participants in the Bualuang oil field are as follows:

<i>Participant</i>	<i>Percentage Interest</i>
The Salamander Group (Operator)	60.0%
Soco Exploration (Thailand) Ltd	40.0%

Overview

The Bualuang oil field production license is due to expire on 23 October 2025.

The Bualuang oil field is located in the west of the Gulf of Thailand in water depths of approximately 60 metres. It is approximately 60 kilometres west of the Chevron-operated gas/condensate and oil fields and Pearl Energy-operated Jasmine oil field in the Pattani Trough.

The Miocene age sandstones which form the Bualuang oil field reservoir are predominantly lacustrine and fluvial in character with porosities of around 30 per cent and permeabilities of up to 1 Darcy. The Bualuang oil is approximately 27 degree American Petroleum Institute gravity (with lower mercury content but higher sulphur than the other Gulf of Thailand crudes) and has a low gas:oil ratio.

The Bualuang oil field commenced production on 27 August 2008 and produces oil from five wells into a 500,000 bbl capacity FPSO. A second phase of development drilling was completed in May 2009. Two horizontal production wells tested at over 18,000 bopd and have been choked back to produce at between 8,000 and 12,000 bopd which are the optimal rates for reservoir management.

As of 31 December 2009, the estimated gross 2P reserves in the Bualuang oil field amounted to approximately 22.5 MMbo (approximately 13.5 MMbo net) (Source: the Company).

Oil sales

The Group currently sells oil from the Bualuang oil field to the Thai national oil and gas company, PTT Public Company Ltd ("**PTT**") through a twelve-month term contract that commenced on 1 January 2010.

Glagah Kambuna TAC, Indonesia

The participants in the Glagah Kambuna TAC are as follows:

<i>Participant</i>	<i>Percentage Interest</i>
The Salamander Group (Operator)	50.0%
Serica Energy plc (" Serica ")	25.0%
Kris Energy Limited	25.0%

Overview

The Glagah Kambuna TAC is due to expire on 17 December 2016.

The Glagah Kambuna TAC covers an area of approximately 86,300 acres and contains the Kambuna gas and condensate field, which is located in the North Sumatra Basin and was brought on-stream in August 2009. The Company believes that a number of gas market opportunities exist for the reserves and resources located in the Glagah Kambuna TAC, reflecting the well established gas infrastructure in Sumatra and demand growth.

The Kambuna gas and condensate field was first discovered in 1986 and first appraised in 2005. The gas and condensate in the field is reservoired in dolomitic sandstones of the Lower Miocene Belunai formation.

A Plan of Development was approved by BPMIGAS in 2006. Development drilling was completed in the first half of 2008 and three development wells were successfully flow tested at a combined rate of 114 MMscfd of gas and over 8,000 barrels of condensate per day.

As of 31 December 2009, the estimated gross 2P reserves in the Glagah Kambuna TAC amounted to approximately 33.2 MMboe (approximately 16.6 MMboe net) (Source: the Company).

Gas sales

Gas sales from the Kambuna field commenced on 11 August 2009. Gas sales agreements have been executed for the sale of 28 MMscfd of gas from the Kambuna field to the state electricity generator, PT Perusahaan Listrik Negara (Persero) ("**PLN**") and 12 MMscfd to PT Pertiwi Nusantara Resources.

In addition to the above gas sales agreements, the sale of 4 MMscfd of gas to the state oil company, PT Pertamina (Persero) ("**Pertamina**") has been agreed for the production of LPG.

Sinphuhorm gas field, Thailand

The participants in the Sinphuhorm gas field concessions are as follows:

<i>Participant</i>	<i>Percentage Interest</i>
Hess (Operator)	35.0%
APICO LLC*	35.0%
PTTEP	20.0%
ExxonMobil	10.0%

* The Salamander Group holds a 27.2 per cent. interest in APICO LLC (a joint venture) and, therefore, has an effective interest in the Sinphuhorm gas field concessions of approximately 9.5 per cent.

Overview

The Sinphuhorm gas field concessions (the "**Sinphuhorm Concessions**") are due to expire on 19 May 2034.

Sinphuhorm gas field is located on the Khorat Plateau, onshore northeast Thailand. Gas is trapped in mid-Permian fractured limestone and dolomite reservoirs of the Pha Nok Kao formation. The deeper, untested, Si That formation (identified by the Group as a prospect) consists of a lower Permian age clastics unit and is considered to provide upside potential to the existing Pha Nok Khao reservoir formation.

Gas production from the Sinphuhorm Concessions commenced on 30 November 2006 and has been highly reliable since that date. There are four producing wells on the Sinphuhorm Concessions that are in pressure communication and seeing between 800 and 900 Bcf of gas. The Sinphuhorm Concessions have the potential to contain up to 6 Tcf of gas.

As of 31 December 2009, the estimated gross 2P reserves in the Sinphuhorm Concessions amounted to approximately 168.5 MMboe (approximately 16 MMboe net) (Source: the Company).

Gas sales

The gas is supplied to the Nam Phong power plant under a gas sales agreement with PTT. Under this agreement, the Sinphuhorm Concessions supply gas to the Nam Phong power plant in northeast Thailand. The agreement provides for the sale to the power plant of up to 108 MMscfd of feedstock gas over a period of 15 years to November 2021.

ONWJ PSC, Indonesia

The participants in the ONWJ PSC are as follows:

<i>Participant</i>	<i>Percentage Interest</i>
Pertamina (Operator)	46.0%
CNOOC	36.7%
Inpex	7.3%
The Salamander Group	5.0%
CIECO	2.6%
Talisman	2.4%

Overview

The ONWJ PSC was granted in 1966, originally for a term of 30 years. First production began in 1971. The ONWJ PSC was extended in 1990 and is due to expire on 19 January 2017.

The ONWJ PSC is located in the Ardjuna Sub-Basin, part of the larger Northwest Java Tertiary Basin. The ONWJ PSC covers an area of approximately 11,000 square kilometres and has produced over 1.2 billion barrels of oil and over 1.5 Tcf of gas since production first commenced in 1971. The ONWJ PSC contains a complex of 56 oil and gas fields. Over 570 exploration wells have been drilled in the ONWJ PSC with high success rates of between 30 and 35 per cent. There is a large infrastructure of infield oil and gas flowlines and a number of export pipelines, providing tieback opportunities for future potential satellite developments.

As of 31 December 2009, the estimated gross 2P reserves in the ONWJ PSC amounted to approximately 193 MMboe (approximately 9.7 MMboe net) (Source: the Company).

Oil sales

The Group sells its own share of oil production, on arm's-length market terms, to Mitsubishi Corporation under a five-year crude oil supply agreement which was last renewed in April 2005 and expires in April 2010. An extension to this agreement is currently being negotiated. The oil is typically low sulphur with light gravities and high wax content. Entitlement sales volumes are calculated each month by the operator and cargoes are arranged accordingly.

Gas sales

Gas is sold under fixed price contracts of between five and ten years. Current offtakers include PLN, Pertamina and PT Pupuk Kujang.

SES PSC, Indonesia

The participants in the SES PSC are as follows:

<i>Participant</i>	<i>Percentage Interest</i>
CNOOC (Operator)	65.5%
Inpex Corporation	13.1%
KNOC	8.9%
Talisman	7.5%
The Salamander Group	5.0%

Overview

The SES PSC was granted in 1968, originally for a term of 30 years. First production began in 1971. Following an extension in 1991, the SES PSC is due to expire on 5 September 2018.

The SES PSC is located in shallow water (17 to 55 metres) in the Java sea off the south-eastern coast of Sumatra. The SES PSC covers three basins, the Asri, Sunda and Hera basins. The SES PSC covers approximately 8,100 square kilometres, and has produced over 1.2 billion barrels of oil since production first commenced in 1971. The petroleum geology and hydrocarbon system in the SES PSC is similar to that found in the ONWJ PSC.

The infrastructure within the block is highly developed. There are 36 producing fields and more than 400 wells still in production. The infrastructure in the block reflects its maturity, with over 70 platforms of various types. There is a large network of infield oil and gas flowlines and a number of export pipelines, providing tieback opportunities for potential satellite developments.

As of 31 December 2009, the estimated gross 2P reserves in the SES PSC amounted to approximately 132 MMboe (approximately 6.6 MMboe net) (Source: the Company).

The ongoing work programmes comprise secondary recovery of floodwater schemes, infill drilling, well maintenance and workover programmes as well as marginal field additions.

Oil sales

The Group sells its own share of oil production, on arm's length market terms, to Mitsubishi Corporation under a five-year crude oil supply agreement expiring in April 2010. An extension to this agreement is currently being negotiated. The oils are typically low sulphur with light gravities and high wax contents. Entitlement sales volumes are calculated each month by the operator and cargoes are arranged accordingly.

Gas sales

Gas is sold to PLN under a long-term contract.

Development assets

Simenggaris JOA, Indonesia (South Sembakung discovery)

A gas and condensate discovery, South Sembakung, was appraised by two wells in the second half of 2007. The South Sembakung-2 well tested at a flow rate of 8.7 MMscfd from the Middle Miocene Tabul formation and tested at a flow rate of 4.9 MMscfd from the Miocene Meliat formation. The South Sembakung-3 well flowed at a rate of 0.5 MMscfd from the Miocene Meliat formation. The original discovery well, South Sembakung-1, flowed at a rate of 12.7 MMscfd.

As of 31 December 2009, the estimated gross 2P reserves in the Simenggaris JOA amounted to approximately 11.3 MMboe (approximately 2.4 MMboe net).

The Simenggaris JOA partners submitted a Plan of Development to the Indonesian regulator, BPMIGAS, which was approved in August 2008. The Company believes that this would see up to 125 Bcf of gas being developed. The Company anticipates a fast-track development with production commencing in 2011, at approximately 25 MMscfd. A gas sales agreement has been signed to supply gas to the Bunyu Island methanol plant, some 17 kilometres offshore of the Simenggaris block.

Appraisal and exploration assets

The Group has a portfolio of appraisal and exploration assets across its operated and non-operated blocks in Indonesia, Thailand, Vietnam, Lao PDR and Philippines. The Group's exploration assets (comprising prospects and leads) include "step out" opportunities (where the prospects or leads are adjacent or near existing assets under production or development) and other "frontier" opportunities, which typically involve a new exploration play and are higher risk.

The Group's portfolio of appraisal and exploration assets in Southeast Asia comprises:

Indonesia

- Bontang PSC (90% beneficial interest and operator) – one exploration well planned in 2010;
- Bengara-1 PSC (25% interest) – one appraisal well planned in 2010;
- Kutai PSC (23.4% interest) – two exploration wells planned in 2010;
- South East Sangatta PSC (49% interest and operator) – a 3D seismic survey planned in 2010;

Thailand

- Block L15/43 (27.2% interest) – no planned activity in 2010;
- Block L27/43 (27.2% interest) – exploration and appraisal operations ongoing;
- Block L13/48 (16.3% interest) – exploration and appraisal operations ongoing;
- Block L15/50 (50% interest and operator) – interpretation of a 3D seismic survey and two appraisal wells planned in 2010;
- Block L26/50 (50% interest and operator) – no planned activity in 2010;

Vietnam

- Cuu Long River Delta Block 1 PSC (75% interest and operator) – one exploration well planned in 2010;
- Block 31 PSC, (35% interest and operator) – one exploration well planned in 2010;
- Block 101-100/04 (50% interest and operator)* – preparatory work for drilling planned in 2011;

* In a press release dated 18 March 2010, the Company announced that it has agreed to acquire a 50% interest in and operatorship of Block 101-100/04 from Santos Vietnam Pty Ltd and Singapore Petroleum Vietnam Song Hong Co Ltd. The acquisition is, however, subject to Vietnamese government and regulatory approval.

Lao PDR

- Savannakhet PSC (30% interest and operator) – one exploration well planned in 2010;
- Champasak & Saravan PSC (20% interest) – no planned activity in 2010;

Philippines

- Service Contract 41 (35% interest) – no planned activity in 2010.

Government, legal and arbitration proceedings

Neither the Company nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings, of which the Company is aware, which are pending or threatened and which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the Company and/or the financial position or profitability of the Group.

