



شركة مشاريع الكويت القابضة ش.م.ك.

Kuwait Projects Company (Holding) K.S.C.

## KUWAIT PROJECTS CO. (CAYMAN)

(incorporated with limited liability in the Cayman Islands)

Guaranteed by

### Kuwait Projects Company (Holding) K.S.C. (Closed)

(incorporated with limited liability in the State of Kuwait)

**U.S.\$2,000,000,000**

### **Euro Medium Term Note Programme**

Under this U.S.\$2,000,000,000 Euro Medium Term Note Programme (the “**Programme**”), Kuwait Projects Co. (Cayman) (the “**Issuer**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Kuwait Projects Company (Holding) K.S.C. (Closed) (the “**Guarantor**”).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.\$2,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement described herein), subject to increase as described herein.

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

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

This Base Prospectus has been approved by the United Kingdom Financial Services Authority (the “**FSA**”), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”) and relevant implementing measures in the United Kingdom, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of Notes issued under the Programme described in this Base Prospectus during the period of twelve months after the date hereof. Applications have been made to admit such Notes during the period of twelve months after the date hereof to listing on the Official List of the FSA and to trading on the Regulated Market of the London Stock Exchange plc (the “**London Stock Exchange**”). The London Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC (Markets in Financial Instruments Directive).

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

The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer the Guarantor and the relevant Dealer.

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#### **Joint Arrangers**

**BNP PARIBAS**

**HSBC**

#### **Dealers**

**BNP PARIBAS**

**Commerzbank**

**HSBC**

**Crédit Agricole CIB**

**Emirates Financial Services**

**WESTLB AG**

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## IMPORTANT NOTICES

Each of Kuwait Projects Co. (Cayman) (the “**Issuer**”) and Kuwait Projects Company (Holding) K.S.C. (Closed) (the “**Guarantor**”, together with the Issuer (the “**Responsible Persons**”)) accepts responsibility for the information contained in this Base Prospectus. The Issuer and the Guarantor declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under “Terms and Conditions of the Notes” (the “**Conditions**”) as amended and/or supplemented by a document specific to such Tranche called final terms (the “**Final Terms**”) or in a separate prospectus specific to such Tranche (the “**Drawdown Prospectus**”) as described under “Final Terms and Drawdown Prospectuses” below. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

This Base Prospectus should be read and construed together with any amendments or supplements hereto with any information incorporated by reference herein and, in relation to any Tranche (as defined herein) of Notes which is the subject of Final Terms should be read and construed together with the relevant Final Terms.

Subject as provided in the applicable Final Terms or Drawdown Prospectus, the only person authorised to use this Base Prospectus in connection with an offer of Notes is the person named in the Base Prospectus as the relevant Dealer or Manager, as the case may be.

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

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Guarantor since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. The Issuer, the Guarantor, the Dealers and the Trustee do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Dealers or the Trustee which is intended to permit a public offering of any Notes outside the UK or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer, the Guarantor and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "Subscription and Sale". In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including Germany and the United Kingdom), the Cayman Islands, United Arab Emirates and Kuwait, see "Subscription and Sale". Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and Notes in bearer form are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Guarantor, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor.

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed U.S.\$2,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "Subscription and Sale".

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to United States dollars, references to "**EUR**" or "**euro**" are to the single currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended, and references to "**KD**" are to Kuwaiti dinars.

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

Translations of amounts from Kuwaiti dinars to U.S. dollars are solely for the convenience of the reader. No representation is made that the Kuwaiti dinar or U.S. dollar amounts referred to herein could have been converted into U.S. dollars or Kuwaiti dinars, as the case may be, at any particular exchange rate or at all.

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an

offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms or a Drawdown Prospectus in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail.**

However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) in accordance with all applicable laws and rules.

## **RISK FACTORS**

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

### **Risk Factors**

Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

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

Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and neither the Issuer nor the Guarantor represent that the statements below regarding the risks of holding any Notes are exhaustive. Additional risks and uncertainties not presently known to the Issuer or the Guarantor or that each of the Issuer or the Guarantor currently believes to be immaterial could also have a material impact on the Issuer's or the Guarantor's business operations. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

### **Factor's that may affect the Issuer's ability to fulfil its obligations under the Notes**

The Issuer is not an operating company. The Issuer is a special purpose vehicle with no other business other than issuing Notes. All funds raised by the Issuer are on-lent to the Guarantor and the Issuer is therefore dependent on repayment of principal, interest and/or additional amounts (if any) from the Guarantor for the purposes of meeting its obligations under the Notes. The Issuer will only be able to make payments under the Notes to the Noteholders in an amount equivalent to sums of principal, interest, and/or additional amounts (if any) it actually receives from the Guarantor. Consequently, if the Guarantor fails to meet its obligations to the Issuer in respect of the funds on-lent, the Noteholders could receive less than the full amount of principal, interest and/or additional amounts (if any) on the relevant due date from the Issuer and would have recourse under the Guarantee for the balance.

### **Factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee**

#### **Developing markets are subject to greater risks than more developed markets, including significant political, social and economic risks**

A significant proportion of the Guarantor's revenues are generated in Kuwait. In the year ended 31 December 2009 the Guarantor's business activities in Kuwait generated revenues representing 61 per cent. of the Guarantor's total revenue. There can be no assurance that economic conditions in Kuwait will remain robust nor that a significant deterioration in these economic conditions will not impact the financial performance of the Guarantor. The economy of Kuwait is largely driven by revenues from oil exports and as such is exposed to volatility in oil prices. Moreover, while government policies have generally resulted in improved economic performance, there can be no assurance that such level of performance can be sustained.

The Guarantor's financial performance can be adversely affected by political, economic and related developments not only from within Kuwait, but also to a lesser extent from within the countries of the GCC (which comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) and the political and economic instability in surrounding countries, such as Iraq and Iran. Although not unique to the region, Kuwait, the GCC region and surrounding countries are exposed to specific risks that may have a material impact on the business carried out by the Guarantor, its operating results and its financial condition.

Amongst those specific risks is the possibility of:

- political and social instability;
- downturn in economic conditions;
- external acts of warfare, civil clashes and terrorist activity;
- natural disasters; and
- regulatory, taxation and legal structure changes.

Any material unexpected changes in the political, social, economic or other conditions in countries in which the Guarantor or any of its associated companies carry on business may have a material adverse effect on the Guarantor's business, financial condition and results of operations and may adversely affect the Guarantor's plans for international expansion and investment.

It is not possible to predict the occurrence of events or circumstances such as or similar to those outlined above or the impact of such occurrences and no assurance can be given that the Guarantor's business would be able to sustain its current profit levels if such events or circumstances were to occur.

**Historic level of the Guarantor's growth may not be sustained, which could impact its profitability**

The business, operations, financial conditions and prospects of the Guarantor are closely linked to the economic conditions of the MENA region. Any deterioration in economic conditions in the GCC and wider MENA regions due to a deterioration in oil, gas or related industries or in banking and financial services industries or other factors could have an adverse effect on the Guarantor's financial condition and results of operations.

In addition, any negative change in one or more macroeconomic factors, such as a disruption of global money markets, interest rates, inflation, wage levels, unemployment, foreign investment and international trade could have an adverse impact on certain aspects of the Guarantor's operations. Such deterioration may adversely affect its ability to access funds on commercially acceptable terms or at all and impact further expansion and growth, and could have an adverse effect on the financial condition and results of operations.

**The Guarantor is exposed to risks associated with expansion into new markets, startup or early stage businesses and acquisition of new companies and businesses**

Historically, the Guarantor has been primarily active in the Kuwaiti market. However, its strategy is to expand further into markets or businesses within the GCC and wider MENA region, which may include markets in which it has not operated previously. These new markets may pose additional challenges, including different competitive conditions, political and regulatory systems, with which the Guarantor is not familiar, and the Guarantor may not be able to rely on its reputation and relationships to the extent that it can in its established markets.

The Guarantor's growth strategy involves expanding its operations by acquiring new companies. If the Guarantor encounters difficulties in acquiring such companies at a commercially reasonable price, or not at all, or if the companies acquired by the Guarantor fail to produce anticipated synergies, the Guarantor's growth strategy could be unsuccessful, which would have a material adverse effect on the Guarantor's business, financial condition and results of operations. The Guarantor also acquires or creates new businesses with limited or no previous operating experience. While these investments potentially offer the opportunity for significant capital gains, they involve a high degree of business and financial risk that can result in substantial losses.

**Competition from global competitors**

Many of the governments of the Middle East and North Africa region are liberalising their economies and initiating economic reforms. The MENA region is emerging as an investment opportunity, thereby attracting transnational companies. The increased competition resulting from



such transnational companies operating in the region could have an adverse impact on the profitability of Guarantor and its subsidiaries and its associates.

Profitability is dependent on the performance of the Guarantor's principal companies (Burgan Bank, United Gulf Bank, Gulf Insurance Company and Panther Media Group Limited, together the "**Principal Companies**"). Most of the Guarantor's revenue is derived from its Principal Companies. The Guarantor may be impacted by the ability of those companies to complete or successfully integrate strategic transactions, develop and introduce new products and services in a timely manner and respond effectively to technological changes.

### **Legal and regulatory systems may create an uncertain environment for investment and business activities**

The Guarantor's Principal Companies operate in regulated businesses across multiple jurisdictions. Local regulations may change in a manner adverse to the business of one or more Principal Companies. This may be as a result of increased competition from additional licences being issued or changes to licence conditions affecting activities or profitability of a particular business. Ownership restrictions or limitations on the scope of activities could also be imposed on the Guarantor. The Guarantor's largest Principal Companies operate in the financial sector. In light of the current liquidity crisis and difficulties with the international financial system, regulators are expected to monitor closely and regulate more aggressively the activities of financial companies, notably banks and investment companies.

No assurance can be given that the government of any of the jurisdictions in which the Guarantor's Principal Companies operate will not implement regulation or fiscal or monetary policies, including policies, regulations, or new legal interpretations of existing regulations, relating to or affecting expropriation, nationalisation, taxation, interest rates, exchange controls or capital adequacy requirements or otherwise take actions which could have a material adverse effect on the Guarantor's business, financial condition, results of operations or prospects.

### **Operational cash flows are mostly restricted to dividend income**

As a holding company, the Guarantor does not have direct access to the cash flows of its Principal Companies. The Guarantor's cash flows are limited to its share of the dividends declared by these companies, interest income on its investments and proceeds from its own trading activities or sales of its assets. Any decrease in the profitability of the Principal Companies would adversely impact the Guarantor's cash flow position.

The payment of dividends by certain of the Principal Companies to the Guarantor is subject to restrictions contained in insurance, banking, securities and corporate laws and regulations which require that solvency and capital standards are maintained by such companies.

### **The Guarantor may be impacted by financial market disruptions**

The recent global dislocation of financial markets has adversely impacted the availability, and has increased the cost of wholesale market funding and has caused a large number of banks to write down the value of their securities portfolios. However, to the extent that current market difficulties persist, there can be no assurance that the Guarantor's financial condition and performance will not be adversely impacted by the current, and any future, dislocations in the financial markets.

### **Funding risk**

In addition to the internal generation of cashflow through upstream dividends, income from interest and income from trading, the Guarantor relies on external borrowings to fund its investments. These are primarily in the form of corporate bonds and bank borrowings, which are refinanced on an ongoing basis.

As of 31 March 2010, the Guarantor's unconsolidated debt was KD 468.4 million. The Guarantor's future ability to originate new debt and pay or refinance its existing and future obligations as they become due will depend not only on its financial condition and results of operations at the time but also on certain factors over which the Guarantor has no control such as:

- Investor sentiment towards companies conducting business in similar markets and sectors;
- Opinions, reports and ratings of analysts and rating agencies on sovereign and corporate borrowers in the region;
- Prevailing capital and financial market conditions, including interest and exchange rates; and
- Political conditions in the MENA region.

Therefore, the Guarantor has no assurance that it would be able to obtain funding in the financial markets on satisfactory terms, which would limit its ability to originate new loans and to pay or refinance its existing and future obligations as they become due and would have an adverse impact on its business, financial condition and results of operations.

### **The Guarantor is exposed to risks associated with the loss of its key personnel**

The Guarantor's success depends to a significant degree upon the efforts and abilities of its key personnel, including in particular the chairman, vice-chairman and senior management team. The loss of the services of any key personnel could materially adversely affect the Guarantor's business, results of operations, financial condition and prospects.

### **Counterparty Credit Risk**

A substantial part of the activities of some of the Principal Companies involves extending credit to customers and holding financial and real estate assets as investors or as security for loans. The concentration of loans and assets in Kuwait and the MENA region and the possible prevalence of borrowers active in similar or related industries among each lender's customers may result in higher default rates than have been experienced historically or cause the Guarantor or the Principal Companies to make material provisions (or be obligated by a regulator to make material provisions) against potential losses. In addition, the volatility of securities and real estate markets in the region may result in a reduction of the value of the collateral available as security for particular loans.

### **Interest Rate and Equity Price Risk**

The Guarantor is exposed to interest rate and equity price risks associated with the Group's investment and asset and liability management activities.

Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between the Guarantor's investment activities and its borrowing costs.

Changes in equity prices may affect the value of and returns on the Guarantor's investment portfolios. It is difficult to accurately predict changes in economic and market conditions and to anticipate the effects that such changes could have on the Guarantor's financial performance and business operations.

### **Foreign Exchange Risk**

The Guarantor generates a significant proportion of its earnings in Kuwaiti Dinar. From January 2003 to 20 May 2007, the Kuwaiti Dinar was pegged to the U.S. Dollar around a parity rate of 0.29963, with margins set at +/- 3.5 per cent. On 20 May 2007, this policy was replaced with one stated by the Governor of the Central Bank of Kuwait to be based on an undisclosed weighted basket of the currencies of Kuwait's major trade and financial partner countries. The U.S. dollar continues to play a significant role in determining the Kuwaiti Dinar exchange rate, although the relationship with any given currency or basket of currencies cannot be readily ascertained. Since 20 May 2007, the Kuwaiti Dinar has ranged from KD 0.26460 to one US dollar in May 2008 to KD 0.29395 to one US dollar in March 2009, equivalent to a 11 per cent. change in the exchange rate. If the US dollar continues to strengthen against the Kuwaiti Dinar, this will result in a higher debt service cost to the Guarantor.

Any weakening of the Kuwaiti Dinar against the U.S. dollar may adversely impact the ability of the Guarantor to repay principal and interest on borrowings denominated in a currency other than Kuwaiti Dinars. The Guarantor is exposed to the potential impact of any alteration to the Central Bank of Kuwait's foreign exchange policy. In addition, although the Guarantor attempts to hedge

its exposure or manage its cost of financing through the use of swaps and other derivatives with parties believed to be solvent, it is possible that a counter-party may default on its obligations, leaving the Guarantor unprotected against such fluctuations.

### **Operational Risk**

Operational risk and losses at the Principal Companies can result from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, systems and equipment failures, natural disasters or the failure of external systems (for example, those of counterparties or vendors) which may have an impact on the Guarantor's performance. Notwithstanding anything in this risk factor, this risk factor should not be taken to imply that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List of the United Kingdom Financial Services Authority.

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

#### **The Notes may not be a suitable investment for all investors**

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

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

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

#### **Risks related to the structure of a particular issue of Notes**

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

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

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not

rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

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

#### *Index Linked Notes and Dual Currency Notes*

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

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

#### *Partly paid Notes*

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

#### *Variable rate Notes with a multiplier or other leverage factor*

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

#### *Inverse Floating Rate Notes*

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

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the

spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

#### *Notes issued at a substantial discount or premium*

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

#### **Risks related to Notes generally**

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

#### *Modification, waivers and substitution*

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

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 17 of the conditions of the Notes.

#### *EU Savings Directive*

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

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers. If, following implementation of this Directive, 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, the Guarantor, any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent following implementation of this Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

#### *Change of law*

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

### *Enforcing Foreign Judgments in Kuwait*

The Dealer Agreement, the Agency Agreement and the Trust Deed (each as defined in the Conditions) contain a provision allowing for a reference to arbitration or, at the option of the Trustee under the Trust Deed, the Dealers under the Dealer Agreement, and the Paying Agents, Registrar or Calculation Agent under the Paying Agency Agreement for the courts of England (the "Courts of England") to have jurisdiction to settle any disputes which may arise thereunder. Although the submission to the jurisdiction of the Courts of England is valid and binding, if a claim is brought before the Kuwaiti Courts, the Kuwaiti Courts may still accept jurisdiction in any suit, action or proceedings in the situations identified in Articles 24 and 26 of the Code. These situations are where (a) the defendant in the proceedings expressly or impliedly accepted the jurisdiction of the Kuwaiti Courts, (b) the defendant is a Kuwaiti citizen or is resident, domiciled, or has a place of business or a chosen domicile in Kuwait or (c) if such legal proceedings relate to a property (movable or immovable) located in Kuwait, an obligation is created, executed or to be performed in Kuwait or a bankruptcy declared in Kuwait.

There can therefore be no assurance that Kuwaiti Courts will decline jurisdiction to adjudicate any dispute under the Notes, notwithstanding the provision in the Notes providing an option for the Courts of England to have jurisdiction to settle any disputes arising thereunder. The Kuwaiti Courts could be influenced when deciding whether or not to decline jurisdiction by the existence of proceedings in relation to such dispute in another jurisdiction.

If a judgment is obtained in the United Kingdom, then enforcement of that judgment by the Kuwaiti Courts (without re-trial or examination of merits of the case) is subject to compliance with the provisions of Article 199 of the Code. Article 199 of the Code requires that (a) the jurisdiction in which the judgment was rendered must afford reciprocal treatment to judgments rendered in Kuwait, (b) the judgment must be rendered by a competent authority according to the law of the jurisdiction in which it was rendered, (c) the parties must have been duly summoned to appear and were duly represented at the proceedings, (d) the judgment must be final and unappealable (*res judicata*) according to the law of the jurisdiction in which it was rendered, (e) the judgment must not contradict any prior judgment rendered and, finally, (f) the judgment must not contain anything in conflict with the general morals or public order of Kuwait. In respect of the requirement under Article 199 of the Code that the courts of the jurisdiction in which the judgment was issued must afford reciprocal treatment to judgments issued by the Kuwaiti Courts, there is no treaty between Kuwait and the United Kingdom that affords such required reciprocal treatment. There are no known instances of the Courts of England enforcing Kuwaiti judgments, while there are differing decisions issued by the Court of Cassation (the highest court in Kuwait) with regard to the enforcement in Kuwait of a monetary judgment issued by the Courts of England. In 2005 and 2006 the Court of Cassation (the highest court in Kuwait) had to consider applications for the enforcement in Kuwait of an English judgment. In the former case the Court was satisfied that on the facts the criteria for enforcement set out in Article 199 had been satisfied and approved the enforcement of the English judgment but in the latter it was not and declined to do so.

