

SLAUGHTER AND MAY

35 Basinghall Street, London EC2V 5DB • Telephone +44 (0)20 7600 1200 • Fax +44 (0)20 7600 0289
Telex 883486 and 888926 • LDE and CDE Box No.11

T.N. Clark	I.W. Goldie	R.J. Thomhill	R.V. Carson	A.-A. Maggjar	K.I. Hodgson	A.G. Ryde	E.J.D. Holden
R.D.B. Cooper	M. Hughes	G.J. Ains	S.L. Edwards	S.J. Phillips	N. von Bismarck	J.A.D. Marks	K.M. Hughes
M.J.D. Roberts	G.W. James	R.N.S. Grandison	J.M. Featherby	J.D. Rice	L.M. Carstensen	S.D. Wama-kula-suriya	G. Iversen
H.M. Nowlan	E.A. Codrington	C.R. Smith	F. Murphy	M.A. Whelton	N.J. Swycher	D.A. Wittmann	D.R. Johnson
J.S. Haw	R.M.G. Goulding	G.P. White	P.M. Olney	M.D. Bennett	P.W.H. Brien	T.S. Boxell	R.E. Levitt
M. Pescod	A.R.F. Hall	N.J. Archer	P.H. Stacey	R.D. de Carle	J.M. Fenn	S.J. Luder	S. Middlemiss
P.T. Jennings	A.J.R. Newhouse	A.G. Balfour	C.W.Y. Underhill	S.P. Hall	A.N. Hyman	A.J. McClean	R.A. Swallow
R. Slater	G.E.S. Seligman	C.M. Horton	O.A. Wareham	W.J. Sibree	A.C. Johnson	J.C. Twentyman	D.C.R. Waterfield
P.J.L. Kett	P.F.J. Bennett	E.A. Barrett	R.J. Clark	R.C. Stern	E.F. Keeble	G.N. Eaborn	D.J. Bicknell
T.A. Kinnersley	St.J.A. Flaherty	P.P. Chappatte	S.J. Cooke	J.R. Triggs	K.R. Davis	C.G. Earles	C.S. Cameron
D.J. Beales	R.M. Fox	R.J.N. Cripps	P.L.R. Deckers	E.G.L. Wyldc	S.R. Galbraith	H.K. Griffiths	C.A. Connolly
J.E.F. Rushworth	D.T. Frank	P. Jolliffe	F. Ferguson	A. Beare	N.D.F. Gray	S.T.M. Lee	P.J. Cronin
M.G.C. Nicholson	H.R. Jacobs	C.D. Randell	D.L. Finkler	J.D. Boyce	M.S. Hutchinson	P.-P. Bruneau	B.J.-P.F. Louveaux
S.M. Edge	C.F.J. Saul	W.S.M. Robinson	C.W. Harvey-Kelly	M.E.M. Hattrell	S.R.B. Powell	A.C. Cleaver	M.S. Rowe
N.P.G. Boardman	C.J. Saunders						

All the partners in the firm except A.-A. Maggjar and P.-P. Bruneau are solicitors. P.J.L. Kett, P.L.R. Deckers, A.-A. Maggjar and P.-P. Bruneau are Avocats à la Cour d'Appel de Paris.

By Hand

Your reference

In reply please quote **AGR/TPB**

Writer's direct line **020 7710 3404**

The Registrar of Companies
Companies Registration Office
Companies House
21 Bloomsbury Street
London WC1B 3XD

6th July, 2001

Dear Sirs,

Marks and Spencer p.l.c.
(Registered in England and Wales with
company number 214436)

Please find enclosed a copy of an offering circular published today by the above-named company. The document is being delivered for registration, as required by section 149 of the Financial Services Act 1986.

We would be grateful if you would acknowledge receipt of the enclosed copy of the offering circular by stamping and returning to us the enclosed copy of this letter.

Yours faithfully,

Slaughter and May



MARKS & SPENCER

MARKS AND SPENCER FINANCE p.l.c.

ST. MICHAEL FINANCE p.l.c.

(Each incorporated with limited liability in England and Wales)

£3,000,000,000

Guaranteed Euro Medium Term Note Programme

Due from One month to 30 years from the date of original issue

Guaranteed by

MARKS AND SPENCER p.l.c.

(Incorporated with limited liability in England and Wales)

Under the Guaranteed Euro Medium Term Note Programme described in this Offering Circular (the "Programme"), Marks and Spencer Finance p.l.c. and St. Michael Finance p.l.c. (the "Issuers"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Guaranteed Euro Medium Term Notes guaranteed by Marks and Spencer p.l.c. (the "Guarantor") (the "Notes"). The aggregate nominal amount of Notes outstanding will not at any time exceed £3,000,000,000 (or the equivalent in other currencies at the time of agreement to issue) subject as further set out herein.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services Act 1986 (the "UK Listing Authority") for Notes issued within 12 months of the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (the "Official List") and to the London Stock Exchange Plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's market for listed securities. Admission to the Official List of the UK Listing Authority together with admission to trading on the London Stock Exchange's market for listed securities will constitute official listing on a stock exchange. However, unlisted Notes or Notes listed on other stock exchanges may be issued pursuant to the Programme. The relevant Pricing Supplement (as defined on page 5) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the London Stock Exchange's market for listed securities (or any other stock exchange).

Copies of this document, which comprises listing particulars approved by the UK Listing Authority in relation to Notes to be issued during the period of 12 months from the date of this Offering Circular, have been delivered for registration to the Registrar of Companies in England and Wales as required by Section 149 of the Financial Services Act 1986.

Each Series (as defined on page 5) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "temporary Global Note") or a permanent global note in bearer form (each a "permanent Global Note"). Notes in registered form will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Global Notes and Certificates may be deposited on the issue date with a common depositary on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") or Clearstream Banking, société anonyme ("Clearstream, Luxembourg"). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

Dealers

**Barclays Capital
Deutsche Bank
JPMorgan
Schroder Salomon Smith Barney**

**Cazenove
Goldman Sachs International
Morgan Stanley
UBS Warburg**

Arranger for the Programme
Goldman Sachs International

The date of this Offering Circular is 6th July 2001

This Offering Circular (which may be amended or supplemented from time to time) comprises listing particulars approved in compliance with the listing rules made under Section 142 of the Financial Services Act 1986 by the UK Listing Authority for the purpose of giving information with regard to the Issuers, the Guarantor, the Guarantor and its subsidiaries and affiliates taken as a whole (the "Group") and the Notes. Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of each of the Issuers and the Guarantor (each having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is or has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor or any of the Dealers or Arrangers (as defined in "Summary of the Programme"). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuers or the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuers and the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied herein or in connection with the Programme or the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuers, the Guarantor, the Dealers and the Arrangers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and include Notes in bearer form that 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. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Circular, see "Subscription and Sale".

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuers, the Guarantor or the Dealers to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained in this Offering Circular. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, the Arranger or the Dealers that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuers or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

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In connection with any Tranche (as defined in "Summary of the Programme"), one of the Dealers may act as a stabilising agent (the "Stabilising Agent"). The identity of the Stabilising Agent will be disclosed in the relevant Pricing Supplement. References in the next paragraph to "this issue" are to each Tranche in relation to which a Stabilising Agent is appointed.

In connection with any Tranche, the Stabilising Agent may over-allot or effect transactions which stabilise or maintain the market price of the Notes at a level which might not otherwise prevail. Such stabilising, if

commenced, may be discontinued at any time and will be carried out in accordance with all applicable laws and regulations.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to £ are to sterling. References to "euro" and "€" are to the currency introduced on 1st January, 1999 pursuant to the treaty establishing the European Community.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the most recently published audited annual accounts, and any interim accounts (whether audited or unaudited) published subsequently to such annual accounts, of the Issuers and the Guarantor from time to time, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents; provided, however, that no such document or modifying or superseding statement shall form part of the listing particulars issued in compliance with the listing rules made under Section 142 of the Financial Services Act 1986.

