

GUS

GUS plc

(incorporated with limited liability in England and Wales)

£2,000,000,000

Euro Medium Term Note Programme

Arranger

UBS Warburg

Dealers

Barclays Capital

HSBC

Merrill Lynch International

Morgan Stanley

Schroder Salomon Smith Barney

The Royal Bank of Scotland

UBS Warburg

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

Applications have been made to admit notes (“Notes”) issued under the Euro Medium Term Note Programme (the “Programme”) described in this Offering Circular during the period of twelve months after the date hereof to the official list (the “Official List”) of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the “FSMA”), the “UK Listing Authority”) and to trading on the London Stock Exchange plc (the “London Stock Exchange”). The Programme also permits Notes to be issued on an unlisted basis 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.

This Offering Circular comprises listing particulars issued in compliance with the listing rules made under Section 74 of the FSMA (the “Listing Rules”) for the purpose of giving information with regard to the issue of Notes under the Programme during the period of twelve months after the date hereof. Copies of the listing particulars have been delivered for registration to the Registrar of Companies in England and Wales in accordance with Section 83 of the FSMA.

This Offering Circular should be read and construed together with any amendments or supplements hereto and with any other documents incorporated by reference herein and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the relevant Pricing Supplement (as defined herein).

The Issuer has confirmed to the Dealers named under “Selling Restrictions” below that this Offering Circular contains all information with respect to the Issuer, the Group (as defined in ‘Description of the Issuer’) and the Notes which is (in the context of the Programme or the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein with regard to the Issuer and the Group are honestly held or made and are not misleading in any material respect; that this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme and the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Trustee (as defined herein) or any Dealer.

No representation or warranty is made or implied by the Dealers, the Trustee or any of their respective affiliates, and neither the Dealers, the Trustee 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 Offering Circular. Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date thereof or, if later, the date upon which this Offering Circular 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 Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any Pricing Supplement comes are required by the Issuer 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 Offering Circular or any Pricing Supplement and other offering material relating to the Notes, see “Selling Restrictions”. In particular, Notes have not been and

will not be registered under the United States Securities Act of 1933 (as amended) (the “Securities Act”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. In addition, the Issuer has not authorised any offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (the “Regulations”) of Notes having a maturity of one year or more which have not been admitted to the Official List in accordance with Part VI of the FSMA. Notes may not lawfully be offered or sold to persons in the United Kingdom except in circumstances which do not result in an offer to the public in the United Kingdom within the meaning of the Regulations or otherwise in compliance with all applicable provisions of the Regulations.

Neither this Offering Circular nor any Pricing Supplement 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 Dealers or any of them that any recipient of this Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed £2,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into sterling at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under “Selling Restrictions”.

In this Offering Circular, unless otherwise specified, 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 pursuant to the Treaty establishing the European Community, as amended and references to “pounds”, “sterling” or “£” are to the lawful currency of the United Kingdom.

Certain figures included in this Offering Circular 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.

Schroder is a trademark of Schroders Holdings plc and is used under licence by Salomon Brothers International Limited.

In connection with the issue of any Tranche of Notes under the Programme, the Dealer (if any) which is specified in the relevant Pricing Supplement as the Stabilising Manager (or any person acting for the Stabilising Manager) may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

Contents

	Page		Page
Documents Incorporated By Reference.....	5	Summary Of Provisions Relating To The Notes	
Supplementary Listing Particulars.....	6	While In Global Form.....	40
Programme Summary.....	7	Description of The Issuer.....	42
Forms Of The Notes.....	10	Capitalisation And Indebtedness.....	46
Terms And Conditions Of The Notes	13	Taxation.....	47
Pro Forma Pricing Supplement	33	Selling Restrictions	49
		General Information.....	52

Documents Incorporated by Reference

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular:

- (1) the most recently published audited annual financial statements and any interim financial statements (whether audited or unaudited) published subsequently to such annual financial statements, of the Issuer from time to time; and
- (2) all amendments and supplements to this Offering Circular prepared by the Issuer from time to time,

provided, however, that (i) any statement contained in this Offering Circular or in any of the documents incorporated by reference in, and forming part of, this Offering Circular shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement and (ii) neither (a) any documents incorporated by reference nor (b) any modifying or superseding statements form part of the listing particulars as contained in this Offering Circular given in compliance with the Listing Rules.

Any reference in this Offering Circular to listing particulars means this Offering Circular excluding all information incorporated by reference. The Issuer has confirmed that any information incorporated by reference, including any such information to which readers of this Offering Circular are expressly referred, has not been and does not need to be included in the listing particulars to satisfy the requirements of the FSMA or the Listing Rules. The Issuer believes that none of the information incorporated herein by reference conflicts in any material respect with the information included in the listing particulars.

Supplementary Listing Particulars

If at any time the Issuer shall be required to prepare supplementary listing particulars pursuant to Section 81 of the FSMA, the Issuer will prepare and make available an appropriate amendment or supplement to this Offering Circular or a further offering circular which, in respect of any subsequent issue of Notes to be admitted to the Official List of the UK Listing Authority, shall constitute supplementary listing particulars as required by the UK Listing Authority and Section 81 of the FSMA.

Programme Summary

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

Issuer:	GUS plc
Arranger:	UBS AG, acting through its business group UBS Warburg
Dealers:	Barclays Bank PLC, HSBC Bank plc, Merrill Lynch International, Morgan Stanley & Co. International Limited, Salomon Brothers International Limited, The Royal Bank of Scotland plc and UBS AG, acting through its business group UBS Warburg and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Principal Paying Agent:	HSBC Bank plc
Trustee:	HSBC Trustee (C.I.) Limited
Listing:	Each Series (as defined below) may be admitted to the Official List of the UK Listing Authority and 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 Pricing Supplement or may be unlisted.
Clearing Systems:	Euroclear and/or Clearstream, Luxembourg (each as defined in “Forms of the Notes”, below) and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Pricing Supplement.
Initial Programme Amount:	Up to £2,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time.
Issuance in Series:	Notes will be issued in series (each, a “Series”). Each Series may comprise one or more tranches (each, a “Tranche”) issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue amount, the issue date and 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.
Pricing Supplements:	Each Tranche will be the subject of a pricing supplement (the “Pricing Supplement”) which, for the purposes of that Tranche only, supplements the Terms and Conditions of the Notes and this Offering Circular and must be read in conjunction with this Offering Circular. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes as supplemented, amended and/or replaced by the relevant Pricing Supplement.
Forms of Notes:	Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note (as defined in “Forms of the Notes”, below) or a Permanent Global Note (as defined in “Forms of the Notes”, below), in each case as specified in the relevant Pricing Supplement. Each Global Note (as defined in “Forms of the Notes”, below) 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 Pricing Supplement, for Definitive Notes. If the TEFRA D Rules (as defined in “Forms of the Notes”, below) are specified in the relevant Pricing Supplement 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 (as defined in “Terms and Conditions of the Notes”, below) attached and, if appropriate, a Talon (as defined in “Terms and Conditions of the Notes”, below) for further Coupons.

Currencies: Notes may be denominated in any 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.

Issues of Notes with a maturity of more than one year denominated in Swiss Francs or carrying a Swiss Franc-related element (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 8 November 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading of 2 December 1996. Under these regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager (the “Swiss Dealer”), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer duly licensed by the Swiss Federal Banking Commission pursuant to the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the date of issue of the relevant Notes.

Status of the Notes: Notes will be issued 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 Pricing Supplement.

Maturities: Any maturity, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Any Notes having a maturity of less than one year must (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.

Redemption: Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Pricing Supplement. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Pricing Supplement.