### *Trading in the clearing systems*

In relation to any issue of Notes which have a minimum denomination and are tradeable in the clearing systems in amounts above such minimum denomination which are smaller than it, should definitive Notes be required to be issued, a holder who does not have an integral multiple of the minimum denomination in his account with the relevant clearing system at the relevant time may not receive all of his entitlement in the form of definitive Notes unless and until such time as his holding becomes an integral multiple of the minimum denomination. In relation to Notes which are expressed in the relevant Final Terms to be "Permanent Global Note exchangeable for Definitive Notes", see "Forms of the Notes - Permanent Global Note exchangeable for Definitive Notes" and "Form of Final Terms - General Provisions Applicable to the Notes - Form of Notes".

### ***Risks related to the market generally***

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

#### *The secondary market generally*

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

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

#### *Interest rate risks*

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

#### *Credit ratings may not reflect all risks*

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

#### ***Legal investment considerations may restrict certain investments***

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

## OVERVIEW OF THE PROGRAMME

*The following overview of the Programme does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in “Forms of the Notes” or “Terms and Conditions of the Notes” below shall have the same meanings in this overview of the Programme.*

***The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a supplemental Base Prospectus will be published.***

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

Issuer:	Kuwait Projects Co. (Cayman)
Guarantor:	Kuwait Projects Company (Holding) K.S.C. (Closed)
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. These are set out under “Risk Factors”. There are also certain factors that may affect the Guarantor’s ability to fulfil its obligations under the Guarantee. These are also set out under “Risk Factors”. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “Risk Factors” and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.
Arrangers:	BNP Paribas, HSBC Bank plc
Dealers:	BNP Paribas, Commerzbank Aktiengesellschaft, HSBC Bank plc, Crédit Agricole Corporate and Investment Bank, Emirates Financial Services PSC and WestLB AG, and any other Dealer appointed from time to time by the Issuer and the Guarantor either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Trustee:	BNY Corporate Trustee Services Limited
Principal Paying Agent:	The Bank of New York Mellon acting through its London office
Registrar:	The Bank of New York Mellon acting through its New York office
Final Terms or Drawdown Prospectus:	<p>Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a drawdown prospectus (each a “<b>Drawdown Prospectus</b>”) prepared in connection with a particular Tranche of Notes.</p> <p>For a Tranche of Notes which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement the Terms and Conditions of the Notes and this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Terms and Conditions of the Notes as supplemented, amended and/or replaced to the extent described in the relevant Final Terms.</p>



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

Listing and Admission to Trading:	Each Series may be admitted to trading on the London Stock Exchange and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Final Terms or may be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.
Clearing Systems:	Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.
Initial Programme Amount:	Up to U.S.\$2,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) aggregate principal amount of Notes outstanding and guaranteed at any one time. The Issuer and the Guarantor may increase the amount of the Programme in accordance with the Dealer Agreement.
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Forms of Notes:	Notes may be issued in bearer or in registered form. Each Tranche of Notes issued in bearer form will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Final Terms. Each Global Note will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if

appropriate, a Talon for further Coupons. Registered Notes will not be exchangeable for Bearer Notes and *vice-versa*.

Any Notes issued in registered form will generally be represented by Note Certificates available for physical delivery only. However, the Issuer retains the option to make specific arrangements for a Tranche of Registered Notes to be delivered and/or settled in a clearing system and to be represented by a global Note certificate. Such arrangements will be described in the applicable Final Terms and will be subject to additional or supplemental documentation, including a global Note certificate in a form acceptable to the Issuer, the relevant clearing system and the Registrar.

Currencies:

Notes may be denominated in U.S. dollars or euro or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

Notes having a maturity of less than one year:

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (**FSMA**) by the Issuer.

Status of the Notes:

Notes will be issued on an unsubordinated basis.

Status of the Guarantee:

Notes will be unconditionally and irrevocably guaranteed by the Guarantor, on an unsubordinated basis.

Issue Price:

Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer, the Guarantor and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Maturities:

Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Redemption:

Subject as described in "Notes having a maturity of less than one Year" above, Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Final Terms. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Final Terms.

If a Put Event (Restructuring) (as defined in the Conditions)

	occurs, Notes may be redeemable at par at the option of the relevant Noteholder. See “Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the option of Noteholders (Restructuring)”.
Optional Redemption:	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Final Terms.
Tax Redemption:	Except as described in “Optional Redemption” above, early redemption will only be permitted for tax reasons as described in Condition 10(b) ( <i>Redemption and Purchase – Redemption for tax reasons</i> ).
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Denominations:	No Notes admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area may be issued under the Programme which have a minimum denomination of less than EUR50,000 (or equivalent in another currency at their issue date). Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements applicable to the relevant Specified Currency (see “Notes having a maturity of less than one year” above).
Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Condition 5 ( <i>Covenants</i> ).
Cross Default:	The Notes will have the benefit of a cross default provision as described in Condition 13 ( <i>Events of Default</i> ).
Taxation:	All payments in respect of Notes will be made free and clear of withholding taxes of the Cayman Islands and Kuwait, as the case may be, unless the withholding is required by law subject to certain exceptions to the extent provided in Condition 12 ( <i>Taxation</i> ). In that event, the Issuer or (as the case may be) the Guarantor will (subject as provided in Condition 12 ( <i>Taxation</i> )) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
Governing Law:	English law.
Ratings:	The ratings of the Notes to be issued under the Programme will be specified in the relevant Final Terms.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the European Economic Area (including Germany and the United Kingdom), the Cayman Islands, United Arab Emirates and Kuwait see “Subscription and Sale” below.

## **DOCUMENTS INCORPORATED BY REFERENCE**

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

- (a) the auditors' report and audited financial statements of the Issuer for the financial years ended 31 December 2008 and 31 December 2009;
- (b) the auditors' report and audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2008 and 31 December 2009;
- (c) the auditors' review report and the unaudited interim condensed consolidated financial information of the Guarantor for the three months ended 31 March 2010;
- (d) the Terms and Conditions of the Notes on pages 20 to 48 (inclusive) of the base prospectus relating to the Issuer's Euro Medium Term Note Programme dated 24 March 2006; and
- (e) the Terms and Conditions of the Notes on pages 25 to 51 (inclusive) of the base prospectus relating to the Issuer's Euro Medium Term Note Programme dated 17 June 2009.

The audited consolidated financial statements of the Guarantor have been prepared in accordance with IFRS and applicable requirements of Kuwait Ministerial Order No. 18 of 1990. The interim condensed consolidated financial information of the Guarantor has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

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

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

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

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

## FORMS OF THE NOTES

*The following provisions apply only to Notes issued in bearer form. Notes issued in registered form will be represented by definitive Note certificates available for physical delivery only. However, the Issuer retains the option to make specific arrangements for a Tranche of Registered Notes to be delivered and/or settled in a clearing system and to be represented by a global Note certificate. Such arrangements will be described in the applicable Final Terms and will be subject to additional or supplemental documentation, including a global Note certificate in a form acceptable to the Issuer, the relevant clearing system and the Registrar. For the terms applicable to the form and transfer of Notes in registered form see Conditions 3(b) and (c) under “Terms and conditions of the Notes” below.*

Each Tranche of Notes will initially be in the form of either a temporary global note (the “**Temporary Global Note**”), without interest coupons, or a permanent global note (the “**Permanent Global Note**”), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Global Note**”) will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) and/or Clearstream Banking, société anonyme, Luxembourg (“**Clearstream, Luxembourg**”) and/or any other relevant clearing system.

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

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

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

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

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

within 7 days of the bearer requesting such exchange.

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

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

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or

- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and no successor clearing system satisfactory to the Trustee is available or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

The Permanent Global Note will also become exchangeable, in whole but not in part and at the option of the Issuer, for Definitive Notes if, by reason of any change in the laws of the Cayman Islands or Kuwait, the Issuer or the Guarantor is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive form.

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

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

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

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

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

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

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

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous

period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and no successor clearing system satisfactory to the Trustee is available or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

If the relevant Final Terms specify the form of Notes as “Permanent Global Note exchangeable for Definitive Notes” in circumstances other than “in the limited circumstances specified in the Permanent Global Note”, such Notes may only be issued in denominations equal to or greater than EUR50,000 (or equivalent) and integral multiples thereof.

The Permanent Global Note will also become exchangeable, in whole but not in part and at the option of the Issuer, for Definitive Notes if, by reason of any change in the laws of the Cayman Islands or Kuwait, the Issuer or the Guarantor is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive form.

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

### **Terms and Conditions applicable to the Notes**

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

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

### **Legend concerning United States persons**

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

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

### **Registered Notes**

Each Tranche of Registered Notes will be in the form of either individual Note Certificates in registered form (“**Individual Note Certificates**”) or a global Note in registered form (a “**Global Note Certificate**”), in each case as specified in the relevant Final Terms. Each Global Note Certificate will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and registered in the name of a nominee for such depositary and will be exchangeable for Individual Note Certificates in accordance with its terms.

If the relevant Final Terms specify the form of Notes as being “Individual Note Certificates”, then the Notes will at all times be in the form of Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

If the relevant Final Terms specify the form of Notes as being “Global Note Certificate exchangeable for Individual Note Certificates”, then the Notes will initially be in the form of a Global Note Certificate which will be exchangeable in whole, but not in part, for Individual Note Certificates if the relevant Final Terms specify “in the limited circumstances described in the

Global Note Certificate”, if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or has in fact done so and no successor clearing system satisfactory to the Trustee is available or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person’s holding) against the surrender of the Global Note Certificate at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.



## TERMS AND CONDITIONS OF THE NOTES

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

### 1. Introduction

- (a) *Programme:* Kuwait Projects Co. (Cayman) (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.\$2,000,000,000 in aggregate principal amount of notes (the "**Notes**") guaranteed by Kuwait Projects Company (Holding) K.S.C. (Closed) (the "**Guarantor**").
- (b) *Final Terms:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of final terms (the "**Final Terms**") which supplement these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail. References in these Conditions to the "relevant Final Terms" are to Part A of the Final Terms (or the relevant provisions thereof).
- (c) *Trust Deed:* The Notes are subject to and have the benefit of an amended and restated trust deed dated 16 June 2010 (as amended or supplemented from time to time) (the "**Trust Deed**") between the Issuer, the Guarantor and BNY Corporate Trustee Services Limited as trustee (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees appointed under the Trust Deed).
- (d) *Agency Agreement:* The Notes are the subject of an amended and restated issue and paying agency agreement dated 16 June 2010 (the "**Agency Agreement**") between the Issuer, the Guarantor, the Trustee, The Bank of New York Mellon (acting through its New York office) in its capacity as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in accordance with the Agency Agreement in connection with the Notes), The Bank of New York Mellon in its capacity as the principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in accordance with the Agency Agreement in connection with the Notes) and the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (e) *The Notes:* All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection by Noteholders during normal business hours at the Specified Office of the Principal Paying Agent, the initial Specified Office of which is set out below.
- (f) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and the Trust Deed and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Trust Deed applicable to them. Copies of the Agency Agreement and the Trust Deed are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents and the Registrar, the initial Specified Offices of which are set out below.

## 2. Interpretation

(a) *Definitions:* In these Conditions the following expressions have the following meanings:

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

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

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

**"Business Day"** means:

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

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

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred *provided, however, that:*
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"Calculation Agent"** means the Principal Paying Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest

and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

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

**“Day Count Fraction”** means (subject as provided in Condition 6 (*Fixed Rate Note Provisions*) and Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*)), in respect of the calculation of an amount for any period of time (the **“Calculation Period”**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

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

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

where:

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

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

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

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

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

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30; and

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

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

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

**“Event of Default”** means any of the events described in Condition 13 (*Events of Default*);

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

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

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

**“Guarantee”** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

**“Guarantee of the Notes”** means the guarantee of the Notes given by the Guarantor in the Trust Deed;

**“Holder”** means a Holder of Registered Notes or, as the context requires, the holder of a Bearer Note or of a Coupon;

**“Holder of Registered Notes”** means the person in whose name a Registered Note is registered in the Register (or, in the case of a joint holding, the first named thereof);

**“IFRS”** means International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee of IASB (as amended, supplemented or re-issued from time to time);

**“Indebtedness”** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and IFRS, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

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

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

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

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

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

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

**“Investment Grade Rating”** means a rating of at least investment grade (BBB-/ Baa3/ BBB-, or their respective equivalents for the time being) from a Rating Agency;

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

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

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

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

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

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

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

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

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

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

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

**“Payment Business Day”** means:

- (i) if the currency of payment is not euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation or of surrender or endorsement (in the case of Registered Notes), are open for presentation and payment of bearer debt securities or for surrender or endorsement of note certificates and payment, (in the case of Registered Notes), and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre; or

- (ii) if the currency of payment is euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation or of surrender or endorsement (in the case of Registered Notes), are open for presentation and payment of bearer debt securities, or for surrender or endorsement of note certificates and payment, (in the case of Registered Notes), and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre;

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

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

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means Sydney and, in relation to New Zealand dollars, it means Auckland;

**“Put Option Notice”** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

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

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

**“Rating Agency”** means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc. and its successors or any other internationally recognised rating agency which has at the request of the Guarantor for the time being assigned a credit rating to the Guarantor;

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

**“Reference Banks”** has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

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

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

**“Register”** means the register maintained by the Registrar in respect of the Registered Notes in accordance with the Agency Agreement;

**“Registrar”** means, in relation to any Series of Registered Notes, The Bank of New York;

**“Regular Period”** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period

from and including one Interest Payment Date to but excluding the next Interest Payment Date;

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

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

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

“**Relevant Indebtedness**” means any present and future Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is or is capable of being listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

“**Relevant Screen Page**” means the page, section or other part of a particular information service (including, without limitation, the Reuter Money 3000 Service and the Telerate Service) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

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

“**Reserved Matter**” means any proposal (i) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment; (ii) to effect the exchange or substitution of Notes for, or the conversion of Notes into, shares, bonds or other obligations or securities of the Issuer or the Guarantor or any other person or body corporate formed or to be formed (other than in relation to Condition 17(c) (*Substitution*)); (iii) to change the currency in which amounts due in respect of Notes are payable; (iv) to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution; or (v) to amend this definition;

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

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

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

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

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



**“Subsidiary”** means in relation to any Person (the **“first Person”**) at any particular time, any other Person (the **“second Person”**):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and IFRS, consolidated with those of the first Person;

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

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

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

**“Treaty”** means the Treaty establishing the European Communities, as amended; and

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

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*) or any undertaking given in addition to, or in substitution for, that Condition, any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) or any undertaking given in addition to, or in substitution for, that Condition and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “outstanding” shall be construed in accordance with the Trust Deed;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement or the Trust Deed shall be construed as a reference to the Agency Agreement or the Trust Deed, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Notes.

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

Notes are issued in bearer form (**“Bearer Notes”**) or in registered form (**“Registered Notes”**) as specified in the relevant Final Terms. Registered Notes may not be exchanged for Bearer Notes.

- (a) *Notes in Bearer Form:* Bearer Notes are issued in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Title to the Bearer Notes and the Coupons will pass

by delivery. The Holder of any Bearer Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Bearer Note under the Contracts (Rights of Third Parties) Act 1999.

- (b) *Notes in registered form:* Registered Notes are issued in the Specified Denomination(s) and may be held in holdings equal to any specified minimum amount and integral multiples equal to any specified increments (as specified in the relevant Final Terms) in excess thereof (each, an “**Authorised Holding**”). The Holder of each Registered Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder.
- (c) *Register and Transfers of Registered Notes*
- (i) *Register:* The Registrar will maintain the Register in accordance with the provisions of the Agency Agreement. A Note Certificate (as defined in the Trust Deed) will be issued to each Holder of Registered Notes in respect of its holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (ii) *Transfers:* Subject to Conditions 3(c)(v) (*Closed periods*) and 3(c)(vi) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar, together with such evidence as the Registrar may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Authorised Holdings. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (iii) *Registration and delivery of Note Certificates:* Within 5 business days of the surrender of a Note Certificate in accordance with Condition 3(c)(ii) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each Holder of Registered Notes at its Specified Office or (at the request and risk of any such relevant Holder of Registered Notes) by uninsured first class mail (airmail if overseas) to the address specified for the purposes by such Holder of Registered Notes. In this paragraph, “**business day**” means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar is located.
- (iv) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (v) *Closed periods:* Holders of Registered Notes may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- (vi) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries in the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder of Registered Notes who requests in writing a copy of such regulation.

#### 4. Status and Guarantee

- (a) *Status of the Notes:* The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (b) *Guarantee of the Notes:* The Guarantor has in the Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This Guarantee of the Notes constitutes direct, general and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

#### 5. Covenants

- (a) *Negative Pledge:* So long as any Note remains outstanding, neither the Issuer nor the Guarantor shall create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or any Guarantee of any Relevant Indebtedness;
- (b) *Step Up Events:* So long as any Note remains outstanding, on the occurrence of a Step Up Event the applicable Rate of Interest payable (i) in respect of such Note, if interest bearing, shall be increased by 0.5 per cent. per annum from the beginning of the Interest Period immediately subsequent to the occurrence of such Step Up Event; and (ii) in respect of such Note, if not interest-bearing, shall be 0.5 per cent. per annum from, and including, the date of the Step Up Event to, but excluding, the Maturity Date.