DIRECTORS AND MANAGEMENT

Board of Directors

The Company's directors (for the purposes of this section, "**Directors**" and each a "**Director**") as at the date of this Offering Circular were as follows:

Name	Title	Principal activities outside the Group
Charles James Auldjo Jamieson	Chairman	Not Applicable
James Graeme Menzies	Chief Executive Officer	Not Applicable
Nicholas John Cooper	Chief Financial Officer	Not Applicable
Michael James Buck	Chief Operating Officer	Not Applicable
Dave Duncan Struan Robertson	Senior Independent Non-Executive Director	Non-executive director of International Power plc, Tomkins plc, Henderson TR Pacific plc and Forth Ports plc
Robert Maitland Cathery	Non-Executive Director	Non-executive director of SOCO International plc and Indigovision plc
James Hayward Coleman	Non-Executive Director	Non-executive director of Anterra Energy Inc and non-executive chairman of Arawak Energy Ltd, Sulliden Exploration, Inc, Energold Drilling, Inc and Gold Reserve, Inc
Kevin John Crowle	Non-Executive Director	Non-executive director of Rockhopper Exploration plc
Michael James Pavia	Non-Executive Director	Non-executive director of Thames Water Utilities Limited, British Nuclear Fuels plc and Telecom Plus plc

The Board of Directors (the "**Board**") is responsible for approving the Company's strategy and monitoring its implementation, for managing the operations of the Company and for providing leadership and support to the executive management team in achieving sustainable added value for shareholders. The Board is also responsible for enabling the efficient operation of the various businesses by providing adequate financial and human resources and an appropriate system of financial control to ensure these resources are fully monitored and utilised.

Conflicts of interest

At the date of this Offering Circular, there were no potential conflicts of interest between the duties of any of the Directors or executive officers to the Company and their private interests and/or other duties.

Business address

The business address of the Directors and senior management is: 5th Floor, 21 Palmer Street, London SW1H 0AD, United Kingdom.

PRINCIPAL SHAREHOLDERS

As at the date of this Offering Circular, the Company had been notified of the following significant interests in the voting rights of the Company's issued Ordinary Shares in accordance with Chapter 5 of the Financial Services Authority's Disclosure Rules and Transparency Rules (DTR)*:

Shareholder	Voting rights attaching to issued Ordinary Shares	Percentage of total voting rights	Nature of holding
FinVentures UK	19,994,897	13.00%	Direct
Phineus Partners	15,278,126	9.9%	Direct
Artemis Investment Management Ltd	13,274,068	8.69%	Direct
Fidelity Investments	7,348,132	4.81%	Indirect
Floriline SA	6,830,544	4.47%	Direct/Indirect
Legal & General	6,231,951	4.08%	Direct
BlackRock	4,689,146	3.07%	Direct

* Och Ziff Management, who previously held (directly and indirectly) 10,694,688 voting rights attaching to issued Ordinary Shares (representing 7.0% of the total voting rights), issued a press release on 19 January 2010 to the effect that its holding had reduced below 5.0% of the total voting rights.

DESCRIPTION OF THE ORDINARY SHARES

The following summarises certain provisions of the Issuer's Articles of Association (the "**Articles**"). This summary does not purport to be complete and is subject to and is qualified in its entirety by references to the Articles.

1. **Share Capital**

As at the date of this Offering Circular, the Issuer had an issued and fully paid share capital of £15,357,419.70 comprising 153,574,197 Ordinary Shares.

The principal legislation under which the issued Ordinary Shares have been created is the Companies Act 1985, the Companies Act 2006 and the regulations made thereunder.

2. **Share rights**

Subject to the provisions of the Companies Acts (as defined in section 2 of the Companies Act 2006, the "**Companies Acts**") and without prejudice to any rights attached to any existing shares or class of shares, any share may be issued with such rights or restrictions as the Issuer may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine.

Subject to the provisions of the Companies Acts, and without prejudice to any rights attached to any existing shares or class of shares, shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Issuer or the holder on such terms and in such manner as is provided by the Articles.

3. **Voting rights**

Subject to any rights or restrictions attached to any shares (a) on a show of hands every member who is present in person and every proxy present who has been duly appointed by a member entitled to vote on the resolution shall have one vote; and (b) on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

No member shall be entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares in the capital of the Issuer, either in person or by proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid.

If at any time the Board is satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 793 of the Companies Act 2006 (a "**Section 793 Notice**") and is in default for the prescribed period in supplying to the Issuer the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Board may, inter alia, in its absolute discretion direct that in respect of the shares in relation to which the default occurred (including any shares issued after the date of the Section 793 Notice in respect of those shares) the member shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll.

4. **Dividends**

Subject to the provisions of the Companies Acts, the Issuer may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board.

Subject to the provisions of the Companies Acts, the Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Issuer available for distribution. If the share capital is divided into different classes, the Board may:

- (a) pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividends as well as on shares which confer preferential rights with regard to dividends, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear, and

- (b) pay at intervals settled by it any dividend payable at a fixed rate if it appears to the Board that the profits available for distribution justify the payment.

If the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid up on a share in advance of the date on which a call is payable shall be treated for these purposes as paid up on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is allotted or issued on terms providing that it shall rank for dividend as from a particular date, then it shall rank for dividend accordingly.

A general meeting declaring a dividend may, on the recommendation of the Board, by ordinary resolution direct that it shall be satisfied wholly or partly by the distribution of assets, including without limitation paid up shares or debentures of another body corporate. The Board may make any arrangements it thinks fit to settle any difficulty arising in connection with the distribution, including without limitation (a) the fixing of the value for distribution of any assets, (b) the payment of cash to any member on the basis of that value in order to adjust the rights of members and (c) the vesting of any asset in a trustee.

The Board may deduct from any dividend or other moneys payable to any member in respect of a share any moneys presently payable by him to the Issuer in respect of that share. Where a person is entitled by transmission to a share, the Board may retain any dividend payable in respect of that share until that person (or that person's transferee) becomes the holder of that share.

Any dividend which has remained unclaimed for a period of 12 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Issuer.

5. Division of assets on a winding-up

If the Issuer is wound up, the liquidator may, with the sanction of a special resolution of the Issuer and any other sanction required by the Insolvency Act 1986:

- (a) divide among the members in specie the whole or any part of the assets of the Issuer and may, for that purpose, value any assets and determine how the division shall be carried out as between members or different classes of members; and
- (b) vest the whole or any part of the assets in trustees for the benefit of the members and determine the scope and terms of those trusts,

but no member shall be compelled to accept any asset on which there is a liability.

6. Lien, calls and forfeiture

The Issuer shall have a first and paramount lien on every share (not being a fully paid share) for all moneys payable to the Issuer (whether presently or not) in respect of that share.

The Issuer may sell, in such manner as the Board determines, any share on which the Issuer has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share, or to the person entitled to it by transmission, demanding payment and stating that if the notice is not complied with the share may be sold.

Subject to the terms of allotment, the Board may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium). Each member shall (subject to receiving at least 14 clear days' notice specifying when and where payment is to be made) pay to the Issuer the amount called on his shares as required by the notice. A call may be required to be paid by instalments. A person on whom a call is made shall remain liable for calls made on him even if the shares in respect of which the call was made are subsequently transferred.

If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by the Issuer by reason of such non-payment. If that notice is not complied with, any share in respect of which it was sent may, at any time before the payment required by the notice has been made, be forfeited by a resolution of the Board.

7. **Transfer of shares**

Without prejudice to any power of the Issuer to register as shareholder a person to whom the right to any share has been transmitted by operation of law, the instrument of transfer of a certificated share may be in any usual form or in any other form which the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

The Board may, in its absolute discretion and without giving any reason, refuse to register the transfer of a certificated share which is not fully paid, provided that the refusal does not prevent dealings in shares in the Issuer from taking place on an open and proper basis.

The Board may also refuse to register the transfer of a certificated share unless the instrument of transfer is:

- (a) lodged, duly stamped (if stampable), at the office or at another place appointed by the Board accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- (b) in respect of only one class of shares; and
- (c) in favour of not more than four transferees.

If any shares are owned directly or beneficially by any person who is a benefit plan investor within the meaning of section 3(42) of the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") (a "**Benefit Plan Investor**") or by any person which may cause the Issuer to be required to be registered as an "investment company" under the US Investment Company Act of 1940, as amended (the "**Investment Company Act**") or that could cause the assets of the Issuer to be deemed to be "plan assets" within the meaning of section 3(42) of ERISA, the Board may give notice to such person requiring that person (i) to provide the Board within 30 days with sufficient satisfactory documentary evidence to satisfy the Board that (A) such person's shareholding shall not cause the Issuer to be required to be registered as an investment company under the Investment Company Act or the Issuer's assets to be "plan assets" within the meaning of section 3(42) of ERISA or (B) the person is not a Benefit Plan Investor within the meaning of section 3(42) of ERISA or (ii) to sell or transfer within 30 days that person's shares to a person that would not cause the Issuer to be required to be so registered or to a person who is not a Benefit Plan Investor within the meaning of section 3(42) of ERISA and within such 30 days to provide the board with satisfactory evidence of such sale or transfer. Otherwise, the relevant person will be deemed upon the expiration of such 30 day period to have forfeited the shares and the Board may apply the procedures regarding forfeiture and surrender of shares set out in the Articles in respect of the shares.

8. **Variation of rights**

Subject to the provisions of the Companies Acts, if at any time the capital of the Issuer is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of allotment of the shares of that class) be varied or abrogated, whether or not the Issuer is being wound up, either (a) with the written consent of the holders of three-quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares), or (b) with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

For the purposes of the preceding paragraph, if at any time the capital of the Issuer is divided into different classes of shares, unless otherwise expressly provided by the rights attached to any share or class of shares, those rights shall be deemed to be varied by (a) the reduction of the capital paid up on that share or class of shares otherwise than by a purchase or redemption by the Issuer of its own shares,

and (b) the allotment of another share ranking in priority for payment of a dividend or in respect of capital or which confers on its holder voting rights more favourable than those conferred by that share or class of shares, but shall not be deemed to be varied by (c) the creation or issue of another share ranking equally with, or subsequent to, that share or class of shares or by the purchase or redemption by the Issuer of its own shares or (d) the Issuer permitting, in accordance with the Uncertificated Securities Regulations 2001, the holding of and transfer of title to shares of that or any other class in uncertificated form by means of a relevant system.

All provisions of the Articles relating to general meetings of the Issuer shall, *mutatis mutandis*, apply to every separate general meeting of the holders of any class of shares in the capital of the Issuer, except that:

- (a) the necessary quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares) or, at any adjourned meeting of such holders, one holder present in person or by proxy, whatever the amount of his holding, who shall be deemed to constitute a meeting;
- (b) any holder of shares of the class present in person or by proxy may demand a poll; and
- (c) each holder of shares of the class shall, on a poll, have one vote in respect of every share of the class held by him.

For the purposes of the preceding paragraph, where a person is present by proxy or proxies, he is treated only as holding the shares in respect of which those proxies are authorised to exercise voting rights.

9. **Purchase of own shares**

Subject to and in accordance with the provisions of the Companies Acts and without prejudice to any relevant special rights attached to any class of shares, the Issuer may purchase any of its own shares of any class (including without limitation redeemable shares) in any way and at any price (whether at par or above or below par) and may hold such shares as treasury shares.

10. **Alteration of share capital**

The Issuer may by ordinary resolution

- (a) increase its share capital by such sum to be divided into shares of such amount as the resolution prescribes;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) subject to the provisions of the Companies Acts, sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Articles and determine that, as between shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and
- (d) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

11. **Allotment of shares**

Subject to the provisions of the Companies Acts relating to authority, pre-emption rights or otherwise and of any resolution of the Issuer in general meeting passed pursuant to those provisions, and, in the case of redeemable shares, the subsequent paragraph, all unissued shares for the time being in the capital of the Issuer are at the disposal of the Board, which may reclassify, allot, grant options over, or otherwise dispose of them to such persons on such terms and conditions and at such times as it thinks fit.

Subject to the provisions of the Companies Acts, and without prejudice to any rights attached to any existing shares or class of shares, shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the Issuer or the holder on such terms and in such manner as may be provided by the Articles.

12. Untraced shareholders

Subject to and in accordance with the Articles, the Issuer may sell, at the best price reasonable obtainable, the shares of a member, or the shares to which a person is entitled by transmission, if (a) the Issuer publishes advertisements (both in a national daily newspaper and in a newspaper circulated in the area of the last known address of such member or other person) giving notice of its intention to sell the shares, (b) during the period of 12 years before the date of the publication of such advertisements (or, if published on different dates, the first date), at least three dividends in respect of the shares in question have been declared and all dividend warrants and cheques which have been sent in respect of the shares in question have remained uncashed, and (c) during the period of three months following the publication of the advertisements (or, if published on different dates, the first date), the Issuer has received no indication either of the whereabouts or of the existence of such member or person.