Programme Summary

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 Pricing Supplement.
Tax Redemption:	Except as described in “Optional Redemption” above, early redemption will only be permitted for tax reasons as described in Condition 10(b) (Redemption and Purchase — Redemption for tax reasons).
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate 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:	Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Condition 5 (Negative Pledge).
Cross Default:	The Notes will have the benefit of a cross default as described in Condition 13 (Events of Default).
Taxation:	All payments in respect of Notes will be made free and clear of withholding taxes of the United Kingdom, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 12 (Taxation)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
Redenomination:	In respect of any Tranche of Notes, if the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Notes may be redenominated in euro in accordance with Condition 22 (Redenomination, Renominalisation and Reconventioning) if so specified in the relevant Pricing Supplement.
Governing Law:	English law.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, Japan and Switzerland see “Selling Restrictions” below.

Forms of the Notes

Each Tranche of Notes will initially be in the form of either a temporary global note (the “Temporary Global Note”), without interest coupons, or a permanent global note (the “Permanent Global Note”), without interest coupons, in each case as specified in the relevant Pricing Supplement. 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 Pricing Supplement 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 Pricing Supplement 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 as to 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 as to 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 as to 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 Pricing Supplement; or
- (ii) at any time, if so specified in the relevant Pricing Supplement; or
- (iii) if the relevant Pricing Supplement specifies “in the limited circumstances described in the Permanent Global Note”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (Events of Default) occurs.

The Permanent Global Note will also become exchangeable, in whole but not in part only and at the option of the Issuer, for Definitive Notes if, by reason of any change in the laws or regulations of the United Kingdom, the Issuer would suffer a material disadvantage in respect of the Notes which would not be

suffered if the Notes were in definitive form and a certificate to such effect signed by two directors of the Issuer is delivered to the Trustee.

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 Pricing Supplement), 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 Pricing Supplement 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 Pricing Supplement 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 as to non-U.S. beneficial ownership.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement 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 Pricing Supplement; or
- (ii) at any time, if so specified in the relevant Pricing Supplement; or
- (iii) if the relevant Pricing Supplement specifies “in the limited circumstances described in the Permanent Global Note”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (Events of Default) occurs.

The Permanent Global Note will also become exchangeable, in whole but not in part only and at the option of the Issuer, for Definitive Notes if, by reason of any change in the laws or regulations of the United Kingdom, the Issuer would suffer a material disadvantage in respect of the Notes which would not be suffered if the Notes were in definitive form and a certificate to such effect signed by two directors of the Issuer is delivered to the Trustee.

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 Pricing Supplement), 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 Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Global Note will differ from those terms and conditions which would apply to the Note were it a Definitive Note 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, Global Notes, Definitive Notes 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.”

The sections referred to in such legend provide that a United States person who holds a Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

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 Pricing Supplement, will be endorsed on each Definitive Note issued under the Programme. The terms and conditions applicable to any Global Note will differ from those terms and conditions which would apply to the Note were it a Definitive Note to the extent described under “Summary of Provisions Relating to the Notes while in Global Form”, below.

1. Introduction

- (a) *Programme*: GUS plc (the “Issuer”) has established a Euro Medium Term Note Programme (the “Programme”) for the issuance of up to £2,000,000,000 in aggregate principal amount of notes (the “Notes”) outstanding at any one time.
- (b) *Pricing Supplement*: 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 a pricing supplement (the “Pricing Supplement”) which supplements 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 Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.
- (c) *Trust Deed*: The Notes are constituted by, are subject to and have the benefit of a trust deed dated 23 October 2002 (as amended or supplemented from time to time, the “Trust Deed”) made between the Issuer and HSBC Trustee (C.I.) Limited (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees appointed under the Trust Deed).
- (d) *Paying Agency Agreement*: The Notes are the subject of a paying agency agreement dated 23 October 2002 (as amended or supplemented from time to time, the “Paying Agency Agreement”) between the Issuer, the Trustee, HSBC Bank plc as principal paying agent (the “Principal Paying Agent”, which expression includes any successor principal paying agent appointed from time to time in connection with the Notes) and the 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 Pricing Supplement. Copies of the relevant Pricing Supplement 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 Trust Deed and the Paying Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the “Noteholders”) and the holders of the related interest coupons, if any, (the “Couponholders” and the “Coupons”, respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Paying Agency Agreement applicable to them. Copies of the Trust Deed and the Paying Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Office of the Trustee and the Specified Offices of each of the Paying Agents, 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 Pricing Supplement;

“Additional Business Centre(s)” means the city or cities specified as such in the relevant Pricing Supplement;

“Additional Financial Centre(s)” means the city or cities specified as such in the relevant Pricing Supplement;

“Business Day” means:

- (i) if the Specified Currency is euro, a TARGET Settlement Day and a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) if the Specified Currency is not euro, a day (other than a Saturday or Sunday) 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 Pricing Supplement and, if so specified in the relevant Pricing Supplement, 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 Pricing Supplement 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 Pricing Supplement 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 Pricing Supplement;

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

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

- (i) if “Actual/Actual (ISMA)” 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” is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (vi) if “30E/360” or “Eurobond Basis” is so specified means, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

“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 Pricing Supplement;

“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 Pricing Supplement;

“Excluded Subsidiary” means any Subsidiary of the Issuer:

- (i) which is a single purpose company whose principal assets and business are constituted by the ownership, acquisition, development and/or operation of an asset;
- (ii) none of whose indebtedness for borrowed money in respect of the financing of such ownership, acquisition, development and/or operation of an asset is subject to any recourse whatsoever to any member of the Group (other than another Excluded Subsidiary) in respect of the repayment thereof, except as expressly referred to in sub-paragraph (ii) (3) of the definition of Non-recourse Indebtedness below; and
- (iii) which has been designated as such by the Issuer by written notice to the Trustee,

provided that the Issuer may give written notice to the Trustee at any time that any Excluded Subsidiary is no longer an Excluded Subsidiary, whereupon it shall cease to be an Excluded Subsidiary;

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

Terms and Conditions of the Notes

“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 Pricing Supplement;

“Fixed Coupon Amount” has the meaning given in the relevant Pricing Supplement;

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

“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;

“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 generally accepted accounting principles, 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 90 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;

“indebtedness for borrowed money” means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit, or (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash;

“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 Pricing Supplement;

“Interest Determination Date” has the meaning given in the relevant Pricing Supplement;

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

- (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 Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

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

“ISDA Definitions” means the 2000 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 Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.);

“Issue Date” has the meaning given in the relevant Pricing Supplement;

“Margin” has the meaning given in the relevant Pricing Supplement;

“Material Subsidiary” means any Subsidiary of the Issuer the turnover of which equals or exceeds 10 per cent. of the consolidated turnover of the Issuer. These figures will all be calculated on the basis of the then most recent audited consolidated accounts of the Issuer that are available to the public;

A certificate, signed by two directors of the Issuer, stating that a Subsidiary of the Issuer is or is not a Material Subsidiary or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties to the extent that the figures used to make such determination are set out in such certificate and have been confirmed in writing to the Trustee by the Auditors (as defined in the Trust Deed) as having been correctly extracted from the most recent consolidated accounts of the Issuer (whether audited annual or unaudited semi-annual) that are available to the public;

“Maturity Date” has the meaning given in the relevant Pricing Supplement;

“Maximum Redemption Amount” has the meaning given in the relevant Pricing Supplement;

“Minimum Redemption Amount” has the meaning given in the relevant Pricing Supplement;

“Non-recourse Indebtedness” means any indebtedness for borrowed money:

- (i) which is incurred by an Excluded Subsidiary; or
- (ii) in respect of which the person or persons to whom any such indebtedness for borrowed money is or may be owned by the relevant borrower (whether or not a member of the Group) has or have no recourse whatsoever to any member of the Group (other than an Excluded Subsidiary) for the repayment thereof other than:
 - (a) recourse to such borrower for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from any specific asset or assets over or in respect of which security has been granted in respect of such indebtedness for borrowed money; and/or
 - (b) recourse to such borrower for the purpose only of enabling amounts to be claimed in respect of such indebtedness for borrowed money in an enforcement of any encumbrance given by such borrower over any such asset or assets or the income, cash flow or other proceeds deriving therefrom (or given by any shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure such indebtedness for borrowed money, provided that (aa) the extent of such recourse to such borrower is limited solely to the amount of any recoveries made on any such enforcement, and (bb) such person or persons is/are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness for borrowed money, to commence proceedings for the winding up or dissolution of the borrower or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of the borrower or any of its assets (save for the assets the subject of such encumbrance); and/or
 - (c) recourse to such borrower generally, or directly or indirectly to a member of the Group, under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or any obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition) by the person against whom such recourse is available;

“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 Pricing Supplement;

“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 Pricing Supplement;

“Optional Redemption Date (Call)” has the meaning given in the relevant Pricing Supplement;

“Optional Redemption Date (Put)” has the meaning given in the relevant Pricing Supplement;

“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 euro, any day (other than a Saturday or Sunday) which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (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; or
- (ii) if the currency of payment is not euro, any day (other than a Saturday or Sunday) which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (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;

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

“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 Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

“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 Pricing Supplement;

Terms and Conditions of the Notes

“Reference Banks” has the meaning given in the relevant Pricing Supplement or, if none, four (or if the Principal Financial Centre is Helsinki, five) 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 Pricing Supplement;

“Reference Rate” has the meaning given in the relevant Pricing Supplement;

“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, the date on which the payment in question first becomes due but, if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

“Relevant Financial Centre” has the meaning given in the relevant Pricing Supplement;

“Relevant Indebtedness” means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, with the agreement of the Issuer, listed, quoted or traded on any stock exchange or securities market (including, without limitation, any over-the-counter market) other than such Indebtedness (a) in respect of loan capital which is in the form of stock, is in registered form, substantially the whole of which is initially offered or distributed, directly or indirectly, by or with the authorisation of the Issuer to investors resident in the United Kingdom, is payable, or confers any right to receive payment of principal and/or interest, in pounds sterling or, if the United Kingdom adopts the euro as its currency, euro and which is not accepted for clearance through Euroclear or Clearstream, Luxembourg; or (b) which by its terms will mature within a period of one year from the issue date thereof; or (c) which is Non-recourse Indebtedness; or (d) owed by one member of the Group to another member of the Group;

“Relevant Screen Page” means the page, section or other part of a particular information service (including, without limitation, the Reuters Money 3000 Service and the Moneyline Telerate Service) specified as the Relevant Screen Page in the relevant Pricing Supplement, 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 Pricing Supplement;

“Reserved Matter” has the meaning given in the Trust Deed;

“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 Pricing Supplement;

“Specified Denomination(s)” has the meaning given in the relevant Pricing Supplement;

“Specified Office” has the meaning given in the Paying Agency Agreement or, in relation to the Trustee, has the meaning given in the Trust Deed;

“Specified Period” has the meaning given in the relevant Pricing Supplement;

“Subsidiary” means a subsidiary within the meaning of section 736 of the Companies Act 1985 (as amended from time to time);

“Talon” means a talon for further Coupons;

“TARGET Settlement Day” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

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

“Zero Coupon Note” means a Note specified as such in the relevant Pricing Supplement;

(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 Pricing Supplement 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 Pricing Supplement 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), 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) 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; and
- (vii) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes.

3. Form Denomination and Title

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Pricing Supplement, Talons attached at the time of issue. In the case of a Series of 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 Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

4. Status

The Notes and Coupons constitute, subject to Condition 5 (Negative Pledge), direct, general, unsecured and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and (subject as aforesaid) 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.

5. Negative Pledge

So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Material Subsidiaries will, 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 Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution of Noteholders.

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 Pricing Supplement as being applicable.
- (b) *Accrual of interest*: The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (Payments). Each Note will cease to bear interest from the due date for 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 by the Principal Paying Agent, as the case may be).
- (c) *Fixed Coupon Amount*: The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount*: The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by multiplying the Rate of Interest by the principal amount of such Note, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure in accordance with Condition 21 (Rounding).

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 Pricing Supplement as being applicable.
- (b) *Accrual of interest*: The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (Payments). Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent 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 by the Principal Paying Agent, as the case may be).
- (c) *Screen Rate Determination*: If Screen Rate Determination is specified in the relevant Pricing Supplement 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 the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date as it would customarily quote 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 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 and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of the preceding Interest Period.

- (d) *ISDA Determination*: If ISDA Determination is specified in the relevant Pricing Supplement 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 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 Pricing Supplement;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.
- (e) *Index-Linked Interest*: If the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement 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 Pricing Supplement.
- (f) *Maximum or Minimum Rate of Interest*: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, 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 multiplying the Rate of Interest for such Interest Period by the principal amount of such Note during such Interest Period and multiplying the product by the relevant Day Count Fraction and rounding the resulting figure in accordance with Condition 21 (Rounding).

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

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 Pricing Supplement 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 Pricing Supplement 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 the Issuer satisfies the Trustee that:

- (A) 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 United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and

- (B) such obligation cannot be avoided by the Issuer 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 would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 90 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the circumstances referred to in (ii) (A) and (ii) (B) above prevail and setting out details of such circumstances. The Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the circumstances set out in (ii) (A) and (ii) (B) above, in which event they shall be conclusive and binding on the Noteholders and Couponholders. 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 Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer giving not less than 30 nor more than 60 days' notice to the Noteholders and having notified the Trustee in writing 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*: 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 Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) *Redemption at the option of Noteholders*: If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which 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(e), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 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) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.
- (g) *Early redemption of Zero Coupon Notes*: Unless otherwise specified in the relevant Pricing Supplement, 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 Pricing Supplement for the purposes of this Condition 10(g) or, if none is so specified, a Day Count Fraction of 30E/360.

- (h) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith.
- (i) *Cancellation*: All Notes purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached thereto may, but shall not be required to, be surrendered for cancellation and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled and may not be reissued or resold and the obligations of the Issuer in respect of such cancelled Notes shall be discharged.

11. Payments

- (a) *Principal*: Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by

cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).

- (b) *Interest*: Payments of interest shall, subject to paragraph (h) 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 (a) above.
- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law without involving, in the opinion of the Issuer, any adverse consequences to the Issuer.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (Taxation). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons*: If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto then:
 - (i) if the aggregate amount of the missing Coupons is less than or equal to the principal amount of such Note, 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 principal amount of such Note, 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 principal amount of such Note;
 - (ii) if the aggregate amount of the missing Coupons is greater than the principal amount of such Note:
 - (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 as near as possible to but not greater than the principal amount of such Note; and
 - (B) a sum equal to the aggregate amount of the Relevant 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 principal amount of such Note, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the principal amount of such Note) which the gross amount actually available for payment bears to the principal amount of such Note.

Subject to Condition 14 (Prescription), each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void Coupons.

- (f) *Unmatured Coupons void*: If the relevant Pricing Supplement specifies that this Condition 11(f) 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 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), 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.
- (g) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to

payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

- (h) *Payments of interest other than on Interest Payment Dates:* Payments of interest other than on Interest Payment Dates 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 (c) above).
- (i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 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.