SUPPLEMENTARY LISTING PARTICULARS

If at any time the Issuers shall be required to prepare supplementary listing particulars pursuant to Section 147 of the Financial Services Act 1986, the Issuers will prepare and make available an appropriate amendment or supplement to this Offering Circular which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the London Stock Exchange's market for listed securities, shall constitute supplementary listing particulars as required by the UK Listing Authority and Section 147 of the Financial Services Act 1986.

Each Issuer and the Guarantor has given an undertaking to the Dealers that, unless the Guarantor shall have notified the Permanent Dealers that no Notes are to be issued under the Programme for the time being, if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Offering Circular whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Offering Circular, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuers and the Guarantor and the rights attaching to the Notes, the Issuers shall prepare an amendment or supplement to this Offering Circular or publish a replacement offering circular for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

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SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular, and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement.

- Issuers:** Marks and Spencer Finance p.l.c.
St. Michael Finance p.l.c.
(Marks and Spencer Finance (Nederland) B.V. is no longer an Issuer under the Programme)
- Guarantor:** Marks and Spencer p.l.c.
- Description:** Guaranteed Euro Medium Term Note Programme
- Size:** Up to £3,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuers have the option at any time to increase the amount of the Programme, in accordance with the terms of the Distribution Agreement.
- Arranger:** Goldman Sachs International
- Dealers:** Barclays Bank PLC
Cazenove & Co. Ltd
Deutsche Bank AG London
Goldman Sachs International
J. P. Morgan Securities Ltd.
Morgan Stanley & Co. International Limited
Salomon Brothers International Limited
UBS AG, acting through its business group UBS Warburg
- The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to "Dealers" are to all Permanent Dealers and all persons appointed as dealers in respect of one or more Tranches.
- Trustee:** The Law Debenture Trust Corporation p.l.c.
- Issuing and Paying Agent:** Deutsche Bank AG London
- Registrar and Transfer Agent:** Deutsche Bank Luxembourg S.A.
- Method of Issue:** The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "Series") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series issued by the same Issuer. Each Series may be issued in tranches (each a "Tranche") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a "Pricing Supplement").

Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes:	The Notes may be issued in bearer form ("Bearer Notes"), in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") or in registered form ("Registered Notes"). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "Summary of the Programme — Selling Restrictions"), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series (subject to the provisions of the Agency Agreement). Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "Global Certificates".
Clearing Systems:	Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.
Initial Delivery of Notes:	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Currencies:	<p>Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the relevant Issuer, the Guarantor and the relevant Dealers.</p> <p>Issues of Notes denominated in Swiss francs or carrying a Swiss franc related element with a maturity of more than one year (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 8th November, 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Corporation on Stock Exchanges and Securities Trading of 2nd December, 1996. Under the said 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 only licensed by the Swiss Federal Banking Commission as per the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995). The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the relevant issue date for such a transaction.</p>

Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity between one month and 30 years.
Denomination:	Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, save that unless otherwise permitted by then current laws, regulations and directives, Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom will have a minimum denomination of £100,000 (or its equivalent in other currencies), unless such Notes may not be redeemed until the third anniversary of their date of issue and are to be listed on the Official List and admitted to trading on the London Stock Exchange's market for listed securities.
Fixed Interest Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate Notes:	<p>Floating rate Notes will bear interest determined for each Series as follows:</p> <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. <p>Interest periods will be specified in the relevant Pricing Supplement.</p>
Zero Coupon Notes:	Zero coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.
Interest Periods and Rates of Interest:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Redemption:	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by the then current laws and regulations, Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom must have a minimum redemption amount of £100,000 (or its equivalent in other currencies), unless such Notes may not be redeemed until the third anniversary of their date of issue and are to be listed on the Official List and admitted to trading on the London Stock Exchange's market for listed securities.
Redemption by Instalments:	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the relevant Issuer, the Trustee and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
Optional Redemption:	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Status of Notes:	The Notes and the guarantee in respect of them will constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and the Guarantor, respectively all as described in "Terms and Conditions of the Notes — Status".
Negative Pledge:	See "Terms and Conditions of the Notes — Negative Pledge".
Cross Default:	See "Terms and Conditions of the Notes — Events of Default".
Early Redemption:	Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "Terms and Conditions of the Notes — Redemption, Purchase and Options".
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the United Kingdom subject to customary exceptions, all as described in "Terms and Conditions of the Notes — Taxation".
Governing Law:	English.
Listing:	<i>The Official List of the UK Listing Authority and admission to trading on the London Stock Exchange's market for listed securities or as otherwise specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted.</i>
Selling Restrictions:	United States, United Kingdom, Japan. See "Subscription and Sale". The Guarantor is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended. The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "D Rules") unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "C Rules") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented, varied or replaced in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented, varied or replaced (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes and will be incorporated by reference into each Global Note. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. References in the Conditions in relation to a series of Notes to the Issuer are to the issuer named in the relevant Pricing Supplement as the issuer of the relevant Notes and not to any other issuer which may issue Notes under the Programme.

The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes (the "Issue Date"), the "Trust Deed") dated 1st July 1996 between the Issuer, the other issuers named in it, the Guarantor and The Law Debenture Trust Corporation p.l.c. (the "Trustee", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the "Agency Agreement") dated 1st July 1996 has been entered into in relation to the Notes between the Issuer, the other issuers named in it, the Guarantor, the Trustee, Bankers Trust Company as initial issuing and paying agent (succeeded by Deutsche Bank AG London) and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Issuing and Paying Agent", the "Paying Agents" (which expression shall include the Issuing and Paying Agent), the "Registrar", the "Transfer Agents" (which expression shall include the Registrar) and the "Calculation Agent(s)". Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the registered office of the Trustee (presently at Fifth Floor, 100 Wood Street, London EC2V 7EX) and at the specified offices of the Paying Agents and the Transfer Agents save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the relevant Paying Agent or Transfer Agent or the Trustee, as the case may be, as to its identity.

The Noteholders, the holders of the interest coupons (the "Coupons") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "Talons") (the "Couponholders") and the holders of the receipts for the payment of instalments of principal (the "Receipts") relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the relevant Pricing Supplement and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1. Form, Denomination and Title

The Notes are issued in bearer form ("Bearer Notes", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("Registered Notes") or in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") in each case in the Specified Denomination(s) shown hereon.

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("Certificates") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for any loss or damage caused by so treating the holder.

In these Conditions, "Noteholder" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "Holder" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes:

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same aggregate nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it (if any), at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes:

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes:

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having

different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates:

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) Exchange Free of Charge:

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) Closed Periods:

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption in whole or in part or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. Guarantee and Status

- (a) *Guarantee:* The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes, Receipts and Coupons. Its obligations in that respect (the "Guarantee") are contained in the Trust Deed.
- (b) *Status of Notes and Guarantee:* The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and Coupons relating to them and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated obligations in respect of borrowed money of the Issuer and the Guarantor respectively, present and future.

4. Negative Pledge

(a) *Restriction:* So long as any of the Notes, Receipts or Coupons remains outstanding (as defined in the Trust Deed):

- (i) the Issuer will procure that no indebtedness of the Issuer for borrowed money (as defined below) existing on or after the Issue Date and no guarantee or indemnity by the Issuer of any indebtedness for borrowed money of any person will be secured by any mortgage, lien, pledge or other charge upon, or with respect to, any of the present or future assets or revenues of the Issuer or any other person, unless the Issuer shall, simultaneously with, or prior to, the creation of any such charge, take any and all action necessary to procure that all amounts payable by it under the Notes, the Coupons and the Trust Deed are secured equally and rateably by such charge to the satisfaction of the Trustee or such other security is provided as the Trustee shall in its absolute discretion deem not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; and
- (ii) the Guarantor will procure that neither the Guarantor nor any Subsidiary (as defined in the Trust Deed) of the Guarantor, other than the Issuer, will create or permit to subsist any mortgage, lien, pledge or other charge upon, or with respect to, any of its present or future assets or revenues to secure any Relevant Indebtedness existing on or after the Issue Date of any person, unless the Guarantor shall, simultaneously with, or prior to, the creation of any such charge take any and all action necessary to procure that all amounts payable by it under the Trust Deed are secured equally and rateably by such charge to the satisfaction of the Trustee or such other security is provided as the Trustee shall in its absolute discretion deem not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution of the Noteholders.

