

JOHN LEWIS plc

(incorporated in England and Wales with limited liability under registered number 233462) ✓

£200,000,000

6.375 per cent. Bonds due 2012

Issue Price: 99.416 per cent.

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 the £200,000,000 6.375 per cent. Bonds due 2012 (the "Bonds") of John Lewis plc (the "Company") 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 Bonds to be admitted to trading on the London Stock Exchange's market for listed securities. Admission to the Official List together with admission to trading on the London Stock Exchange's market for listed securities constitute official listing on a stock exchange. Copies of this document, which comprises listing particulars, have been delivered to the Registrar of Companies in England and Wales as required by Section 149 of the Financial Services Act 1986. ✓

The Bonds will initially be represented by a temporary global Bond (the "Temporary Global Bond"), without interest coupons, which will be deposited with a common depositary for Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") on or about 20th April 2001. The Temporary Global Bond will be exchangeable for interests in a permanent global Bond (the "Permanent Global Bond"), without interest coupons on or after a date which is expected to be 30th May 2001 upon certification as to non-U.S. beneficial ownership. The Permanent Global Bond will be exchangeable for definitive Bonds in bearer form in the denominations of £1,000, £10,000 and £100,000 in the limited circumstances set out in it. See "Summary of Provisions Relating to the Bonds while in Global Form".

HSBC

Barclays Capital

The Royal Bank of Scotland

Westdeutsche Landesbank Girozentrale

Cazenove & Co.

The date of this Offering Circular is 12th April 2001 ✓



This Offering Circular comprises listing particulars given 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 Company, the Company and its subsidiaries (together the "Group") and the Bonds. The Company accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Company (which has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company or the Managers. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Bonds have not been and will not be registered under the U.S. Securities Act 1933 (the "Securities Act") and are subject to U.S. tax law requirements. Subject to certain exceptions, Bonds may not be offered, sold or delivered within the United States or to U.S. persons.

Unless otherwise specified or the context requires, references to "pounds", "sterling", "pounds sterling", "£" or "pence" are to the lawful currency of the United Kingdom.

In connection with this issue, The Royal Bank of Scotland plc may over-allot or effect transactions which stabilise or maintain the market price of the Bonds at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time.

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TERMS AND CONDITIONS OF THE BONDS

The following, subject to alteration and amendment, are the terms and conditions of the Bonds substantially in the form which will appear on the Bonds in definitive form.

The £200,000,000 6.375 per cent. Bonds due 2012 (the "Bonds", which expression shall, unless the context otherwise requires, include any further bonds issued pursuant to Condition 16 below and forming a single series therewith) of John Lewis plc (the "Company") are constituted by a Trust Deed dated 20th April 2001 (the "Trust Deed") between the Company and Royal & Sun Alliance Trust Company Limited (the "Trustee") as trustee for the holders of the Bonds (the "Bondholders"). The issue of the Bonds was authorised by a resolution of the Board of Directors of the Company passed on 22nd March 2001 and by a resolution of a Committee of the Board of Directors of the Company passed on 4th April 2001. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed and the Paying Agency Agreement dated 20th April 2001 (the "Paying Agency Agreement") between the Company, HSBC Bank plc as Principal Paying Agent (the "Principal Paying Agent"), the other paying agents appointed from time to time and referred to below (together with the Principal Paying Agent, the "Paying Agents") and the Trustee are available for inspection by Bondholders and the holders of the interest coupons appertaining to the Bonds (the "Couponholders" and the "Coupons" respectively) at the principal office of the Trustee, being at the date hereof at Phoenix House, 18 King William Street, London EC4N 7HE and at the specified office(s) of each of the Paying Agents referred to below. The Bondholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed applicable to the Bonds and are deemed to have notice of all those provisions of the Paying Agency Agreement applicable to them.

1. FORM, DENOMINATION AND TITLE

- (a) **Form and Denomination:** The Bonds are in bearer form, serially numbered, in the denominations of £1,000, £10,000 and £100,000 each with Coupons attached on issue. Bonds of one denomination may not be exchanged for Bonds of other denominations.
- (b) **Title:** Title to the Bonds and to the Coupons will pass by delivery. The holder of any Bond or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person shall be liable for so treating the holder.

2. STATUS

The Bonds and the Coupons are direct, unconditional and (subject to the provisions in Condition 3 below) unsecured obligations of the Company and (subject as aforesaid) rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Company, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors' rights.