12. Taxation

- (a) *Gross up:* All payments of principal, premium and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof 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 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) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
 - (ii) by or on behalf of a holder who would not be liable or subject to such withholding or deduction if a declaration of non-residence or other similar claim for exemption was made to the relevant taxing authority; or
 - (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; 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.
- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than or in addition to the United Kingdom, references in these Conditions to the United Kingdom shall be construed as references to that other jurisdiction or the United Kingdom and that additional jurisdiction as the case may be.

13. Events of Default

If any of the following events occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter in 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), (d) and (e) below and, in relation only to a Material Subsidiary of the Issuer, paragraph (f) 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, in all cases, to the Trustee having been indemnified and/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 Early Termination 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 7 days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 14 days of the due date for payment thereof; or
- (b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed 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 remedy, remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer; or
- (c) *Cross-default of Issuer or Subsidiary*:
 - (i) any Indebtedness of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period; or
 - (ii) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Subsidiary or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or
 - (iii) the Issuer or any of its Subsidiaries 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 £20,000,000 (or its equivalent in any other currency or currencies as determined by the Trustee); or
- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount is rendered against the Issuer or any of its Material Subsidiaries 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 of, or a receiver, manager or other similar officer is appointed in relation to, the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries and such taking of possession or appointment is not permanently set aside or discharged within 21 days after the date thereof; or
- (f) *Insolvency etc*: (i) the Issuer or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due; (ii) an administrator or liquidator of the Issuer or any Material Subsidiary or the whole or any part of the undertaking, assets and revenues of the Issuer or any Material Subsidiary is appointed (or application for any such appointment is made); (iii) the Issuer or any Material Subsidiary 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 any Material Subsidiary ceases or threatens to cease to carry on all or any substantial part of its business except, in the case of this sub-paragraph (iv), for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a) on terms approved by the Trustee or by an Extraordinary Resolution of the Noteholders, or (b) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Material Subsidiaries; 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 any Material Subsidiary except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a) on terms previously approved by the Trustee or by an Extraordinary Resolution of the Noteholders, or (b) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Material Subsidiaries.

14. Prescription

Claims for principal 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.

15. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any 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 or Coupons must be surrendered before replacements will be issued.

16. Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and 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 and any entity related to the Issuer 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, Coupons or Talons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Paying Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer 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 their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor principal paying agent or Calculation Agent and additional or successor paying agents; *provided, however, that*:

- (a) the Issuer shall at all times maintain a Principal Paying Agent; and
- (b) if the conclusions of the ECOFIN Council meeting of 26-27 November 2000 are implemented, the Issuer will ensure that it maintains a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing such conclusions 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 Pricing Supplement, the Issuer shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any

particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system.

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

17. Meetings of Noteholders; Modification and Waiver; Substitution

- (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 Trustee, the Issuer or by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, 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 holders of not less than 90 per cent. of the principal amount of the Notes for the time being outstanding 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:* The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (subject to certain exceptions) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, other than a modification in respect of a Reserved Matter or a waiver or authorisation of a breach or proposed breach relating to the subject of a Reserved Matter, which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders and Couponholders or to any modification which is of a formal, minor or technical nature or to correct a manifest error. Such authorisation, waiver or modification shall be binding on all Noteholders and Couponholders.

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 any Subsidiary of the Issuer or a Successor in Business (as defined in the Trust Deed) of the Issuer or any Subsidiary 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 after the occurrence of an Event of Default (as defined in the Trust Deed), 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 unless:

- (a) it has been so requested in writing by the holders of at least one quarter in principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified and/or provided with security to its satisfaction.

No Noteholder may proceed directly against the Issuer 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 Noteholders shall be valid if published in a leading English language daily newspaper published in the United Kingdom (which is expected to be the *Financial Times*) or, if in the opinion of the Trustee 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.

21. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (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, (d) all sterling amounts used in or resulting from such calculations will be rounded to the nearest pence (with one half pence being rounded up), (e) all euro amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), and (f) 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.

22. Redenomination, Renominalisation and Reconventioning

- (a) *Application*: This Condition 22 (Redenomination, Renominalisation and Reconventioning) is applicable to the Notes only if it is specified in the relevant Pricing Supplement as being applicable.
- (b) *Notice of redenomination*: If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders and Couponholders, on giving at least 30 days' prior notice to the Noteholders and the Paying Agents and having notified the Trustee prior to the provision of such notice, designate a date (the "Redenomination Date"), being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State.
- (c) *Redenomination*: Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:
 - (i) the Notes shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into euro at the rate for conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); *provided, however, that*, if the Issuer determines, with the agreement of the Trustee then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders and Couponholders, 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 Paying Agents of such deemed amendments;

- (ii) if Notes have been issued in definitive form:
 - (A) all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date (the “Euro Exchange Date”) on which the Issuer gives notice (the “Euro Exchange Notice”) to the Noteholders that replacement Notes and Coupons denominated in euro are available for exchange (provided that such Notes and Coupons are available) and no payments will be made in respect of such void Coupons;
 - (B) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 22) shall remain in full force and effect; and
 - (C) new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Trustee may specify and as shall be notified to the Noteholders in the Euro Exchange Notice; and
- (iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro by cheque drawn on, or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Member State of the European Communities.
- (d) *Interest*: Following redenomination of the Notes pursuant to this Condition 22, where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder.
- (e) *Interest Determination Date*: If the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable and Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, with effect from the Redenomination Date the Interest Determination date shall be deemed to be the second TARGET Settlement Day before the first day of the relevant Interest Period.

23. Governing Law and Jurisdiction

- (a) *Governing law*: The Notes and the Trust Deed and all matters arising from or connected with the Notes and the Trust Deed are governed by, and shall be construed in accordance with, English law.
- (b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a “Dispute”) arising from or connected with the Notes and the Trust Deed.
- (c) *Appropriate forum*: The Issuer has agreed in the Trust Deed that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Trustee and the Noteholders to take proceedings outside England*: Condition 23(b) (English courts) is for the benefit of the Trustee and the Noteholders only. As a result, nothing in this Condition 23 (Governing law and jurisdiction) prevents the Trustee or any Noteholder from taking proceedings relating to a Dispute (“Proceedings”) in any other courts with jurisdiction. To the extent allowed by law, the Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

Pro Forma Pricing Supplement

The Pricing Supplement 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 Pricing Supplement but denotes directions for completing the Pricing Supplement.

Pricing Supplement dated ●

GUS plc

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the £2,000,000,000

Euro Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 23 October 2002. This Pricing Supplement must be read in conjunction with such Offering Circular.

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

- | | |
|---|--|
| 1. Issuer: | GUS plc |
| 2. [(i) [Series Number:]] | [] |
| [(ii) [Tranche Number:
(If fungible with an existing Series, details of
that Series, including the date on which the
Notes become fungible).]] | [] |
| 3. Specified Currency or Currencies: | [] |
| 4. Aggregate Principal Amount: | |
| [(i)] [Series:] | [] |
| [(ii) [Tranche: | [] |
| 5. [(i)] Issue Price: | [] per cent. of the Aggregate Principal
Amount [plus accrued interest from [insert date] (in
the case of fungible issues only, if applicable)] |
| [(ii) Net proceeds: | [] (Required only for listed issues)] |
| 6. Specified Denominations: | []
[] |
| 7. [(i)] Issue Date: | [] |
| [(ii) Interest Commencement Date (if different
from the Issue Date): | [] |
| 8. Maturity Date: | [specify date or (for Floating Rate Notes) Interest
Payment Date falling in the relevant month and year]

[If the Maturity Date is less than one year from the
Issue Date, 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 another applicable exemption from section 19 of the FSMA must be available).]