(b) *Definitions:* For the purposes of this Condition:

- (i) "borrowed money" means (a) money borrowed and premiums and accrued interest in respect thereof, (b) liabilities under or in respect of any acceptance or acceptance credit and (c) the principal and premium (if any) and accrued interest in respect of any notes, bonds, debentures, loan stock or other debt securities whether issued in whole or in part for cash or other consideration;
- (ii) "Relevant Indebtedness" means any loan or other indebtedness which is in the form of or represented by any bonds, notes or other securities initially offered by or on behalf of the Issuer primarily to persons resident outside any country in the currency of which they are denominated or payable (whether compulsorily or at the option of the holder) and for the time being quoted, listed or dealt in on any stock exchange, or any guarantee of, or indemnity in respect of any such loan or other indebtedness. Where any bonds, notes or other securities are agreed to be issued to any person (wherever resident) with a view to being offered primarily to persons resident outside any country in the currency of which they are denominated or payable, they shall be deemed to have been so offered by or on behalf of the Issuer thereof.

5. Interest and other Calculations

(a) *Interest and Accrual on Fixed Rate Notes:*

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest specified hereon, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest shall continue

to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

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

- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention Specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day and each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rates Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be

determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

(x) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:

- (i) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or
- (ii) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date

(y) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (x) (i) above applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x) (ii) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the euro-zone (the "Principal Financial Centre") selected by the Calculation Agent are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (i) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (ii) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period)

(iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) *Zero Coupon Notes:*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Early Maturity Date shall be the Redemption Amount specified hereon. As from the Maturity Date, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(b) (i)).

(d) *Dual Currency Notes:*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating the Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) *Partly Paid Notes:*

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

(f) *Accrual of Interest:*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(g) *Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:*

- (i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified hereon, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency.

(h) *Calculations:*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(i) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:*

As soon as practicable after the relevant time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amounts, Optional Redemption Amounts or any Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amounts, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after

their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any *Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii)*, the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) Determination or Calculation by Trustee:

If the Calculation Agent does not at any time for any reason determine or calculate the Interest Rate for an Interest Period or any Interest Amount, Instalment Amount or Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, 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.

(k) Definitions:

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Business Day" means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, any day on which the TARGET system is operating (a "TARGET Business Day") and/or
- (iii) in the case of a specified currency and/or one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre or, if none is indicated, generally in each of the Additional Business Centres.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period, the "Calculation Period"):

- (i) if "Actual/365" or "Actual/Actual — ISDA" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that 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)
- (ii) if "Actual/365 (Fixed)" is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if "Actual/360" is specified hereon, the actual number of days in the Calculation Period divided by 360
- (iv) if "30/360", "360/360" or "Bond Basis" is specified hereon, 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 (a) 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 (b) 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))

(v) if "30E/360" or "Eurobond Basis" is specified hereon, 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 a Calculation Period ending on the Maturity Date, the Maturity Date 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 "Actual/Actual-ISMA" is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"Effective Date" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

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

"Interest Amount" means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be, and in the case of Index Linked Notes, includes the Coupon.

"Interest Commencement Date" means the Issue Date or such other date as may be specified hereon.

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

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

"Interest Period Date" means each Interest Payment Date unless otherwise specified hereon.

"ISDA Definitions" means the 2000 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

"Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to Reuters Markets 3000 ("Reuters") and Bridge/Telerate ("Telerate")) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

"Interest Rate" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"Reference Banks" means the institutions specified as such hereon or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which if EURIBOR is the relevant Benchmark, shall be the euro-zone).

"Relevant Financial Centre" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the euro-zone) or, if none is so connected, London.

"Relevant Rate" means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose "local time" means with respect to Europe and the euro-zone as a relevant Financial Centre, Central European time.

"Representative Amount" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

"Specified Currency" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"Specified Duration" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(b)(ii).

"TARGET System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

(1) Calculation Agent and Reference Banks:

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall (with the prior approval of the Trustee) appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is

unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for an Interest Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6. Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(d) or 6(e), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding principal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(d) or 6(e), each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its principal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption Zero Coupon:

(i) Zero Coupon Notes:

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of such Note if it were discounted back to its issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes:*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) *Redemption for Taxation Reasons:*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time, 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 (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer or, if the Guarantee were called, the Guarantor, satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Before 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 (or the Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on Noteholders and Couponholders.

(d) *Redemption at the Option of the Issuer and Exercise of Issuer's Options:*

If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, or exercise any Issuer's option (as may be described hereon) in relation to, all or, if so provided, some of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified hereon and no greater than the maximum nominal amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

(e) *Redemption at the Option of Noteholders and Exercise of Noteholders' Options:*

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the date fixed for redemption.

To exercise such option or any other Noteholders' option that may be set out hereon (which must be exercised on an Option Exercise Date) the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer except that such Note will be returned to the holder if, prior to its date for redemption or exercise of the option, the Note becomes immediately payable or if upon presentation payment of redemption monies is not made or exercise of the option is denied or refused.

(f) Partly Paid Notes:

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

(g) Purchases:

The Issuer, the Guarantor and any of their subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise in any manner and at any price.

(h) Cancellation:

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

7. Payments and Talons

(a) Bearer Notes:

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Registered Notes:

- (i) All payments in respect of Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments on each Registered Note shall be made in the relevant currency drawn on a bank in the principal financial centre of the country of such currency subject as provided in paragraph (a) above, and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of such currency.

- (ii) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made as provided in (i) above, but only against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar.

(c) Payments in the United States:

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Fiscal Laws:

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents:

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the prior approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including London if and so long as the Notes are listed by the UK Listing Authority), (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee and (vii) if the conclusions of the ECOFIN Council meeting of 26th-27th November 2000 are implemented, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any European Union Directive on the taxation of savings implementing those conclusions or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) Unmatured Coupons and Receipts and unexchanged Talons:

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of

10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

- (ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may reasonably require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest (if any) accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) *Talons:*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) *Non-Business Days:*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Additional Financial Centres" hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency, or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8. Taxation

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, 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 Issuer or the Guarantor within the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders 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 with respect to any Note, Receipt or Coupon:

- (a) *Other connection, etc:* to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the United Kingdom or any political subdivision thereof other than the mere holding of the Note, Receipt or Coupon or
- (b) *Presentation more than 30 days after the Relevant Date:* presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day or
- (c) *Payment to individuals:* 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
- (d) *Payment to another Paying Agent:* by or on behalf of a Noteholder or a Couponholder 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 European Union.

As used in these Conditions, "Relevant Date" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9. Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8) in respect of them.

There shall not be included in any sheet of Coupons issued on exchange of a Talon any Coupon the claim for payment in respect of which would be prescribed pursuant to this Condition 9 or Condition 7 (f) or any Talon which would be prescribed pursuant to this Condition 9 or Condition 7 (f).

10. Events of Default

If any of the following events ("Events of Default") occurs, the Trustee at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified to its satisfaction), give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together with accrued interest as provided in the Trust Deed:

(i) *Non-Payment:*

If default is made for a period of ten business days or more in the payment of any principal or interest due in respect of the Notes or any of them and for this purpose a "business day" shall mean a day on which banks are open for business in London; or

(ii) *Breach of Other Obligations:*

If the Issuer fails to perform or observe any of its other obligations under the Notes or the Trust Deed or the Guarantor fails to perform or observe any of its obligations under the Trust Deed and (except where in any such case the Trustee considers such failure to be incapable of remedy when no such notice as is hereinafter mentioned will be required) such failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer or the Guarantor (as the case may be) of notice requiring the same to be remedied; or

(iii) *Cross-Default:*

Any loan or other indebtedness for borrowed money of the Issuer or the Guarantor amounting in aggregate to not less than £20,000,000 or its equivalent in other currencies becomes due and repayable prematurely by reason of an event of default (however described) or the Issuer or the Guarantor fails to make payment in respect thereof on the due date for such payment as extended by any applicable grace period as originally provided or the security for any such loan or other indebtedness for borrowed money becomes enforceable and steps are taken to enforce the same or if default is made by the Issuer or the Guarantor in making any payment due under any guarantee and/or indemnity given by it in respect of any loan or other indebtedness for borrowed money amounting in aggregate to not less than £20,000,000 or its equivalent in other currencies save in any such case to the extent that the Issuer or the Guarantor, as the case may be, satisfies the Trustee that there is a bona fide dispute as to whether payment or repayment is due; or