The net proceeds of sale shall belong to the Issuer which shall be obliged to account to the former member or other person previously entitled for an amount equal to the proceeds. The Issuer shall enter the name of such former member or other person in the books of the Issuer as a creditor for that amount. In relation to such proceeds no trust is created and no interest is payable. The Issuer shall not be required to account for any money earned on the net proceeds of sale, which may be used in the Issuer's business or invested in such a way as the Board from time to time thinks fit.

13. Non-EEA shareholders

The Articles contain limitations on shareholdings by certain persons resident in Canada (and certain persons appearing, at any time, to the Board to be resident in Canada). In particular, the Board may, among other things, require such persons, in certain circumstances, to dispose of the shares in the Issuer held by them. There are no further limitations in the Articles on the rights of non-EEA shareholders to hold, or to exercise voting rights attached to, ordinary shares. However, subject to the provisions of the Articles, a shareholder whose registered address is not within an EEA state is not entitled to receive any document or information from the Issuer unless such shareholder has sent to the Issuer an address within an EEA state at which a document or information may be sent to him.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to completion and amendment, is the text of the Terms and Conditions of the Bonds which is incorporated by reference into the Global Bond and will be endorsed on the Bonds in definitive form (if issued).

The issue of the U.S.\$100,000,000 5.00 per cent. Convertible Bonds due 2015 (the "**Bonds**", which expression shall, unless otherwise indicated, include any Further Bonds) was (save in respect of any such Further Bonds) authorised by resolutions of the Board of Directors of Salamander Energy plc (the "**Issuer**") passed on 12 March 2010 and by a committee thereof passed on 18 March 2010. The Bonds are constituted by a trust deed dated 30 March 2010 (the "**Trust Deed**") between the Issuer and BNP Paribas Trust Corporation UK Limited (the "**Trustee**", which expression shall include all persons for the time being appointed as the trustee or trustees under the Trust Deed) as trustee for the Bondholders (as defined below). The statements set out in these Terms and Conditions (the "**Conditions**") are summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Bonds and the interest coupons relating to them (the "**Coupons**"). The Bondholders and Couponholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions applicable to them which are contained in the Paying and Conversion Agency Agreement dated 30 March 2010 (the "**Agency Agreement**") relating to the Bonds between, among others, the Issuer, the Trustee and BNP Paribas Securities Services, Luxembourg Branch (the "**Principal Paying and Conversion Agent**", which expression shall include any successor as Principal Paying and Conversion Agent under the Agency Agreement) and the Paying and Conversion Agents for the time being (such persons, together with the Principal Paying and Conversion Agent, being referred to below as the "**Paying and Conversion Agents**", which expression shall include their successors as Paying and Conversion Agents under the Agency Agreement).

Copies of the Trust Deed and the Agency Agreement are available for inspection at the registered office of the Trustee for the time being and at the specified offices of the Paying and Conversion Agents.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Trust Deed unless the context otherwise requires or unless otherwise stated.

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

(a) *Form and Denomination*

The Bonds are in bearer form, serially numbered, in the principal amount of U.S.\$100,000 each with Coupons attached on issue.

(b) *Title*

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

(c) *Status*

The Bonds and Coupons constitute direct, unconditional, unsubordinated and (subject to Condition 2) unsecured obligations of the Issuer ranking *pari passu* and rateably, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer but, in the event of a winding-up, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

2. **Negative Pledge**

So long as any of the Bonds remains outstanding (as defined in the Trust Deed), save with the prior written consent of the Trustee or as approved by Extraordinary Resolution (as defined in the Trust Deed), the Issuer shall not and will procure that none of its Principal Subsidiaries will create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its undertaking or assets, present or future, to secure any Relevant Debt, or any guarantee or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer's obligations under the Bonds, the Coupons and the Trust Deed either (a) are secured equally and rateably therewith to the satisfaction of the Trustee, or (b) have the benefit of such other Security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders SAVE THAT any such Principal Subsidiary may have outstanding Security upon the whole or any part of its undertaking or assets, present or future, to secure Relevant Debt and/or a guarantee of or indemnity in respect of Relevant Debt (without the obligation to provide Security or any other arrangement in respect of the Issuer's obligations under the Bonds as aforesaid) where such Security is over the whole or any part of the undertaking or assets of a Principal Subsidiary and exists at the time such Principal Subsidiary is acquired by the Issuer or any other Subsidiary after 18 March 2010 and at that time it is or becomes thereafter a Principal Subsidiary and where such Security was not created in contemplation of such acquisition and the principal amount secured at the time of acquisition is not subsequently increased.

3. **Definitions**

In these Conditions, unless otherwise provided:

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

"**Aggregate Value**" means, in respect of any dealing day, the U.S. dollar amount calculated as follows:

$$AV = OS \times MP$$

Where:

AV = the Aggregate Value

OS = the number of Ordinary Shares that would fall to be delivered in relation to the exercise of Conversion Rights in respect of a Bond in the principal amount of U.S.\$100,000 assuming for this purpose the Conversion Date to be such dealing day

MP = the Volume Weighted Average Price of an Ordinary Share on such dealing day (provided that if on any such dealing day the Ordinary Shares shall have been quoted cum-Dividend or cum-any other entitlement the Volume Weighted Average Price of an Ordinary Share on such dealing day shall be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the first date on which the Ordinary Shares are traded ex-the relevant Dividend or other entitlement on the Relevant Stock Exchange (determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax and disregarding any associated tax credit)), translated into U.S. dollars at the Prevailing Rate on such dealing day.

"**Bondholder**" means the holder of any Bond.

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

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

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

"**Change of Control Notice**" has the meaning provided in Condition 5(g).

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

"**Change of Control Put Date**" has the meaning provided in Condition 6(f).

"**Change of Control Put Exercise Notice**" has the meaning provided in Condition 6(f).

"**Closing Date**" means 30 March 2010.

"**Companies Act**" means the Companies Act 2006.

"**Conversion Date**" has the meaning provided in Condition 5(h).

"**Conversion Notice**" has the meaning provided in Condition 5(h).

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

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

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

"**Couponholder**" means the holder of any Coupon.

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

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

amount thereof increased by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement of such Dividend (or entitlement), in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit,

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

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

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

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

(a) where:

- (1) a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash, then the Dividend in question shall be treated as a cash Dividend of an amount equal to the greater of (i) the Fair Market Value of such cash amount and (ii) the Current Market Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets, in any such case, as at the date of the first public announcement of such Dividend or capitalisation (as the case may be), or, in any such case, if later, the date on which the number of Ordinary Shares (or amount of such other property or assets, as the case may be) which may be issued or delivered is determined; or
- (2) there shall be any issue of Ordinary Shares by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) where such issue is or is expressed to be in lieu of a Dividend (whether or not a cash Dividend equivalent or amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise), the Dividend in question shall be treated as a cash Dividend of an amount equal to the Current Market Price of such Ordinary Shares as at the Effective Date in respect of the

relevant Dividend or, as the case may be, the record date or other due date for establishment of entitlement in respect of the relevant capitalisation or, if later, the date on which the number of Ordinary Shares to be issued or delivered is determined;

- (b) any issue of Ordinary Shares falling within Condition 5(b)(ii) shall be disregarded;
- (c) a purchase or redemption or buy back of share capital of the Issuer by or on behalf of the Issuer or any of its Subsidiaries shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Issuer or any of its Subsidiaries, the weighted average price per Ordinary Share (before expenses) on any one day (a "**Specified Share Day**") in respect of such purchases or redemptions or buy backs (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent. the average of the closing prices of the Ordinary Shares on the Relevant Stock Exchange (as published by or derived from the Relevant Stock Exchange) on the five dealing days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price or where a tender offer is made, on the five dealing days immediately preceding the date of such announcement or the date of first public announcement of such tender offer (and regardless of whether or not a price per Ordinary Share, a minimum price per Ordinary Share or a price range or formula for the determination thereof is or is not announced at such time), as the case may be, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in the Relevant Currency to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by or on behalf of the Issuer or, as the case may be, any of its Subsidiaries (translated where appropriate into the Relevant Currency as provided above) exceeds the product of (i) 105 per cent, of the average closing price of the Ordinary Shares determined as aforesaid and (ii) the number of Ordinary Shares so purchased, redeemed or bought back;
- (d) if the Issuer or any of its Subsidiaries shall purchase, redeem or buy back any depositary or other receipts or certificates representing Ordinary Shares, the provisions of paragraph (c) above shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by an Independent Financial Adviser; and
- (e) where a dividend or distribution is paid or made to Shareholders pursuant to any plan implemented by the Issuer for the purpose of enabling Shareholders to elect, or which may require Shareholders, to receive dividends or distributions in respect of the Ordinary Shares held by them from another person or person other than (or in addition to) the Issuer, such dividend or distribution shall for the purposes of these Conditions be treated as a dividend or distribution made or paid to Shareholders by the Issuer, and the foregoing provisions of this definition, and the provisions of these Conditions shall be construed accordingly.

"Effective Date in respect of the relevant Dividend" means (for the purposes of the definition of "**Dividend**") the first date on which the Ordinary Shares are traded ex- the relevant Dividend or entitlement on the Relevant Stock Exchange.

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

"Extraordinary Resolution" has the meaning provided in the Trust Deed.

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

"Final Maturity Date" means 30 March 2015.

"Fixed Rate of Exchange" means £1.00 = U.S.\$1.529.

"Further Bonds" means any further Bonds issued pursuant to Condition 17.

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

"Interest Payment Date" has the meaning provided in Condition 4(a).

"London Stock Exchange" means the London Stock Exchange plc.

"Newco Scheme" means a scheme of arrangement or analogous proceeding ("**Scheme of Arrangement**") which (i) effects the interposition of a limited liability company ("**Newco**") between the Shareholders of the Issuer immediately prior to the Scheme of Arrangement (the "**Existing Shareholders**") and the Issuer; (ii) in respect of which the Issuer and the Trustee agree, immediately prior to the implementation of such Newco Scheme, to make such amendments to the Conditions and the Trust Deed as are necessary, in the opinion of the Trustee, to ensure that (a) the Bonds may be converted into or exchanged for ordinary shares in Newco (or depository or other receipts representing such ordinary shares) *mutatis mutandis* in accordance with and subject to these Conditions and the Trust Deed and (b) the Trust Deed and the Conditions (including, without limitation, the adjustment provisions (in Condition 5), the Events of Default (in Condition 9) and the Undertakings (in Condition 10)) provide at least the same protections and benefits to the Trustee and the Bondholders following the implementation of such Newco Scheme as they provided to the Trustee and the Bondholders

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

"Optional Redemption Date" has the meaning provided in Condition 6(b).

"Optional Redemption Notice" has the meaning provided in Condition 6(b).

"Ordinary Shares" means fully paid ordinary shares in the capital of the Issuer currently with a par value of £0.10 each.

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

"Presentation Date" means a day which:

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

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

"Principal Subsidiary" means, at any particular time, a Subsidiary of the Issuer:

- (a) whose (i) total assets or (ii) gross revenues (in each case (x) attributable to the Issuer and (y) consolidated in respect of a Subsidiary which itself has Subsidiaries, but subject to proviso (ii) below) are equal to or greater than 5 per cent. of the consolidated total assets or, as the case may be, consolidated gross revenues, as the case may be, of the Issuer, in each case as calculated by reference to the then latest audited consolidated or, as the case may be, unconsolidated financial statements of the relevant Subsidiary or Subsidiaries and the then latest audited consolidated financial statements of the Issuer provided that (i) in the case of a Subsidiary acquired or an entity which becomes a Subsidiary after the end of the financial period to which the then latest audited consolidated accounts of the Issuer relate, the reference to the then latest audited consolidated accounts of the Issuer for the purposes of the above calculation shall, until the consolidated audited accounts of the Issuer are published for the financial period in which the acquisition is made or, as the case may be, in which such entity becomes a Subsidiary, be deemed to be a reference to the then latest audited consolidated accounts of the Issuer adjusted in such manner as may be appropriate to consolidate the latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary in such accounts and (ii) in the case of a Subsidiary which itself has

Subsidiaries and is not required by law to produce audited consolidated financial statements, the reference to the then latest audited consolidated financial statements of the Subsidiary for the purposes of the above calculation shall be to a consolidation prepared by the directors of the Issuer acting in good faith (but without imposing any obligation on the relevant Subsidiary to prepare audited consolidated financial statements); or

- (b) to which is transferred all or substantially all of the business, assets and undertaking of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, whereupon the transferor Subsidiary of the Issuer shall immediately cease to be a Principal Subsidiary and the transferee Subsidiary shall immediately become a Principal Subsidiary (subject to the provisions of paragraph (a) above).