9. Interest Basis: [● % Fixed Rate]
[[specify reference rate] +/- ● % 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: [Put Option]
[Call Option]
[(further particulars specified below)]
13. Status of the Notes: [Senior]
14. Listing: [Applications have been made for the Notes to be admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange/other (specify)/None]
15. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. 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] in arrear]
- (ii) Interest Payment Date(s): [] in each year
- (iii) Fixed Coupon Amount[(s)]: [] [per Note of [] Specified Denomination and per Note of [] Specified Denomination]
- (iv) Day Count Fraction: [30/360]/[Actual/Actual (ISMA)]/[If neither of these options applies, give details]
- (v) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
(Consider if day count fraction, particularly for non-U.S. dollar denominated issues, should be on an Actual/Actual (ISMA) basis. Also consider what should happen to unmatured Coupons in the event of early redemption of the Notes.)

17. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate)
- (i) Specified Period(s)/ Interest Payment Dates: []
- (ii) Business Day Convention: [Floating Rate Convention/FRN Convention/
Eurodollar Convention/ Following Business Day
Convention/ Modified Following Business Day
Convention/Modified Business Day Convention/
Preceding Business Day Convention/ No adjustment/
other *(give details)*]
- (iii) Additional Business Centre(s): [Not Applicable/*give details*]
- (iv) Manner in which the Rate(s) of Interest is/
are to be determined: [Screen Rate Determination/ISDA Determination/
other *(give details)*]
- (v) Party responsible for calculating the Rate(s)
of Interest and Interest Amount(s) (if not the
[Principal Paying Agent]): [[Name] shall be the Calculation Agent *(no need to
specify if the Principal Paying Agent is to perform
this function)*]
- (vi) Screen Rate Determination:
- Reference Rate: [For example, LIBOR or EURIBOR]
 - Relevant Screen Page: [For example, Moneyline Telerate page 3750/248]
 - Interest Determination Date(s): []
 - Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
 - Relevant Financial Centre: [For example, London/Euro-zone *(where Euro-zone
means the region comprised of the countries whose
lawful currency is the euro)*]
- (vii) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: []
- (xii) 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: []

18. Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: [Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition [10(g)]]
19. Index-Linked Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Index/Formula: [Give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: []
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: []
- (iv) Interest Period(s)/Specified Interest Payment Dates: []
- (vi) Business Day Convention: [Floating Rate Convention/FRN Convention/Eurodollar Convention/ Following Business Day Convention/Modified Following Business Day Convention/Modified Business Day Convention/ Preceding Business Day Convention/No adjustment/ other (give details)]
- (vii) Additional Business Centre(s): []
- (viii) Minimum Rate of Interest: [] per cent. per annum
- (ix) Maximum Rate of Interest: [] per cent. per annum
- (x) Day Count Fraction: []
20. Dual Currency Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

21. Call Option [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s) (Call): []
 - (ii) Optional Redemption Amount(s) (Call) and method, if any, of calculation of such amount(s): []
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: []
 - (b) Maximum Redemption Amount: []
 - (iv) Notice period (if other than as set out in the Conditions): []
22. Put Option [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): []
 - (iii) Notice period (if other than as set out in the Conditions): []
23. Final Redemption Amount [Par/other/see Appendix]
24. (i) Early Redemption Amount (Tax)
Early Redemption Amount (Tax) payable on redemption for taxation reasons: [Not Applicable *(if the Early Redemption Amount is the principal amount of the Notes)/specify the Early Redemption Amount (Tax) if different from the principal amount of the Notes)*]
- (ii) Early Termination Amount
Early Termination Amount payable on event of default: [Not Applicable *(if the Early Termination Amount is the principal amount of the Notes)/specify the Early Termination Amount if different from the principal amount of the Notes)*]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. 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].
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details. Note that this item relates to the place of payment, and not interest period end dates, to which items 17(iii) and 19(vii) relate*]
27. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
28. 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 of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
29. Details relating to instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 22 (*Redenomination, Renominatisation and Reconventioning*)] [annexed to this Pricing Supplement] apply]
31. Consolidation provisions: [Not Applicable/The provisions [in Condition 19 (*Further Issues*)] [annexed to this Pricing Supplement] apply]
32. Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

33. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
(ii) Stabilising Manager (if any): [Not Applicable/*give name*]
34. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
35. TEFRA: [Not Applicable/The [C/D] Rules are applicable]
36. Additional selling restrictions: [Not Applicable/*give details*]

OPERATIONAL INFORMATION

37. ISIN Code: []
38. Common Code: []
39. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
40. Delivery: Delivery [against/free of] payment

41. Additional Paying Agent(s) (if any / Replacement Agent (if not the Principal Paying Agent): [Not Applicable/*give names(s)*]

[LISTING APPLICATION

This Pricing Supplement comprises the details required for the Notes described herein to be admitted to the Official List of the UK Listing Authority and admitted to trading by the London Stock Exchange pursuant to the admission to listing and trading of the £2,000,000,000 Euro Medium Term Note Programme of GUS plc.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:
Duly authorised

Summary of Provisions Relating to the Notes while in Global Form

Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to “Noteholder” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by 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 to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

Exchange of Temporary Global Notes

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

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated, 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.

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 Pricing Supplement), 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.

Conditions applicable to Global Notes

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

Payments: All payments in respect of the Global Note will be made against presentation for notation 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.

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 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

Summary of Provisions Relating to the Notes while in Global Form

Principal Paying Agent 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) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, 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.

Redenomination: If the Notes are redenominated pursuant to Condition 22 (Redenomination, Renominalisation and Reconventioning), then following redenomination:

- (a) if Definitive Notes are required to be issued, they shall be issued at the expense of the Issuer in the denominations of euro 0.01, euro 1,000, euro 10,000, euro 100,000 and such other denominations as the Principal Paying Agent shall determine and notify to the Noteholders; and
- (b) the amount of interest due in respect of Notes represented by a Permanent Global Note and/or a Temporary Global Note will be calculated by reference to the aggregate principal amount of such Notes and the amount of such payment shall be rounded down to the nearest euro 0.01.

Description of the Issuer

GUS plc (“GUS”) was incorporated in England on 16 March 1917 as The Universal Stores (Manchester) Limited, with registered number 146575, initially as a private company under the Companies Acts 1908 and 1913. On 28 February 1930 it changed its name to The Great Universal Stores Limited and was re-registered as a public limited company on 21 December 1981 under the Companies Acts 1948 to 1980. On 25 July 2001 it changed its name to GUS plc. The registered office is at Universal House, Devonshire Street, Manchester M60 1XA.

Its core activities are in information services and retail. In addition to these core activities, GUS owns 77.5 per cent. of the voting share capital of Burberry Group plc (“Burberry”); Lewis Stores, a South African retailing operation; and a 50 per cent. stake in a property joint venture in the United Kingdom.

As at 31 March 2002, GUS and its subsidiary undertakings (the “Group”) had net assets of £2.42 billion (£2.42 billion as at 31 March 2001). The Group achieved turnover of £6.46 billion for the year ended 31 March 2002 (£6.04 billion for the year ended 31 March 2001). Profit before amortisation of goodwill, exceptional items and taxation for the financial year ended 31 March 2002 was £552.1 million (£486.8 million for the year ended 31 March 2001). As at 31 March 2002, the authorised share capital of GUS was £312.5 million divided into 1.25 billion ordinary shares each of 25p nominal value. The issued and paid up capital as at 31 March 2002 was £251.7 million with 1,006,662,067 shares allotted, called up and fully paid.