3. COVENANTS

A. Definitions

"Adjusted Capital and Reserves" means at any time the aggregate of:-

- (1) the amount paid up or credited as paid up on the issued share capital of the Company; and
- (2) the amounts standing to the credit of the consolidated capital and revenue reserves (including any share premium account, capital redemption reserve and revaluation reserve) of the Company and the Subsidiaries (as defined in the Trust Deed) plus any credit balance on consolidated profit and loss account;

all as shown by the then latest audited consolidated balance sheet of the Company and the Subsidiaries (which shall be prepared on the basis of the historical cost convention modified, if applicable, by the revaluation of land and buildings) but:-

- (a) adjusted to take account of any Subsidiaries not included in such balance sheet and any variation in interests in Subsidiaries and in the paid up share capital of the Company and the amount of the said reserves since the date of such balance sheet and to take account of the subscription moneys (including any premium) in respect of any share capital of the Company proposed to be issued for cash to the extent to which the subscription thereof has been unconditionally underwritten (to the extent that such subscription moneys and any premium are payable not later than six months after the date of allotment) with effect from the date on which such issue was so underwritten;
- (b) excluding (to the extent that the same are reflected in such reserves) all sums set aside for taxation whether in respect of deferred taxation or otherwise;
- (c) excluding amounts attributable to outside interests in Subsidiaries and any distributions made to members of the Company and outside shareholders in Subsidiaries out of profits accrued prior to the date of the relative audited consolidated balance sheet and not provided for therein;
- (d) excluding all amounts attributable to goodwill (other than goodwill arising only on consolidation) and other intangible assets;
- (e) deducting therefrom any debit balance on consolidated profit and loss account and on any consolidated reserve account;
- (f) excluding such part of the interests of the Company or a Subsidiary in an associated company (as defined in the Trust Deed), not being a Subsidiary, as is attributable to any post-acquisition undistributed profits and reserves, but including such interests at original cost or, if lower, book value; and
- (g) deducting therefrom (to the extent included in the relative audited consolidated balance sheet) the amount (if any) by which the amount attributable in the relative audited consolidated balance sheet to moveable or immovable assets (excluding land and any buildings thereon but including fixtures or fittings affixed thereto or upon or within the same being the subject of a separate leasing or hiring agreement) hired and/or leased by the Company and the Subsidiaries exceeds the aggregate of the capital amounts in respect of any amount prospectively payable by the Company or any Subsidiary for the hire or lease of moveable or immovable assets, notwithstanding that a capital amount in respect of such amount may be included as a liability in its latest audited balance sheet.

“moneys borrowed” shall be deemed to include:-

- (1) the principal amount for the time being owing by the Company or any Subsidiary in respect of any debenture (within the meaning of Section 744 of the Companies Act 1985), whether issued for cash or in whole or in part for a consideration other than cash;
- (2) the principal amount for the time being owing of any moneys borrowed by the Company or any Subsidiary or other indebtedness (not being indebtedness in relation to the purchase of goods or services in the ordinary course of trading the amount of which is to remain outstanding for not more than 180 days) of the Company or a Subsidiary and the nominal amount of any share capital (together with any premium) of any person to the extent of the amount thereof repayment of which is for the time being guaranteed or secured or the subject of an indemnity given by the Company or a Subsidiary, which amount shall, except insofar as otherwise taken into account, be deemed to be moneys borrowed by the Company or by such Subsidiary as the case may be;
- (3) the nominal amount of any issued share capital of any Subsidiary (not being equity share capital which as regards capital has rights no more favourable than those attached to its ordinary share capital) owned otherwise than by the Company or another Subsidiary, which nominal amount shall be deemed to be moneys borrowed by such first-mentioned Subsidiary;

- (4) the principal amount raised by the Company or any Subsidiary by acceptances (not being acceptances in relation to the purchase of goods or services in the ordinary course of trading the amounts raised whereunder are to remain outstanding for not more than 180 days) or under any acceptance credit opened on its behalf by any bank or accepting house;
- (5) the principal amount of any book debts of the Company or any Subsidiary which have been sold or agreed to be sold, to the extent that the Company or any Subsidiary is for the time being liable to indemnify or reimburse the purchaser in respect of any non-payment; and
- (6) any part of the purchase price of any moveable or immovable assets (not being assets acquired in the ordinary course of trading) acquired by the Company or a Subsidiary the payment of which is deferred beyond the date of completion of the conveyance, assignment or transfer of the legal estate to such assets or, if no such conveyance, assignment or transfer is to take place within six months after the date on which the contract for such purchase is entered into or (if later) becomes unconditional, beyond that date (not being a deferral pending satisfactory installation of the asset being acquired);
- (7) the net present value of any outstanding amount from time to time payable by the Company or any Subsidiary in respect of any asset which is the subject of a sale-and-repurchase or sale-and-leaseback arrangement or any analogous arrangement;