(iv) *Enforcement Proceedings:*

If any order is made by a competent court or resolution passed for winding up, or an administration order is made in relation to, the Issuer or the Guarantor or if the Issuer or the Guarantor stops payment of its obligations generally or ceases to carry on its business or a substantial part thereof except in the case of the Guarantor a winding up or a stopping of payment or cessation of business for the purpose of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee; or

(v) *Security Enforced:*

If an encumbrancer takes possession or an administrative or other receiver is appointed of the whole or any material part of the assets of the Issuer or the Guarantor or if a distress or execution is levied or enforced upon or sued out against any material part of the assets of the Issuer or the Guarantor and is not removed, discharged or paid out within 60 days; or

(vi) *Insolvency:*

If the Issuer or the Guarantor is unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 of Great Britain or makes a general assignment for the benefit of its creditors;

(vii) *Guarantee:*

The Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect in any material respect.

Provided that in the case of any such events except those described in sub-paragraph (i) above, the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

11. Enforcement

The Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce any obligation, condition or provision binding on

the Issuer and/or the Guarantor under the Notes or under the Trust Deed, but shall not be bound to do so unless:

- (i) it has been so directed by an Extraordinary Resolution or in writing by the holders of at least one fifth of the principal amount of the Notes outstanding; and
- (ii) it has been indemnified to its satisfaction.

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

12. Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders:

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (ix) to modify or cancel the Guarantee, in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) Modification of the Trust Deed:

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(c) Substitution:

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of any other company in place of the Issuer or

Guarantor, or of any previous substituted company, as principal debtor or Guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) Entitlement of the Trustee:

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

13. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14. Further Issues

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

15. Indemnification of Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from any obligation to take proceedings to enforce repayment unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor or any of these subsidiaries, holding companies or affiliates without accounting for any profit resulting therefrom and to act as trustee for the holders of any other securities by the Issuer or the Guarantor or any of these subsidiaries, holding companies or affiliates.

16. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a

Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily *English language newspaper of general circulation in London (which is expected to be the Financial Times)*. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above. If publication as aforesaid is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee may approve. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

17. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms.

18. Governing Law

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

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the "Common Depositary") or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the relevant Issuer or the Guarantor to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be). Such persons shall have no claim directly against the relevant Issuer or the Guarantor in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the relevant Issuer or the Guarantor will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes represented by such Global Certificate, as the case may be, in respect of each amount so paid.

Exchange

1 *Temporary Global Notes.* Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

1.1 if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "Summary of the Programme-Selling Restrictions"), in whole, but not in part, for the Definitive Notes defined and described below and

1.2 otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

2 *Permanent Global Notes.* Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "Partial Exchange of Permanent Global Notes", in part for Definitive Notes or, in the case of 2.3 below, Registered Notes:

2.1 unless principal in respect of any Notes is not paid when due, by the Issuer giving notice to the Global Noteholders, the Issuing and Paying Agent and the Trustee of its intention to effect such exchange

2.2 if the relevant Pricing Supplement provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange

2.3 if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes and

2.4 otherwise, if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an "Alternative Clearing System") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

2.5 in addition, where the relevant Pricing Supplement does not provide that the permanent Global Note is exchangeable at the request of the holder, it will nevertheless be exchangeable for Definitive Notes at the cost of the holder. In such circumstances the first accountholder with Euroclear or Clearstream, Luxembourg wishing to request such exchange will be required to bear the entire cost of such exchange, not just the cost attributable to the portion of such accountholder's interest in such permanent Global Note.

3 *Permanent Global Certificates.* If the Pricing Supplement states that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

3.1 if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or

3.2 if principal in respect of any Notes is not paid when due or

3.3 with the consent of the Issuer provided that, in the case of the first transfer of part of a holding pursuant to 3.1 or 3.2 above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

4 *Partial Exchange of Permanent Global Notes.* For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

5 *Delivery of Notes.* On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuing and Paying Agent will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Offering Circular, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if

appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuing and Paying Agent will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

6 *Exchange Date.* "Exchange Date" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

1 *Payments.* No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes.

2 *Prescription.* Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9).

3 *Meetings.* The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each nominal amount of Notes equal to the minimum Specified Denomination of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4 *Cancellation.* Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

5 *Purchase.* Notes represented by a permanent Global Note may only be purchased by the Issuer, the Guarantor or any of its/their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

6 *Issuer's Option.* Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In

the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, or any other clearing system (as the case may be).

7 Noteholders' Options. Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation.

8 Trustee's Powers. In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or the relevant Global Certificate.

9 Notices. So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the relevant Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied for general corporate purposes, including financial activities.

Marks and Spencer p.l.c.

Introduction

The business of Marks and Spencer p.l.c. was founded in 1884. It was incorporated in England in 1926 and re-registered as a public limited company in 1981 and registered with the Registrar of Companies under registered number 00214436. Marks and Spencer p.l.c. is the holding company of the Group.

Board of Directors

The functions of the directors of Marks and Spencer p.l.c., each of whose business address is 47-67, Baker Street, London W1U 8EP, and their principal activities outside the Group, where these are significant, are as follows:-

<u>Name</u>	<u>Position / Other Principal Activities</u>
L. Vandevelde	Chairman Chairman of ECR Europe Chairman of Global Commerce Initiative
R. W. C. Colvill	Executive Director Director of Marks & Spencer Pension Trust Limited Non-Executive Director of Witan Investment Trust Chairman of Money Advice Trust Member of Finance Committee of the RNLI Member of the Board of Management of the British Retail Consortium
R. Holmes	Executive Director
A. McWalter	Executive Director Non-Executive Director of Constantine Holdings Limited Council Member of the Incorporated Society of British Advertisers
D. Norgrove	Executive Director Director of Marks & Spencer Pension Trust Limited Trustee of The Hanover Foundation Director and Trustee of The Media Trust Director of The Community Channel Trustee and Director of MENCAP
B. F. Baldock	Non-Executive Director Non-Executive Director of Cornhill Insurance PLC Chairman of PIC Group International PLC Chairman of Wellington Investments Limited Chairman of MENCAP
A. Ball	Non-Executive Director Director of British Interactive Broadcasting Holdings Limited Chief Executive and Director of British Sky Broadcasting Group plc
K. Lomax	Non-Executive Director Director of Hawling Development Company Limited Director of Misys plc Director of Royal Opera House Trust

<u>Name</u>	<u>Position/Other Principal Activities</u>
Sir Michael Perry*	Non-Executive Director Deputy Chairman of Bass PLC Chairman of Centrica plc Chairman of Shakespeare Globe Trust Non-Executive Chairman of Dunlop Slazenger Group Limited Member of Supervisory Board of Royal Ahold President of the Marketing Council President of Anglo Netherlands Society President of Liverpool School of Tropical Medicine
Dame Stella Rimington	Non-Executive Director Chairman of the Institute of Cancer Research Member of the Board of Royal Marsden Hospital NHS Trust Non-Executive Director of BG Group plc Non-Executive Director of Whitehead Mann Group plc
Sir Ralph Robins*	Non-Executive Director Director of Marks & Spencer Pension Trust Limited Non-Executive Chairman of Cable & Wireless plc Chairman of Defence Industries Council Chairman of Rolls-Royce plc Non-Executive Director of Schrodgers plc Non-Executive Director of Standard Chartered PLC Non-Executive Director of Cooper Industries Inc. Fellow of the Royal Academy of Engineering
Sir David Sieff*	Non-Executive Director Director of Marks & Spencer Pension Trust Limited Chairman of the British Retail Consortium Chairman of FIBI Bank (UK) plc Chairman of the European Retail Round Table Chairman of Newbury Racecourse plc Member of the European Policy Centre (Brussels) Director of the British Horseracing Board Honorary President of British ORT

* These directors will be resigning from the Board at the Annual General Meeting to be held on 11 July 2001.