Summary Financial Information

The following table shows summary financial information for the Group for the five years to 31 March 2002:

	For the years ended 31 March				
	1998	1999	2000	2001	2002
Earnings and Dividends					
Basic earnings per share.....	43.3p	32.1p	27.4p	20.3p	25.7p
Basic earnings per share before amortisation of goodwill and exceptional items.....	38.9p	38.8p	34.5p	37.2p	41.7p
Dividend per share.....	20.0p	20.6p	20.6p	21.0p	21.7p
Dividend cover	1.9	1.9	1.7	1.8	1.9
Profit by division	£m	£m	£m	£m	£m
Experian.....	141.9	193.7	200.6	216.6	229.1
Argos Retail Group					
Argos.....	—	117.0	137.4	160.8	204.0
Home Shopping – UK & Ireland.....	126.4	106.3	11.8	25.1	33.1
Financial Services.....	—	—	14.4	4.5	(4.8)
Home Shopping – Continental Europe.....	29.3	29.5	25.1	21.7	22.4
	<u>155.7</u>	<u>252.8</u>	<u>188.7</u>	<u>212.1</u>	<u>254.7</u>
Reality.....	—	—	2.8	5.1	0.5
Burberry.....	24.9	10.7	21.7?	69.5	90.3
Other.....	128.6	105.0	98.1	57.8	44.0
	<u>451.1</u>	<u>562.2</u>	<u>511.9</u>	<u>561.1</u>	<u>618.6</u>
Interest income/(expense).....	<u>104.0</u>	<u>(48.6)</u>	<u>(64.0)</u>	<u>(74.3)</u>	<u>(66.5)</u>
Profit before amortisation of goodwill, exceptional items and taxation.....	555.1	513.6	447.9	486.8	552.1
Amortisation of goodwill.....	—	(72.6)	(79.4)	(92.3)	(99.4)
Exceptional items.....	68.6	9.4	11.1	(84.7)	(72.6)
Profit before taxation.....	<u>623.7</u>	<u>450.4</u>	<u>379.6</u>	<u>309.8</u>	<u>380.1</u>
Tax on profit on ordinary activities.....	(181.6)	(118.2)	(104.5)	(106.1)	(122.1)
Profit after taxation.....	<u><u>442.1</u></u>	<u><u>332.2</u></u>	<u><u>275.1</u></u>	<u><u>203.7</u></u>	<u><u>258.0</u></u>

Description of the Issuer

	At 31 March				
	1998	1999	2000	2001	2002
	£m	£m	£m	£m	£m
Balance Sheet					
Goodwill	—	1,503.5	1,437.6	1,516.2	1,421.5
Other fixed assets.....	987.4	1,212.4	1,238.1	1,213.2	1,349.5
Trading assets	1,303.0	1,947.1	1,993.6	1,626.4	1,393.8
Net cash/(borrowings) (including non-recourse borrowings)	284.9	(2,069.8)	(1,931.4)	(1,711.9)	(1,485.4)
Dividends and taxation.....	(276.9)	(196.2)	(271.6)	(221.0)	(256.8)
Net assets	<u>2,298.4</u>	<u>2,397.0</u>	<u>2,466.3</u>	<u>2,422.9</u>	<u>2,422.6</u>

Principal Business Divisions

Information Services – Experian

Experian is a world-wide information services business offering its customers information and solutions, primarily in the fields of credit and marketing, and business process outsourcing. The information offered includes databases on consumer credit, with records on over 300 million individuals, business credit, marketing information, motor vehicles (over 350 million vehicles), insurance claims and property. Solutions include credit scoring, risk management tools, application processing, marketing list enhancement, database management, micro-marketing and customer relationship management. Outsourcing services include print and mail, cheque and document processing and call centres. Experian serves clients in more than fifty countries, including the United States of America, the United Kingdom, France, Germany, Italy, Spain and the Netherlands.

The growing demand for information services is a result of the growth of consumer credit and related services, including credit and charge cards across the globe, the emergence of new markets for information services, such as the insurance and telecommunications markets, and the growth in targeted direct marketing. The demand for outsourcing services grows as businesses increasingly concentrate on core activities. Experian has made and continues to make investments in information technology software and hardware, product development and information databases.

In the year ended 31 March 2002, Experian achieved sales of £1,092 million and trading profit before amortisation of goodwill, exceptional items and taxation of £229.1 million (compared to £1,018 million and £216.6 million respectively for the year ended 31 March 2001).

Retail – Argos Retail Group

The Argos Retail Group (“ARG”) was formed in June 2000, combining the skills and assets of Argos and GUS Home Shopping to create a multi-brand, multi-channel business. It maintains separate retail brands, each with its own customer proposition. Support functions are integrated and benefits of scale are driven by combined buying and merchandising. Its retail brands provide the convenience of home shopping through a multi-channel offer, combining catalogues and e-commerce, and are focused on broadening customer choice through the development of new products and services.

In the year ended 31 March 2002, the division achieved sales of £4,629 million and profits before amortisation of goodwill, exceptional items and taxation of £254.7 million, (compared with £4,250 million and £212.1 million respectively for the year ended 31 March 2001).

Argos sells a broad range of consumer durable goods and household items including jewellery, consumer electricals, furniture and toys. These are displayed in a catalogue through a network of over 490 retail outlets across the United Kingdom and Ireland. Argos currently produces approximately 16.5 million retail catalogues every six months. Argos has continued to increase the choice of products and services available to its customers and has over 11,000 lines in the current catalogue. The use of a catalogue to display its stock means that Argos spends less (as percentage of sales) than many of its high street rivals both on promotional advertising (since this is conducted directly through its catalogues) and on store rental costs (since it is the Argos catalogue and not the location of stores which attracts most of Argos’s customers).

GUS’s Home Shopping business, which operates in the United Kingdom, Ireland, the Netherlands and Sweden, falls into two main categories. The first is agency home shopping which offers a wide range of clothing and household goods via a catalogue issued free of charge to agents who place orders for themselves and their customers. Catalogue prices, which are typically 15 to 20 per cent. higher than those

of high street retailers, include the cost of a number of additional services offered to customers such as credit (payment for goods can be spread over a period of up to three years, with interest free credit available for up to 40 weeks), home delivery, free return of unwanted items and agent's commission. The second is direct mail order catalogues which enable customers to deal directly with mail order companies without an agent receiving commission. These catalogues do not offer all the additional services offered by agency catalogues, but charge prices closer to those offered by high street retailers. The direct mail order market is growing rapidly.

GUS's logistics and customer care operation, Reality, was formed in May 2000, combining existing call centre and logistics assets. ARG is its largest customer, accounting for approximately 80 per cent. of sales. In the year ended 31 March 2002 Reality achieved sales of £471 million (compared to £476 million in the year ended 31 March 2001) and profit before amortisation of goodwill, exceptional items and taxation of £0.5 million, after £4 million of restructuring costs (compared to £5.1 million in the year ended 31 March 2001). From 1 April 2002, Reality's external sales are accounted for in two divisions. The external logistics sales are being reported as a separate line under ARG, with the call centre and related activities sales being part of the Experian outsourcing business. For the year to 31 March 2002, the split on this basis would have reported £74 million of external logistics sales within ARG and £23 million in Experian outsourcing. The majority of the profit would have been included within ARG.

Financial Services comprises the Argos store card (which was launched nationally in January 2001 and had 460,000 active accounts at 31 March 2002 with outstanding balances of £105m), personal loans, insurance and a small banking business.