For the purposes of this Condition 5 only:

A “**Step Up Event**” will be deemed to have occurred if, for so long as any Note remains outstanding, the solicited rating assigned to the Notes by a Rating Agency is (i) withdrawn either by the Rating Agency or at the request of the Issuer or the Guarantor or (ii) reduced from an Investment Grade Rating to a non-Investment Grade Rating (BB+/Ba1/BB or their respective equivalents for the time being) or worse.

#### 6. Fixed Rate Note Provisions

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Specified Denomination of Notes is a multiple of the Calculation Amount, shall be the product of the amount for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

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

## **7. Floating Rate Note and Index-Linked Interest Note Provisions**

- (a) *Application:* This Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
    - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
    - (B) determine the arithmetic mean of such quotations; and
  - (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for

a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin (if any) and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin (if any) and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin (if any) and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the euro zone inter bank offered rate (EURIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (e) *Index-Linked Interest:* If the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.
- (f) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (h) *Calculation of other amounts:* If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- (i) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Guarantor, the Paying Agents, the Trustee and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest

Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 20 (*Notices*). The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

- (j) *Notifications etc:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 (*Floating Rate Note and Index-Linked Interest Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Trustee, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by them of their respective powers, duties and discretions for such purposes.
- (k) *Determination or Calculation by Trustee:* If the Calculation Agent fails at any time to determine a Rate of Interest or to calculate an Interest Amount or additional Interest Amount, the Trustee will determine such Rate of Interest and make such determination or calculation which shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply all of the provisions of these Conditions with any necessary consequential amendments to the extent that, in its sole opinion and with absolute discretion, it can do so and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and will not be liable for any loss, liability, damage, fee, cost, charge or expense which may arise as a result thereof. Any such determination or calculation made by the Trustee shall be binding on the Issuer, the Guarantor, Noteholders and Couponholders.

## **8. Zero Coupon Note Provisions**

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

## **9. Dual Currency Note Provisions**

- (a) *Application:* This Condition 9 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Rate of Interest:* If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

## 10. Redemption and Purchase

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part:
  - (i) at any time (if neither the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable); or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable),

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

- (A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (B) (1) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) or the Guarantor has or will become obliged to make any such withholding or deduction as is referred to in Condition 12 (*Taxation*) from any amount paid by it to the Issuer in order to enable the Issuer to make a payment of principal or interest in respect of the Notes, in either case as a result of any change in, or amendment to, the laws or regulations of the State of Kuwait or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes, and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

*provided, however*, that no such notice of redemption shall be given earlier than:

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

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee (A) a certificate signed by two directors of the Issuer or (as the case may be) two directors of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts

showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts or (as the case may be) the Guarantor has or will become obliged to make such withholding or deduction as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (A) and (B) above, in which event they shall be conclusive and binding on the Noteholders. Upon the expiry of any such notice as is referred to in this Condition 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer giving not less than 15 nor more than 30 days' notice to the Noteholders and having notified the Trustee prior to the provision of such notice (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) *Partial redemption:*
  - (i) *Partial Redemption of Bearer Notes:* If the Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Trustee approves and in such manner as the Trustee considers appropriate, subject to compliance with applicable law and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
  - (ii) *Partial Redemption of Registered Notes:* If Registered Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), each Registered Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Registered Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Registered Notes on such date.
- (e) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of any Noteholder redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e), the Noteholder must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto, in the case of Bearer Notes, or deposit with the Registrar the relevant Note Certificate relating to such Note, in the case of Registered Notes, and a duly completed Put Option Notice in the form obtainable from any Paying Agent or Registrar, as the case may be. The Paying Agent or the Registrar, as the case may be, with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note or Note Certificate, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note or the Notes evidenced by any Note Certificate becomes immediately due and payable or, upon due presentation of any such Note or Note



Certificate on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent or Registrar shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note or Note Certificate at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Bearer Note is held by a Paying Agent in accordance with this Condition 10(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

- (f) *Redemption at the option of Noteholders (Restructuring)*: If a Put Event (Restructuring) occurs the Issuer or the Guarantor shall give notice to the Noteholders (specifying the nature of the Put Event (Restructuring)), of an optional redemption date (the “**Optional Redemption Date (Restructuring)**”) which shall be not less than 50 nor more than 75 days after the date of such notice and the procedure for exercising the option contained in this Condition 10(f), and the Issuer shall, at the option of any Noteholder redeem or, at the Issuer’s option, purchase such Note on the Optional Redemption Date (Restructuring) at an amount equal to its principal amount together with (or, where purchased, together with an amount equal to) interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(f), the Noteholder must deliver such Note together with all unmatured Coupons, on any business day falling within the period of 45 days after the notice of a Put Event (Restructuring) is given, at the specified office of any Paying Agent, accompanied by a duly completed non-transferable Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(f), may be withdrawn; *provided, however, that if*, prior to the relevant Optional Redemption Date (Restructuring), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Restructuring), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 10(f), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

For the purposes of this Condition 10(f) only:

“**business day**” means a day (other than a Saturday or Sunday) on which banks are generally open for business in the State of Kuwait, the Cayman Islands, New York City and in the city where the Specified Office of the Principal Paying Agent is located;

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

A “**Negative Rating Event**” shall be deemed to have occurred in respect of a Restructuring Event if the Guarantor does not within 120 days of a Restructuring Event obtain an Investment Grade Rating;

A “**Put Event (Restructuring)**” will be deemed to have occurred if, for so long as any Note remains outstanding, there occurs a Restructuring Event and within the Restructuring Period (i) if at the time that Restructuring Event occurs there are Rated Securities, a Rating Downgrade in respect of that Restructuring Event occurs; or (ii) if at the time that Restructuring Event occurs there are no Rated Securities, a Negative Rating Event in respect of that Restructuring Event occurs;

“**Rated Securities**” means any Notes so long as they shall have a solicited rating from any Rating Agency;

A “**Rating Downgrade**” shall be deemed to have occurred in respect of a Restructuring Event if the solicited rating assigned 30 business days prior to the Restructuring Event to the Rated Securities by a Rating Agency is withdrawn or reduced from an Investment

Grade Rating to a non-Investment Grade Rating (BB+/Ba1/BB or their respective equivalents for the time being) or worse, or if any Rating Agency shall have already rated the Rated Securities below Investment Grade Rating, the rating of such Rating Agency is lowered by one or more full rating categories (for example, from BB+/Ba1/BB+ to BB/Ba2/BB or such similar lowering);

A “**Restructuring Event**” shall be deemed to have occurred if either:

- (i) any Person or any Persons (other than Al Futtooh Investments Co.W.L.L., any of its shareholders and any of their respective associates (where an associate of an individual is the individual’s husband, wife or child or is a relative, or the husband or wife of a relative, of the individual or of the individual’s husband or wife) (“**AFI**”)) acting in concert or any Person or Persons acting on behalf of any such Person(s) at any time directly or indirectly own(s) or acquire(s) (whether or not approved by the board of directors of the Guarantor) (A) 50 per cent. or more of the issued or allotted ordinary share capital of the Guarantor or (B) such number of shares in the capital of the Guarantor carrying 50 per cent. or more of the voting rights exercisable at general meetings of the Guarantor; or
- (ii) if AFI ceases directly or indirectly to own (A) 30 per cent. or more of the issued or allotted ordinary share capital of the Guarantor or (B) such number of shares in the capital of the Guarantor carrying 30 per cent. or more of the voting rights exercisable at general meetings of the Guarantor;

“**Restructuring Period**” means the period commencing on the earlier of the date (the “**Restructuring Period Commencement Date**”) of the public announcement of the Restructuring Event or the public announcement of the intention of the relevant Person or Persons to effect a Restructuring Event and ending 120 days after the Restructuring Period Commencement Date (or such longer period for which the Rated Securities or, as the case may be, any Notes are under consideration (such consideration having been announced publicly within the period ending 120 days after the Restructuring Period Commencement Date) for rating review or, as the case may be, rating by a Rating Agency);

- (g) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (Scheduled redemption) to (c) (Redemption at the option of the Issuer) above.
- (h) *Early redemption of Zero Coupon Notes*: Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10(h) or, if none is so specified, a Day Count Fraction of 30E/360.

- (i) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith. Such Notes may be held, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation.
- (j) *Cancellation*: All Notes redeemed or surrendered for cancellation and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

## 11. Payments

### (a) Payments – Bearer Notes

This Condition 11(a) is only applicable to Bearer Notes.

- (1) *Principal*: Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States (which expression, as used in these Conditions, means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction) by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in London).
- (2) *Interest*: Payments of interest shall, subject to paragraph (8) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (1) above.
- (3) *Payments in New York City*: Payments of principal or interest payable in U.S. dollars may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in U.S. dollars when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to either the Issuer or the Guarantor.
- (4) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (5) *Deductions for unmatured Coupons*: If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:
  - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however*, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
    - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; *provided, however*, that where this subparagraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
    - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the

amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (1) (*Principal*) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

- (6) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 11(a)(6) is applicable or that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption at the option of the Issuer*), Condition 10(e) (*Redemption at the option of Noteholders*), Condition 10(f) (*Redemption at the option of Noteholders (Restructuring)*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (7) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (8) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (3) (*Payments in New York City*) above).
- (9) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (10) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

**(b) Payment – Registered Notes**

- (1) This Condition 11(b) is only applicable to Registered Notes.
- (2) *Principal*: Payments of principal shall be made by cheque drawn in the currency in which the payment is due on or, upon application by a Holder of Registered Notes to the specified office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in such currency (or, if that currency is euro, any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the Principal Financial Centre of such currency (in the case of a sterling cheque, a town clearing branch of a bank in London) and (in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the specified office of any Paying Agent.
- (3) *Interest*: Payments of interest shall be made by cheque drawn in the currency in which the payment is due on or, upon application by a Holder of Registered Notes to the specified office of the Principal Paying Agent not later than four Payment Business Days

before the due date for any such payment, by transfer to an account denominated in such currency (or, if that currency is euro, any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the Principal Financial Centre of such currency and, in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificate at the specified office of any Paying Agent.

- (4) *Payments subject to fiscal laws:* All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Holders of Registered Notes in respect of such payments.
- (5) *Payments on business days:* Where payment is to be made by transfer to an account, payment instruments (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payment on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the Payment Business Date immediately preceding the due date for payment. A Holder of Registered Notes shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 11(b)(5) arriving after the due date for payment or being lost in the mail.
- (6) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (7) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the due date for such payment, and (ii) where in definitive form at the close of business on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

## **12. Taxation**

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

- (ii) by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
  - (iii) 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 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (iv) by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the EU; or
  - (v) more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days assuming that day to have been a Payment Business Day.
- (b) *Taxing jurisdiction:* If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the Cayman Islands or the State of Kuwait respectively, references in these Conditions to the Cayman Islands or the State of Kuwait shall be construed as references to the Cayman Islands or (as the case may be) the State of Kuwait and/or such other jurisdiction.

### 13. Events of Default

If any of the following events occurs, then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject in the case of the happening of any of the events mentioned in paragraphs (b) (*Breach of other obligations*), (d) (*Unsatisfied judgment*), (i) (*Failure to take action, etc.*) or (j) (*Unlawfulness*) below to the Trustee having certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders and subject, in all cases, to the Trustee having been indemnified or provided with security to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

- (a) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes within 5 days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 10 days of the due date for payment thereof; or
- (b) *Breach of other obligations:* the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Trust Deed or the Guarantee of the Notes and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of being remedied, remains unremedied for 30 days or such longer period as the Trustee may agree after written notice thereof has been received by the Issuer and the Guarantor from the Trustee; or
- (c) *Cross-default of Issuer or Guarantor:*
  - (i) any Indebtedness of the Issuer or the Guarantor is not paid when due or (as the case may be) within any originally applicable grace period;
  - (ii) any such Indebtedness becomes or is declared due and payable prior to its stated maturity otherwise than at the option of the Issuer or the Guarantor or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or

- (iii) the Issuer or the Guarantor fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds U.S.\$7,500,000 (or its equivalent in any other currency or currencies);

- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount is rendered against the Issuer or the Guarantor and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or substantially the whole of the undertaking, assets and revenues of the Issuer or the Guarantor; or
- (f) *Insolvency, etc.*: (i) the Issuer or the Guarantor becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer or the Guarantor or the whole or substantially the whole of the undertaking, assets and revenues of the Issuer or the Guarantor is appointed (or application for any such appointment is made), (iii) the Issuer or the Guarantor takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Issuer or the Guarantor ceases or threatens to cease to carry on all or substantially the whole of its business; or
- (g) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or the Guarantor; or
- (h) *Analogous event*: any event occurs which under the laws of the Cayman Islands or the State of Kuwait has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or
- (i) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes and the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Trust Deed admissible in evidence in the courts of the Cayman Islands and the State of Kuwait is not taken, fulfilled or done; or
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed; or
- (k) *Controlling shareholder*: the Issuer ceases to be a Subsidiary of the Guarantor; or
- (l) *Guarantee not in force*: the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect.

#### **14. Prescription**

- (a) *Bearer Notes*: Claims for principal in respect of Bearer Notes shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.
- (b) *Registered Notes*: Claims for principal on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date. Claims for interest on redemption shall become

void unless the relevant Note Certificates are surrendered for payment within five years of the appropriate Relevant Date.

#### **15. Replacement of Notes, Note Certificates and Coupons**

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

#### **16. Trustee, Agents and Registrar**

Under the Trust Deed, the Trustee is entitled to be indemnified to its satisfaction before taking certain actions, including taking enforcement proceedings, and is also entitled to be relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity relating to the Issuer or the Guarantor without accounting for any profit.

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

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer, the Guarantor and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and Registrar and their respective initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer and the Guarantor reserve the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying Agent or any Registrar and to appoint a successor Principal Paying Agent or Calculation Agent and additional or successor paying agents or Registrars; *provided, however, that:*

- (a) the Issuer and the Guarantor shall at all times maintain a Principal Paying Agent and a Registrar outside the United Kingdom; and
- (b) the Issuer and the Guarantor will ensure that they maintain a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive; and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer and the Guarantor shall at all times maintain a Calculation Agent for that Series of Notes; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Registrar in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent and/or a Registrar each



with a Specified Office in the place required by such listing authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agents or the Registrar or in their Specified Offices shall promptly be given to the Noteholders.

**17. Meetings of Noteholders; Modification and Waiver**

- (a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

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

- (b) *Modification and waiver:* The Trustee may, without the consent of the Noteholders or the Couponholders agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Noteholders or Couponholders authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

- (c) *Substitution:* The Trust Deed contains provisions under which the Guarantor or any other company may, without the consent of the Noteholders or Couponholders assume the obligations of the Issuer as principal debtor under the Trust Deed and the Notes provided that certain conditions specified in the Trust Deed are fulfilled.

No Noteholder or Couponholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder or (as the case may be) Couponholder except to the extent provided for in Condition 12 (*Taxation*) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

**18. Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified or provided with security to its satisfaction.

No Noteholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

#### **19. Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

#### **20. Notices**

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

Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an overseas address) by airmail to them (or, in the case of joint Holders, to the first-named in the Register) at their respective addresses as recorded in the Register, and will be deemed to have been validly given on the fourth Business Day after the date of such mailing.

#### **21. Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder and the Trustee on the written demand of such Noteholder or the Trustee addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder or the Trustee may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

#### **22. Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded

downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## **23. Governing Law and Jurisdiction**

- (a) *Governing law*: The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law.

(b) *Arbitration*

Subject to Condition 23(c) (*Trustee's option*), any dispute arising out of or in connection with the Notes or the Trust Deed (including a dispute regarding their existence, validity or termination or the consequences of their nullity or any non-contractual obligation arising out of or in connection with them) (a "**Dispute**") shall (regardless of the nature of the Dispute) be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration ("**LCIA**") (the "**Rules**"), as amended from time to time and by the rest of this Condition:

- (i) The arbitral tribunal shall consist of three arbitrators.
- (ii) Within 15 days from receipt by the registrar of the LCIA of the response to the request for arbitration, the claimant(s) – irrespective of their number - shall nominate jointly one arbitrator and the respondent(s) – irrespective of their number - shall nominate jointly the second arbitrator. The chairman of the arbitral tribunal shall be nominated by the two party nominated arbitrators within 15 days of the last of their appointments.
- (iii) In the event that the claimant(s) or the respondent(s) fail to nominate an arbitrator or the party nominated arbitrators fail to agree the chairman of the arbitral tribunal within the time limits specified in this Condition, the LCIA court shall, at the written request of the claimant(s) or the respondent(s), make such appointment forthwith.
- (iv) The seat of the arbitration shall be London, England and all hearings shall take place in London, England.
- (v) The language of the arbitration shall be English.
- (vi) The parties waive any right of application to determine a preliminary point of law under section 45 and to appeal on a question of law under section 69 of the Arbitration Act 1996.
- (vii) Upon request of a party to a Dispute or any party to the Notes or the Trust Deed which itself wishes to be joined to any reference to arbitration proceedings in relation to a Dispute, the arbitral tribunal may join any party to the Notes or the Trust Deed to any reference to arbitration proceedings in relation to that Dispute between them. Each of the parties to the Notes hereby consents to be joined to any reference to arbitration proceedings in relation to any Dispute at the request of a party to that Dispute, and to accept the joinder of a party requesting to be joined pursuant to this Condition 23(b)(vii).

(c) *Trustee's option*

Before the Trustee has filed a Request for arbitration or Response as defined in the Rules (as the case may be), the Trustee may by notice in writing to the Issuer and the Guarantor require that a Dispute between it and the Issuer and/or the Guarantor be heard by a court of law. If the Trustee gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 23(d) (*Jurisdiction of English courts*).

(d) *Jurisdiction of the English courts*

In the event that the Trustee issues a notice pursuant to Condition 23(c) (*Trustee's option*), the following provisions shall apply:

- (i) Subject to Condition 23(b) (*Arbitration*), the courts of England shall have exclusive jurisdiction to settle any Dispute.
- (ii) The Issuer and/or the Guarantor agree that the courts of England are the most appropriate and convenient courts to settle any Dispute (including any Dispute relating to the non contractual obligations arising out of or in connection with the Notes or the Trust Deed) and, accordingly, that they will not argue to the contrary.
- (iii) This Condition 23(d) is for the benefit of the Noteholders and the Trustee only. As a result, and notwithstanding Condition 23(d)(i) above, the Trustee may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Trustee may take concurrent Proceedings in any number of jurisdictions.