but shall be deemed not to include:-

- (8) moneys borrowed and otherwise falling to be taken into account pursuant to either of the limits set out in paragraph (B)(1) below and intended to be applied within four months of being so borrowed in the repayment of moneys borrowed then outstanding which fall to be taken into account pursuant to the same limit pending their application for such purpose or the expiry of such period whichever shall be the earlier provided that where the new moneys borrowed would otherwise fall to be taken into account pursuant to the limit set out in paragraph (B)(1)(b) below but the moneys borrowed so to be repaid fall to be taken into account only pursuant to the limit set out in paragraph (B)(1)(a) below the new moneys borrowed shall be taken into account and the moneys borrowed so to be repaid shall not;
- (9) a proportion of money borrowed of any partly-owned Subsidiary (but only to the extent that an amount equivalent to such proportion exceeds the net amount of moneys borrowed (if any) from such partly-owned Subsidiary by the Company or another Subsidiary after deducting moneys borrowed (if any) by such partly-owned Subsidiary from the Company or another Subsidiary) such proportion being that which the issued equity share capital of such partly-owned Subsidiary which is not for the time being beneficially owned directly or indirectly by the Company bears to the whole of the issued equity share capital of such partly-owned Subsidiary;
- (10) moneys borrowed of a company which becomes a Subsidiary after 20th April 2001 and which are outstanding at the date when such company becomes a Subsidiary for the period of six months from the date of such event, in each case to the extent that they exceed any increase in the relevant limit contained in paragraph (B)(1) below arising out of adjustments to be made to the Adjusted Capital and Reserves on account of the transaction whereby such company becomes a Subsidiary and of any other transaction effected during such period of six months whereby the outside interest (if any) in such Subsidiary is reduced; and
- (11) any guarantee or indemnity given by the Company of moneys borrowed of a Subsidiary or by a Subsidiary of moneys borrowed of the Company or another Subsidiary;

and so that in the calculation of moneys borrowed no amount shall be taken into account more than once.

B. Restrictions on borrowing and charging

- (1) The Company will procure that so long as any of the Bonds remains outstanding (as defined in the Trust Deed) :-
 - (a) the aggregate principal amount (including any fixed or minimum premium payable on final redemption) for the time being outstanding of all moneys borrowed (whether secured or not) of the Company and the Subsidiaries (excluding moneys borrowed by the Company from a Subsidiary or by a Subsidiary from the Company or from another Subsidiary) shall not exceed an amount equal to 1.75 times the Adjusted Capital and Reserves; and
 - (b) the aggregate principal amount (including any fixed or minimum premium payable on final redemption) for the time being outstanding of:-
 - (i) all moneys borrowed by the Company and secured or effectively secured by any charge on all or any part of the undertaking, property and assets of the Company; and
 - (ii) all moneys borrowed by Subsidiaries (other than from the Company or another Subsidiary) whether secured or not;

shall not exceed an amount equal to 0.5 times the Adjusted Capital and Reserves (but in the calculation of the amount of such moneys borrowed no amount shall be taken into account more than once).

- (2) When the aggregate amount of moneys borrowed required to be taken into account for the purposes of either of the limits contained in paragraph (1) above on any particular day is being ascertained, all such moneys borrowed denominated or repayable in a currency other than sterling shall be translated for the purpose of calculating the sterling equivalent at the rate used for translating such currency into sterling in the then latest audited consolidated balance sheet of the Company and the Subsidiaries or if such amount is not so translated therein at the rate(s) of exchange prevailing on that day in London provided that, to the extent that the repayment of such moneys borrowed is covered by a forward purchase contract with a bank approved by the Trustee, such moneys borrowed shall be translated at the rate of exchange specified therein.
- (3) For the purposes of the foregoing provisions of this Condition, any company which it is proposed shall become or cease to be a Subsidiary contemporaneously with any relevant transaction shall be treated as if it had already become or ceased to be a Subsidiary.
- (4) A certificate addressed to the Trustee by two Directors of the Company as to the amount of the Adjusted Capital and Reserves or as to the amount of the limits contained in paragraph (1) above or as to the aggregate amount of moneys borrowed falling to be taken into account for the purpose of or as to compliance with either of such limits at any time or in respect of any period shall, in the absence of manifest error, be relied upon by the Trustee and shall be conclusive and binding on the Company, the Subsidiaries, the Bondholders and the Couponholders.