Burberry

Burberry is a distinctive luxury brand with international recognition and broad appeal, which designs, sources, manufactures and distributes high-quality apparel and accessories. Burberry's products include apparel for women, men and children and accessories such as handbags, scarves, small leather goods and silks. It manufactures a portion of its outerwear, with the majority of its products sourced from third parties. In certain product categories and geographic areas, it combines its expertise with that of licensing partners by selectively granting licences for the design, manufacture and distribution of products under the Burberry name. Burberry's most significant licensing relationship is in Japan, where its partners design and manufacture products under the Burberry brand for distribution in the Japanese market. Burberry also maintains licensing relationships in specialised product categories such as eyewear and fragrance. It works closely with its partners to ensure brand consistency in terms of image, design, quality and distribution.

Burberry sells its products in Europe, North America and Asia through its own directly operated stores and wholesale customers. At 1 June 2002 it operated 60 stores and 10 concessions. Its wholesale customers include leading and prestige department stores and specialty retailers. In addition, its licensing partners sell products through specialised distribution channels. It is estimated that the annual retail value of products sold globally under the Burberry brand is approximately £2 billion. In the year ended 31 March 2002, Burberry achieved sales of £499 million (compared to £425 million in the year ended 31 March 2001) and profit before amortisation of goodwill, exceptional items and taxation of £90.3 million (compared to £69.5 million in the year ended 31 March 2001).

Other Businesses

GUS's South African retailing business is Lewis Stores, which is a large mass market retailer of furniture in South Africa and neighbouring countries and also sells electrical goods under the name Best Electric. In the year ended 31 March 2002 Lewis Stores accounted for £123 million of the Group's sales and £30.9 million of trading profits before amortisation of goodwill, exceptional items and taxation. This compared to £150 million and £30.7 million respectively in the year ended 31 March 2001.

GUS's property portfolio is part of a joint venture, 50 per cent. owned by GUS and 50 per cent. owned by The British Land Company PLC. The joint venture is managed on a day-to-day basis by The British Land Company PLC with joint Board representation. It continues to dispose of properties in order to repay debt and return cash to the two shareholders. As at 31 March 2002, GUS's investment in the joint venture was valued at £195.3 million. In the year ended 31 March 2002, this division produced £24.8 million of profit before amortisation of goodwill, exceptional items and taxation (compared to £29.6 million for the year ended 31 March 2001).

Description of the Issuer

GUS's vehicle financing operation continues to wind down. The outstanding debtor book at 31 March 2002, net of provisions was £254 million. Profit before amortisation of goodwill, exceptional items and taxation for the year to 31 March 2002 was £15.1 million compared to £20.2 million for the year ended 31 March 2001.

Recent Developments

On 19 March 2002, Experian announced the acquisition of ConsumerInfo.com, the leading supplier of on-line credit reports, credit scores and related information to consumers in the United States of America, for U.S.\$130 million.

On 29 May 2002, GUS announced an initial public offering ("IPO") of part of its shareholding in Burberry. Burberry was admitted to trading on the London Stock Exchange on 12 July 2002. Following the IPO, GUS owns approximately 77.5 per cent. of Burberry. The net proceeds of the IPO, amounting to approximately £240 million, were used by Burberry principally to repay inter-company borrowings from GUS, and Burberry was left with a net cash balance of approximately £10 million. GUS intends to use the funds generated to support its programme of investment in organic growth and selective acquisitions. GUS and Burberry have entered into a relationship agreement which provides for all transactions between the two groups to be conducted at arms length and on a normal commercial basis; a services agreement under which GUS agrees to provide certain services to Burberry; a tax indemnity agreement and a tax sharing agreement. GUS has also agreed to provide a committed borrowing facility of up to £150 million to Burberry.

Directors and Secretary

Name	Title
Sir Victor Blank	Chairman
John Peace	Group Chief Executive
David Tyler	Group Finance Director
Terry Duddy	Chief Executive of Argos Retail Group
Alan Smart	Chief Executive of South African Retailing
Lord Harris of Peckham	Non-Executive Director
Frank Newman	Non-Executive Director
Lady Patten of Wincanton	Non-Executive Director
Sir Alan Rudge	Non-Executive Director
Oliver Stocken	Non-Executive Director
David Morris	Company Secretary

The Secretary has his business address at Universal House, Devonshire Street, Manchester M60 1XA. The business address of all the directors is One Stanhope Gate, London, W1K 1AF.

Capitalisation and Indebtedness

The following table sets out the consolidated capital and reserves, indebtedness and other borrowings of the Group (as extracted from the audited financial statements of the Group) as at 31 March 2002.

	As at 31 March 2002 £ millions
Capital and Reserves	
Called up Share Capital ⁽¹⁾	251.7
Share Premium Account	3.4
Revaluation Reserve	120.9
Profit and Loss Account	2,041.2
Shareholders' Funds.....	<u>2,417.2</u>
Indebtedness and Other Borrowings	
Secured Finance Leases.....	10.5
Unsecured Loans	976.8
Bank Loans.....	469.0
Overdrafts.....	83.8
Securitised Borrowings ⁽²⁾	201.0
Total Indebtedness and Other Borrowings.....	<u>1,741.1</u>
Total Capitalisation and Indebtedness	<u>4,158.3</u>

Notes:

- (1) At 31 March 2002, the authorised share capital of GUS was 1,250,000,000 Ordinary Shares of 25p each and the issued share capital of GUS was 1,006,662,067 Ordinary Shares of 25p each. There has been no material change to the authorised and issued share capital of GUS since 31 March 2002.
- (2) As part of a securitisation transaction the Group sold a significant portion of its motor finance receivables to a special purpose vehicle which had issued notes to investors secured over such receivables. The recourse of investors is limited to the receivables and the notes are not obligations of, nor are they guaranteed by, any member of the Group (other than the special purpose vehicle). At 31 March 2002 securitised borrowings amounted to £201.0 million.
- (3) As at 31 March 2002, the Group had outstanding guaranteed deferred consideration of £21.7 million and other contingent liabilities of £2.6 million.
- (4) Save as disclosed above, as at 31 March 2002 none of the Indebtedness and Other Borrowings is secured or guaranteed and there are no contingent liabilities of the Group.
- (5) Save as disclosed in the above table and the notes thereto, there has been no material change in the consolidated Capital and Reserves, Indebtedness and Other Borrowings, guarantees or contingent liabilities of the Group since 31 March 2002.

Taxation

1. United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Pricing Supplement may affect the tax treatment of that and other series of Notes. The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

2. UK Withholding Tax on UK Source Interest

2.1 UK Notes listed on a recognised stock exchange

Notes which carry a right to interest will constitute “quoted Eurobonds” provided they are and continue to be listed on a recognised stock exchange. On the basis of the United Kingdom Inland Revenue’s published interpretation of the relevant legislation, securities which are to be listed on a stock exchange in a country which is a member state of the European Union or which is part of the European Economic Area will satisfy this requirement if they are listed by a competent authority in that country and are admitted to trading on a recognised stock exchange in that country; securities which are to be listed on a stock exchange in any other country will satisfy this requirement if they are admitted to trading on a recognised stock exchange in that country. The London Stock Exchange is a recognised stock exchange for these purposes. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

2.2 Notes not listed on a Recognised Stock Exchange

Broadly, in all cases falling outside the exemption described in 2.1 above (and subject to below), interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the lower rate (currently 20 per cent.) subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available under the provisions of any applicable double taxation treaty. However, this withholding will not apply if the relevant interest is paid on Notes with a maturity date of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more.