- (e) *Process agent:* In the Trust Deed the Issuer and the Guarantor have each agreed that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to United Gulf Management Limited at 7 Old Park Lane, London W1Y 3LJ or, if different, its registered office for the time being in England or at any address of the Issuer or the Guarantor (as the case may be) in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such persons are not or cease to be effectively appointed to accept service of process on behalf of the Issuer or the Guarantor (as the case may be), the Issuer or the Guarantor (as the case may be) shall, on the written demand of the Trustee addressed and delivered to the Issuer or the Guarantor (as the case may be) or to the Specified Office of the Principal Paying Agent, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Trustee shall be entitled to appoint such a person by written notice addressed to the Issuer or the Guarantor (as the case may be) and delivered to the Issuer or the Guarantor (as the case may be) or to the Specified Office of the Principal Paying Agent. Nothing in this paragraph shall affect the right of any Noteholder or the Trustee to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

Final Terms dated [     ]

### **Kuwait Projects Co. (Cayman)**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by

### **Kuwait Projects Company (Holding) K.S.C. (Closed)**

under the U.S.\$2,000,000,000

### **Euro Medium Term Note Programme**

## **PART A - CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 16 June 2010 (the “**Base Prospectus**”) [and the supplemental Base Prospectus dated [     ] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus [as so supplemented].

Full information on the Issuer, the Guarantor and the Notes described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplemental Base Prospectus] is available for viewing at [[address] [and] [website]] and during normal business hours copies may be obtained from [address].

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date and the relevant terms and conditions from that base prospectus with an earlier date were incorporated by reference in this Base Prospectus.*

Terms used herein shall be deemed to be defined as such for the purposes of the [date] Conditions (the “**Conditions**”) incorporated by reference in the Base Prospectus dated [original date]. These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus dated [current date] [and the supplemental Base Prospectus dated [date]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”), save in respect of the Conditions which are set forth in the base prospectus dated [original date] and are incorporated by reference in the Base Prospectus. This document constitutes the Final Terms relating to the issue of Notes described herein for the purposes of Article 5.4 of the Prospectus Directive.

Full information on the Issuer, the Guarantor(s) and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [original date] and [current date] [and the supplemental Base Prospectuses dated ● and ●]. The Base Prospectuses [and the supplemental Base Prospectus] are available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

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

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and*

consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

- |    |      |  |   |
|----|------|--|---|
| 1. | (i)  | Issuer:  | <b>Kuwait Projects Co. (Cayman)</b>   |
|    | (ii) | Guarantor:   | <b>Kuwait Projects Company (Holding)<br/>K.S.C. (Closed)</b>  |
| 2. | [(i) | [Series Number:]   | [●]   |
|    | (ii) | [[Tranche Number:<br>(If fungible with an existing Series,<br>details of that Series,<br>including the date on which<br>the Notes become fungible).] | [●]]  |
| 3. |      | Specified Currency or Currencies:  | [●]   |
| 4. |      | Aggregate Nominal Amount:  | [●]   |
|    | (i)  | [[Series:]   | [●]]  |
|    | (ii) | [Tranche:  | [●]]  |
| 5. |      | Issue Price:   | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]   |
| 6. | (i)  | Specified Denominations:   | [●]<br>[●]<br><i>Notes which are to be admitted to trading on a Regulated Market in the European Economic Area or offered in the European Economic Area in circumstances where a Prospectus is required to be published under the Prospectus Directive may not have a minimum denomination of less than EUR50,000 (or nearly equivalent in another currency).</i><br>(Note – where multiple denominations above [€50,000] or equivalent are being used the following sample wording should be followed:<br>“[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000].”) |
|    | (ii) | Calculation Amount:  | [●]<br><i>(If only one Specified Denomination, insert the Specified Denomination.</i><br><i>If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)</i>   |

7. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example, Zero Coupon Notes)*
8. Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
- [If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available. ]*
9. Interest Basis: [● per cent. Fixed Rate]
- [[specify reference rate] +/- ● per cent. Floating Rate]*
- [Zero Coupon]*
- [Index-Linked Interest]*
- [Other (specify)]*
- (further particulars specified below)*
10. Redemption/Payment Basis: [Redemption at par]
- [Index-Linked Redemption]*
- [Dual Currency]*
- [Partly Paid]*
- [Instalment]*
- [Other (specify)]*
11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]*
12. Put/Call Options: [Investor Put] [Investor Put – Restructuring]
- [Issuer Call] [(further particulars specified below)]*
13. (i) Status of the Notes: Senior
- (ii) Status of the Guarantee: Senior
- [(iii)] [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [●] [and [●], respectively]]
- (N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee)]*
14. Method of distribution: [Syndicated/Non-syndicated]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear] *(If payable other than annually consider amending Condition 6)*
  - (ii) Interest Payment Date(s): [●] in each year [in each year up to and including the Maturity Date/specify other] *(N.B. This will need to be amended in the case of long or short coupons.)*
  - (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
  - (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
  - (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA)/other]
  - (vi) Determination date: [●] in each year  
*(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA]))*
  - (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- (i) Interest Period(s) [●]
  - (ii) Specified Period: [●]  
*(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
  - (iii) Specified Interest Payment Dates: [●]  
*(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
  - (iv) [First Interest Payment Date]: [●]



(v)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other <i>(give details)</i> ]
(vi)	Additional Business Centre(s):	[Not Applicable/ <i>give details</i> ]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other <i>(give details)</i> ]
(viii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent):	[[ <i>Name</i> ] shall be the Calculation Agent <i>(no need to specify if the Principal Paying Agent is to perform this function)</i> ]
(ix)	Screen Rate Determination:	
	– Reference Rate:	[ <i>For example, LIBOR or EURIBOR</i> ]
	– Interest Determination Date(s):	[●]
	– Relevant Screen Page:	[ <i>For example, Reuters LIBOR01/EURIBOR01</i> ]
	– Relevant Time:	[ <i>For example, 11.00 a.m. London time/Brussels time</i> ]
	– Relevant Financial Centre:	[ <i>For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)</i> ]
(x)	ISDA Determination:	
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
(xi)	Margin(s):	[+/-][●] per cent. per annum
(xii)	Minimum Rate of Interest:	[●] per cent. per annum
(xiii)	Maximum Rate of Interest:	[●] per cent. per annum
(xiv)	Day Count Fraction:	[●]
(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
17.	<b>Zero Coupon Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	[Amortisation/Accrual] Yield:	[●] per cent. per annum
(ii)	Reference Price:	[●]

	(iii) Any other formula/basis of determining amount payable:	<i>[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 10(h)]</i>
18.	<b>Index-Linked Interest Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
		(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
	(i) Index/Formula/other variable:	<i>[Give or annex details]</i>
	(ii) Calculation Agent responsible for calculating the interest due (if not the Principal Paying Agent):	[●] <i>[give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]</i>
	(iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable:	[●]
	(iv) Interest Determination Date(s):	[●]
	(v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	<i>[Need to include a description of market disruption or settlement disruption events and adjustment provisions]</i>
	(vi) Interest or calculation period(s):	[●]
	(vii) Specified Period:	[●] <i>(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable".)</i>
	(viii) Specified Interest Payment Dates:	[●] <i>(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable".)</i>

(ix)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other ( <i>give details</i> )]
(x)	Additional Business Centre(s):	[●]
(xi)	Minimum Rate of Interest:	[●] per cent. per annum
(xii)	Maximum Rate of Interest:	[●] per cent. per annum
(xiii)	Day Count Fraction:	[●]
19.	<b>Dual Currency Note Provisions</b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> ) ( <i>N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.</i> )
(i)	Rate of Exchange/method of calculating Rate of Exchange:	[Give details]
(ii)	Calculation Agent, if any, responsible for calculating the principal and/or interest due (if not the Principal Paying Agent):	[●]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[Need to include a description of market disruption or settlement disruption events and adjustment provisions]
(iv)	Person at whose option Specified Currency(ies) is/are payable:	[●]

## PROVISIONS RELATING TO REDEMPTION

20.	<b>Call Option</b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> )
(i)	Optional Redemption Date(s):	[●]
(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[●] per [Calculation Amount/specify other/see Appendix]
(iii)	If redeemable in part:	
	(a) Minimum Redemption Amount:	[●] per [Calculation Amount/specify other/see Appendix]
	(b) Maximum Redemption Amount:	[●] per [Calculation Amount/specify other/see Appendix]
(iv)	Notice period:	[●]

21.	<b>Put Option</b>	Put Option [(Restructuring)][Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[●] per [Calculation Amount/specify other/see Appendix]
	(iii) Notice period:	[●]
22.	<b>Final Redemption Amount of each Note</b>	[●] per [Calculation Amount/specify other/see Appendix]
	In cases where the Final Redemption Amount is Index-Linked or other variable-linked:	<i>(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>
	(i) Index/Formula/variable:	[give or annex details]
	(ii) Calculation Agent responsible for calculating the Final Redemption Amount (if not the Principal Paying Agent):	[●] [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
	(iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[●]
	(iv) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable:	[●]
	(v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[●]
	(vi) Minimum Final Redemption Amount:	[●] per [Calculation Amount/specify other/see Appendix]
	(vii) Maximum Final Redemption Amount:	[●] per [Calculation Amount/specify other/see Appendix]

23. **Early Redemption Amount**

Early Redemption Amount(s) of each Note available on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):

[Not Applicable (*if both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes*)/[●] per Calculation Amount/specify other/see Appendix]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24. Form of Notes:

**Bearer Notes:**

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]

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

[Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note].

*(N.B. In relation to any issue of Notes which are expressed in this paragraph 24 to be (i) "Temporary Global Note exchangeable for Definitive Notes on [●] days' notice" and (ii) "Permanent Global Note exchangeable for Definitive Notes" in circumstances other than "in the limited circumstances specified in the Permanent Global Note", such Notes may only be issued in denominations equal to, or greater than, EUR50,000 (or equivalent) and integral multiples thereof.)*

**[Registered Notes [specify details]]**

25. Additional Financial Centre(s) or other special provisions relating to Payment Dates:

[Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(vi) and 18(x) relate]

26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes/No. If yes, give details]

27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right

[Not Applicable/give details]

of the Issuer to forfeit the Notes and interest due on late payment:

- |     |  |   |
|-----|--|---|
| 28. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: | [Not Applicable/ <i>give details</i> ]  |
| 29. | Redenomination, renominatisation and reconventioning provisions:   | [Not Applicable/The provisions annexed to these Final Terms apply]  |
| 30. | [Consolidation provisions:   | [Not Applicable/The provisions [in Condition 19 ( <i>Further Issues</i> )] [annexed to these Final Terms] apply]]   |
| 31. | Other terms or special conditions:   | [Not Applicable/ <i>give details</i> ]<br><br><i>(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)</i> |

## DISTRIBUTION

- |     |  |  |
|-----|--|--|
| 32. | (i) If syndicated, names of Managers:  | [Not Applicable/ <i>give names</i> ]<br><i>(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis.)</i> |
|     | (ii) Date of [Subscription] Agreement: | [●]<br><i>(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies)</i>  |
|     | (iii) Stabilising Managers (if any):   | [Not Applicable/ <i>give name</i> ]  |
| 33. | If non-syndicated, name of Dealer:     | [Not Applicable/ <i>give name</i> ]  |
| 34. | U.S. Selling Restrictions:             | [Reg. S Compliance Category];<br><i>(In the case of Bearer Notes) – [TEFRA C/TEFRA D/ TEFRA not applicable] (In the case of Registered Notes) – Not Applicable</i>   |
| 35. | Additional selling restrictions:       | [Not Applicable/ <i>give details</i> ]   |

## PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for the Notes described herein to be admitted to trading on the London Stock Exchange-Regulated Market and to listing on the Official List of the FSA pursuant to the U.S.\$2,000,000,000 Euro Medium Term Note Programme of Kuwait Projects Co. (Cayman) guaranteed by Kuwait Projects Company (Holding) K.S.C. (Closed).

## RESPONSIBILITY

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

Signed on behalf of the Issuer:

By: .....

Duly authorised

Signed on behalf of the Guarantor:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Listing and Admission to trading: [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] and listing on [●] with effect from [●].] [Not Applicable.](Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)
- (ii) Estimate of total expenses related to admission to trading: [●].

### 2. RATINGS

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

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/ OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

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

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

- (i) Reasons for the offer [specify]
- [(ii)] Estimated net proceeds: [●].
- [(iii)] Estimated total expenses: [●].

*[Include breakdown of expenses.]*

*(N.B.: Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)*



5. **[Fixed Rate Notes Only – YIELD]**

Indication of yield:

[●].

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

6. **[INDEX-LINKED OR OTHER VARIABLE-LINKED NOTES ONLY - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying instruments and how the value of the investment is affected by the value of the underlying instruments as required by Paragraphs 4.1 and 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

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

7. **[Dual Currency Notes Only - PERFORMANCE OF RATE[S] OF EXCHANGE]**

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

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

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

8. **OPERATIONAL INFORMATION**

ISIN Code:

[●]

Common Code:

[●]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Société Anonyme and the relevant identification number(s):

[Not Applicable/give name(s) and number(s)]

Delivery:

Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any):

[●]

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

### Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note or a Global Note Certificate, references in the Terms and Conditions of the Notes to “Noteholder” are references to the bearer of the relevant Global Note or registered holder of a Global Note Certificate which, for so long as the Global Note or Global Note Certificate is held by, or as the case may be, registered in the name of a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary.

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

### Exchange of Temporary Global Notes

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

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

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

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

If:

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

principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Trust Deed). Under the Trust Deed, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

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

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

If:

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

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Trust Deed). Under the Trust Deed, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

### **Exchange of Global Note Certificates**

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the holder of the Global Note Certificate to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note

Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

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

then the Global Note Certificate (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the holder of the Global Note Certificate will have no further rights thereunder (but without prejudice to the rights which the holder of the Global Note Certificate or others may have under the Trust Deed). Under the Trust Deed, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note Certificate will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Note Certificate became void, they had been the holders of Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

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

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

*Payments:* All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the same is noted in a schedule thereto.

Whilst the Notes are in Global Form, "**Payment Business Day**" means:

- (a) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

*Exercise of put option:* In order to exercise the option contained in Condition 10(e) (*Redemption at the option of Noteholders*) the bearer of the Permanent Global Note or the registered holder of a Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent

or, as the case may be, the Registrar specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 10(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions.

*Notices:* Notwithstanding Condition 20 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or evidenced by a Global Note Certificate and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with or the registered holder of a Global Note Certificate is a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## DESCRIPTION OF THE ISSUER

### GENERAL

The Issuer was incorporated on 7 March 2006 under the Companies Law (as amended) of the Cayman Islands as an exempted company with limited liability (with registration number WK- 163693). The registered office of the Issuer is Walkers Corporate Services Limited, Walker House, 87, Mary Street, George Town, Grand Cayman, KYI – 9005, Cayman Islands, Tel. +345 949 3727. As of 31 December 2009, the authorised share capital of the Issuer is U.S.\$50,000 divided into 50,000 ordinary shares of nominal or par value U.S.\$1.00 each, of which one share is issued and fully paid and held by the Guarantor.

### BUSINESS

The Issuer is a special purpose vehicle to be used as Issuer of the Notes. The objects for which the Issuer is established are, pursuant to its Memorandum of Association, unrestricted and the Issuer has full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law (as amended).

All funds raised by the Issuer are on-lent to the Guarantor and the Issuer is therefore dependent on repayment of principal and interest from the Guarantor for the purposes of meeting its obligations under the Notes.

### DIRECTORS

The Directors of the Issuer are as follows:

<b>Name</b>	<b>Function</b>
Sheikh Hamad Sabah Al-Ahmad Al-Sabah	Director
Sheikh Abdullah Nasser Sabah Al-Ahmad Al-Sabah	Director
Faisal Hamad Al-Ayyar	Director
Abdullah Yacoub Bishara	Director

The business address of each of the Directors is P.O. Box 23982, Safat 13100, State of Kuwait. Biographies of each of the directors can be found under "Management" below (see page 91 of this Base Prospectus).

There are no potential conflicts of interest between the duties to the Issuer of the persons listed above and their private interests or other duties.

## DESCRIPTION OF THE GUARANTOR

### INTRODUCTION

#### Incorporation

Kuwait Investment Projects Company K.S.C. (Closed) was incorporated as a closed shareholding company on 2 August 1975 under Article 94 of the Kuwaiti Commercial Companies Code, Law No. 15 1960, as amended (the “**Companies Law**”). It was registered under commercial registration number 23118 on 15 November 1979. On 29 September 1999, it changed its structure to that of a holding company and amended its name to Kuwait Projects Company Holding K.S.C. (Closed) (hereinafter referred to as the “**Parent Company**”, “**KIPCO**” or the “**Guarantor**”).

#### Registered Office

The Guarantor’s registered office is P.O. Box 23982, Safat 13100, State of Kuwait, Tel. +965 1805 885.

#### Listing

The Guarantor’s shares are listed on the Kuwait Stock Exchange (“**KSE**”).

At close of the KSE on 6 June 2010, the Guarantor’s share price was KD0.345 (U.S.\$1.178)<sup>1</sup> per share giving it a market capitalisation of KD387.7 million (U.S.\$1,323.4 million). The Guarantor’s shares are actively traded on the KSE and represented 1.3 per cent. of the total traded value for the year ended 6 June 2010 as reported by KSE.

### PRINCIPAL SHAREHOLDERS

#### Authorised and Paid Up Capital

As of 31 March 2010, the Guarantor’s authorised, issued and paid-up capital was KD121.2 million (U.S.\$419.8 million<sup>1</sup>) consisting of 1,212,311,909 shares of KD0.100 (U.S.\$0.346<sup>1</sup>) each.

#### Ownership

The Guarantor’s principal shareholder is Al Futtooh Holding Company K.S.C. (Closed) (“**AFH**”), a Kuwaiti holding company owned by members of the Kuwaiti ruling family, with a direct holding of 47.2 per cent as at 31 May 2010. The remainder of the shares are primarily held by financial institutions, equity funds, high net worth individuals and retail investors.