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

"Reference Ordinary Shares" means the number of Ordinary Shares (including any fraction of an Ordinary Share) determined by dividing the principal amount of a Bond by the Conversion Price on the relevant Conversion Date.

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

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

- (i) the date on which payment in respect of it first becomes due; and
- (ii) if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given by the Issuer to the Bondholders in accordance with Condition 16 that, upon further presentation of the Bond or Coupon, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions.

"Relevant Debt" means any present or future indebtedness which is in the form of, or represented by, bonds, notes, debentures, loan stock or other debt securities which are, for the time being, or are capable of being (with the consent of the person issuing the same), quoted, listed or dealt in or traded on any stock exchange, over-the-counter or other securities market.

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

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

"Retroactive Adjustment" has the meaning provided in Condition 5(c).

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

"Securities" means any securities including, without limitation, Ordinary Shares, or options, warrants or other rights to subscribe for or purchase or acquire Ordinary Shares.

"Shareholders" means the holders of Ordinary Shares.

"Specified Date" has the meaning provided in Conditions 5(b)(vii) and (viii).

"Spin-Off" means:

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

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

"Subsidiary" has the meaning provided in Section 1159 of the Companies Act and a company shall be treated, for the purposes only of the membership requirement contained in Sub-sections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) its nominee.

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

"U.S.\$", "U.S. dollars" and "U.S. cents" mean the lawful currency for the time being of the United States of America.

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

"£" and "sterling" means the lawful currency for the time being of the United Kingdom.

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

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

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

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

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

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

4. **Interest**

(a) *Interest Rate*

The Bonds bear interest on their principal amount from (and including) the Closing Date at the rate of 5.00 per cent. per annum and payable semi-annually in arrear in equal instalments on 30 March and 30 September in each year (each an "**Interest Payment Date**") commencing with the Interest Payment Date falling on 30 September 2010.

The amount of interest payable in respect of a Bond in respect of any period which is not an Interest Period, shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

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

(b) *Accrual of Interest*

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

5. Conversion of Bonds

(a) Conversion Period and Conversion Price

Each Bond shall entitle the holder (such right a "**Conversion Right**") to convert such Bond into new and/or existing Ordinary Shares as determined by the Issuer, credited as fully paid.

The number of Ordinary Shares to be issued or transferred and delivered on exercise of a Conversion Right in respect of a Bond shall be determined by dividing the principal amount of such Bond to be converted (translated into sterling at the Fixed Rate of Exchange) by the conversion price (the "**Conversion Price**") in effect on the relevant Conversion Date.

The initial Conversion Price is £3.637. The Conversion Price is subject to adjustment in the circumstances described in Condition 5(b).

A Bondholder may exercise the Conversion Right in respect of a Bond by delivering such Bond, together with a Conversion Notice (as defined below), to the specified office of any Paying and Conversion Agent in accordance with Condition 5(h).

The Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) from 10 May 2010 to the close of business (at the place where the relevant Bond is delivered for conversion) on the date falling seven calendar days prior to the Final Maturity Date (both days inclusive) or, if such Bond is to be redeemed pursuant to Condition 6(b) or (c) prior to the Final Maturity Date, then up to (and including) the close of business (at the place aforesaid) on the seventh calendar day before the date fixed for redemption thereof pursuant to Condition 6(b) or (c) unless there shall be a default in making payment in respect of such Bond on such date fixed for redemption, in which event the Conversion Right shall extend up to (and including) the close of business (at the place aforesaid) on the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 16 or, if earlier, the Final Maturity Date or, if the Final Maturity Date is not a London business day, the immediately preceding London business day; provided that, in each case, if such final date for the exercise of Conversion Rights is not a business day at the place aforesaid, then the period for exercise of Conversion Rights by Bondholders shall end on the immediately preceding business day at the place aforesaid.

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

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

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

Fractions of Ordinary Shares will not be issued or delivered on exercise of Conversion Rights or pursuant to Condition 5(c) and no cash payment or other adjustment will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Ordinary Shares to be delivered on conversion or pursuant to Condition 5(c) are to be registered in the same name, the number of such Ordinary Shares to be delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Ordinary Shares.

The Issuer will procure that Ordinary Shares to be issued or delivered on exercise of Conversion Rights will be issued or delivered to the holder of the Bonds named in the

relevant Conversion Notice or his nominee. Such Ordinary Shares will be deemed to be issued or delivered as of the relevant Conversion Date. Any Additional Ordinary Shares to be issued or transferred and delivered pursuant to Condition 5(c) will be deemed to be issued or delivered as of the relevant Reference Date.

(b) *Adjustment of Conversion Price*

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

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

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

where:

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

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

- (ii) If and whenever the Issuer shall issue any Ordinary Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (1) where any such Ordinary Shares are or are to be issued instead of the whole or part of a Dividend in cash which the Shareholders would or could otherwise have elected to receive, (2) where the Shareholders may elect to receive a Dividend in cash in lieu of such Ordinary Shares or (3) where any such Ordinary Shares are or are expressed to be issued in lieu of a Dividend (whether or not a cash Dividend equivalent or amount is announced or would otherwise be payable to Shareholders, whether at their election or otherwise), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

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

where:

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

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

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

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

where:

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

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

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

For the purposes of the above, Fair Market Value shall (subject as provided in paragraph (a) of the definition of "**Dividend**" and in the definition of "**Fair Market Value**") be determined as at the Effective Date.

In making any calculations for the purposes of this paragraph (b)(iii), such adjustments (if any) shall be made as an Independent Financial Adviser may determine in good faith to be appropriate to reflect (i) any consolidation or subdivision of any Ordinary Shares or the issue of Ordinary Shares by way of capitalisation of profits or reserves (or any like or similar event) or any change in the number of Ordinary Shares in issue in relation to the financial year in question, or (ii) any change in the fiscal year of the Guarantor.

- (iv) If and whenever the Issuer shall issue Ordinary Shares to Shareholders as a class by way of rights, or shall issue or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase Ordinary Shares, or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued), in each case at a price per Ordinary Share which is less than 95 per cent, of the Current Market Price per Ordinary Share on the Effective Date the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

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

where:

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

Such adjustment shall become effective on the Effective Date.

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

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

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

where:

- A is the Current Market Price of one Ordinary Share on the Effective Date; and
- B is the Fair Market Value on the Effective Date of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the Effective Date.

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

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

shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

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

where:

- A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such Ordinary Shares or, as the case may be, for the Ordinary Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares to be issued pursuant to such issue of such Ordinary Shares or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or, as the case may be, the grant of such options, warrants or rights.

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

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

where:

- A is the number of Ordinary Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or, as the case may be, for the

Ordinary Shares to be issued or to arise from any such redesignation would purchase at such Current Market Price per Ordinary Share; and

- C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such redesignation;

provided that if at the time of issue of the relevant Securities or date of grant of such rights (as used in this sub-paragraph (b)(vii), the "**Specified Date**") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription are exercised or, as the case may be, such Securities are redesignated or at such other time as may be provided), then for the purposes of this sub-paragraph (b)(vii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition or, as the case may be, redesignation had taken place on the Specified Date.

Such adjustment shall become effective on the date of issue of such Securities or, as the case may be, the grant of such rights.

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

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

where:

- A is the number of Ordinary Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for, or purchase or acquisition of, Ordinary Shares which have been issued, purchased or acquired by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) for the purposes of or in connection with such Securities, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription, purchase or acquisition attached to the Securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange, subscription, purchase or acquisition price or rate of such Securities; and

C is the maximum number of Ordinary Shares which may be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription, purchase or acquisition price or rate but giving credit in such manner as an Independent Financial Adviser shall consider appropriate for any previous adjustment under this sub-paragraph (b)(viii) or sub paragraph (b)(vii) above;

provided that if at the time of such modification (as used in this sub-paragraph (b)(viii), the "**Specified Date**") such number of Ordinary Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or at such other time as may be provided), then for the purposes of this sub-paragraph (b)(viii), "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Specified Date.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such Securities.

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

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

where:

- A is the Current Market Price of one Ordinary Share on the date on which the terms of such offer are first publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the relevant offer attributable to one Ordinary Share.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights on the Relevant Stock Exchange.

- (x) If a Change of Control shall occur, then upon any exercise of Conversion Rights during the Change of Control Period, the Conversion Price (the "**Change of Control Conversion Price**") shall be determined as set out below:

$$\text{COCCP} = \text{CP} / (1 + (\text{IP} \times c/t))$$

where:

COCCP = means the Change of Control Conversion Price;

- CP = means the Conversion Price in effect immediately prior to Change of Control;
- IP = means 37.5 per cent. (expressed as fraction);
- c = means the number of days from and including the date the Change of Control occurs to but excluding the Final Maturity Date; and
- t = means the number of days from and including the Closing Date to but excluding the Final Maturity Date.

- (xi) If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in this Condition 5(b) (even if the relevant circumstance is specifically excluded from the operation of subparagraphs 5(b)(i) to 5(b)(x)), the Issuer shall, at its own expense and acting reasonably, request an Independent Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment (if any) should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this subparagraph 5(b)(xi) if such Independent Financial Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction of the Conversion Price.

Notwithstanding the foregoing provisions:

- (a) where the events or circumstances giving rise to any adjustment pursuant to this Condition 5(b) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the reasonable opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by an Independent Financial Adviser to be in its opinion appropriate to give the intended result; and
- (b) such modification shall be made to the operation of these Conditions as may be advised by an Independent Financial Adviser to be in its opinion appropriate (i) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once and (ii) to ensure that the economic effect of a Dividend is not taken into account more than once.

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

- (a) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
- (b) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such

Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the date of the first public announcement of the terms of issue of such Securities or, as the case may be, such options, warrants or rights, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (c) if the consideration or price determined pursuant to (a) or (b) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the date of the first public announcement of the terms of issue of such Ordinary Shares or, as the case may be, Securities;
- (d) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith; and
- (e) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity.

(c) *Retroactive Adjustments*

If the Conversion Date in relation to the conversion of any Bond shall be after the record date in respect of any consolidation, reclassification or sub-division as is mentioned in Condition 5(b)(i), or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Condition 5(b)(ii), (iii), (iv), (v) or (ix), or after the date of the first public announcement of the terms of any such issue or grant as is mentioned in Condition 5(b)(vi) and (vii) or of the terms of any such modification as is mentioned in Condition 5(b)(viii), but before the relevant adjustment to the Conversion Price becomes effective under Condition 5(b) (such adjustment, a "**Retroactive Adjustment**"), then the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued or transferred and delivered to the converting Bondholder, in accordance with the instructions contained in the Conversion Notice, such additional number of Ordinary Shares (if any) (the "**Additional Ordinary Shares**") as, together with the Ordinary Shares issued or to be transferred and delivered on conversion of the relevant Bonds, is equal to the number of Ordinary Shares which would have been required to be issued or delivered on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Conversion Date.

(d) *Decision of an Independent Financial Adviser*

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, following

consultation between the Issuer and an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect thereof shall be conclusive and binding on the Issuer, the Bondholders and the Trustee, save in the case of manifest error.

(e) *Share or Option Schemes*

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

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

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

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

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

(g) *Change of Control*

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

The Change of Control Notice shall also specify:

- (i) all information material to Bondholders concerning the Change of Control;
- (ii) the Conversion Price immediately prior to the occurrence of the Change of Control and the Change of Control Conversion Price;
- (iii) the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of the Change of Control Notice;
- (iv) the last day of the Change of Control Period;
- (v) the Change of Control Put Date;

- (vi) whether or not the Issuer has made an election pursuant to Condition 6(g); and
- (vii) such other information relating to the Change of Control as the Trustee may require.

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

(h) *Procedure for exercise of Conversion Rights*

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

If such delivery is made after the end of normal business hours or on a day which is not a business day in the place of the specified office of the relevant Paying and Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

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

A Conversion Notice, once delivered, shall be irrevocable.