Capitalisation and Indebtedness

The following table sets out the audited consolidated equity shareholders' funds and consolidated borrowings of Marks and Spencer p.l.c. as at 31st March, 2001. None of Marks and Spencer p.l.c.'s borrowings are guaranteed by another entity.

As at 31st
March, 2001
(in £ millions)

Capital and reserves

Allotted, called-up and fully paid share capital ⁽¹⁾	716.9
Share premium account	..	..	..	..	..	..	..	..	375.6
Capital redemption reserve	..	..	..	..	..	..	..	..	2.6
Revaluation reserve	..	..	..	..	..	..	..	..	455.6
Profit and loss account	..	..	..	..	..	..	..	..	3,094.7
Total capital and reserves	..	..	..	..	..	..	..	..	<u>4,645.4</u>

Consolidated Borrowings

Unsecured — due within one year									
Bank loans, overdrafts and commercial paper and bills of exchange	..	..	..						534.8
Medium term notes..	..	..	..	..	..	..	..	..	486.8
Unsecured — due after one year									
Medium term notes..	..	..	..	..	..	..	..	..	598.3
Total consolidated borrowings	..	..	..	..	..	..	..	..	<u>1,619.9</u>

Notes:—

- (1) Share Capital: (in £ millions)
- | | |
|--|-------|
| Authorised Share Capital | |
| 3,200,000,000 Ordinary Shares of 25 pence each | 800.0 |
| Allotted, Called-Up and Fully Paid Share Capital | |
| 2,867,383,731 Ordinary Shares of 25 pence each | 716.9 |
- (2) Balances in foreign currencies have been translated into sterling at the exchange rates ruling at 31st March, 2001, being the financial year-end for the Group.
- (3) At 31st March, 2001, Marks and Spencer p.l.c. had the following commitments and contingent liabilities:
- (i) Approximately £1,716.6 million of guarantees in respect of the borrowings of subsidiaries.
 - (ii) Approximately £121.3 million of guarantees made in the ordinary course of business on behalf of overseas subsidiaries.
 - (iii) Approximately £44.8 million of commitments in respect of properties in the course of development.
- At 31st March, 2001, consolidated borrowings guaranteed by Marks and Spencer p.l.c. amounted to approximately £1,473.3 million and consolidated borrowings not guaranteed by Marks and Spencer p.l.c. amounted to approximately £146.6 million. In addition, Marks and Spencer p.l.c. has guaranteed a swap of a subsidiary totalling approximately £243.3 million at 31st March, 2001.
- (4) There has been no material change in the capitalisation, indebtedness and contingent liabilities of Marks and Spencer p.l.c. since 31st March, 2001.

Marks and Spencer p.l.c.

Principal subsidiary undertakings

	<u>Principal Activity</u>	<u>Country of Incorporation and Operation</u>	<u>Proportion of voting rights and shares held by</u>	
			<u>Marks and Spencer p.l.c.</u>	<u>a subsidiary</u>
Marks and Spencer International Holdings Limited	Holding Company	Great Britain	100%	—
Marks and Spencer (Nederland) BV	Holding Company	The Netherlands	—	100%
Marks & Spencer Finance Inc	Holding Company	United States	100%	—
Marks and Spencer Ventures Limited	Holding Company	Great Britain	100%	—
Marks & Spencer (France) SA	Retailing	France	—	100%
SA Marks and Spencer (Belgium) NV	Retailing	Belgium	—	100%
Marks and Spencer (España) SA	Retailing	Spain	—	100%
Marks and Spencer (Portugal) Lda	Retailing	Portugal	—	100%
Marks and Spencer Stores BV	Retailing	The Netherlands	—	100%
Marks and Spencer (Deutschland) GmbH	Retailing	Germany	—	100%
Marks and Spencer (Ireland) Limited	Retailing	Republic of Ireland	—	100%
Brooks Brothers Inc	Retailing	United States	—	100%
Brooks Brothers (Japan) Limited	Retailing	Japan	—	51%
Kings Super Markets Inc	Retailing	United States	—	100%
Marks and Spencer (Asia Pacific) Limited	Retailing	Hong Kong	—	100%
M&S Card Services Limited	Credit Card Handling	Great Britain	100%	—
Marks and Spencer Retail Financial Services Holdings Limited	Holding Company	Great Britain	100%	—
Marks and Spencer Financial Services Limited	Financial Services	Great Britain	—	100%
Marks and Spencer Unit Trust Management Limited	Financial Services	Great Britain	—	100%
Marks and Spencer Savings and Investments Limited	Financial Services	Great Britain	—	100%
Marks and Spencer Life Assurance Limited	Financial Services	Great Britain	—	100%
MS Insurance Limited	Financial Services	Guernsey	—	100%
St. Michael Finance p.l.c.	Finance	Great Britain	100%	—
Marks & Spencer Finance p.l.c.	Finance	Great Britain	100%	—
Marks and Spencer Property Holdings Limited	Property Investment	Great Britain	100%	—

Marks and Spencer Finance p.l.c.

Incorporation and Business

Marks and Spencer Finance p.l.c. is a wholly owned subsidiary of Marks and Spencer p.l.c. It was incorporated in England with limited liability on 26th March, 1985 and registered with the Registrar of Companies under registered number 1899685. It was incorporated to facilitate the raising of finance for the Group. Marks and Spencer Finance p.l.c. has no subsidiaries.

Board of Directors

The functions of the directors of Marks and Spencer Finance p.l.c., each of whose business address is 47-67, Baker Street, London W1U 8EP, and their principal activities outside the Group, where these are significant, are as follows:—

<u>Name</u>	<u>Position/Other Principal Activities</u>
R. W. C. Colvill	Executive Director Executive Director, Marks and Spencer p.l.c. Director of Marks & Spencer Pension Trust Limited Non-Executive Director of Witan Investment Trust Chairman of Money Advice Trust Member of Finance Committee of the RNL Member of the Board of Management of the British Retail Consortium
J. I. Denton	Executive Director Head of Corporate Finance, Marks and Spencer p.l.c. Non-Executive Director, The Court Service p.l.c.
A. C. Reed	Executive Director Finance Director Designate Marks and Spencer p.l.c. Non-Executive Director, HSBC Bank plc

Capitalisation and Indebtedness

The following table shows the audited equity shareholders' funds and borrowings of Marks and Spencer Finance p.l.c. as at 31st March, 2001:—

	As at 31st March, 2001 (in £)
Capital and Reserves	
Authorised share capital 100,000 ordinary shares of £1.00 each	100,000
Issued share capital	
2 Ordinary Shares of £1.00 each paid up as to 100 per cent	2
49,998 Ordinary Shares of £1.00 each paid up as to 25 per cent	12,499
Total called up share capital	12,501
Profit and Loss Account	427,505
Equity shareholders' funds	440,006
Borrowings	
Unsecured — due after one year	
Medium term notes	243,300,000
Total Borrowings	243,300,000

Notes:—

- (1) Amounts due from fellow Group undertakings amounted to £245,901,000 at 31st March, 2001.
- (2) Marks and Spencer Finance p.l.c. did not have any material contingent liabilities at 31st March, 2001.
- (3) Borrowings guaranteed by Marks and Spencer p.l.c. amounted to £243,300,000 at 31st March, 2001.
- (4) There has been no material change in the capitalisation, indebtedness and contingent liabilities of Marks and Spencer Finance p.l.c. since 31st March, 2001.

St. Michael Finance p.l.c.

Incorporation and Business

St. Michael Finance p.l.c. is a wholly owned subsidiary of Marks and Spencer p.l.c. It was incorporated in England with limited liability on 21st November, 1977 and registered with the Registrar of Companies under registered number 1339700. It carries on the business of a finance company. On 28th June, 1996 it was re-registered as a public limited company. St. Michael Finance p.l.c. has no subsidiaries.