The table below sets out the percentage holdings of the Guarantor’s shareholders as at 31 May 2010:

#### Per cent. Holding

Al Futtooh Holding Company K.S.C. (Closed).....	47.2
Investment Companies and other corporates.....	29.6
Retail Investors.....	7.4
High Net Worth Individuals.....	4.3
Investment Funds.....	4.2
Treasury Shares.....	7.3

### HISTORY

The Guarantor acquired shares in United Gulf Bank B.S.C. (“**United Gulf Bank**” or “**UGB**”) in 1988. As of 31 March 2010, the effective interest held by the Guarantor and its subsidiaries (the

<sup>1</sup> All figures in KD as of 6 June 2010 and as of 31 March 2010 have been converted into U.S.\$ at the exchange rates prevailing on those dates, that is (U.S.\$:KD=1:0.29295) as of 6 June 2010 and (U.S.\$:KD =1:0.28875) as of 31 March 2010 respectively.

"Group") in UGB was 95.6 per cent. The privatisation process initiated by the State of Kuwait in the early nineties enabled the Guarantor to pursue its expansion strategy in the financial services sector. The Guarantor acquired a significant shareholding in Burgan Bank S.A.K. ("**Burgan Bank**") in 1995 (as of 31 March 2010, the Group's effective interest in Burgan Bank was 56.6 per cent.) and Gulf Insurance Company K.S.C. ("**Gulf Insurance Company**" or "**GIC**") in 1996 (as of 31 March 2010, the Group's effective interest in GIC was 69.1 per cent.). In addition, the Guarantor built a portfolio of operating companies in the real estate, industrial and services sectors and as a part of a strategy to invest in promising under-served sectors the Guarantor established a Satellite Pay-TV operator, namely, Gulf DTH LDC ("**Gulf DTH (Showtime)**" or "**Showtime**"), with Viacom Inc. in 1995. Effective as of 31 July 2009, KIPCO entered in to a joint venture by merging its operations of Showtime with the operations of Orbit Pay TV business under a new holding company called Panther Media Group Ltd ("**Panther Media**" or "**PMG**"). PMG operates under the brand name "Orbit Showtime Network" ("**OSN**"). As of 31 March 2010, the effective interest held by the Group in PMG was 60.4 per cent.

## OPERATING ENVIRONMENT

The Group and its associates operate in the MENA region, a region characterised by a growing population, varying levels of per capita income and relatively nascent markets presenting significant business and investment opportunities.

The majority of the assets of the Group and its associates are located in the Gulf Cooperation Council ("**GCC**") economies, which are A-rated or AA- rated stable economies. These economies offer a market for premium goods and services derived from their high per capita income and favourable demographic trends. A number of these countries are major oil producers.

The following table sets out the key socio-economic indicators for the GCC economies:

Country	Population (in millions)	Population Growth Rate (per cent. per annum)	GDP Growth Rate (per cent. per annum)	GDP Per Capita Income (PPP in U.S.\$)	Proven Oil Reserve (Billion barrels)#
Bahrain .....	1.0	7.6	6.3	27,068.0	0.1
Kuwait .....	3.5	5.1	4.3	38,304.0	101.5
Oman .....	3.0	3.6	6.8	25,109.8	5.5
Qatar .....	1.2	10.0	12.5	83,840.7	15.2*
Saudi Arabia .....	25.5	2.5	3.0	23,221.4	266.7
UAE .....	4.9	5.5	5.4	36,536.8	97.8

# As of 1 January 2009

\* Also have large gas reserves.

### Sources:

The above figures have been extracted from the World Economic Outlook published by the International Monetary Fund (the "**IMF**") in April 2010. The population growth rate and the GDP growth rate have been calculated as the compounded annual growth rates for the period 2004 to 2009. Figures for Proven Oil Reserves have been extracted from the 2009 World Factbook published by the Central Intelligence Agency (the "**CIA**"). The above information has been accurately reproduced and, as far as the Guarantor is aware and is able to ascertain from the information published by the IMF and the CIA, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In addition to the GCC economies, the Group and its associates also have investments in other Middle Eastern (non-GCC) and North African economies. These economies are characterised by a large population base and offer mass markets with low penetration.

The table below sets out the key socio-economic indicators for the other Middle Eastern (non-GCC) and North African economies:

Country	Population (in millions)	Population Growth Rate (per cent. per annum)	GDP Growth Rate (per cent. per annum)	GDP Per Capita Income (PPP in U.S.\$)
Algeria .....	35.0	1.6	2.9	6,869.1
Egypt .....	76.7	2.3	6.0	6,123.1



Jordan.....	6.0	2.3	7.1	5,620.0
Lebanon.....	3.9	0.5	5.7	14,225.9
Syria .....	20.4	2.5	4.6	4,887.4
Tunisia .....	10.4	1.0	4.7	8,254.4

Sources:

The above figures have been extracted from the World Economic Outlook published by the IMF in April 2010. The population growth rate and GDP growth rate have been calculated as the compounded annual growth rates for the period 2004 to 2009. The above information has been accurately reproduced and, as far as the Guarantor is aware and is able to ascertain from the information published by the IMF, no facts have been omitted which would render the reproduced information inaccurate or misleading.

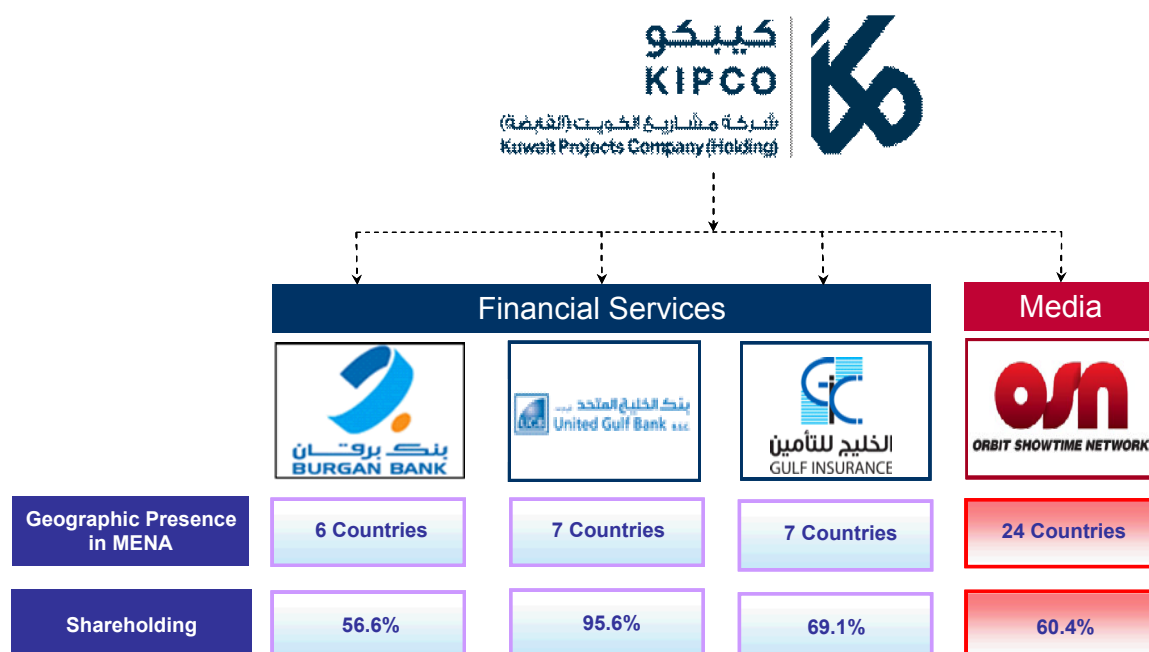
As regards accounting and reporting standards, companies in Kuwait follow International Financial Reporting Standards (“IFRS”). In the year ended 31 December 2009, the Guarantor’s businesses in Kuwait generated revenues representing 61 per cent. of the Guarantor’s total revenue (see note 26 to the Guarantor’s consolidated financial statements for the year ended 31 December 2009).

## GROUP STRUCTURE

The Guarantor, directly or indirectly, is the ultimate holding company of over 57 subsidiaries, associates (companies in which the Group holds more than 20 per cent. of the shares) and joint ventures operating in several sectors. Its assets substantially comprise of shares in the Group companies. The Guarantor is dependent on revenues received from other members of the Group.

The principal subsidiaries of the Guarantor are in the financial services and the Guarantor also has a joint venture in the media sector (together the “**Principal Companies**”). The remaining companies of the Group and its associates operate in the real estate, service and industrial sectors and are primarily controlled by the Principal Companies in the financial services sector.

The chart below sets out the Guarantor’s Principal Companies



The table below sets out the Guarantor's consolidated effective interest in its Principal Companies as of 31 March 2010:

Company	Jurisdiction of Incorporation	Status	Year of initial investment	Group's Consolidated Effective interest* (in per cent.)	Board representation**
United Gulf Bank B.S.C. ....	Bahrain	Subsidiary	1988	95.6	6 of 6
Gulf Insurance Company K.S.C	Kuwait	Subsidiary	1996	69.1	5 of 8
Burgan Bank S.A.K. ....	Kuwait	Subsidiary	1995	56.6	6 of 9
Panther Media Group Ltd. *** ....	Dubai International Financial Centre	Joint Venture	1995****	60.4	2 of 7

\* Effective interest is calculated by dividing the number of shares held by the Group by the paid up share capital after netting of treasury shares

\*\* Number of the Group nominated directors on the Board of the Principal Companies

\*\*\* Panther Media Group Ltd. has 7 board members, 2 each from the Guarantor and the Mawarid group and 3 independent directors

\*\*\*\* Represents the year of initial investment in former Showtime, which merged with Orbit in 2009 to form Panther Media Group Ltd.

## REORGANISATION

KIPCO's portfolio of companies is mainly concentrated in the financial services sector. KIPCO undertook a group-wide reorganisation in mid 2008 to streamline its operations and reorganise its financial services businesses into three major segments: commercial banking, asset management and investment banking ("AMIB") and insurance. As part of the reorganisation, stakes in commercial banks (Jordan Kuwait Bank ("JKB"), Bank of Baghdad ("BOB") and Gulf Bank Algeria ("AGB") have been transferred to Burgan Bank from UGB. The transfer of a 76.6 per cent. stake in Tunis International Bank ("TIB") is expected to be completed upon receipt of regulatory approvals. The purchase of all the entities was for cash and further sales will also be completed for cash. Burgan Bank also completed its KD100.8 million capital increase through a rights issue on 27 April 2010. The capital increase is part of its strategy to finance expansion in commercial banking activities. Following this capital increase, the Group's consolidated effective stake in Burgan Bank is 56.3 per cent. (as at 24 May 2010).

Once finalised, these transfers will consolidate the Group's commercial banking operations under Burgan Bank and allow UGB and KIPCO Asset Management Company ("KAMCO") to focus on their AMIB activities.

As part of the reorganisation, UGB intends to acquire up to a 16.79 per cent. stake in Burgan Bank in its proprietary investment portfolio, subject to regulatory approvals. The stake would be purchased from KIPCO which has acquired additional shares by subscribing to Burgan Bank's recently completed capital increase. The transaction is expected to be completed in 2010 upon receipt of regulatory approvals.

KIPCO's strategy for carrying out the reorganisation is two fold:

- **Create a consolidated regional commercial banking platform** – The benefits from consolidating all the regional commercial banks under Burgan Bank include greater diversification of assets and sources of income, the ability to share best practices, the optimal use of capital and greater economies of scale by integrating operating efficiencies and synergies.
- **Concentrate AMIB services** - KIPCO is concentrating its AMIB services in UGB to further develop the Group's pan-regional AMIB capabilities. KIPCO's network of AMIB companies is held through UGB and comprises UGB's subsidiary, KAMCO in Kuwait as well as other entities in Bahrain, the United Arab Emirates, Tunisia, Syria and Morocco.

## BUSINESS OVERVIEW AND STRATEGY

### Principal Business Activities

KIPCO is a multi-sector holding company headquartered in Kuwait with operating entities across the GCC and the wider MENA regions. KIPCO's business is acquiring or creating businesses, building and growing them in order to selectively sell businesses, with a view to maximising shareholder value. The Guarantor has an experienced management team and benefits from key relationships in the region through its principal shareholders, which include members of the Kuwaiti ruling family. KIPCO's shares are publicly listed and traded on the KSE.

The principal business activities of the companies in which the Guarantor has currently invested are as follows:

- **Commercial Banking** - Historically, through Burgan Bank, KIPCO has had a strong presence in the Kuwaiti banking industry, offering a full range of commercial banking services to both retail and corporate customers. Burgan Bank was Kuwait's third largest commercial bank by assets as at December 2009. As a result of the Group's ongoing strategic reorganisation of its financial services businesses (the "**Reorganisation**"), Burgan Bank is being transformed into a regional commercial banking group that will offer a wide range of banking services and products across the GCC and wider MENA regions. Burgan Bank is listed on the KSE and had total consolidated assets of KD4,139.6 million as at 31 March 2010.

Burgan Bank is a full service Kuwait based bank providing consumer banking, corporate banking, private and international banking, treasury and electronic banking services. After the acquisition of JKB, AGB and BOB, Burgan Bank has expanded its presence in Jordan, Algeria and Iraq respectively and in Cyprus and Palestine (through JKB). As a part of the transaction with UGB, it will acquire a stake in TIB, thereby taking further steps towards creating a pan-MENA region commercial banking platform.

- **AMIB** - KIPCO operates in the AMIB market in the MENA region through UGB and KAMCO. UGB has a track record of incubating and growing businesses, including the four commercial banks that have been or are in the process of being transferred to Burgan Bank as part of the Reorganisation. Through the Reorganisation the Guarantor aims to consolidate its pan-regional AMIB services in UGB and KAMCO. KAMCO is an investment manager that offers its clients access to local and international capital markets with a focus on asset management, investment advisory, investment research and financial services. KIPCO believes that KAMCO is the third ranked asset manager in Kuwait based on assets under management ("**AUM**") as of 31 December 2009. KAMCO's AUM was KD2.26 billion (of which 63.6 per cent. represented custodial assets) as of 31 December 2009. UGB is listed on both the Bahrain Stock Exchange ("**BSE**") and the KSE, with total assets of U.S.\$2,279.7 million as of 31 March 2010.
- **Insurance** - KIPCO's primary insurance subsidiary, GIC, is the market leader in Kuwait for casualty and life insurance with an estimated 37 per cent. market share based on gross premiums written ("**GPW**") in 2009. GIC has expanded its presence in the MENA region and besides Kuwait, has presence in Saudi Arabia, Lebanon, Egypt, Syria, Jordan and Bahrain.

GIC's product portfolio includes marine, aviation, property, casualty, motor, life and health insurance. GIC is listed on the KSE with total assets of KD249.0 million as at 31 March 2010.

- **Media** - PMG comprises the Group's media segment. PMG owns and operates two previously competing platforms of Showtime and Orbit, providing Pay TV services in the MENA region through Direct-To-Home satellite distribution and third party cable, Internet Protocol television ("**IPTV**") and shared antenna systems. The merged group is managed as a jointly controlled entity between Gulf DTH (Showtime) and the Mawarid group of companies. The merged entity operates under the brand "Orbit Showtime Network" or "OSN" and offers a total of 75 channels to customers, showing premium sports, drama and entertainment in English, Arabic and some Asian languages spoken by expatriate

populations in the region. It is licensed to distribute content in 24 countries. As of 31 March 2010, OSN had a total subscriber base of 464,382 customers.

- **Investment<sup>2</sup>** - Apart from the above principal business activities, the Guarantor holds investments in hedge funds, private equities, listed equity and fixed income investments amounting KD23.5 million as of 31 March 2010.

Investment comprises investing in the shares of companies, promoting its Principal Companies through strategic investment in subsidiaries and associates, and trading, treasury and money market operations.

## Regional presence

The Group and its associates have a presence in the following countries in the MENA region:



Company	Present in
United Gulf Bank	Bahrain, Kuwait, Tunisia, UAE, Syria, Libya and Morocco
Gulf Insurance Company	Kuwait, Saudi Arabia, Lebanon, Egypt, Syria, Jordan and Bahrain
Burgan Bank	Kuwait, Jordan, Iraq, Algeria, Cyprus and Palestine
Panther Media Group Ltd (OSN)	Operations in 24 countries in the region

## Business Strategy

The key elements of the Group's strategy are to:

- **Leverage its position and reputation in the GCC and wider MENA regions to capture further growth in these regions:** KIPCO believes it is well positioned through its network of business relationships and strong reputation to identify opportunities for growth and generate attractive returns from its businesses. KIPCO seeks to penetrate new markets with its existing businesses and at the same time look for new opportunities that will generate attractive returns. KIPCO is particularly interested in seeking to develop its businesses in countries where opportunities for development and market dynamics are similar to those that it has previously encountered. KIPCO's knowledge of the region

<sup>2</sup> Up to the financial year ended 31 December 2008, KIPCO had five primary segments including investment, banking, insurance, digital satellite, and others. The investment segment primarily comprised the Guarantor's assets including its investment portfolio. However, application of the new standard on segment reporting (IFRS 8 'Operating Segments') requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Consequently, KIPCO has revised its segment reporting in a manner that is more consistent with internal reporting into four main business segments (i.e. commercial banking, AMIB, insurance, media) and others. This is also in line with the group's reorganisation as explained under "Reorganisation" above. The investment segment is now included under AMIB.

and ability to manage local risk creates opportunities to generate attractive returns from operating environments. An example of this is reflected in KIPCO's initiative to capitalise on its growing regional presence across the financial services spectrum.