The conversion date in respect of a Bond (the "**Conversion Date**") shall be the business day in London immediately following the date of the delivery of the relevant Bond and the Conversion Notice as provided in this Condition 5(h) and, if applicable, the making of any payment to be made as provided below.

Each Bond should be delivered upon exercise of Conversion Rights together with all Coupons relating to it which mature on or after the relevant Conversion Date, failing which the relevant holder will be required to pay the full amount of any such missing Coupon. Each amount so paid will be repaid in the manner specified in Condition 7 against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant missing Coupon at any time after the relevant Conversion Date and before the expiry of 10 years after the Relevant Date in respect of the relevant Bond (whether or not a Coupon would otherwise have become void pursuant to Condition 11), but not thereafter.

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

Such Bondholder must also pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with the exercise of Conversion Rights by it. The Trustee shall not be responsible for determining whether such taxes or capital, stamp, issue and registration and transfer taxes and duties are payable or the amount thereof and it shall not be responsible or liable for any failure by the Issuer to pay such taxes or capital, stamp, issue and registration and transfer taxes and duties.

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

Ordinary Shares to be delivered on exercise of Conversion Rights (including any Additional Ordinary Shares) will be delivered in uncertificated form through the dematerialised securities trading system operated by Euroclear UK & Ireland Limited, known as CREST, unless at the relevant time the Ordinary Shares are not a participating security in CREST in which case the Ordinary Shares will be delivered in certificated form. Where Ordinary Shares are to be delivered through CREST, they will be delivered to the account specified by the relevant Bondholder in the relevant Conversion Notice by not later than seven London business days following the relevant Conversion Date (or, in the case of any Additional Ordinary Shares, not later than seven London business days following the Reference Date). Where Ordinary Shares are to be delivered in certificated form, a certificate in respect thereof will be dispatched by mail free of charge (but uninsured and at the risk of the recipient) to the relevant Bondholder or as it may direct in the relevant Conversion Notice within 14 days following the relevant Conversion Date or, as the case may be, the Reference Date.

(i) *Ordinary Shares*

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

(j) *Interest on Conversion*

If an Optional Redemption Notice or a Tax Redemption Notice is given pursuant to Condition 6(b) or (c) respectively on or after the fifteenth London business day prior to a record date in respect of any Dividend or distribution payable in respect of the Ordinary Shares which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Closing Date) where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall accrue at the rate provided

in Condition 4(a) on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in respect of such Dividend or distribution, in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from the Closing Date) to but excluding such Conversion Date. The Issuer shall pay any such interest by not later than 14 days after the relevant Conversion Date by transfer to a U.S. dollar account with a bank in London in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

(k) *Purchase or Redemption of Ordinary Shares*

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

(l) *No Duty to Monitor*

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

6. **Redemption and Purchase**

(a) *Final Redemption*

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

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

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee, the Principal Paying and Conversion Agent and to the Bondholders in accordance with Condition 16, the Issuer may, subject to an election by it pursuant to Condition 6(g), redeem all but not some only of the Bonds on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their principal amount, together with accrued but unpaid interest to such date:

- (i) at any time on or after 20 April 2013 (the "**First Call Date**"), if the Aggregate Value on each dealing day in any period of not less than 20 dealing days in any period of 30 consecutive dealing days ending not earlier than 14 days prior to the giving of the relevant Optional Redemption Notice, exceeds U.S.\$130,000; or
- (ii) at any time if prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any Further Bonds).

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

(c) *Redemption for Taxation Reasons*

The Bonds may be redeemed (subject to the provisions of Condition 6(g)) at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 on the date specified in the Tax Redemption Notice (the "**Tax Redemption Date**") at their principal amount, together with interest accrued up to but excluding the Tax Redemption Date, if (1) the Issuer satisfies the Trustee immediately prior to the giving of such Tax Redemption Notice that on the next Interest Payment Date it would be obliged to pay additional amounts in respect of any payments of interest in respect of the Bonds as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 18 March 2010, and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due.

Prior to the publication of any Tax Redemption Notice pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the obligation referred to in (1) above cannot be avoided by the Issuer 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 (2) above, in which event it shall be conclusive and binding on the Bondholders and Couponholders.

(d) *Bondholders' Tax Option*

If the Issuer gives a Tax Redemption Notice as provided in Condition 6(c), each Bondholder will have the right to elect that his Bond(s) shall not be redeemed pursuant to such Tax Redemption Notice and that the provisions of Condition 8 shall not apply in respect of any payment of interest to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no additional amounts as provided or referred to in Condition 8 shall be payable in respect thereof pursuant to Condition 8, and all payments of interest to be made in respect of the Bonds shall be made subject to the deduction or withholding of United Kingdom taxation required to be withheld or deducted. To exercise a right pursuant to this Condition 6(d), the relevant Bondholder must present his Bond(s) together with a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying and Conversion Agent (a "**Bondholder's Tax Exercise Notice**") on or before the date falling 15 days prior to the Tax Redemption Date at the specified office of any Paying and Conversion Agent.

(e) *Optional Redemption Notices*

Any Optional Redemption Notice or Tax Redemption Notice shall (subject, in the case of a Tax Redemption Notice, to Condition 6(d)) be irrevocable. Any such notice shall specify (i) the Optional Redemption Date or, as the case may be, the Tax Redemption Date, which shall be a London business day, (ii) the Conversion Price, (iii) the aggregate principal amount of the Bonds outstanding and the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange, in each case as at the latest practicable date prior to the publication of the Optional Redemption Notice, or (as the case may be) Tax Redemption Notice (iv) the last day on which Conversion Rights may be exercised by Bondholders, (v) the amount of accrued interest payable on the Optional Redemption Date or, as the case may be, the Tax Redemption Date and (vi) if the Issuer is electing to make payment in sterling pursuant to Condition 6(g), that such election is being made.

(f) *Redemption at the Option of Bondholders Upon a Change of Control*

Following the occurrence of a Change of Control, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Change of Control Put Date at, subject to Condition 6(g), its principal amount, together with accrued and unpaid interest to (but excluding) such date. To exercise such right, the holder of the relevant Bond must deliver such Bond, together with, subject to Condition 7(c), all Coupons relating to it which mature after the Change of Control Put Date, to the specified office of any Paying and Conversion Agent, together with a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying and Conversion Agent (a "**Change of Control Put Exercise Notice**"), at any time during the Change of Control Period. The "**Change of Control Put Date**" shall be the fourteenth calendar day after the expiry of the Change of Control Period.

Payment in respect of any such Bond shall be made by transfer to a U.S. dollar or, if the Issuer has given prior notice to the Bondholders in the Change of Control Notice of its election pursuant to Condition 6(g), sterling account with a bank in London as specified by the relevant Bondholder in the relevant Change of Control Put Exercise Notice.

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

(g) *Issuer option to redeem in sterling*

The principal amount of the Bonds to be paid by the Issuer on the due date (the "**Redemption Date**") for redemption of the Bonds, together with any accrued but unpaid interest up to (but excluding) the Redemption Date (together, the "**Redemption Amount**") will be payable in accordance with these Conditions in U.S. dollars unless the Issuer elects to make payment in sterling, in which case the Issuer shall:

- (i) in the case of redemption in accordance with Condition 6(a), give not less than 20 nor more than 60 days' notice prior to the Final Maturity Date to the Trustee and the Principal Paying and Conversion Agent and to the Bondholders in accordance with Condition 16; or
- (ii) in the case of redemption in accordance with Condition 6(b) or (c), give notice thereof in the Optional Redemption Notice or (as the case may be) Tax Redemption Notice; or
- (iii) in the case of redemption in accordance with Condition 6(f), give notice thereof to Bondholders in the Change of Control Put Exercise Notice, as the case may be.

The sterling amount payable shall in respect of each Bond be calculated by multiplying the Redemption Amount per Bond in U.S. dollars by 1.005 and converting such U.S. dollar amount into sterling at the Prevailing Rate on the second London business day prior to the relevant Redemption Date and rounding the resulting figure, if necessary, to the nearest £0.01, with £0.005 being rounded upwards. Such calculation shall be made by the Issuer. If the Issuer so elects to pay in sterling, the Issuer shall deliver to the Trustee on the Redemption Date a certificate signed by two authorised signatories (as defined in the Trust Deed) of the Issuer stating the amount in sterling to be paid in respect of each U.S.\$100,000 principal amount of Bonds and stating that such calculation complies with this Condition 6(g).

(h) *Purchase*

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any Subsidiary of the Issuer may at any time purchase any Bonds (provided that all unmatured Coupons relating to them are

purchased therewith or attached thereto) in the open market or otherwise at any price. Such Bonds may be held, reissued, re-sold or, at the option of the Issuer, surrendered to the Principal Paying Agent for cancellation.

(i) *Cancellation*

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

(j) *Multiple Notices*

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

7. Payments

(a) *Principal*

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

(b) *Interest and other amounts*

(i) Payments of interest due on an Interest Payment Date will be made against presentation and surrender (or in the case of partial payment only, endorsement) of the relevant Coupons, at the specified office outside the U.S. of any of the Paying and Conversion Agents.

(ii) Payments of all amounts other than as provided in Condition 7(a) and (b)(i) will be made as provided in these Conditions.

(c) *Coupons*

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

(d) *Payments*

Each payment in respect of the Bonds pursuant to Condition 7(a) and (b)(i) will be made by transfer to a U.S. dollar account maintained by the payee with a bank in London or, if the Issuer elects to make payment in sterling pursuant to Condition 6(g), by transfer to a sterling account maintained by the payee with a bank in London.

(e) *Payments subject to fiscal laws*

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations.

(f) *Presentation Date*

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

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

The initial Paying and Conversion Agents and their initial specified offices are listed below. The Issuer reserves the right under the Agency Agreement at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying and Conversion Agent and appoint additional or other Paying and Conversion Agents, provided that it will (i) maintain a Principal Paying and Conversion Agent and (ii) maintain a Paying and Conversion Agent (which may be the Principal Paying and Conversion Agent) with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any change in the Paying and Conversion Agents or their specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

(h) *No Charges*

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

(i) *Fractions*

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

8. **Taxation**

All payments in respect of the Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In the event that such deduction or withholding is required in respect of a payment to the relevant Bondholder, the Issuer shall pay such additional amounts as will result in receipt by it of such amounts as would have been received by them had no such withholding or deduction been required, except that, for so long as the Bonds are listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange's Professional Securities Market (or any other recognised stock exchange (as such term is defined in Section 1005 of the Income Tax Act 2007) in Western Europe), no such additional amounts shall be payable in respect of any payment of interest to be made in respect of any Bond:

- (a) to or to any person on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of such holder having some connection with the United Kingdom other than the mere holding of the Bond or Coupon; or
- (b) where presentation of a Bond is required pursuant to these Conditions, if such Bond or Coupon is presented for payment more than 30 days after the Relevant Date except to the extent that the holder would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days; or

- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) to or to any person on behalf of a Bondholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying, Transfer, Conversion and Exchange Agent in a Member State of the European Union.

Any reference in these Conditions to principal and/or interest in respect of the Bonds shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

This Condition 8 shall not apply in respect of any Bonds which are the subject of an election by the relevant Bondholder in accordance with Condition 6(d).