Board of Directors

The functions of the directors of St. Michael Finance p.l.c., each of whose business address is 47-67, Baker Street, London W1U 8EP, and their principal activities outside the Group, where these are significant, are as follows:—

<u>Name</u>	<u>Position / Other Principal Activities</u>
R. W. C. Colvill	Executive Director Executive Director, Marks and Spencer p.l.c. Director of Marks & Spencer Pension Trust Limited Non-Executive Director of Witan Investment Trust Chairman of Money Advice Trust Member of Finance Committee of the RNLI Member of the Board of Management of the British Retail Consortium
J. I. Denton	Executive Director Head of Corporate Finance, Marks and Spencer p.l.c. Non-Executive Director, The Court Service p.l.c.
A. C. Reed	Executive Director Finance Director Designate Marks and Spencer p.l.c. Non-Executive Director, HSBC Bank plc

Capitalisation and Indebtedness

The following table shows the audited equity shareholders' funds and borrowings of St. Michael Finance p.l.c. as at 31st March, 2001:

	As at 31st March, 2001 (in £ thousand)
Capital and Reserves	
Authorised, allotted, called up and fully paid 50,000 ordinary shares of £1.00 each ..	50
Profit and Loss Account	35,587
Equity shareholders' funds	<u>35,637</u>
Borrowings	
Unsecured — due within one year	
Bank loans, overdrafts, commercial paper, medium term notes and bills of exchange	966,970
Amounts owed to Group undertakings	589,460
Unsecured — due after one year	
Medium term notes	355,032
Amounts owed to Group undertakings	<u>243,300</u>
Total Borrowings	<u>2,154,762</u>

Notes:—

- (1) Amounts due from fellow Group undertakings amounted to £2,196,332,000 at 31st March, 2001.
- (2) Borrowings guaranteed by Marks and Spencer p.l.c. amounted to £1,230,002,000 at 31st March, 2001.
- (3) St. Michael Finance p.l.c. did not have any material contingent liabilities at 31st March, 2001.
- (4) There has been no material change in the capitalisation, indebtedness and contingent liabilities of St. Michael Finance p.l.c. since 31st March, 2001.

UNITED KINGDOM TAXATION

The comments below are of a general nature and reflect the understanding of the Issuers of current United Kingdom law and current United Kingdom Inland Revenue practice at the date of this Offering Circular. The comments relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons and deal with United Kingdom withholding tax issues which arise on payments of interest in respect of the Notes. They do not address other United Kingdom taxation implications of acquiring, holding or disposing of such Notes and Coupons (except direct assessment to income tax of interest and discounts on Notes) and may not apply to certain classes of persons (such as dealers in securities).

Prospective Noteholders who are in any doubt as to their tax position or may be subject to tax in a jurisdiction other than the United Kingdom are strongly recommended to seek independent advice.

While the Notes continue to be listed on a recognised stock exchange within the meaning of section 841 Income and Corporation Taxes Act 1988, payments of interest may be made without withholding or deduction for or on account of United Kingdom income tax.

Persons in the United Kingdom paying interest to or receiving interest on behalf of another person may be required to provide certain information to the United Kingdom Inland Revenue regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

If the Notes cease to be listed on a recognised stock exchange interest will generally 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 pursuant to the provisions of any applicable double taxation treaty.

Interest on Notes having a maturity of less than one year may also be paid without deduction for or on account of United Kingdom income tax provided that the relevant Notes are not issued as part of an arrangement to obtain funding from the same person or persons for a longer period.

If the Notes are issued at a discount or redeemable at a premium, no United Kingdom withholding tax should apply to any premium or discount unless any element of the premium or discount were to be treated for tax purposes as yearly interest, in which case, payments thereof would be subject to United Kingdom withholding tax as outlined above.

The interest or any discount on a Note issued has a United Kingdom source and accordingly will be chargeable to United Kingdom income tax by direct assessment. However, neither the interest nor any discount is chargeable to United Kingdom tax in the hands of a Noteholder who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a branch or agency in the United Kingdom in connection with which the interest or discount is received or to which those Notes are attributable. There are certain exemptions for interest and discounts received by certain specified categories of agent (such as some brokers and investment managers).

Noteholders should note that the provisions relating to additional amounts referred to in "Terms and Conditions of the Notes — Taxation" above would not apply if the Inland Revenue sought to assess directly the person entitled to the relevant interest to United Kingdom tax. However exemption from, or reduction of, such United Kingdom tax liability might be available under an applicable double taxation treaty.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders 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 under an applicable double taxation treaty.

The European Union is currently considering proposals for a 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.

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in a Distribution Agreement dated 1st July 1996, as amended and restated on 6th July, 2001 (the "Distribution Agreement") between the Issuers, the Guarantor, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuers have reserved the right to sell Notes directly on their own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the relevant Issuer through the Dealers, acting as agents of that Issuer. The Distribution Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The relevant Issuer, failing whom the Guarantor, will pay each relevant Dealer a commission as agreed between them. The Issuers have agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

Each Issuer and the Guarantor have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Distribution Agreement entitles the Dealers to terminate any agreement that they make to subscribe for Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (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.

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

Each Dealer has agreed that, except as permitted by the Distribution Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of all the Notes in such Tranche as determined, and certified to the relevant Issuer, by the Issuing and Paying Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager (as defined in the Distribution Agreement), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an 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 and agreed that:—

1. it has not offered or sold and will not offer or sell (a) any Notes having a maturity of one year or more, in respect of which admission to listing in accordance with Part IV of the Financial Services Act 1986 (the "Act") is to be sought, to persons in the United Kingdom prior to admission of such Notes to such official listing and admission to trading on the London Stock Exchange's market for listed securities or (b) prior to the date six months after their date of issue, any Notes having a maturity of one year or more, in respect of which admission to such listing is not to be sought, to persons in the United Kingdom, in each

case, 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 that have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended) or, in the case of Notes in respect of which admission to such listing is to be sought, the Act;

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

3. it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Notes, other than any document that consists of or any part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the Act, to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to [or for the benefit of] a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and other relevant laws, regulations and guidelines of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

General

These selling restrictions may be modified (in relation to a specific Tranche) by the agreement of the relevant Issuer, the Guarantor and the relevant Dealer or (otherwise than in relation to a specific Tranche) by the agreement of each Issuer, the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

Other than in the United Kingdom, no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular, any other offering material or any Pricing Supplement and neither the Issuers, the Guarantor, nor any other Dealer shall have responsibility therefor.

Form of Pricing Supplement

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Pricing Supplement dated ●
MARKS AND SPENCER FINANCE P.L.C.
ST. MICHAEL FINANCE P.L.C.
£3,000,000,000

Guaranteed Euro Medium Term Note Programme
Due from, one month to 30 years from the original date of issue

Guaranteed by
MARKS AND SPENCER P.L.C.

SERIES NO: ●

TRANCHE NO: ●

[ISSUER]

[Brief Description and Amount of Notes]

Guaranteed by
MARKS AND SPENCER P.L.C.

Issue Price: ● per cent.

[Publicity Name(s) of Dealer(s)]

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 [●]2001. 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 sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

Provisions appearing on the face of the [Notes/Certificates]

1. (i) Issuer: ●
(ii) Guarantor: ●
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 Nominal Amount:
[(i)] Series: ●
[(ii)] Tranche: ●
5. [(i)] Issue Price: ● per cent. of the Aggregate Nominal 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]
9. Interest Basis: [● per cent. Fixed Rate]
[[specify reference rate] + / - ● per cent Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Other (specify)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (specify)]
11. Change of Interest or Redemption: [Specify details of any provision for Payment Basis: convertibility of Notes into another interest or redemption/payment basis]
12. Put/Call Options: [Put]
[Call]
[(further particulars specified below)]
13. (i) Status of the Notes: Senior
(ii) Status of the Guarantee: Senior
14. Listing: London
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 subparagraphs 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 ● in nominal amount
- (iv) Broken amount: [Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate]
- (v) Day Count Fraction (Condition [5(i)]): ●
(Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual-ISDA or Actual/Actual-ISMA basis)
- (vi) Other terms relating to the method of method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