- **Acquire, create, build and selectively sell businesses in sectors that capitalise on regional opportunities:** KIPCO currently focuses primarily on the commercial banking, AMIB insurance and media sectors but will seek to identify under-served and nascent markets with proven potential for regional growth. KIPCO will seek to leverage its growing regional footprint in the retail and commercial banking sector together with insurance services through plans to develop savings and pensions and Islamic reinsurance products and services. KIPCO will continue to seek partnerships with global or local partners for investment in greenfield ventures for businesses with models that have been implemented successfully in other regions or countries.
- **Exercise management control over businesses:** KIPCO seeks to acquire controlling or significant stakes in its businesses and majority representation on the boards of directors. Having a controlling position enables KIPCO to provide strategic direction and establish clear financial targets for its businesses. Achieving a position of control also enables the Group's businesses to attract leading management talent, monitor operational performance and establish best practices of governance, and more generally benefit from KIPCO's regional and sector know-how. KIPCO exercises control over its core businesses, (the Principal Companies), through the ownership of majority stakes in each of them, which gives KIPCO significant influence over their board and management composition, strategy and financial policies.
- **Maximise value from businesses with a medium- to long-term horizon:** KIPCO seeks to maximise value from businesses by implementing a strategy of increasing its operating income, expanding sales both locally and regionally, and making acquisitions. The Company continually reviews its holdings, considering options to maximise value, including divesting of part or all of the businesses it owns. Disposals are made from time to time to take advantage of favourable market conditions. These have included sales of major holdings or strategic stakes, as was done with respect to Wataniya, Hempel Paints and Saudi New Zealand Health Products ("SNZHP"); and through listings on local or regional stock exchanges, as was done with KAMCO, Saudi Dairy and Foodstuff Company ("SADAFCO") and Buruj Co-operative Insurance Company.

## Recent Developments

In March 2010, the Guarantor announced that it had signed a Memorandum of Understanding with Munich Re, one of the world's leading reinsurers, as part of its plans to launch the MENA region's first range of long-term savings and pension products.

The agreement between the two companies means that Munich Re will provide a full range of technical, actuarial, training and other specialised services to Taka'Ud Savings & Pensions – the Group's new savings and pensions company. Taka'Ud Savings & Pensions will be incorporated in Bahrain and aims to launch its initial product range in selected MENA countries.

In March 2010, UGB announced the appointment of a new Chief Executive Officer, David J. Rhodes, who was formerly Group Head of Financial Services at the Guarantor.

## FINANCIAL SUMMARY OF THE GROUP<sup>3</sup>

### General

The financial information contained in this section has been extracted from the Group's audited consolidated financial statements for the two financial years ended 31 December 2008 and 2009 and the Group's unaudited interim condensed consolidated financial information for the three months ended 31 March 2010. The Group's audited consolidated financial statements for the two financial years ended 31 December 2008 and 2009 and the Group's unaudited interim condensed consolidated financial information for the three months ended 31 March 2010 are incorporated in, and form part of, this Base Prospectus.

### Consolidated Income Statement

In 2009, the consolidated revenues of the Group were KD466.3 million compared to the consolidated revenues of KD 440.3 million in 2008. Investment income in 2009 increased by KD28.3 million, primarily due to the gain recognised as a result of the joint venture agreement between the Guarantor and Al Mawarid Investments Limited ("**Al Mawarid**") to form PMG. Under the joint venture agreement, PMG acquired the businesses of Showtime and Global Direct Television and the Pay-TV business of Orbit (previously owned by Al Mawarid). As a result of the above transaction, the Group recognised a gain of KD 46.4 million based on the share of the fair value of the business acquired. The fair value of the share of the business acquired was based on a valuation performed by an independent valuer.

In 2009, consolidated profit of the Group was KD56.6 million, compared to consolidated profit of the Group of KD42.4 million in 2008. Profits in 2009 increased primarily on account of reduced interest expenses coupled with increased investment income as mentioned above. The interest expenses for the Group were KD118.4 million in 2009 compared to KD171.1 million in 2008.

In the three months ended 31 March 2010, the consolidated revenues of the Group were KD96.7 million compared to KD112.4 million in the three months ended 31 March 2009. The decline of 13.9 per cent. in revenues is primarily attributable to a KD11.1 million and KD1.9 million decline in interest income and investment income respectively. Net profit (attributable to the equity holders of the Guarantor) declined by 48.8 per cent. compared to the corresponding period in the previous year to KD4.7 million in the three months ended 31 March 2010 from KD9.2 million in the three months ended 31 March 2009. The decrease in profit is primarily due to lower interest income and investment income.

The following table sets out extracts from the Group's consolidated income statements for the two financial years ended 31 December 2008 and 2009 and for the three months ended 31 March 2009 and 2010:

	2008	2009	Q1 2009	Q1 2010
		<i>KD million</i>		
Total Revenues	440.3	466.3	112.4	96.7
Investment income .....	53.0	81.3	9.9	8.0
Share of profit of associates .....	(3.0)	(1.0)	(1.1)	1.1
Total expenses.....	394.3	401.6	92.6	78.8
General and administrative expenses .....	80.9	91.9	18.2	26.4
Interest expense .....	171.1	118.4	35.8	26.3
Profit for the Period .....	42.4	56.6	17.8	15.5
Profit attributable to equity holders of the Guarantor .....	24.1	46.3	9.2	4.7
Non controlling interest.....	18.3	10.2	8.5	10.8
Earnings per share attributable to equity holders of the Guarantor (in fils).....	21.8	43.7	8.3	4.2

<sup>3</sup> Foot totals at some places may not tally due to rounding-off differences

The earnings of companies in the financial services sector can be attributed to organic growth and a strategy of regional expansion through acquisitions and/or establishment of green field operations. The strong deposit base, quality of assets and the prudent provisioning strategies adopted by these companies make them well positioned to capitalise on these opportunities.

In the media sector, there is a high demand for services and exclusive content. The business model is such that once break-even is achieved, revenue growth is not accompanied by a proportionate increase in fixed costs, resulting in a relatively sharp growth in profit margins. The following table sets out the Group's consolidated revenues broken down by segments for the two financial years ended 31 December 2008 and 2009 and for the three months ended 31 March 2009 and 2010:

	2008	2009	Q1 2009	Q1 2010
		<i>KD million</i>		
Asset Management and Investment Banking.....	153.4	189.1	25.6	11.9
Commercial Banking .....	258.3	251.8	61.7	54.6
Insurance.....	55.0	70.7	19.7	21.4
Media .....	52.9	57.5	15.0	12.3
Others .....	11.0	6.8	3.8	1.6
Inter-segmental eliminations .....	(90.3)	(109.6)	(13.5)	(5.0)
Total .....	440.3	466.3	112.4	96.7

The following table sets out the Group's consolidated operating results broken down by segments for the two financial years ended 31 December 2008 and 2009:

	2008	2009	Q1 2009	Q1 2010
		<i>KD million</i>		
Asset Management and Investment Banking.....	73.5	132.2	7.4	(5.2)
Commercial Banking .....	37.3	23.5	16.4	22.3
Insurance.....	4.9	6.1	2.5	3.1
Media .....	(7.9)	(10.5)	(1.8)	(2.2)
Others .....	3.8	0.5	0.9	0.7
Inter-segmental eliminations .....	(65.6)	(87.2)	(5.6)	(0.8)
Total .....	46.0	64.7	19.7	17.9

#### Consolidated Assets<sup>4</sup>

As of 31 December 2009, the consolidated total assets of the Group stood at KD5.3 billion, an increase of 2.4 per cent. compared to KD5.2 billion as of 31 December 2008. Investments in associates accounted for 4.7 per cent. of consolidated total assets in 2009. Financial assets available for sale and financial assets at fair value held through income statement (comprising investments in listed and unlisted securities) accounted for 6.3 per cent. of consolidated total assets as of 31 December 2009. Goodwill and intangibles relating to subsidiaries represented 10.0 per cent. of consolidated total assets in 2009.

As of 31 March 2010, the consolidated total assets of the group were KD5.4 billion, an increase of 0.9 per cent compared to year end 2009. Investments in associates accounted for 4.4 per cent. of consolidated total assets as of 31 March 2010. Financial assets available for sale and financial assets at fair value held through income statement accounted for 6.4 per cent. of consolidated total assets while Intangible assets relating to subsidiaries represented 10.2 per cent. of consolidated total assets as of 31 March 2010.

<sup>4</sup> Certain amounts as of 31 December 2008 have been restated (please see note 2 to KIPCO's audited consolidated financial statements for the financial year ended 31 December 2009).

The following table sets out the Group's consolidated total assets as of 31 December 2008 and 2009 and 31 March 2010:

	2008	2009	Q1 2010
		<i>KD million</i>	
Total assets .....	5,208.0	5,335.1	5,380.8
Financial assets available for sale.....	266.3	276.5	284.0
Financial assets at fair value through income statement .....	75.9	57.8	62.0
Investment in associates .....	238.9	252.1	235.9
Intangible assets .....	441.7	531.9	548.3
Return on average assets.....	0.9 per cent.	1.1 per cent.	NA

The following table sets out the Group's consolidated total assets broken down by segments as of 31 December 2008 and 2009 and as of 31 March 2009 and 2010:

	2008	2009	Q1 2009	Q1 2010
		<i>KD million</i>		
Asset Management and Investment Banking.....	1,050.9	1,030.4	1,100.4	974.7
Commercial Banking .....	4,040.7	4,169.2	4,466.5	4,213.7
Insurance.....	252.7	263.0	254.0	257.7
Media .....	152.3	216.0	155.6	214.4
Others .....	75.5	102.2	130.0	110.5
Inter-segmental eliminations.....	(364.2)	(445.8)	(534.1)	(390.3)
Total .....	5,208.0	5,335.1	5,572.5	5,380.8

### Consolidated Liabilities and Equity:

The consolidated total liabilities of the Group increased from KD4.3 billion in 2008 to KD4.5 billion in 2009. This increase in total liabilities was primarily due to the seven year fixed rate bond issue of US\$500 million (KD141.1 million) by Kuwait Projects Co. (Cayman) in October 2009 under this Euro Medium Term Note Programme. Consolidated total liabilities as of 31 December 2009 comprised due to banks and other financial institutions (23.0 per cent. of total liabilities), deposits from customers (54.0 per cent. of total liabilities), loans payable (8.3 per cent. of total liabilities), bonds (1.1 per cent. of total liabilities), medium term notes (5.5 per cent. of total liabilities), and other liabilities (8.0 per cent. of total liabilities).

Equity attributable to the equity holders of the Guarantor increased from KD543.8 million as of 31 December 2008 to KD553.8 million as of 31 December 2009.

The consolidated total liabilities of the Group increased by 0.8 per cent. to KD4.5 billion between 31 December 2009 and 31 March 2010, primarily due to growth in customer deposits. Consolidated total liabilities as of 31 March 2010 comprised due to banks and other financial institutions (23.5 per cent. of total liabilities), deposits from customers (55.2 per cent. of total liabilities), loans payable (7.1 per cent. of total liabilities), bonds (1.1 per cent. of total liabilities), medium term notes (5.5 per cent. of total liabilities), and other liabilities (7.6 per cent. of total liabilities).

Equity attributable to the equity holders of the Guarantor decreased to KD539.6 million as of 31 March 2010 from KD553.8 million as of 31 December 2009 primarily due to the provision of the KIPCO dividend of KD28.8 million for the year ended 31 December 2009.



The following table sets out the Group's consolidated total liabilities and equity as of 31 December 2008 and 2009 and as of 31 March 2010:

	2008	2009	Q1 2010
		<i>KD million</i>	
Total liabilities .....	4,334.3	4,457.6	4,495.5
Total equity .....	873.7	877.5	885.4
Equity attributable to equity holder of the Guarantor .....	543.8	553.8	539.6
Non controlling Interest.....	329.9	323.6	345.8

The following table sets out the Group's consolidated liabilities broken down by segments as of 31 December 2008 and 2009:

	2008	2009
	<i>KD Million</i>	
Asset Management and Investment Banking.....	820.8	946.0
Commercial Banking .....	3,557.0	3,665.7
Insurance.....	150.6	172.9
Media .....	77.2	31.5
Others .....	32.5	72.4
Inter-segmental eliminations .....	(307.4)	(439.0)
Unallocated liabilities.....	3.5	8.1
Total .....	4,334.3	4,457.6

## UNAUDITED UNCONSOLIDATED ADDITIONAL INFORMATION RELATING TO THE GUARANTOR

Pursuant to a change in International Financial Reporting Standards (**IFRS**) IAS 27 – Consolidated and separate financial statements (Revised) subparagraph BC 65, the Guarantor does not produce Parent Company standalone audited financial statements. The additional information contained in this section is therefore based on the Guarantor's unaudited unconsolidated Parent Company accounts for the two financial years ended 31 December 2008 and 2009 and the three months ended 31 March 2009 and 2010.

The information has been included to illustrate the Guarantor's unconsolidated position in relation to the market value of its listed Principal Companies (UGB, GIC, Burgan Bank), its asset coverage ratio and its dividend coverage ratio.

### Market Value of the Guarantor's holding in listed Principal Companies:

The following table sets out the market value of the Guarantor's holding in each of its listed Principal Companies as of 31 December 2008, 31 December 2009 and 31 March 2010 calculated by multiplying the number of shares owned by the Guarantor by the last bid price of each share quoted on the Kuwait Stock Exchange on the specified date (or if not a trading day, the last trading day before the specified date):

Company	31 Dec 2008			31 Dec 2009			31 Mar 2010		
	No. of shares owned (mn)	Bid Price (KD)	Market Value (KD mn)	No. of shares owned (mn)	Bid Price (KD)	Market Value (KD mn)	No. of shares owned (mn)	Bid Price (KD)	Market Value (KD mn)
UGB.....	708.7	0.480	340.2	709.6	0.355	251.9	709.6	0.295	209.3
GIC .....	112.7	0.760	85.7	114.1	0.440	50.2	114.3	0.420	48.0
BB.....	496.1	0.690	342.3	558.3	0.335	187.0	560.7	0.370	207.5

As of 31 March 2010, the total market value of the Guarantor's holdings in its listed Principal Companies was KD464.8 million compared to KD489.1 million as of 31 December 2009, a decline of 5 per cent.

### Guarantor's asset coverage ratio

As of 31 March 2010, the Guarantor's unconsolidated debt was KD468.4 million. The Guarantor has adopted a strategy of refinancing/rolling-over maturing bonds through the issue of new bonds or syndicated loans. In 2003, the Guarantor became the first company to issue Kuwait Interbank Offered Rate (KIBOR) based floating rate bonds. In October 2009, the Guarantor issued US\$500 million (KD143 million) seven year fixed rate bonds under the Programme which was the first international bond issue by a private sector corporate from the MENA region in 2009, as well as the first US Dollar bond issue by a Kuwaiti institution since August 2007.

The table below sets out the asset coverage ratio (i.e. the ratio of market value of listed Principal Companies to total loans, medium term notes and bonds outstanding after deducting cash and cash equivalents) as of 31 December 2008, 31 December 2009 and 31 March 2010, respectively. The Guarantor may increase its debt (including the issuance of debt securities) in the future.

	2008	2009	Q1 2010
		<i>KD Million</i>	
Loans payable .....	124.2	215.9	196.6
Medium Term Notes .....	95.0	230.1	231.8
Bonds .....	40.0	40.0	40.0
Total debt .....	259.2	485.9	468.4
Cash and cash equivalents .....	105.0	313.6	274.4
Net debt .....	154.2	172.4	194.0
Market value of listed Principal Companies. ....	768.2	489.1	464.8
Asset coverage ratio .....	5.0	2.8	2.4

### Guarantor's dividend coverage ratio

The primary source of the Guarantor's cash inflow is its dividend stream from the Principal Companies. The blended dividend payout ratios (i.e. aggregated proposed dividends of listed Principal Companies divided by aggregated net income of listed Principal Companies) in 2008 was 50.5 per cent. and in 2009 was 56.0 per cent. The Guarantor's majority holding in each of its Principal Companies, control of the Board of Directors and, to a certain extent, management puts it in a position to control these dividend policies. Subject to legal and regulatory requirements, the Guarantor's influence is sufficient to ensure that dividend payout policies continue at a similar level.

For the year ended 31 December 2009, the Guarantor's share of dividends received from its Principal Companies was KD40.1 million. Net interest payments for the year ended 31 December 2009 (interest paid amounted to KD12.7 million and interest income amounted to KD6.4 million) amounted to KD6.3 million. This translated into a dividend coverage ratio (i.e. ratio of share of dividends received from the listed Principal Companies to net interest payments) of 6.4:1. For the quarter ended 31 March 2010, the net interest payments (interest paid amounted to KD2.4 million and interest income amounted to KD1.9 million) amounted to KD0.4 million.

The following table sets out the dividend coverage ratio for the two financial years ended 31 December 2008 and 2009 and the three months ended 31 March 2009 and 2010:

	2008	2009	Q1 2009	Q1 2010
		<i>KD Million</i>		
Share of dividends received from Principal Companies* .....	64.3	40.1	34.4	2.5
Interest paid .....	13.8	12.7	4.2	2.4
Interest received .....	13.3	6.4	1.5	1.9

Net Interest payments (receivable).....	0.6	6.3	2.7	0.4
Dividend coverage ratio.....	113.1	6.4	NA	NA

\* Dividends received in the current year pertains to dividends declared for the previous year based on the number of shares held at the date of record of the annual general meeting of the shareholders.

## PRINCIPAL COMPANIES

### United Gulf Bank

United Gulf Bank B.S.C. is a joint stock company incorporated in the Kingdom of Bahrain in 1980, under commercial registration number 10550, and its shares are listed on both the Bahrain and Kuwait Stock Exchanges. The principal activities of UGB and its subsidiaries comprise of AMIB, commercial banking, treasury operations and other investment related activities.

The address of the bank's registered office is UGB Tower, Diplomatic Area, P.O. Box 5964, Manama, Kingdom of Bahrain.

UGB was registered under an investment banking license issued by the Central Bank of Bahrain (previously known as the Bahrain Monetary Agency ("**BMA**")). On 1 July 2006, the Central Bank of Bahrain implemented a new regulatory and supervisory framework for licensing banks in the Kingdom of Bahrain. Under the new framework, UGB is licensed as a conventional wholesale bank.

As of 31 March 2010, the Guarantor's direct effective interest in UGB was 86.5 per cent. and consolidated effective interest was 95.6 per cent.