C. Negative pledge

So long as any of the Bonds remains outstanding the Company will procure that no Relevant Indebtedness existing on or after 20th April 2001 of the Company or any Subsidiary and no guarantee by the Company or any Subsidiary of any Relevant Indebtedness existing on or after 20th April 2001 of any person will be secured by any mortgage, lien, pledge or other security interest upon, or with respect to, any of the present or future assets or revenues of the Company or any other person or will have the benefit of any guarantee (other than a guarantee of Relevant Indebtedness of a Subsidiary by the Company or any other Subsidiary) unless it shall, simultaneously with, or prior to, the creation of such security interest or guarantee take any and all action necessary to procure that all amounts payable by it under the Bonds, the Coupons and the Trust Deed are secured or guaranteed equally and rateably with such mortgage, lien, pledge or other security interest or guarantee to the satisfaction of the Trustee or such other security or guarantee is provided as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

Where Relevant Indebtedness of any person is secured by any mortgage, lien, pledge or other security interest and is guaranteed by the Company or any Subsidiary, such guarantee shall itself for the purposes of this provision be treated as being so secured. Any reference to an obligation being guaranteed shall include a reference to an indemnity being given in respect thereof.

For the purposes of this provision, "Relevant Indebtedness" means any present or future loan or other indebtedness which is in the form of or represented by any bonds, notes or other like securities, having an original maturity of more than one year from its date of issue, offered or distributed whether by way of public offer or private placing or otherwise (other than any loan stock wholly evidenced by certificates in registered form denominated or payable in pounds sterling which is or was issued to, placed with, offered for subscription to or distributed by or on behalf of, or with the agreement of, the Company primarily to, or incurred in favour of, persons resident in the United Kingdom and which is not settled, held or cleared through Clearstream Banking, société anonyme, Euroclear Bank S.A./N.V. as operator of the Euroclear system or any other alternative clearing system).

5. INTEREST

The Bonds bear interest from and including 20th April 2001 at the rate of 6.375 per cent. per annum, payable annually in arrear on 30th January in each year, except that the first payment of interest, to be made on 30th January 2002, will be in respect of the period from and including 20th April 2001 to but excluding 30th January 2002.

Bonds will cease to bear interest from the due date for redemption unless, upon due presentation, payment of the principal is improperly withheld or refused in which event interest will continue to accrue. Whenever it is necessary to compute any amount of interest in respect of a Bond for a period of less than a full year, such interest shall be computed on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

6. PAYMENTS

Payments in respect of principal and interest will be made against surrender of Bonds or, in the case of payments of interest on each 30th January, against surrender of Coupons, at any specified office of any of the Paying Agents, from time to time. Such payments will be made at any specified office of any Paying Agent by pounds sterling cheque drawn on, or at the option of the holder, by transfer to, a pounds sterling account maintained by the payee with, a bank in London, subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions described in Condition 8 below.

Each Bond should be presented for payment together with all relative unmatured Coupons, failing which the amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8 below) in respect of the relevant Bond (whether or not such Coupon would otherwise have become void pursuant to Condition 9 below) or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

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

"Presentation Date" means a day which (subject to Condition 9):

- (a) is or falls after the relevant due date but, if the due date is not or was not a Business Day in London, is or falls after the next following such Business Day; and
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Bond or Coupon is presented for payment and, in the case of payment by transfer to a sterling account in London as referred to above, in London.

"Business Day" means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments in that place.

The name of the initial Principal Paying Agent and its initial specified office is listed below.

The Company reserves the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that it will at all times maintain a Paying Agent having a specified office in London. The Company undertakes that, if the conclusions of the ECOFIN Council meeting of 26th-27th November 2000 are implemented, it will ensure that it maintains a paying agent in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to the *European Union Directive on the taxation of savings*. Notice of any such termination or appointment and of any changes in the specified offices of the Paying Agents will be given to the Bondholders promptly in accordance with Condition 13 below.