17. Floating Rate 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 for Notes denominated in euro)

- (i) Specified Period(s) / Specified Interest Payment Dates: ●
- (ii) Business Day Convention: [Floating Rate Business Day Convention / Following Business Day, Convention / Modified Following Business Day Convention / Preceding Business Day Convention / other (give details)]
- (iii) Additional Business Centre(s) (Condition [5(i)0]): ●
- (iv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination / ISDA Determination / other (give details)]
- (v) Interest Period Date(s): [Not Applicable / specify dates]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]): ●
- (vii) Screen Rate Determination (Condition [5(b)(iii)(B)]):
 - Relevant Time: ●
 - Interest Determination Date: [●[TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period / each Interest Payment Date]]
 - Primary Source for Floating Rate: [Specify relevant screen page or "Reference Banks"]
 - Reference Banks (if Primary Source is "Reference Banks"): [Specify four]
 - Relevant Financial Centre: [The financial centre most closely connected to the Benchmark — specify if not London]
 - Benchmark: [LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark]
 - Representative Amount: [Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]
 - Effective Date: [Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]
 - Specified Duration: [Specify period for quotation if not duration of Interest Accrual Period]

- (viii) ISDA Determination (Condition [5(b)(iii)(A)]):
 - Floating Rate Option: ●
 - Designated Maturity: ●
 - Reset Date: ●
 - ISDA Definitions: if different from those set out in the Conditions: ●
- (ix) Margin(s): [+ / -] ● per cent. per annum
- (x) Minimum Rate of Interest: ● per cent. per annum
- (xi) Maximum Rate of Interest: ● per cent. per annum
- (xii) Day Count Fraction (Condition [5(j)]): ●
- (xiii) Rate Multiplier: ●
- (xiv) 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) Amortisation Yield (Condition [6(b)]): ● per cent. per annum
- (ii) Day Count Fraction (Condition [5(j)]): ●
- (iii) Any other formula/basis of determining amount payable: ●

19. Index Linked Interest Note Provisions:

[Applicable/Not Applicable]
 (If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Index/Formula: [Give or annex details]
- (ii) Calculation Agent 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) Specified Period(s)/Specified Interest Payment Dates: ●
- (v) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (vi) Additional Business Centre(s) (Condition [5(i)]): ●
- (vii) Minimum Rate of Interest: ● per cent. per annum
- (viii) Maximum Rate of Interest: ● per cent. per annum
- (ix) Day Count Fraction (Condition [5(i)]): ●

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: ●
- (v) Day Count Fraction (Condition [5(i)]): ●

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): ●
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): ●
- (iii) If redeemable in part:
 - (a) Minimum nominal amount to be redeemed: ●
 - (b) Maximum nominal amount to be redeemed: ●
- (iv) Option Exercise Date(s): ●
- (v) Description of any other Issuer's option: ●
- (vi) 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) Option Exercise Date(s): ●
- (iv) Description of any other Noteholders' option: ●
- (v) Notice period (if other than as set out in these Conditions): ●

23. Final Redemption Amount:

[Nominal amount/Other/See Appendix]

24. Early Redemption Amount:

- (i) Early Redemption Amount(s) payable on redemption for taxation reasons (Condition [6(c)] or an event of default (Condition [10]) and/or the method of calculating the same (if required or if different from that set out in the Conditions): ●
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition [6(c)]): [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition [7(f)]): [Yes/No/Not Applicable]

General Provisions Applicable to the Notes

25. Form of Notes:

Bearer Notes/Exchangeable Bearer Notes/ Registered Notes

[Delete as appropriate]

- (i) Temporary or permanent global Note/Certificate:
 - [temporary Global Note/Certificate exchangeable for a permanent Global Note/ Certificate which is exchangeable for Definitive Notes/Certificates on ● days' notice/at any time/ in the limited circumstances specified in the permanent Global Note/Certificate]
 - [temporary Global Note/Certificate exchangeable for Definitive Notes/Certificates on ● days' notice]
 - [permanent Global Note/Certificate exchangeable for Definitive Notes/Certificates on ● days' notice/at any time/ in the limited circumstances specified in the permanent Global Note/Certificate]
 - [C Rules/D Rules/Not Applicable]
- (ii) Applicable TEFRA exemption: [Not Applicable/Give details. *Note that this item relates to the place of payment, and not interest period and dates, to which item 17(iii) relates*]
- 26. Additional Financial Centre(s) (Condition [7(h)] or other special provisions relating to payment dates: [Yes/No. If yes, give details]
- 27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature: [Not Applicable/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:
 - (i) Instalment Amount(s): ●
 - (ii) Instalment Date(s): ●
 - (iii) Minimum Instalment Amount: ●
- 30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]

31. Consolidation provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
32. Other terms or special conditions:⁽¹⁾ [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]
 (iii) Dealer's Commission: ●
34. If non-syndicated, name of Dealer: [Not Applicable/give names]
35. Additional selling restrictions: [Not Applicable/give names]

Operational Information

36. ISIN Code: ●
37. Common Code: ●
38. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
39. Delivery: Delivery [against/free of] payment
40. The Agents appointed in respect of the Notes are: ●

General

41. Additional steps that may only be taken following approval by an Extraordinary resolution in accordance with Condition [11(a)]: [Not Applicable/give details]
42. The aggregate principal amount of Notes issued has been translated into [U.S. dollars] at the rate of ●, producing a sum of (for Notes not denominated in [U.S. dollars]): [Not Applicable/[U.S.\$] ●]

[Listing Application]

The Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the listing of the £3,000,000,000 Euro Medium Term Note Programme [of ●.]

[Stabilising]

In connection with this issue, [insert name of Stabilising Manager] may over-allot or effect transactions which stabilise or maintain the market price of the Notes at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time.]

Material Adverse Change Statement

[Except as disclosed in this document, there/There]⁽²⁾ has been no significant change in the financial or trading position of the Issuer, the Guarantor or of the Group since [insert date of last audited accounts or interim accounts (if later)] and no material adverse change in the financial position or prospects of the Issuer, the Guarantor or of the Group since [insert date of last published annual accounts.]

Responsibility

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular [and the supplemental Offering Circular] referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of the Issuer:

By:
Duly authorised

By:
Duly authorised

Signed on behalf of the Guarantor:

By:
Duly authorised

1. If full terms and conditions are to be used, please add the following here:

"The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Offering Circular for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary."

The first set of bracketed words is to be deleted where there is a permanent global Note instead of Notes in definitive form. The full Conditions should be attached to and form part of the pricing supplement.

2. If any change is disclosed in the Pricing Supplement, it will require approval by the Stock Exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular [comprising supplementary listing particulars] rather than in a Pricing Supplement.

[The Banking Act 1987 (Exempt Transactions) Regulations 1997]

[The Notes constitute [commercial paper] [shorter/longer term debt securities]¹ issued in accordance with regulations made under section 4 of the Banking Act 1987. The Issuer of the Notes is ●, which is not an authorised institution or a European authorised institution (as such terms are defined in the Banking Act 1987 (Exempt Transactions) Regulation 1997). Repayment of the principal and payment of any interest or premium in connection with the Notes has been guaranteed by Marks and Spencer plc, which is neither an authorised institution nor a European authorised institution².]

[The Issuer (a) has complied with its obligations under the listing rules of the Financial Services Authority in its capacity as competent authority under the Financial Services Act 1986 (the "UK Listing Authority") in relation to the admission to and continuing listing of any Notes issued under the Programme and of any previous issues made by it under the Programme and listed on the official list (the "Official List") of the UK Listing Authority and traded on the London Stock Exchange plc's market for listed securities (the "London Stock Exchange"); (b) confirms that it will have complied with its obligations under the listing rules of the UK Listing Authority in relation to the admission to listing of the Notes by the time when the Notes are so admitted; [and] (c) has not, since the last publication of information in compliance with the listing rules of the UK Listing Authority about the Programme, any previous issues made by it under the Programme which are officially listed and traded on the London Stock Exchange, or the Notes, having made all reasonable enquiries, become aware of any change in circumstances which could reasonably be regarded as significantly and adversely affecting its ability to meet its obligations as Issuer in respect of the Notes as they fall due³.]

¹ Include "commercial paper" if Notes must be redeemed before their first anniversary. Include "shorter" if Notes may not be redeemed before their first anniversary but must be redeemed before their third anniversary. Include "longer" if Notes may not be redeemed before their third anniversary.