UGB operates across the MENA region and it offers its clients an entire range of investment banking (including corporate finance and advisory services), asset management and brokerage services directly and through its subsidiaries and associates in the financial services sector. In addition, UGB has investments in a portfolio of companies in the real estate, industrial and healthcare sectors that provide a recurring revenue stream. UGB also has a proprietary portfolio of private equity and hedge funds listed and unlisted securities as well as structured products.

As a part of the Reorganisation, UGB sold its stake in its commercial banking entities to Burgan Bank. JKB was sold in July 2008 whereas AGB and BOB were sold in March 2009. The sale of TIB is expected to be completed upon receipt of regulatory approvals. The only banking entity that will be owned by UGB is Syria Gulf Bank (27.5 per cent. effective interest as of 31 December 2009). UGB plans to use part of the proceeds from the sale of these commercial banks to purchase a 16.79 per cent. stake in Burgan Bank.

UGB is in the process of enhancing its AMIB franchise across the MENA region and aims to replicate its past track record of building businesses. As part of this process, it has acquired an additional 14 per cent. stake in the North Africa Holding Company in 2009, a Kuwait based company, which is a private equity partner in startup ventures and former state-controlled companies in emerging North African countries.

Currently, the Group's flagship companies which provide AMIB services include KIPCO Asset Management Company, North Africa Holding Company, Manafae Investment Company, United Gulf Financial Services Company-North Africa (Tunisia) and Al Sharq Financial Brokerage Company.

As of the end of trading on 6 June 2010, the last bid price for shares of UGB was KD0.250 (U.S.\$0.853) per share giving it a market capitalisation of KD205.0 million (U.S.\$699.7 million).

### Financial Summary

The financial information set out below has been extracted from UGB's audited consolidated financial statements (which are reported in U.S.\$) for the two financial years ended 31 December 2008 and 2009 and UGB's unaudited interim condensed consolidated financial information for the three months ended 31 March 2009 and 2010.

	2008	2009	Q1 2009	Q1 2010
		<i>U.S. million</i>		
Total assets .....	2,869.1	2,370.7	2,511.5	2,279.7
Total income .....	341.4	124.5	29.9	27.5
Net profit	214.6	23.8	11.1	8.2
Income attributable to equity holders of the parent.....	207.3	20.1	9.3	7.5

Earnings per share (in cents) (basic).....	25.3	2.5	1.1	0.9
Earnings per share (in cents) (diluted).....	25.1	2.5	1.1	0.9

- Total income in 2009 decreased to U.S.\$124.5 million from U.S.\$341.4 million in 2008, a decline of 63.5 per cent. The decline in total income is explained through a gain of U.S.\$284 million on the sale of UGB's affiliate, JKB, to Burgan Bank in 2008 compared to a gain of U.S.\$26 million on sale of AGB, UGB's subsidiary, and BOB, UGB's affiliate, in 2009. For the quarter ended 31 March 2010, total income of UGB was U.S.\$27.5 million, representing a decline of 8.1 per cent. compared to the corresponding period in 2009. The decline is explained through a gain on the sale of commercial banks (AGB and BOB) of US\$26 million in the quarter ended 31 March 2009 as mentioned above which was not replicated in the quarter ended 31 March 2010.
- Net profit attributable to equity holders decreased to U.S.\$20.1 million from U.S.\$207.3 million in 2008, registering a decline of 90.3 per cent. The decline in profits is primarily due to reduced gains on sales of affiliates and subsidiaries. The net profit for the quarter ended 31 March 2010 was US\$7.5 million compared to U.S.\$9.3 million in the corresponding period in 2009.
- As of 31 December 2009, UGB had a total asset base of nearly U.S.\$2.4 billion, which decreased by 17.4 per cent. compared to 31 December 2008 primarily due to the sale of commercial banks, investments carried at fair value through the income statement and available for sale investments. Investment in associates accounted for 27.3 per cent. of total assets as of 31 December 2009. Investments carried at fair value through the income statement and financial assets available for sale accounted for 36.7 per cent. of total assets as of 31 December 2009. Total assets declined by 3.8 per cent. to U.S.\$2.3 billion as at 31 March 2010 as against 31 December 2009.

### Gulf Insurance Company

Gulf Insurance Company K.S.C. is a Kuwaiti shareholding company incorporated in the State of Kuwait by Amiri Decree dated 9 April 1962. Its shares are listed on the Kuwait Stock Exchange.

Kuwaiti insurance companies are regulated by the Ministry of Commerce and Industry.

The address of GIC's registered office is at Ahmed Al Jaber Street, Shark, Kuwait City P.O. Box 1040, Safat 13011, State of Kuwait.

GIC was privatised in 1996, following the sale of the State of Kuwait's 82 per cent. shareholding in GIC. The Guarantor had a direct as well as consolidated effective interest of 69.1 per cent. in GIC as of 31 March 2010.

GIC is a leading insurance provider in Kuwait in terms of premium income. GIC issues insurance policies under the broad categories of marine, aviation, property, casualty, life and health insurance.

Having established a presence in Kuwait, GIC has expanded across the MENA region by:

1. Acquiring a 90.0 per cent. stake in Saudi Pearl Insurance Company ("SPI") in the Kingdom of Saudi Arabia in 2000. Following a change in regulation, GIC along with other investors established the Buruj Cooperative Insurance Company which was listed on the Saudi Stock Exchange (Tadawul) in October 2009 and received its commercial license in February 2010. The insurance business of SPI will be transferred to the newly established company upon the completion of regulatory formalities (GIC has a 24.5 per cent. shareholding in Buruj Cooperative Insurance Company as of 31 December 2009);
2. Establishing Fajr Al-Gulf in Lebanon by a merger of International Trust Insurance Company SAL (ITI) with Al-Fajr Insurance and Reinsurance Company SAL ("**Al Fajr**") to form Fajr Al-Gulf in 2003 (51.0 per cent. shareholding as of 31 December 2009);
3. Acquiring a 54.0 per cent. stake in Egypt's Arab Misr Insurance Group ("**AMIG**") in February 2005 (94.8 per cent. shareholding as of 31 December 2009);

4. Acquiring a 21.4 per cent. stake in Bahrain Kuwait Insurance Company (“**BKIC**”) in December 2005 which was further increased to 51.2 per cent. in 2008 (51.2 per cent. shareholding as of 31 December 2009);
5. Establishing Syrian Kuwait Insurance Company (“**SKIC**”) in December 2006 with an initial 44.4 per cent. direct stake. It commenced operations in 2007 (53.8 per cent. shareholding as of 31 December 2009);
6. Establishing Gulf Life Insurance Company in Kuwait in which it holds an effective interest of 98.6 per cent. as of 31 December 2009. It started operations as a separate legal entity on 1 January 2008 after obtaining the necessary licence from the Kuwaiti authorities; and
7. Acquiring a 42.0 per cent. stake in Jordan’s Arab Orient Insurance in May 2009 and a further 13 per cent. stake in June 2009 from JKB (inter-group transaction). (55 per cent. shareholding as of 31 December 2009). It is the largest insurance company in Jordan in terms of market share and revenues.

GIC’s underlying strategy is to become a regional market leader by increasing its customer focus and becoming the single contact for all of the insurance needs of its customers. In addition to existing economies, GIC is focusing on North African economies (Algeria, Tunisia, Morocco, etc.) for expansion. GIC has also established a multi-phased plan for its Customer Relationship Management programme directed at gaining insight into customer purchasing behaviour.

GIC is also focusing on takaful products (insurance products compliant with Islamic Shariah laws) and will look for new distribution channels and new partner banks. In 2008, GIC established its Takaful unit which offers Shariah compliant life and non-life insurance products.

As of the end of trading on 6 June 2010, the last bid price for shares of GIC was KD0.365 (U.S.\$1.246) per share giving it a market capitalisation of KD60.4 million (U.S.\$206 million).

### **Financial Summary:**

The financial information set out below has been extracted from GIC’s audited consolidated financial statements for the two financial years ended 31 December 2008 and 2009 and GIC’s unaudited interim condensed consolidated financial information for the three months ended 31 March 2009 and 2010.

	<b>2008</b>	<b>2009</b>	<b>Q1 2009</b>	<b>Q1 2010</b>
		<i>KD Million</i>		
Total assets .....	240.0	254.4	241.2	249.0
Gross premium .....	86.6	97.2	28.0	30.8
Net underwriting income.....	8.0	5.2	1.2	2.3
Net profit.....	4.9	6.1	2.5	3.1
Profit attributable to the equity of the parent .....	3.6	5.1	2.3	2.6
Earnings per share (fils) (basic) .....	21.9	30.6	13.9	15.6
Earnings per share (fils) (diluted) .....	21.9	30.6	13.9	15.6

- Gross Premiums Written (**GPW**) increased from KD86.6 million in 2008 to KD97.2 million in 2009 registering a growth of 12.2 per cent. driven by growth in the ‘life and medical’ ‘property’ and ‘casualty and motor’ insurance business lines. For the three months ended 31 March 2010, GPW increased by 10 per cent. to reach KD30.8 million as against KD28.0 million for the three months ended 31 March 2009 driven by growth in medical and property insurance business.
- Net profit attributable to equity holders increased from KD3.6 million in 2008 to KD5.1 million in 2009, an increase of 40.0 per cent. The increase in net profit was driven by increase in net premium earned, policy issuance fees, reinsurance commission and investment income partly offset by increase in claims incurred. GIC recorded a net profit

attributable to equity holders of KD2.6 million for the three months ended 31 March 2010 as compared to KD2.3 million for the three months ended 31 March 2009 driven by an increase in policy issuance fees and reinsurance commission income offset by a reduction in investment income.

- Net underwriting income decreased from KD8.0 million in 2008 to KD5.2 million in 2009, a decrease of 35 per cent. due to increase in claims incurred. However, the net underwriting income increased in the three months ended 31 March 2010 to reach KD2.3 million as compared to KD1.2 million in the three months ended 31 March 2009 registering a growth of 97 per cent. The increase in net underwriting income for the three months ended 31 March 2010 was contributed primarily by an increase in policy issuance fees and reinsurance commission income.
- Total cash and investments<sup>1</sup> increased from KD153.3 million as of 31 December 2008 to KD154.9 million as of 31 December 2009, an increase of 1 per cent.

1 Total cash and investments include cash and cash equivalents, investments held to maturity, investments available for sale, investments carried at fair value through income statement, debt securities, investments in associated companies, property held for sale and loans secured by life insurance policies.

## BURGAN BANK

Burgan Bank S.A.K. is a public shareholding company incorporated in the State of Kuwait by Amiri Decree dated 27 December 1975 and its shares are listed on the Kuwait Stock Exchange. The bank is regulated by the Central Bank of Kuwait. As of 31 March 2010, the Guarantor's direct effective interest in Burgan Bank was 55.3 per cent. Burgan Bank completed its KD100.8 million capital increase through a rights issue on 27 April 2010. Following this capital increase, the Guarantor's direct effective interest in Burgan Bank as of 24 May 2010 was 55.0 per cent. and consolidated effective interest was 56.3 per cent. In order to implement its pan MENA commercial banking strategy, the bank is in the process of appointing a new CEO.

The address of the bank's registered office is P.O. Box 5389, Safat 12170, State of Kuwait.

Burgan Bank offers a full range of banking services to both retail and commercial customers in Kuwait, Jordan, Iraq and Algeria. It operates under four divisions which are corporate banking, retail banking, private banking and investment banking and treasury.

Under its **corporate banking division**, Burgan Bank provides overdraft facilities, business loans, working capital finance, commercial loans, letters of credit and letters of guarantee. The corporate banking division includes four main units namely the services and manufacturing unit for establishing banking and credit relationships with clients in the service, industrial and oil sectors in Kuwait; the investment and real estate unit for providing short and medium-term financing (primarily on a secured basis) to prime investment and real estate corporate entities; the trading unit providing financial assistance to trading companies; and the international banking and contracting unit providing a full range of banking services to multinational corporations operating in Kuwait and the GCC.

The bank offers a range of **retail banking** products and services including a range of customer accounts, loans, remittances, electronic banking, safe deposit boxes, credit and debit cards. It currently has a network of 22 branches and nearly 130 ATM machines to serve its customer base.

Through its **private banking** division, Burgan Bank provides wealth management services and investment vehicles targeted at high net worth Kuwaitis and expatriates.

Burgan Bank's **investment banking and treasury** segment is responsible for all wholesale financial market transactions, both domestically and internationally, and comprises the treasury, investment and financial institutions divisions. The treasury division is responsible for the management of foreign exchange positions, asset-liability management, overall management of Burgan Bank's balance sheet, interest rate and liquidity positions. The investment banking division manages Burgan Bank's proprietary investments and also the investments of the two

mutual funds under Burgan Bank's management. The financial institutions division is responsible for Burgan Bank's relationships with other banks and other financial institutions. Through these divisions, Burgan Bank provides products and services in investments and new issues, investment funds, foreign exchange, money markets, corporate sales and financial institutional lending.

Burgan Bank has been realigning and refocusing its business to improve profitability and asset quality and is refining its strategy to increase its market share. To this end, it has been conducting periodic stress testing of its loan portfolio since early 2008 to anticipate potential problems. The Kuwaiti banking sector in general has witnessed higher loan loss provisions and securities impairment charges over the last 18 months. This is primarily on account of the weaker performance of real estate, construction industry and investment companies over the same period. As a result of its participation in the banking system, and prudentially in anticipation of potential further losses, Burgan Bank has recorded an increase in non-performing loans in 2009 compared to previous recent annual periods. At 31 March 2010, Burgan Bank's ratio of non-performing assets to gross credit facilities was 9.0 per cent. and the ratio of total provision for impairment to non-performing assets was 68.6 per cent. It has been undertaking prudential general provisions. Out of total provisions for impairment amounting to KD 205.3 million, 40.4 per cent. was in general provisions. Burgan Bank did not declare any dividend for the year ended 31 December 2009. If the Kuwaiti real estate, construction industry and investment company sector or securities markets continue to remain weak, there is no assurance that further impairment losses will not be incurred. In such a case Burgan Bank may be required to record further provisions for impairment. The total capital adequacy ratio of Burgan Bank is robust at 16.86 per cent. as at 31 December 2009 and 15.9 per cent. as at 31 March 2010.

In April 2010, Burgan Bank completed its KD100.8 million capital increase through a rights issue by offering 360 million shares each at a nominal value of 100 fils and a premium of 180 fils. This will allow the bank to have a stronger capital base and further build up the buffer above the regulatory capital requirements of Basel II and the Central Bank of Kuwait. This would also position the Bank to take advantage of acquisition opportunities that may emerge. In addition, Burgan Bank repaid 50 per cent. of its existing long term subordinated loan on 27 May 2010, and the Central Bank of Kuwait has approved its application to raise a fresh long term subordinated loan.

As of the end of trading on 6 June 2010, the last bid price for shares of Burgan Bank was KD0.300 (U.S.\$1.024) per share giving it a market capitalisation of KD412.4 million (U.S.\$1,407.9 million).

### **Financial Summary:**

The financial information set out below has been extracted from Burgan Bank's audited financial statements for the two financial years ended 31 December 2008 and 2009 and its unaudited interim condensed consolidated financial information for the three months ended 31 March 2009 and 2010.

	2008	2009	Q1 2009	Q1 2010
		<i>KD million</i>		
Total assets .....	3,943.0	4,094.0	4,303.4	4,139.6
Loans and advances to customers.....	2,133.0	2,246.9	2,235.4	2,203.0
Net interest income .....	68.0	101.8	21.7	24.5
Operating income.....	121.1	154.7	31.6	43.2
Net income attributable to equity of the parent...	37.1	6.2	11.0	1.9
Earnings per share (in fils) (basic).....	35.8	6.1	10.9	1.9
Earnings per share (in fils) (diluted).....	35.8	6.1	10.9	1.8

- Burgan Bank's asset base increased to KD4.1 billion as of 31 December 2009 from KD3.9 billion as of 31 December 2008. During 2009, the Bank acquired a 60.0 per cent. equity interest in Gulf Bank Algeria. Total assets as of 31 March 2010 were KD4.1 billion.



The results of March 2010 include consolidation of Bank of Baghdad, which was an associate previously.

- For the year ended 31 December 2009, net interest income increased by 49.7 per cent. to KD101.8 million. On a standalone basis, net interest income grew by 21.6 per cent. in 2009. For the three months ended 31 March 2010, net interest income increased by 13.0 per cent. to KD24.5 million as against KD21.7 million for the three months ended 31 March 2009 due to higher spread earned on loans.
- In 2009, net income attributable to equity holders of the bank was KD6.2 million, down by 83.2 per cent. over 2008 primarily due to provisioning of KD82.8 million in 2009 as against KD46.6 million in 2008. The net income attributable to equity holders for the three months ended 31 March 2010 declined by 82.9 per cent. to KD1.9 million as against the corresponding figure for the three months ended 31 March 2009. The fall is attributable to the high provisioning of KD22.5 million for the three months ended 31 March 2010 as compared to KD4.9 million for the three months ended 31 March 2009.

### Panther Media Group

PMG was incorporated in 2009 as a joint venture between KIPCO and Al Mawarid to merge the operations of two leading pay TV operators in the Middle East region – Showtime and Orbit. The Guarantor is the majority shareholder in PMG with an overall equity holding of 60.42 per cent., with the balance held by Al Mawarid. PMG is registered in the Dubai International Financial Centre with its headquarters in Dubai and Bahrain.

The address of the principal place of business of PMG is: PO Box 502211, Dubai, United Arab Emirates.

Panther Media Group operates under the brand name “Orbit Showtime Network”. It has operating licences in 24 countries. As at 31 March 2010, the subscriber base of Panther Media Group was 464,382 customers. PMG provides satellite pay TV services. PMG addresses the demand for both quality western and Arabic programming in the MENA region through its 75 premium channels, showing premium sports, drama and entertainment in English, Arabic and some Asian languages spoken by expatriate populations in the region. It offers the latest Hollywood movies and series for the first time in the Middle East. It carries some of the world’s largest global TV brands including Disney, E! Entertainment and MTV as well as Arabic brands such as MBC+, Al Yawm and Shasha. PMG has exclusive first release pay TV rights with all the 8 Hollywood studios. The Middle East market is served by two pay TV operators, PMG and Arab Digital Distribution (ADD). ADD is primarily focused on Arabic content, whereas PMG focuses on both Arabic as well as western content. The merger will deliver cost savings and allow for the amortisation of operational initiatives across a wider base. It also opens the way for potentially valuable new customer initiatives. All these programmes are currently being evaluated. No quantification is currently available and the timing of the realisation of any financial benefits is still under development.