3. Provision of Information

Holders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a “paying agent”), or is received by any person in the United Kingdom acting on behalf of the relevant Holder (other than solely by clearing or arranging the clearing of a cheque) (a “collecting agent”), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to the United Kingdom Inland Revenue details of the payment and certain details relating to the Holder (including the Holder’s name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Holder is resident in the United Kingdom for United Kingdom taxation purposes. Where the Holder is not so resident, the details provided to the United Kingdom Inland Revenue may, in certain cases, be passed by the United Kingdom Inland Revenue to the tax authorities of the jurisdiction in which the Holder is resident for taxation purposes.

With effect from 6 April 2003, the provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes where the amount payable on redemption is greater than the issue price of the Notes.

4. Proposed EU Savings Directive

On 13 December 2001, the EU Council of Economic and Finance Ministers approved the text of a proposed new directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system for a transitional period in relation to such payments. The proposed directive is not yet final, and may be subject to further amendment and/or clarification.

5. Other Rules Relating to United Kingdom Withholding Tax

- 5.1 Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes will not be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in 2 above, but may be subject to reporting requirements as outlined in 3 above.
- 5.2 Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.
- 5.3 Where interest has been paid under deduction of United Kingdom income tax, Holders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
- 5.4 The references to “interest” in 1 to 4 above mean “interest” as understood in United Kingdom tax law. The statements in 1 to 4 above do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.
- 5.5 The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer pursuant to Condition 17 of the Notes and does not consider the tax consequences of any such substitution.

Selling Restrictions

Notes may be sold from time to time by the Issuer to any one or more of Barclays Bank PLC, HSBC Bank plc, Merrill Lynch International, Morgan Stanley & Co. International Limited, Salomon Brothers International Limited, The Royal Bank of Scotland plc and UBS AG, acting through its business group UBS Warburg (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 a Dealer Agreement dated 23 October 2002 (the “Dealer Agreement”) and made between the Issuer 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 Pricing Supplement or neither if TEFRA is specified as not applicable in the relevant Pricing Supplement.*

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 under the Securities Act (“Regulation S”).

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

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes of an identifiable Tranche, (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 and 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 to the Mandated Dealer (as defined in the Dealer Agreement) as to the Notes of such Tranche purchased by or through it, in which case the Mandated Dealer shall notify the Principal Paying Agent, the Issuer and 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.

United Kingdom

Each Dealer has represented, warranted and agreed that:

- (a) ***No offer to public — listed Notes:*** in relation to Notes which have a maturity of one year or more and which are to be admitted to the Official List of the UK Listing Authority, it has not offered or sold and will not offer or sell any such Notes to persons in the United Kingdom prior to admission of such Notes to listing in accordance with Part VI of the FSMA, except 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 otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Regulations or the FSMA;
- (b) ***No offer to public — unlisted Notes:*** in relation to Notes which have a maturity of one year or more and which are not to be admitted to the Official List of the UK Listing Authority, it has not offered or sold and, prior to the expiry of a period of six months from the Issue Date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the

Selling Restrictions

purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Regulations;

- (c) **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;

- (d) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (e) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Switzerland

Each Dealer has agreed that any issue of Notes denominated in Swiss Francs will be in compliance with the guidelines of the Swiss National Bank regarding issues of Swiss Franc denominated debt securities.

General

Other than with respect to the admission to listing, trading and/or quotation by such one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the Pricing Supplement, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular or any Pricing Supplement comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealer Agreement provides that the restrictions relating to any specific jurisdiction (set out above) shall be deemed to be modified to the extent (if at all) that such restrictions shall, as a result of change(s) in, or change(s) in official interpretation of, after the date hereof, 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

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 Pricing Supplement (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 document.

General Information

Listing

The admission of the Programme to the Official List of the UK Listing Authority and to trading on the London Stock Exchange is expected to take effect on 28 October 2002. The listing of the Notes on 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 the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange will be so admitted upon submission to the UK Listing Authority and the London Stock Exchange of the relevant Pricing Supplement and any other information required by the UK Listing Authority and the London Stock Exchange, subject in each case to the issue of the relevant Notes. Prior to such admission, 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 UK Listing Authority or 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 listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree.

Authorisations

The establishment of the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 27 May 2002 and the Finance Committee of the Issuer passed on 17 October 2002. The Issuer 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.

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 Pricing Supplement relating thereto. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Use of proceeds

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer for its general corporate purposes.

Litigation

There are no legal or arbitration proceedings against or affecting the Issuer, any of its Subsidiaries or any of their respective assets or revenues, nor is the Issuer aware of any pending or threatened proceedings of such kind, which may have or have had during the 12 months prior to the date of this Offering Circular a significant effect on the financial position of the Issuer and its Subsidiaries.

No significant change

Save as disclosed in this Offering Circular and since the last day of the financial period in respect of which the most recent consolidated audited financial statements of the Issuer have been prepared, there has been no significant change in the financial or trading position of the Issuer and its Subsidiaries and, since such date, save as disclosed in this Offering Circular, there has been no material adverse change in the financial position or prospects of the Issuer and its Subsidiaries.

Auditors

The financial statements of the Issuer have been audited for the three financial years preceding the date of this document by PricewaterhouseCoopers, Chartered Accountants and Registered Auditors for that period, and unqualified opinions have been reported thereon.

Certificates

The Trust Deed provides that the Trustee may rely on certificates or reports from the auditors of the Issuer and/or any other expert in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the auditors of the Issuer or such other expert in connection therewith contains any limit on liability (monetary or otherwise) of the auditors of the Issuer or such other expert.

Documents available for inspection

For so long as the Programme remains in effect or any Notes shall be outstanding, copies of the following documents may be inspected during normal business hours at the specified office of the Principal Paying Agent, namely:

- (a) the constitutive documents of the Issuer;
- (b) the current listing particulars in relation to the Programme, together with any amendments;
- (c) the Paying Agency Agreement;
- (d) the Trust Deed (which contains the forms of the Notes in global and definitive form);
- (e) the Dealer Agreement;
- (f) the most recent publicly available audited consolidated financial statements of the Issuer beginning with such financial statements for the years ended 31 March 2001 and 31 March 2002 and the most recent publicly available unaudited consolidated financial statements (if any) of the Issuer; and
- (g) any Pricing Supplement 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 Pricing Supplement will only be available for inspection by the relevant Noteholders.)

REGISTERED OFFICE OF THE ISSUER

GUS plc
Universal House
Devonshire Street
Manchester M60 1XA

ARRANGER

UBS AG, acting through
its business group UBS Warburg
1 Finsbury Avenue
London EC2M 2PP

DEALERS

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

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ

Salomon Brothers International Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

HSBC Bank plc
Thames Exchange
10 Queen Street Place
London EC4R 1BQ

Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
London E14 4QA

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

UBS AG, acting through
its business group UBS Warburg
1 Finsbury Avenue
London EC2M 2PP

TRUSTEE

HSBC Trustee (C.I.) Limited
1 Grenville Street
St Helier
Jersey JE4 9PF

PRINCIPAL PAYING AGENT

HSBC Bank plc
Mariner House
Pepys Street
London EC3N 4DA

PAYING AGENT

Dexia Banque Internationale à Luxembourg,
société anonyme
69 route d'Esch
Luxembourg L-2953

LEGAL ADVISERS

To the Issuer as to English law:

Linklaters
One Silk Street
London EC2Y 8HQ

To the Dealers and the Trustee as to English law:

Clifford Chance Limited Liability Partnership
200 Aldersgate Street
London EC1A 4JJ

AUDITORS TO THE ISSUER

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
101, Barbirolli Square
Lower Mosley Street
Manchester M2 3PW