² Unless otherwise permitted, text to be included for all Notes (including Notes denominated in sterling) in respect of which the issue proceeds are accepted by the Issuer in the UK.

³ Unless otherwise permitted, text to be included for all Notes which are to be officially listed and traded on the London Stock Exchange or another EEA Stock Exchange. The text would not be required if the Issuer is relying on Regulation 13(4)(c) to (g) of the Regulations.

GENERAL INFORMATION

1. The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that listing of the Programme in respect of the Notes on the Official List and admission of the Notes to trading on the London Stock Exchange's market for listed securities will be granted on or about 6th July, 2001. It is expected that each Tranche of Notes which is to be admitted to the Official List of the UK Listing Authority will be admitted separately and when issued, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. Prior to official listing and admission to trading, however, 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 after the day of the transaction. However, unlisted Notes may be issued pursuant to the Programme.
2. Each Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment and update of the Programme and the guarantee relating to the Programme. The establishment and update of the Programme and the issue of the Notes was authorised by resolutions of the Board of Directors of each Issuer each passed on 28th June, 1996, 9th July, 1999, 3rd July, 2000 and on or about 6th July, 2001 respectively and the giving of the guarantee relating to the Programme by the Guarantor was authorised by resolutions of the Board of Directors of the Guarantor passed on 7th November, 1995 and 9th May, 2001 and a resolution of a committee of Directors of the Guarantor passed on or about 6th July, 2001.
3. Except as disclosed in this Offering Circular there has been no significant change in the financial or trading position of the Issuers or of the Group or of the Guarantor since 31st March, 2001 (the date on which their most recent audited accounts were prepared) and no material adverse change in the financial position or prospects of the Issuers or of the Group or the Guarantor since 31st March, 2001.
4. None of the Issuers nor the Guarantor nor any of its other subsidiaries is or has been involved in any legal or arbitration proceedings that may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position of the Group or of the relevant Issuer or the Guarantor nor is any Issuer or the Guarantor aware that any such proceedings are pending or threatened against it.
5. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
6. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code and the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Pricing Supplement.
7. For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of each Issuer and of the Issuing and Paying Agent in London: —
 - 7.1 the Trust Deed (which includes the form of the Global Notes, the Global Certificates, the definitive Bearer Notes, the Coupons, the Receipts and the Talons)
 - 7.2 the Distribution Agreement
 - 7.3 the Agency Agreement
 - 7.4 the Memorandum and Articles of Association or constitutive documents of the Guarantor and each Issuer
 - 7.5 each Pricing Supplement for Notes that are listed on the Official List and which are admitted to trading on the London Stock Exchange's market for listed securities or any other stock exchange
 - 7.6 a copy of this Offering Circular together with any Supplement to this Offering Circular or further Offering Circular

7.7 a copy of the subscription agreement for Notes issued on a syndicated basis that are listed on the Official List and which are admitted to trading on the London Stock Exchange's market for listed securities.

8. Copies of the latest published annual report and audited consolidated accounts of each Issuer for the two financial years ended 31st March, 2001 and of the latest annual report and audited consolidated accounts of the Guarantor and its subsidiaries for the two financial years ended 31st March, 2001 and the subsequent interim accounts of each Issuer and the subsequent interim consolidated accounts of the Guarantor may be obtained, and copies of the Trust Deed (including the Guarantee) will be available for inspection, at the office of each Issuer and at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.

9. PricewaterhouseCoopers (Chartered Accountants and Registered Auditors) of 1 Embankment Place, London, WC2N 6NN have audited, and rendered unqualified audit reports on, the accounts of both Issuers and the Guarantor for the three years ended 31st March, 2001.

10. Notes (including Notes denominated in Sterling) in respect of which the Issue proceeds are to be accepted by the Issuer in the United Kingdom and which are issued pursuant to an exempt transaction under regulation 13(1) or (3) of the Banking Act 1987 (Exempt Transactions) Regulations 1997 (the "Regulations") will constitute commercial paper, shorter term debt securities or longer term debt securities (in each case, as defined in the Regulations), as specified in the applicable Pricing Supplement, in each case issued in accordance with regulations made under section 4 of the Banking Act 1987. Neither of the Issuers is an authorised institution (as such terms are defined in the Regulations) and repayment of the principal and payment of any interest or premium in connection with such Notes will be guaranteed by the Guarantor, which is neither an authorised institution nor a European authorised institution.

In relation to any Notes which are issued pursuant to an exempt transaction under regulation 13(3) of the Regulations where such Notes would fall within regulation 13(4)(a) or (b) of the Regulations:

- (a) the Issuer confirms that, as at the date hereof, it has complied with its obligations under the relevant rules (as defined in the Regulations) in relation to the admission to and continuing listing of the Programme and of any previous issues made under it and listed on the same exchange as the Programme.
- (b) the Issuer confirms that, it will have complied with its obligations under the relevant rules in relation to the admission to listing of such Notes on the Official List and admission to trading on the London Stock Exchange's market for listed securities by the time when such Notes are so admitted and
- (c) the Issuer confirms that, as at the date hereof, it has not, since the last publication, if any, in compliance with the relevant rules of information about the Programme, any previous issues made under it and listed on the same exchange as the Programme, or any Notes falling within regulation 13(4)(a) or (b) of the Regulations, having made all reasonable enquiries, become aware of any change in circumstances which could reasonably be regarded as significantly and adversely affecting its ability to meet its obligations as Issuer in respect of such Notes as they fall due.

In relation to Notes which are to be exempt transactions under regulation 13(3) of the Regulations and fall within regulation 13(4)(b) of the Regulations, the Issuer confirms that, as at the date hereof, it has complied and will continue to comply with its obligations under the Regulations to lodge all relevant information (as defined in the Regulations) in relation to any such Notes with the UK Listing Authority and the London Stock Exchange.

REGISTERED AND HEAD OFFICES OF THE ISSUERS

Marks and Spencer Finance p.l.c.

Michael House
Baker Street
London W1U 8EP

St. Michael Finance p.l.c.

Michael House
Baker Street
London W1U 8EP

REGISTERED OFFICE OF THE GUARANTOR

Marks and Spencer p.l.c.

Michael House
Baker Street
London W1U 8EP

DEALERS

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London E14 4BB

Deutsche Bank AG London

Winchester House
1 Great Winchester Street
London EC2N 2DB

J.P. Morgan Securities Ltd.

60 Victoria Embankment
London EC4Y 0JP

Salomon Brothers International Limited

Citigroup Centre
33 Canada Square
London E14 5LB

Cazenove & Co. Ltd.

12 Tokenhouse Yard
London EC2R 7AN

Goldman Sachs International

Peterborough Court
133 Fleet Street
London EC4A 2BB

Morgan Stanley & Co. International Limited

25 Cabot Square
Canary Wharf
London E14 4QA

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

ISSUING AND PAYING AGENT AND CALCULATION AGENT

Deutsche Bank AG London

Winchester House
1 Great Winchester Street
London EC2N 2DB

PAYING AGENT, REGISTRAR AND TRANSFER AGENT

Deutsche Bank Luxembourg S.A.

2, Boulevard Konrad Adenauer
L - 1115 Luxembourg

TRUSTEE

The Law Debenture Trust Company p.l.c.

Fifth Floor
100 Wood Street
London EC2V 7EX

ARRANGER

Goldman Sachs International

Peterborough Court
133 Fleet Street
London EC4A 2BB

LONDON LISTING AGENT

Goldman Sachs Equity Securities (U.K.)

Peterborough Court
133 Fleet Street
London EC4A 2BB

AUDITORS

**To Each Issuer
and the Guarantor
PricewaterhouseCoopers**

1 Embankment Place
London WC2N 6NN

LEGAL ADVISERS

TO THE ISSUERS AND THE GUARANTOR

in respect of English law

Slaughter and May

35 Basinghall Street
London EC2V 5DB

TO THE DEALERS AND THE TRUSTEE

in respect of English law

Linklaters

Linklaters & Alliance

One Silk Street
London EC2Y 8HQ

MARKS & SPENCER