The media segment reported in the consolidated financial statements of the Group represents results from Showtime and GDTV up to 31 July 2009 and PMG from 1 August 2010. Prior to the merger, Showtime was consolidated in KIPCO’s accounts; however post merger, KIPCO’s interest in PMG is accounted for in accordance with the accounting policy for interests in joint ventures using proportionate consolidation. The financial information set out below has been extracted from the notes to the Guarantor’s audited consolidated financial statements for the year ended 31 December 2009 (Segment Information Note 26) and the notes to the Guarantor’s unaudited interim condensed consolidated financial information for the three months ended 31 March 2010 (Segment information Note 13).

	<u>2008</u>	<u>2009</u>	<u>Q1 2009</u>	<u>Q1 2010</u>
	<i>KD million</i>			
Media segment revenue .....	52.9	57.5	15.0	12.3
Media segment results.....	(7.9)	(10.5)	(1.8)	(2.2)

## MANAGEMENT

### The Board of Directors of the Guarantor

Pursuant to its Articles of Association, the Guarantor's Board of Directors consists of a minimum of three directors. At present, the Board of Directors consists of five directors. The Guarantor's Articles of Association provide that each director is elected at an ordinary general meeting of shareholders for a three-year term and is eligible for re-election upon expiration of such term. The Board of Directors has the power to appoint and remove the Chairman and Chief Executive Officer ("CEO") at any time provided there is a quorum of three directors.

The members of the Board of Directors are as follows. Each Director was re-elected for a term of three years at the Annual General meeting on 25 March 2008. Each Director's business address is P.O. Box 23982, Safat 13100, State of Kuwait.

#### **Hamad Sabah Al Ahmad Al Sabah (Chairman, Age 61)**

- Chairman of Saudia Dairy and Foodstuffs Company, Saudi Arabia
- Chairman of Gulf Egypt Hotels and Tourism Company, Egypt
- Chairman of the Masharee Al Khair Charity
- Deputy Chairman of United Gulf Bank, Bahrain
- Board member of Burgan Bank
- Director of the Issuer

#### **Faisal Hamad Al-Ayyar (Vice Chairman, Age 55)**

- Vice Chairman KIPCO Group
- Chairman of United Gulf Bank, Bahrain
- Chairman of United Broadcasting Company
- Chairman of Saudi Pearl Insurance Company
- Vice Chairman of Gulf Insurance Company, Kuwait
- Vice Chairman of Jordan Kuwait Bank, Jordan
- Board member of SADAFCO Group Companies, Saudi Arabia
- Board member of Gulf Egypt Hotels and Tourism Company, Egypt
- Board member of the Masharee Al Khair Charity
- Trustee of the American University of Kuwait
- Member of Kuwait's National Committee for Learning Differences
- Director of the Issuer

#### **Abdullah Yacoub Bishara (Director, Age 74)**

- Chairman of North Africa Holding Company
- Former Member of G.C.C. Supreme Advisory Assembly
- Former President of Diplomatic Centre for Strategic Studies
- 1981-93: Secretary General of Gulf Cooperation Council
- Feb 1979: President of Security Council
- 1971-81: Ambassador of Kuwait to the United Nations
- 1964-71: Manager for the office of His Highness, the Minister of Foreign Affairs
- Director of the Issuer

#### **Sheikh Abdullah Nasser Sabah Al-Ahmed Al-Sabah (Director, Age 34)**

- Chairman of United Real Estate Company
- Director of United Gulf Bank, Bahrain
- Director of United American Real Estate Company
- Director of the Issuer

#### **Sheikh Sabah Nasser Sabah Al-Sabah (Director, Age 30)**

- Chairman of Al Raya Islamic Investment Company
- Director of United Agriculture Production Company, Kuwait
- Director of the Issuer

There are no potential conflicts of interest between the duties to the Guarantor of the persons listed above and their private interests or other duties.

## The Executive Management of the Guarantor

The table below sets forth certain information with respect to the Executive Management of the Guarantor. The business address of each member of the Executive Management is P.O. Box 23982, Safat 13100, State of Kuwait.

### Management

Name	Age	Position	Years with the Group
Faisal Hamad Al-Ayyar	55	Vice Chairman	20
Samer Subhi Khanachet	59	Group Chief Operating Officer	20
Pinak Pani Maitra	51	Group Chief Financial Officer	22
Masaud Hayat	56	Chief Executive Officer – Banking	12
Declan Sawey	45	Group Treasurer	3
Mohsen Ali Husain	41	Group Chief Internal Auditor	4
Mazen Hawa	35	Group Vice President, Finance and Operations	9
Bibhau Tamang	42	Group Vice President, Financial Control	10
Saad Mohammad	44	Group Marketing & PR Director	1
Robert Hipkins	50	Group Communication Director	3
Antony Miles Strover	66	Advisor, Corporate Finance	13
Lakhdar Moussi	63	Senior Vice President	4
Robert Drolet	53	Senior Vice President – Technology and Media	4
Iqbal Mohamed	56	Executive Vice President, United Gulf Management Inc.	17
Rory Keelan	59	CEO, Pulsar Knowledge Centre	2

There are no potential conflicts of interest between the duties to the Guarantor of the persons listed above and their private interests or other duties.

### RISK MANAGEMENT

Risk is inherent in the Group's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability.

Each subsidiary of the Group is responsible for managing its own risks and has its own board committees, including audit and executive committees, in addition to other management committees such as the credit / investment committee and (in the case of major subsidiaries) the asset liability committee, or equivalent, with responsibilities generally analogous to the Group's committees.

The independent risk control process does not cover business risks such as changes in the business environment, technology and industry. These risks are monitored through the Group's strategic planning process.

The board of directors is ultimately responsible for the overall approach to risk management and for approving the risk strategies and principles.

Monitoring and controlling risk is primarily performed based on limits established by the Group. These limits reflect the business strategy of the Group and market environment in which the Group operates as well as the level of risk that the Group is willing to accept, with additional emphasis on selected geographic and industrial sectors. In addition, the Group monitors and measures its overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

The operations of certain Group subsidiaries are also subject to regulatory requirements within the jurisdictions where they operate. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default by or insolvency of banking and insurance companies and to meet unforeseen liabilities as these arise.

As a part of its overall risk management, the Group uses derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign exchange rates.

The risk profile is assessed before entering into hedge transactions, which are authorised by an officer with the appropriate level of seniority within the Group.

The Group classifies the risks faced as part of its monitoring and controlling activities into certain categories of risks and accordingly specific responsibilities have been given to various officers for the identification, measurement, control and reporting of these identified categories of risks.

## **REGULATION**

Company formation and governance is governed by the Companies Law which is administered by the Ministry of Commerce and Industry.

Consolidated financial statements and the financial statements of the Principal Companies are audited in accordance with IFRS and IAS as issued by the International Accounting Standards Board. Kuwait is a member of the International Federation of Accountants (IFAC) and adopted IAS in 1990.

## **TAXATION**

The following is a general description of certain Cayman Islands, Kuwaiti and other tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

### **Cayman Islands**

Payments of interest and principal on Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of Notes or will gains derived from the disposal of Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of Notes. Notes themselves will be stampable if they are executed in or brought into the Cayman Islands.

The issuer has received an undertaking dated 21 March 2006 from the Governor in Cabinet of the Cayman Islands under the Tax Concessions Law (as amended) of the Cayman Islands. Such undertaking provides that for a period of 20 years from the date of the issue of such undertaking:

- (a) no law which is thereafter enacted in the Cayman Islands imposing any tax or duty to be levied on the profits, income, gains or appreciations shall apply to the Issuer or its operations; and
- (b) no tax in the nature of estate duty or inheritance tax will be payable on the shares, debentures or other obligations of the Issuer; or by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (as amended) of the Cayman Islands.

### **Kuwait**

The summary of taxation in the State of Kuwait is based upon the laws and regulations embodied in Kuwait Income Tax Decree No. 3 of 1955, as amended by Law No. 2 of 2008 "Amending Certain Provisions Kuwait Income Tax Decree No. 3 of 1955" ("Amendment"), regulations setting out the implementation of the Amendment ("Regulations") Ministerial Order No. 44 of 1985 issued by the Ministry of Finance ("MOF") and other ministerial resolutions and circulars (the "Taxation Laws") as interpreted and implemented by the MOF's Department of Income Taxes ("DIT") as in effect and operation as of the date of this Base Prospectus. Any changes in either the Taxation Laws and/or the DIT's application of the same after said date would alter and affect this summary.

Under the Taxation Laws and the practices of the DIT, income taxes at the rate of 15 per cent. are only levied on the net income and capital gains of foreign companies that either conduct business in Kuwait and/or hold ownership interests in any entities organised under Kuwaiti law. Prior to the Amendment, foreign companies would not be considered as conducting business in Kuwait based solely on holding the Notes, receiving any payment of principal and interest thereunder or receiving any capital gain on the disposals thereof. However, the Amendment and the Regulations now make payments of interest from Kuwaiti debtors to foreign corporate creditors a taxable event. Under the terms of the Notes, this would only occur if the Guarantor were called upon to make payments of interest directly to the holders of the Notes. Since the Issuer of the Notes is not a Kuwaiti entity, the payments by the Issuer to the holders of Notes is not a taxable event in Kuwait. In the case where the Guarantor may make direct payments of interest on the Notes to the holders of the Notes, then the provisions of the Notes requiring that all such payments be grossed up for taxes would then apply.

Given the recent revisions in the Taxation Laws and DIT's representations about how they will be applied, payments of interest in respect of the Notes are currently not considered taxable events under Kuwaiti law nor are they subject to any withholding requirements. It should be noted, however, that the DIT's application and interpretation of the Taxation Laws and the Amendment are always subject to change. In the event that the DIT changes its application of the Taxation Laws and/or considers the Programme as a whole as a lending by a foreign entity or entities to a Kuwaiti entity thereby making the payment of interest in respect of the Notes a taxable event, and thereby possibly subjecting the payments to a withholding requirement, the Guarantor ensures that all payments of principal and interest in respect of the notes received by Noteholders will be the amount that would have been received had no taxes or withholding requirements been applied.

For the purposes of this section, the term "company" includes a partnership. The term "foreign company" would not include companies established in one of the GCC countries whose shareholders are comprised only of nationals of the GCC states. The GCC states are Kuwait, Saudi Arabia, Bahrain, Qatar, Oman and the United Arab Emirates.

### **EU Savings Tax Directive**

Under EC Council Directive 2003/48/EC (the **Directive**) on the taxation of savings income, each Member State is required to provide to the tax authorities of other Member States details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg are instead required to operate a withholding system (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of BNP Paribas, Commerzbank Aktiengesellschaft, HSBC Bank plc, Crédit Agricole Corporate and Investment Bank, Emirates Financial Services PSC and West LB AG (the “**Dealers**”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated Dealer Agreement dated 16 June 2010 (the “**Dealer Agreement**”) and made between the Issuer, the Guarantor and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

**United States of America:** *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

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

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

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

### **Public Offer Selling Restriction Under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the

Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

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

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

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

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

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

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.



## **Cayman Islands**

Notes may not be offered to the public in the Cayman Islands unless at the time of such offer the Issuer is listed on the Cayman Islands Stock Exchange.

## **United Arab Emirates (excluding the Dubai International Financial Centre)**

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

- (a) the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities; and
- (b) the information contained in this Base Prospectus does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law (Federal Law 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and the information contained in this Base Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the UAE.

## **Dubai International Financial Centre**

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

- (a) deemed to be an "Exempt Offer" in accordance with the Offered Securities Rules of Dubai Financial Services Authority (the **DFSA**); and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

## **Kuwait**

Unless all of the approvals and licences which are required pursuant to Law No. 31/1990 are obtained from the Kuwait Ministry of Commerce and Industry no Notes may be marketed, offered for sale or sold in Kuwait, either directly or indirectly.

## **Saudi Arabia**

No action has been or will be taken in Saudi Arabia that would permit a public offering of the Notes in Saudi Arabia. The Notes will only be initially offered and sold in Saudi Arabia, following a notification to the CMA, through an entity authorised by the Capital Market Authority ("**CMA**") in accordance with the Offers of Securities Regulations as issued by the board of the CMA pursuant to resolution number 2-11-2004 dated 4 October 2004 as amended by resolution number 1-28-2008 (the "**Regulations**"). The Notes will be offered in Saudi Arabia to sophisticated investors initially, in accordance with Articles 9(a)(2) and 10 of the Regulations with each such offeree paying an amount not less than SAR1,000,000 or an equivalent amount in another currency.

Investors are informed that Article 17 of the Regulations place restrictions on secondary market activity with respect to the Notes which are summarised as follows:

- (c) any transfer must be made through an entity licensed by the CMA.
- (d) a person (the "**transferor**") who has acquired Notes may not offer or sell such Notes or part thereof to any person (referred to as a "**transferee**") unless (i) the price to be paid by the transferee for such Notes equals or exceeds Saudi Riyals 1 million; or (ii) the transferee is a sophisticated investor (as defined under the Regulations);
- (e) if the provisions of paragraph (b) cannot be fulfilled because the price of the Notes being offered or sold to the transferee has declined since the date of the original limited offer, the transferor may offer or sell the Notes to the transferee if their purchase price during the period of the original offer was equal to or exceeded Saudi Riyals 1 million;
- (f) if the provisions of (b) and (c) cannot be fulfilled, the transferor may offer or sell the Notes if he/she sells his entire holding of the Notes to one transferee; and

the provisions of paragraphs (b), (c) and (d) shall apply to all subsequent transferees of the Notes.

### **General**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Guarantor, the Trustee and any other Dealer shall have any responsibility therefor.

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

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

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

## **GENERAL INFORMATION**

### **Listing**

The admission of the Programme to trading on the London Stock Exchange-Regulated Market is expected to take effect on or around 21 June 2010. The price of the Notes on the price list of the London Stock Exchange will be expressed as a percentage of their principal amount (exclusive of accrued interest). Any Tranche of Notes intended to be admitted to trading on the London Stock Exchange-Regulated Market will be so admitted to trading upon submission to the London Stock Exchange of the relevant Final Terms and any other information required by the London Stock Exchange, subject to the issue of the relevant Notes. Prior to admission to trading, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day in London after the day of the transaction.

However, Notes may be issued pursuant to the Programme which will not be admitted to listing, trading and/or quotation by the London Stock Exchange or any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as the Issuer and the relevant Dealer(s) may agree.

### **Authorisations**

The update of the Programme was authorised by written resolutions of the directors of the Issuer on 14 June 2010. The giving of the guarantee contained in the Amended and Restated Trust Deed was authorised by way of passing the applicable resolutions at a meeting of the directors of the Guarantor on 14 June 2010. Each of the Issuer and the Guarantor has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the notes and the giving of the guarantee relating to them.

### **Clearing of the Notes**

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

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

### **Use of proceeds**

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer and/or the Guarantor for its general corporate purposes, which include making a profit. If, in respect of any particular issue of Notes which are derivative securities for the purposes of Article 15 of the Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

### **Litigation**

Neither the Issuer nor the Guarantor is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or of the Guarantor and its subsidiaries taken as a whole.

### **No significant change**

There has been no material adverse change in the prospects of the Issuer, the Guarantor and its Subsidiaries since 31 December 2009, nor has there been any significant change in the financial or trading position of the Issuer since 31 December 2009, nor any significant change in the financial or trading position of the Guarantor and its Subsidiaries, taken as a whole, which has occurred since 31 March 2010.

### **Auditors**

The financial statements of the Issuer for the financial years ended 31 December 2008 and 31 December 2009 incorporated by reference in the base prospectus have been prepared in accordance with IFRS and have been audited by Ernst and Young (Al Aiban, Al Osaimi and Partners), 18th floor, Baitak Tower, Safat Square, Ahmed Al Jaber Street, P.O. Box 74, Safat 13001, State of Kuwait. The consolidated financial statements of the Guarantor for the years ended 31 December 2008 and 2009 have been prepared in accordance with IFRS and have been audited by Ernst and Young (Al Aiban, Al Osaimi and Partners), 18th floor, Baitak Tower, Safat Square, Ahmed Al Jaber Street, P.O. Box 74, Safat 13001, State of Kuwait, and Albazie and Co. (Member of RSM International), Public Accountants, Kuwait Airways Building, 7th Floor Shuhada Street, P.O. Box 2115, Safat 13022, State of Kuwait. Ernst and Young (Al Aiban, Al Osaimi and Partners) is a partnership incorporated under Kuwait law, which is an independent member firm of Ernst & Young Global Limited.

### **Documents available for inspection**

For the period of 12 months following the date of this Base Prospectus, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Principal Paying Agent and Registrar and from the registered office of the Issuer, namely:

- (a) the constitutive documents of the Issuer and the Guarantor;
- (b) a copy of this Base Prospectus and any supplements thereof;
- (c) the Agency Agreement;
- (d) the Trust Deed;
- (e) the Dealer Agreement;
- (f) the Programme Manual (which contains the forms of the Notes in global and definitive form);
- (g) the most recent publicly available unconsolidated financial statements (if any) of the Issuer and audited consolidated financial statements of the Guarantor beginning in the case of the Guarantor with such financial statements for the years ended 2008 and 2009 together with the audit reports thereon and the most recent publicly available unaudited unconsolidated financial statements (if any) of the Issuer and consolidated financial statements of the Guarantor together with any audit report thereon;
- (h) any future prospectuses, information memoranda and supplements relating to the Programme, including any Final Terms relating to Notes which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. (In the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant Noteholders.)

### **Post Issuance Information**

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

**REGISTERED OFFICE OF THE ISSUER**

**Kuwait Projects Co. (Cayman)**  
Walkers Corporate Services Limited  
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**REGISTERED OFFICE OF THE GUARANTOR**

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United Arab Emirates

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United Kingdom

**PRINCIPAL PAYING AGENT**

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**REGISTRAR**

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