9. **Events of Default**

If any of the following events (each an "**Event of Default**") occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution and provided in each case that it is indemnified and/or secured and/or prefunded to its satisfaction shall, give notice to the Issuer at its registered office that the Bonds are, and they shall thereby immediately become due and repayable at their principal amount together with accrued interest (if any) to the date of payment:

- (a) if default is made in the payment of any principal or interest due in respect of the Bonds or any of them and the default continues for a period of seven calendar days in the case of principal and fourteen calendar days in the case of interest; or
- (b) if the Issuer fails to perform or observe any one or more of its other obligations under these Conditions or the Trust Deed or fails to perform or observe any obligation under Condition 10 which would, but for the provision of applicable law, be a breach thereof and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 calendar days (or such longer period as the Trustee in its absolute discretion may permit) next following the service by the Trustee on the Issuer of notice specifying such failure and requiring the same to be remedied; or
- (c) (i) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any event of default (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, at the end of any originally applicable grace period (or in the case of such indebtedness owed to the Issuer or a Subsidiary, at the end of any applicable grace period), or (iii) the Issuer or any of its Principal Subsidiaries fails to pay when due or, as the case may be, at the end of any originally applicable grace period (or in the case of any such guarantee or indemnity in favour of the Issuer or a Subsidiary, at the end of any applicable grace period), any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred and is or are continuing equals or exceeds at any time in aggregate U.S.\$20,000,000 (or its equivalent in any other currency or currencies); or
- (d) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or a substantial part of the property, assets or revenues of the

Issuer or any of its Principal Subsidiaries and is not discharged, removed, stayed or paid within 60 days or any such longer period as the Trustee may agree; or

- (e) if any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries over all or a substantial part of its property or assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person) unless such enforcement is discharged within 60 days or is the subject of a bona fide dispute; or
- (f) an administrator is appointed or an order is made by a competent court or an effective resolution passed for the winding up or dissolution or administration or (other than for the purpose of and in connection with a Newco Scheme) reorganisation of the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases or threatens to cease to carry on all or substantially all of its business or operations, in each case except (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders or (ii) in the case of a Principal Subsidiary, whereby, other than arising out of the insolvency of such Principal Subsidiary (A) the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of the Issuer's Subsidiaries or (B) under which all or substantially all of its business or operations are transferred to a third party or parties for full consideration by a Principal Subsidiary of the Issuer on an arm's length basis and where such consideration is applied within 6 months of the date of such transfer in the acquisition of other assets or business or in the furtherance of the operations of the Issuer or its Subsidiaries; or
- (g) if the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a competent court to be) insolvent or bankrupt or unable to pay its debts as they fall due, or stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Principal Subsidiaries; or
- (h) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or
- (i) any governmental authority or agency, seizes, compulsorily purchases or expropriates (excluding any distraint or attachment prior to enforcement or foreclosure) all or a substantial part (in the opinion of the Trustee) of the assets or shares of the Issuer or any Principal Subsidiary; or
- (j) any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any part of paragraphs (d), (e), (f) or (g),

provided that the Trustee shall (in the case of (b), (d), (e), (f), (g), (i) or (j) above) have certified that, in its opinion, such event is materially prejudicial to the interests of the Bondholders.

10. **Undertakings**

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

- (a) other than in connection with a Newco Scheme, not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:

- (i) by the issue of fully paid Ordinary Shares to Shareholders and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Ordinary Shares or other shares or Securities on a capitalisation of profits or reserves; or
- (ii) by the issue of Ordinary Shares paid up in full (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a cash dividend; or
- (iii) by the issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares); or
- (iv) by the issue of Ordinary Shares or any equity share capital to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office, of the Issuer or any of its Subsidiaries or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any one or more of them,

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

- (b) not modify the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares but so that nothing in this Condition 10(b) shall prevent:
 - (i) any consolidation, reclassification or subdivision of the Ordinary Shares; or
 - (ii) any modification of such rights which is not, in the opinion of an Independent Financial Adviser, materially prejudicial to the interests of the holders of the Bonds; or
 - (iii) any issue of equity share capital where the issue of such equity share capital results, or would, but for the provisions of Condition 5(f) relating to roundings or the carry forward of adjustments or, where comprising Ordinary Shares, the fact that the consideration per Ordinary Share receivable therefor is at least 95 per cent. of the Current Market Price per Ordinary Share, otherwise result, in an adjustment to the Conversion Price; or
 - (iv) without prejudice to any rule of law or legislation (including regulations made under Sections 783, 784(3), 785 and 788 of the Companies Act or any other provision of that or any other legislation), the conversion of Ordinary Shares into, or the issue of any Ordinary Shares in, uncertificated form (or the conversion of Ordinary Shares in uncertificated form to certificated form) or the amendment of the Articles of Association of the Issuer to enable title to securities in the Issuer (including Ordinary Shares) to be evidenced and transferred without a written instrument or any other alteration to the Articles of Association of the Issuer made in connection with the matters described in this Condition 10(b) or which is supplemental or incidental to any of the foregoing (including any amendment made to enable or facilitate procedures relating to such matters and any amendment dealing with the rights and obligations of

- holders of Securities, including Ordinary Shares, dealt with under such procedures); or
- (v) any issue of equity share capital or modification of rights attaching to the Ordinary Shares, where prior thereto the Issuer shall have instructed an Independent Financial Adviser to determine what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and such Independent Financial Adviser shall have determined either that no adjustment is required or that an adjustment resulting in a decrease in the Conversion Price is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly); or
 - (vi) without prejudice to Conditions 5(b)(x) and 6(f), the amendment of the articles of association of the Issuer following a Change of Control to ensure that any Bondholder exercising its Conversion Right after the occurrence of a Change of Control will receive the same consideration for the Ordinary Shares of the Issuer as it would have received had it exercised its Conversion Right at the time of the Change of Control;
- (c) procure that no Securities (whether issued by the Issuer or any Subsidiary of the Issuer or procured by the Issuer or any Subsidiary of the Issuer to be issued or issued by any other person pursuant to any arrangement with the Issuer or any Subsidiary of the Issuer) issued without rights to convert into, or exchange or subscribe for, Ordinary Shares shall subsequently be granted such rights exercisable at a consideration per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share at the close of business on the last dealing day preceding the date of the first public announcement of the proposed inclusion of such rights unless the same gives rise (or would, but for the provisions of Condition 5(f) relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price and that at no time shall there be in issue Ordinary Shares of differing nominal values, save where such Ordinary Shares have the same economic rights;
- (d) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on the exercise of Conversion Rights, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;
- (e) not reduce its issued share capital, share premium account, or any uncalled liability in respect thereof, or any non-distributable reserves, except:
- (i) pursuant to the terms of issue of the relevant share capital; or
 - (ii) by means of a purchase or redemption of share capital of the Issuer to the extent, in any such case, permitted by applicable law; or
 - (iii) as permitted by Section 610(2) and (3) of the Companies Act; or
 - (iv) where the reduction does not involve any distribution of assets; or
 - (v) solely in relation to a change in the currency in which the nominal value of the Ordinary Shares is expressed; or
 - (vi) a reduction of its share premium account or merger reserve to facilitate the writing off of goodwill arising on consolidation which requires the confirmation of the High Court and which does not involve the return, either directly or indirectly, of an amount standing to the credit of the share premium account or merger reserve of the Issuer and in respect of which the Issuer shall have tendered to the High Court such undertaking as it may require prohibiting, so long as any of the Bonds remains outstanding, the distribution (except by way of capitalisation issue) of any reserve which may arise in the books of the Issuer as a result of such reduction; or

- (vii) to create distributable reserves; or
- (viii) pursuant to a Newco Scheme; or
- (ix) by way of transfer to reserves as permitted under applicable law; or
- (x) where the reduction is permitted by applicable law and the Trustee is advised by an Independent Financial Adviser, acting as an expert, that the interests of the Bondholders will not be materially prejudiced by such reduction; or
- (xi) where the reduction is permitted by applicable law and results (or, in the case of a reduction in connection with a Change of Control, will result) in (or would, but for the provisions of Condition 5(f) relating to roundings or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is (or, in the case of a reduction in connection with a Change of Control, will be) otherwise taken into account for the purposes of determining whether such an adjustment should be made,

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

- (f) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associates of the offeror (as defined in Section 988(1) of the Companies Act or any modification or re-enactment thereof)) to acquire the whole or a majority of the issued Ordinary Shares, or if any person proposes a scheme with regard to such acquisition (other than a Newco Scheme), give notice of such offer or scheme to the Bondholders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Paying and Conversion Agents and, where such an offer or scheme has been recommended by the board of directors of the Issuer, or where such an offer has become or been declared unconditional in all respects or such scheme has become effective, use all reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Ordinary Shares issued during the period of the offer or scheme arising out of the exercise of the Conversion Rights by the Bondholders and/or to the holders of the Bonds (which like offer or scheme of arrangement in respect of such Bondholders shall entitle any such Bondholder to receive the same type and amount of consideration it would have received had it held the number of Ordinary Shares to which such Bondholder would be entitled assuming he were to exercise his Conversion Rights in the relevant Change of Control Period);
- (g) in the event of a Newco Scheme, take (or shall procure that there is taken) all necessary action to ensure that (to the satisfaction of the Trustee) as soon as reasonably practicable after completion of any Scheme of Arrangement:
 - (i) such amendments are made to these Conditions and the Trust Deed as are necessary, in the opinion of the Trustee, to ensure that the Bonds may be converted into or exchanged for ordinary shares in Newco *mutatis mutandis* in accordance with and subject to these Conditions and the Trust Deed (and the Trustee shall (at the expense of the Issuer) be obliged to concur in making any such amendments provided that the Trustee shall not be obliged to concur in making any such amendments if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to further liabilities or reduce its protections);
 - (ii) the Trust Deed and the Conditions (including, without limitation, the adjustment provisions (in Condition 5), the Events of Default (in Condition 9) and the Undertakings (in Condition 10)) provide at least the same protections and

benefits to the Trustee and the Bondholders following the implementation of such Newco Scheme as they provided to the Trustee and the Bondholders prior to the implementation of the Newco Scheme, *mutatis mutandis*; and

- (iii) the ordinary shares of Newco are (A) admitted to the Relevant Exchange or admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market or (B) are listed, quoted or dealt on any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in;
- (h) use all reasonable endeavours to ensure that the Ordinary Shares issued upon exercise of Conversion Rights will, as soon as is practicable, be admitted to listing and to trading on the Relevant Stock Exchange and will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the Ordinary Shares may then be listed or quoted or dealt in;
- (i) for so long as any Bond remains outstanding, use all reasonable endeavours to maintain the listing of the Bonds on the London Stock Exchange;
- (j) for so long as any Bond remains outstanding, use all reasonable endeavours to ensure that its issued and outstanding Ordinary Shares shall be admitted to listing on the Relevant Stock Exchange;
- (k) at all times keep available for issue, free from pre-emptive rights out of its authorised but unissued capital, sufficient authorised but unissued Ordinary Shares to enable the exercise of all Conversion Rights, and all other rights of subscription and exchange for Ordinary Shares, to be satisfied in full; and
- (l) procure that it shall not become domiciled or resident in or subject generally to the taxing authority of any jurisdiction (other than the United Kingdom) unless it would not thereafter be required pursuant to then current laws and regulations to withhold or deduct for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of such jurisdiction or any political subdivision thereof or therein having power to tax in respect of any payment on or in respect of the Bonds.

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

11. **Prescription**

Claims against the Issuer for payment in respect of the Bonds or Coupons shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of such payment.

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

12. **Replacement of Bonds**

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

13. Meetings of Bondholders, Modification and Waiver, Substitution

(a) *Meetings of Bondholders*

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if requested in writing by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to change the Final Maturity Date or the First Call Date (other than deferring the First Call Date) or the dates on which interest is payable in respect of the Bonds, (ii) to modify the circumstances in which the Issuer or Bondholders are entitled to redeem the Bonds pursuant to Condition 6(b) or (d), (iii) to reduce or cancel the principal amount of, or interest on, the Bonds or to reduce the amount payable on redemption of the Bonds, (iv) to modify the basis for calculating the interest payable in respect of the Bonds, (v) to modify the provisions relating to, or cancel, the Conversion Rights (other than pursuant to or as a result of any amendments to these Conditions and the Trust Deed made pursuant to and in accordance with the provisions of Condition 10(g) ("Newco Scheme Modification"), and other than a reduction to the Conversion Price), (vi) to increase the Conversion Price (other than in accordance with these Conditions or pursuant to a Newco Scheme Modification), (vii) to change the currency of the denomination or any payment in respect of the Bonds, (viii) to change the governing law of the Bonds, the Trust Deed or the Agency Agreement (other than in the case of a substitution of the Issuer (or any previous substitute or substitutes) under Condition 13(c)) or (ix) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than two-thirds or at any adjourned meeting not less than one-third, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

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

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

(b) *Modification and Waiver*

The Trustee may agree, without the consent of the Bondholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds, the Coupons or these Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest error or an error which, to the opinion of the Trustee, is proven, or to comply with mandatory provisions of law, and (ii) any other modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds, the Coupons or these Conditions (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental

to the Agency Agreement, the Bonds, the Coupons or these Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. The Trustee may, without the consent of the Bondholders or the Couponholders, determine any Event of Default or a Potential Event of Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Bondholders will not be materially prejudiced thereby. Any such modification, authorisation, waiver or determination shall be binding on the Bondholders and the Couponholders and, if the Trustee so requires, shall be notified to the Bondholders promptly in accordance with Condition 16.

(c) *Substitution*

The Trustee may, without the consent of the Bondholders or Couponholders, agree to the substitution of a Newco in place of the Issuer as principal debtor under the Bonds, the Coupons and the Trust Deed for the purposes of and in connection with a Newco Scheme as provided in Condition 10(g) or to the substitution in place of the Issuer (or any previous substitute or substitutes under this Condition) as the principal debtor under the Bonds, the Coupons and the Trust Deed of any Subsidiary of the Issuer subject to (a) the Bonds being unconditionally and irrevocably guaranteed by the Issuer, (b) except in case of a Newco Scheme where the provisions of Condition 10(g) will apply, the Bonds continuing to be convertible or exchangeable into Ordinary Shares as provided in these Conditions *mutatis mutandis* as provided in these Conditions, with such amendments as the Trustee shall consider appropriate provided that in any such case, (c) the Trustee being satisfied that the interests of the Bondholders will not be materially prejudiced by the substitution, and (d) certain other conditions set out in the Trust Deed being complied with. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders or the Couponholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders or the Couponholders. Any such substitution shall be binding on the Bondholders and the Couponholders and shall be notified to the Bondholders promptly in accordance with Condition 16.

(d) *Entitlement of the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Bondholders as a class and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers or discretions for individual Bondholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

14. **Enforcement**

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Bonds and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Bonds or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding, and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

15. **The Trustee**

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

The Trustee is entitled to enter into commercial contracts and business transactions with the Issuer and any entity related to the Issuer without accounting for any profit and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, 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 Bondholders and to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee may rely, without liability to the Bondholders or the Couponholders, on a report, confirmation or certificate or any advice of any legal advisers, accountants, financial advisers or financial institution, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall be entitled to rely on any such report, confirmation or certificate or advice where the Issuer procures delivery of the same pursuant to its obligation to do so under any provision of these Conditions or the Trust Deed and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee, the Bondholders and the Couponholders in the absence of manifest error.

The Trustee is not obliged to take any action which might result in its incurring personal liability. The Trustee is not obliged to monitor or investigate the performance of obligations by any other person and is entitled to assume, until it has actual knowledge to the contrary, that all such persons are performing their duties, unless it receives express notice to the contrary.

16. **Notices**

All notices regarding the Bonds will be valid if published in one leading daily newspaper in the United Kingdom (which is expected to be the Financial Times) or, if this is not possible, in one other leading English language daily newspaper with general circulation in Europe as the Trustee may approve and (so long as the Bonds are listed on the London Stock Exchange and the Rules of the London Stock Exchange so permit or require) given by filing a notice with a Regulatory Information Service approved by the UK Listing Authority. The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if required to be published in more than one newspaper or in more than one manner, on the date of the first such publication in all the required newspapers or in each required manner. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve.

Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Bondholders in accordance with this Condition.

17. **Further Issues**

The Issuer may from time to time without the consent of the Bondholders or the Couponholders create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds and, in such case, referred to herein as the "**Further Bonds**") or in all respects except for the first payment of interest on them and the first date on which conversion rights may be exercised and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) or

upon such terms as to interest, conversion, premium, redemption and otherwise as the Issuer may determine at the time of their issue. Any further notes, bonds or debentures forming a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other notes, bonds or debentures may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of notes, bonds or debentures of other series in certain circumstances where the Trustee so decides.

18. **Contracts (Rights of Third Parties) Act 1999**

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

19. **Governing Law and Jurisdiction**

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

The courts of England are to have jurisdiction to settle any dispute which may arise out of or in connection with the Trust Deed, the Agency Agreement, the Bonds or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Agency Agreement, the Bonds or the Coupons ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee and each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Temporary Global Bond and the Global Bond contain provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this document. The following is a summary of certain of those provisions. References to the Conditions are to the Conditions of the Bonds. Terms used in this summary and not otherwise defined shall have the meanings given to them in "*Terms and Conditions of the Bonds*".

1. **Exchange**

Interests in the Temporary Global Bond will be exchangeable (free of charge to the holder) for interests in the Global Bond on or after a date which is expected to be 10 May 2010 upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Bond. The Global Bond will be exchangeable in whole but not in part (free of charge to the holder) for Definitive Bonds (as defined below) only if (i) the Global Bond is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, or (ii) the Issuer would suffer a material disadvantage in respect of the Bonds as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Bonds represented by such Global Bond in definitive form and a certificate to such effect signed by two authorised signatories of the Issuer is delivered to the Trustee. Thereupon (in the case of (i) above) the holder of the Global Bond may give notice to the Trustee and the Principal Paying and Conversion Agent, and (in the case of (ii) above) the Issuer may give notice to the Principal Paying and Conversion Agent and the Bondholders, of its intention to exchange the Global Bond for Definitive Bonds (as defined below) on or after the Exchange Date (as defined below) specified in the notice.

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

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

2. **Payments**

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

3. **Notices**

So long as the Bonds are represented by the Global Bond and the Global Bond is held on behalf of a clearing system, notices required to be given to Bondholders may be given by delivery to that clearing system rather than by publication as required by the Conditions provided that, so long as the Bonds are admitted to the Official List and admitted to trading on

the PSM, the notice requirements of the UKLA and the LSE have been complied with. Any such notice shall be deemed to have been given to the Bondholders on the day following the day on which notice is delivered to such clearing system.

4. **Prescription**

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

5. **Meetings**

The holder of the Global Bond will be treated at any meeting of Bondholders as having one vote in respect of each U.S.\$100,000 in principal amount of Bonds.

6. **Purchase and Cancellation**

Cancellation of any Bond represented by the Global Bond required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Global Bond.

7. **Accountholders**

For so long as any Bonds are represented by the Global Bond and the Global Bond is held by or on behalf of the common depositary for Euroclear and/or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of Bonds (each an "**Accountholder**") (in which regard any book entry certificate or other document issued by the clearing system as to the principal amount of Bonds standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Bonds for all purposes (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Bondholders) other than with respect to the payment of principal and interest on such principal amount of such Bonds, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the Global Bond in accordance with and subject to its terms and the Trust Deed. Each Accountholder must look solely to its relevant clearing system for its share of each payment made to the bearer of the Global Bond.

8. **Conversion Rights**

The Conversion Rights in respect of the Bonds may be exercised at any time during the Conversion Period by the relevant Accountholder giving notice to the Principal Paying and Conversion Agent in accordance with the standard procedures for Euroclear and/or Clearstream, Luxembourg (which may include notice being given on such Accountholder's instructions by Euroclear and/or Clearstream, Luxembourg or any common depositary for them to the Principal Paying and Conversion Agent by electronic means) and in a form acceptable to Euroclear and/or Clearstream, Luxembourg, of the principal amount of Bonds in respect of which Conversion Rights are exercised and at the same time presenting or procuring the presentation of the Global Bond to the Principal Paying and Conversion Agent for endorsement of exercise within the time limits specified in Condition 5.

9. **Redemption at the Option of the Bondholder**

A Bondholder's put option in Condition 6(f) may be exercised by the relevant Accountholder giving notice to the Principal Paying and Conversion Agent in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg (which may include notice being given on such Accountholder's instructions by Euroclear and/or Clearstream, Luxembourg or any common depositary for them to the Principal Paying and Conversion Agent by electronic means) and in a form acceptable to Euroclear and/or Clearstream, Luxembourg, of the principal amount of Bonds in respect of which such option is exercised and at the same time presenting or procuring the presentation of the Global Bond to the Principal Paying and

Conversion Agent for endorsement of exercise within the time limits specified in Condition 6(f).

10. **Euroclear and Clearstream, Luxembourg**

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

UK TAXATION

The following summary is based upon UK law and what is understood by the Issuer to be HM Revenue and Customs' practice as at the date of this Offering Circular. Both law and practice may change, possibly with retrospective effect. The summary is intended as a general guide, not a complete analysis of all the potential UK tax consequences of holding Bonds or Ordinary Shares, and may not apply to certain categories of Bondholders, such as Bondholders who hold their Bonds for the purposes of a trade.

Bondholders who are in any doubt as to their tax position, whether resident in the UK or elsewhere and whether subject to tax in the UK or under the laws of any other jurisdiction, should consult their professional advisers without delay.

Withholding Tax

There is generally an obligation to withhold or deduct an amount for or on account of UK income tax from payments of interest on interest-bearing securities where the interest in question has a UK source. The interest payable on the Bonds is from a UK source. However, the Bonds should constitute "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007 (the "**ITA 2007**") for so long as they carry a right to interest and continue to be listed on a recognised stock exchange within the meaning of section 1005 ITA 2007. The London Stock Exchange plc (the "**LSE**") is a recognised stock exchange for these purposes and the Bonds will be treated as listed if they are included in the Official List of the UKLA (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 LSE. HM Revenue and Customs ("**HMRC**") have confirmed that securities that are admitted to trading on the Professional Securities Market (the "**PSM**") satisfy the condition of being admitted to the LSE. While the Bonds are and continue to be "quoted Eurobonds", payments of interest on the Bonds may be made without withholding or deduction for or on account of UK income tax as the withholding obligation does not apply to quoted Eurobonds.

If the Bonds cease to be listed on a recognised stock exchange, interest on the Bonds will, from the time that the Bonds cease to be listed, generally be paid under deduction of UK income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. The attention of Bondholders is directed to Condition 8 (see "*Terms and Conditions of the Bonds – Taxation*").

The Issuer will not be required to withhold or deduct any amount for or on account of UK tax from dividend payments on the Ordinary Shares.

Provision of Information

Bondholders should note that where any interest on the Bonds is paid or credited to them (or to any person acting on their behalf) by any person in the UK acting on behalf of the Issuer (for the purposes of this section, a "**Paying Agent**") or is received by any person in the UK acting on behalf of the relevant Bondholder (other than solely by clearing or arranging the clearing of a cheque) (for the purposes of this section, a "**Collecting Agent**"), then the Paying Agent or the Collecting Agent (as the case may be) may, in certain circumstances, be required to supply to HMRC details of the payment and certain details relating to the Bondholder (including the Bondholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of UK income tax and whether or not the Bondholder is resident in the UK for UK tax purposes. Where the Bondholder is not so resident, the details provided to HMRC may, in certain circumstances, be passed by HMRC to the tax authorities of the jurisdiction in which the Bondholder is resident for tax purposes.

EU Savings Directive

Under EC Council Directive 2003/48/EC (for the purposes of this section, 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 an individual or certain other residual entities resident in that other Member State. However, for a transitional period, Austria and Luxembourg may instead apply withholdings in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner

of the of interest or other similar income may request that no interest be withheld) deducting tax at rates rising over time to 35 per cent., unless during such period they elect otherwise. The transitional period is to terminate at the end of the first full fiscal year following agreement with certain non-EU countries to the exchange of information relating to such payments. Belgium has, as from 1 January 2010, replaced their withholding tax with a regime of exchange of information with the authorities of the Member State of residence of the beneficial owner.

A number of non-EU countries, including Switzerland, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependant or associated territories in relation to payments made by a person in a Member State to an individual or certain other residual entities resident in one of those territories.

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

Taxation of Returns on the Bonds

The tax treatment of a Bondholder that is within the charge to United Kingdom corporation tax will be substantially dependent on the Bondholder's accounting treatment in respect of the Bonds (including, in particular, as to whether the Bonds are to be bifurcated into a host contract and an embedded derivative in the Bondholder's accounts).

Ordinary Shares acquired by such a Bondholder on the conversion of Bonds will be chargeable assets for the purposes of UK corporation tax on chargeable gains, and a subsequent disposal of Ordinary Shares may give rise to either a chargeable gain or an allowable loss for the purposes of UK corporation tax on chargeable gains.

Bondholders (whether corporate or non-corporate) are recommended to seek their own professional advice on the tax treatment in their hands of acquiring, holding and exercising rights under the Terms and Conditions of the Bonds.

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

UK Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No United Kingdom stamp duty or stamp duty reserve tax ("**SDRT**") should be payable on the issue of the Bonds. No SDRT should be payable on the issue (or transfer) of the Bonds in bearer form to issuers of depository receipts or providers of clearance services.

No United Kingdom stamp duty will be payable on the transfer by delivery of Bonds. No SDRT will generally be payable on an agreement to transfer the Bonds, while they and the Ordinary Shares into which they can convert are listed on a recognised stock exchange (HMRC have confirmed that securities that are admitted to trading on the PSM satisfy the condition of being admitted to the LSE, and that the LSE is a recognised stock exchange for these purposes).

No UK stamp duty or SDRT is payable on any issue of Ordinary Shares other than an issue to certain issuers of depository receipts or providers of clearance services (or their nominees or agents (see further below)).

The written conveyance or transfer on sale of an Ordinary Share will be liable to ad valorem stamp duty, generally at the rate of 0.5 per cent. of the amount or value of the consideration for the transfer, and rounded-up to the nearest £5. The purchaser normally pays the stamp duty. An exemption from ad valorem stamp duty is available on an instrument transferring Ordinary Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

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

Subject to the paragraph below, issues or transfers of Ordinary Shares (1) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts within section 67 or section 93 of the Finance Act 1986 or (2) to, or to a nominee or agent for, a person providing a clearance service within section 70 or section 96 of the Finance Act 1986, will generally be subject to stamp duty or SDRT at 1.5 per cent. of the amount or value of the consideration or, in certain circumstances, the value of the shares transferred (rounded up to the nearest £5 in the case of stamp duty) unless, in the case of a transfer to a clearance service, the clearance service in question has made an election under section 97A of the Finance Act 1986 which applies to the Ordinary Shares. Under section 97A of the Finance Act 1986, clearance services may, provided they meet certain conditions, elect for the 0.5 per cent. rate of stamp duty or SDRT to apply to transfers of securities within such services instead of the 1.5 per cent. rate applying to an issue or transfer of such securities into the clearance service.

The European Court of Justice decision in *HSBC Holdings plc and Vidacos Nominees Ltd. v. HMRC* handed down on 1 October 2009 found that this 1.5 per cent. charge on issuing UK shares into clearance services is contrary to EU law, at least in certain circumstances. Also on 1 October 2009, HMRC announced that, with immediate effect, it will not seek to apply the 1.5 per cent. SDRT charge on the issue of shares into a depositary receipt system or clearance service within the European Union, and that new legislation will be introduced. It remains to be seen what changes will be made to UK legislation and whether transfers as well as issues will fall outside the charge. It is expected that the exemption for EU depositary receipt systems and clearance services may be subject to anti-avoidance provisions. Accordingly, specific professional advice should be sought before any transfer or issue of Ordinary Shares into a depositary receipt system or clearance service.

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

IF YOU ARE NOT RESIDENT IN THE UK OR ARE SUBJECT TO TAX IN ANY OTHER JURISDICTION OR IF YOU ARE IN ANY DOUBT AS TO YOUR TAX POSITION, YOU SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISER WITHOUT DELAY.

THIS SUMMARY DOES NOT DETAIL THE INCOME TAX, CORPORATION TAX OR CAPITAL GAINS TAX CONSEQUENCES OF A DISPOSAL OR HOLDING OF ORDINARY SHARES

SUBSCRIPTION AND SALE

Under the terms of an underwriting agreement dated 18 March 2010 (the "**Underwriting Agreement**") between the Issuer, Goldman Sachs International ("**GSI**"), EQL Capital Limited and Oriel Securities Limited (together, the "**Managers**") the Issuer has agreed to issue the Bonds to subscribers procured by the Managers as agents of the Issuer (or, failing which, to the Managers themselves) and the Managers have severally agreed to procure subscribers for (or, failing which, subscribe for themselves) the aggregate principal amount of the Bonds set out opposite their respective names in the table below (at an issue price equal to 100 per cent. of such aggregate principal amount).

Manager	Purchase Commitment (U.S.\$)
Goldman Sachs International	90,000,000
EQL Capital Limited	5,000,000
Oriel Securities Limited	5,000,000

Under the terms of the Underwriting Agreement, the Issuer will issue the Bonds to subscribers procured by the Managers as agents of the Issuer (or, failing which, to the Managers themselves) in consideration of the delivery to the Issuer of 1,000 fully paid redeemable fixed-rate preference shares of no par value in the capital of Salamander Energy Finance (Jersey) Limited, a subsidiary of the Issuer.

The Issuer has agreed to pay to the Managers a commission in consideration of the agreement to act as the Managers. The Issuer has also agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Bonds.

The Issuer has agreed to indemnify the Managers in respect of certain matters pursuant to the Underwriting Agreement. The Underwriting Agreement contains provisions entitling the Managers to terminate the Underwriting Agreement in certain circumstances prior to the closing of the issue of the Bonds.

The Issuer has agreed that during the period commencing on the date of the Underwriting Agreement and ending 90 days after the Closing Date (both dates inclusive) it will not, and will procure that none of its subsidiaries will, without the prior written consent of the Managers (i) directly or indirectly, issue, offer, pledge, sell, contract to issue or sell, issue or sell any option or contract to purchase, purchase any option or contract to issue or sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares or Relevant Securities or any securities convertible into or exercisable or exchangeable for Ordinary Shares or Relevant Securities or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of Ordinary Shares or Relevant Securities, whether any such swap or transaction described in paragraph (i) or (ii) above is to be settled by delivery of Ordinary Shares or Relevant Securities or such other securities, in cash or otherwise. The restrictions in the foregoing sentence shall not apply to (a) the issue of the Bonds or (b) any Ordinary Shares issued pursuant to conversion of the Bonds or (c) the issue of Ordinary Shares pursuant to any options, warrants or other rights existing at the date of the Underwriting Agreement or (d) the issue of Ordinary Shares pursuant to options outstanding at the date of the Underwriting Agreement under any employee share schemes existing at the date of the Underwriting Agreement or (e) the granting of any further options under any employee share schemes existing at the date of the Underwriting Agreement.

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

United States

The Bonds and the Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Manager has represented that it has offered and sold the Bonds, and has agreed that it will offer and sell the Bonds (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, only in accordance with Rule 903 of Regulation S under the Securities Act ("**Regulation S**").

Accordingly, each Manager has represented and agreed that neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Manager has agreed that, at or prior to confirmation of sale of Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Bonds from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used above have the meanings given to them by Regulation S.

In addition,

- (a) except to the extent permitted under US Treas. Reg. § 1.163-5(c)(2)(i)(D) (the "**D Rules**"), (i) each Manager has represented and agreed that it has not offered or sold, and that during the restricted period it will not offer or sell, the Bonds in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) each Manager has represented and agreed that it has not delivered and that it will not deliver within the United States or its possessions definitive Bonds in bearer form that are sold during the restricted period;
- (b) each Manager has represented and agreed that it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling the Bonds in bearer form are aware that such Bonds may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if any Manager is a United States person, it has represented and agreed that it is acquiring the Bonds in bearer form for purposes of resale in connection with their original issuance and if it retains the Bonds in bearer form for its own account, it will only do so in accordance with the requirements of US Treas. Reg. § 1.163-5(c)(2)(i)(D)(6); and
- (d) with respect to each affiliate that acquires from the Managers Bonds in bearer form for the purpose of offering or selling such Bonds during the restricted period, the Managers have repeated and confirmed the representations and agreements contained in paragraphs (a) to (c) above on its behalf.
- (e) Terms, used in paragraphs (a) to (d) above have the meanings given to them by the US Internal Revenue Code and regulations thereunder, including the D Rules.

United Kingdom

Each Manager has represented, warranted and agreed that:

- (a) 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 Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

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

Jersey

Each Manager has represented, warranted, and agreed that it has not circulated, and will not circulate, in Jersey any offer for the subscription, sale or exchange of the Bonds.

General

No action has been or will be taken in any jurisdiction by the Issuer or the Managers that would permit a public offering of the Bonds, or possession or distribution of the Offering Circular or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Bonds or have in its possession, distribute or publish any offering circular, prospectus, listing document, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief (having made all reasonable enquiries), result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

GENERAL INFORMATION

1. Listing

Applications have been made (a) to the UKLA for the Bonds to be admitted to the Official List and (b) to the LSE for the Bonds to be admitted to trading on the PSM. It is expected that admission of the Bonds to the Official List and admission to trading of the Bonds on the PSM will be granted on or around 25 March 2010, subject to the issue of the Bonds. It is expected that dealings in the Bonds will commence on or around 31 March 2010.

The Issuer has undertaken to apply to have the Ordinary Shares issuable upon conversion of the Bonds listed for trading on the LSE.

2. Stock Exchange

The listing of the Bonds on the LSE will be expressed in U.S. dollars as a percentage of their principal amount (exclusive of accrued interest). Transactions will normally be effected for settlement in U.S. dollars for delivery on the third business day in London after the date of the transaction.

3. Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds. The creation and issue of the Bonds has been authorised by a resolution of the Board of Directors of the Issuer dated 12 March 2010 and a resolution of a committee of the Board of Directors dated 18 March 2010.

4. Expenses

The Issuer estimates that the total expenses related to the issue of the Bonds will be approximately U.S.\$3,000,000.

5. Clearing

The Bonds have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The Common Code for the Bonds is 049750595. The International Securities Identification Number for the Bonds is XS0497505957. The address of Euroclear is 1 Boulevard du Roi Albert I, B-1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg.

6. Financial and Trading Position

There has been no material adverse change in the prospects of the Issuer, nor any significant change in the financial or trading position of the Group since 31 December 2009.

7. Financial Information

The financial statements of the Issuer have been audited, without qualification, for each of the two financial years ended 31 December 2009 by Deloitte LLP of 2 New Street Square, London, EC4A 3BZ, United Kingdom, Chartered Accountants and Registered Auditors with the Institute of Chartered Accountants in England and Wales.

8. Material Contracts

(a) *Contracts relating to the Bonds*

The following contracts directly concerning the issue of the Bonds have been entered into by a member of the Group immediately preceding the publication of this Offering Circular or will, shortly after the date of this Offering Circular, be entered into by a member of the Group and are, or may be, material:

- (i) the Trust Deed (as defined in "*Terms and Conditions of the Bonds*");
- (ii) the Agency Agreement (as defined in "*Terms and Conditions of the Bonds*"); and

- (iii) the Underwriting Agreement.
- (b) *Other Contracts*

The following contracts concern the Issuer and may be material to the Issuer's obligations in respect of the Bonds:

- (i) the U.S.\$200,000,000 Borrowing Base Facility Agreement dated 13 June 2008 (and amended and restated on 23 December 2009) between, among others, Salamander Energy (S.E. Asia) Limited and BNP Paribas as Mandated Lead Arranger; and
- (ii) the U.S.\$30,000,000 Junior Borrowing Base Facility Agreement dated 18 December 2009, between among others, Salamander Energy (S.E. Asia) Limited and BNP Paribas, Natixis, Singapore Branch and International Finance Corporation.

9. **Documents on Display**

Copies of the following documents may be inspected during normal business hours at the offices of the Paying Agent during the 12 months starting on the date on which this Offering Circular is made available to the public (or, in the case of (d) and (e) below, the Closing Date):

- (a) the Articles of Association of the Issuer;
- (b) the 2008 Annual Report, which contains the audited financial statements and the audited consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2008, together with the notes thereto and the audit report thereon;
- (c) the 2009 Annual Report, which contains the audited financial statements and the audited consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2009, together with the notes thereto and the audit report thereon;
- (d) the Trust Deed (as defined in "*Terms and Conditions of the Bonds*"); and
- (e) the Agency Agreement (as defined in "*Terms and Conditions of the Bonds*").

In addition, this Offering Circular is available at the website of the Regulatory News Service operated by the LSE at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.

10. **Information relating to the Ordinary Shares**

- (a) Information relating to the Ordinary Shares, including past and future performance, can be obtained at <http://www.londonstockexchange.com/exchange/prices-and-news/stocks/summary/company-summary.html?fourWayKey=GB00B1GC5238GBGBXSTMM>.
- (b) The International Securities Identification Number for the Ordinary Shares is GB00B1GC5238.

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ABBREVIATIONS

2P	proven and probable
bbl	Barrel
Bcf	billion cubic feet
boe	barrels of oil equivalent
boepd	barrels of oil equivalent per day
bopd	barrels of oil per day
Bscf	billion standard cubic feet
FPSO	floating, production, storage and offloading vessel
GDP	gross domestic product
JOB	Joint Operating Body
LNG	liquefied natural gas
LPG	liquefied petroleum gas
Mboepd	thousand barrels of oil equivalent per day
MMbo	million barrels of oil
MMboe	million barrels of oil equivalent
MMscfd	million standard cubic feet per day
PSC	Production Sharing Contract
Tcf	trillion cubic feet
TAC	Technical Assistance Contract

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