7. REDEMPTION AND PURCHASE

- (a) Unless previously redeemed or purchased and cancelled as provided below, the Company will redeem the Bonds at their principal amount on 30th January 2012.
- (b) The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 13 below (which notice shall be irrevocable), at the principal amount thereof, together with interest accrued to but excluding the date fixed for redemption, if (i) the Company satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 8 below as a result of any change in, or amendment to, *the laws or regulations of the United Kingdom 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 12th April 2001, and (ii) such obligation cannot be avoided by the Company 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 Company would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to publication of any notice of redemption pursuant to this paragraph, the Company shall deliver to the Trustee a certificate signed by two Directors of the Company stating that the obligation referred to in (i) above cannot be avoided by the Company 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 the Bondholders and the Couponholders.
- (c) The Company or any of the Subsidiaries may, subject to any relevant laws or regulations, at any time purchase Bonds (provided that all unmatured Coupons appertaining thereto are attached thereto or surrendered therewith) by tender (available to all Bondholders alike) or in the open market or by private treaty at any price.
- (d) All Bonds which are (i) redeemed or (ii) purchased by or on behalf of the Company or any of the Subsidiaries will forthwith be cancelled, together with all unmatured Coupons delivered therewith, and accordingly may not be reissued or resold.

8. TAXATION

All payments of principal and interest by or on behalf of the Company in respect of the Bonds and the Coupons will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom, or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Company will pay such additional amounts as may be necessary in order that the net amounts received by the Bondholders and the Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Bonds or, as the case may be, Coupons, in the absence of such withholding or deduction except that no such additional amounts shall be payable with respect to any payment in respect of any Bond or Coupon presented for payment:-

- (a) by or on behalf of a holder, or any other person whose income the interest is or is deemed to be for United Kingdom taxation purposes, who, in either case, is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Bond or Coupon; or
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the expiry of such period of 30 days;
- (c) 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 26th-27th November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) by or on behalf of a Bondholder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the "Relevant Date" means the date on which such payment first becomes due, but if the full amount of the money payable has not been received in London by the Principal Paying Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly published in accordance with Condition 13 below.

Any reference in these Terms and Conditions to principal or interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

9. PRESCRIPTION

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 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 8).

10. EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall, give written notice to the Company that the Bonds are, and they shall accordingly become, immediately due and repayable at their principal amount, together with accrued interest, in any of the following events ("Events of Default");:-

- (a) default being made for a period of 14 days in the payment of interest on any of the Bonds when the same is due in accordance with these Terms and Conditions or the provisions of the Trust Deed; or
- (b) the Company failing to perform or observe any of its other obligations under the Bonds or the Trust Deed and (except where the Trustee considers such failure to be incapable of remedy, when no such notice as is hereinafter mentioned will be required) such failure continuing for a period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Company of notice requiring the same to be remedied; or
- (c) an order being made or an effective resolution being passed for the winding up of the Company; or
- (d) the Company stopping or threatening to stop payment generally or ceasing or threatening to cease to carry on all or substantially all of its business; or
- (e) an order being made or an effective resolution being passed for the winding up of a Principal Subsidiary (otherwise than for the purpose of an amalgamation or reconstruction or similar arrangement under which all or substantially all the undertaking and assets of the relevant Principal Subsidiary are transferred to the Company and/or one or more other wholly-owned Subsidiaries provided that, if such

transfer is made to one or more wholly-owned Subsidiaries, such one or more wholly-owned Subsidiaries shall thereupon forthwith be deemed to be Principal Subsidiaries in their own right or the terms of which have previously been approved in writing by the Trustee); or

- (f) a Principal Subsidiary stopping or threatening to stop payment generally or ceasing or threatening to cease to carry on all or substantially all of its business (otherwise than in consequence of a winding up excluded from the provisions of (e) above or as a result of the transfer of all or substantially all its undertaking and assets to the Company and/or one or more other wholly-owned Subsidiaries provided that, if such transfer is made to one or more wholly-owned Subsidiaries, such one or more wholly-owned Subsidiaries shall thereupon forthwith be deemed to be Principal Subsidiaries in their own right); or
- (g) an order being made by any competent court, or a resolution being passed by the Company or any Principal Subsidiary to apply for judicial composition proceedings with the creditors of the Company or any Principal Subsidiary, or the Company or any Principal Subsidiary making a general assignment for the benefit of its creditors; or an administrative or other receiver, administrator or other similar official being appointed in relation to the Company or any Principal Subsidiary or a substantial part of its or any of their assets; or a distress or execution or other process being levied or enforced upon or sued out against or an encumbrancer taking possession of any substantial part of the assets of the Company or of any Principal Subsidiary and in any such case not being discharged within 30 days or the Company or any Principal Subsidiary being unable to pay or admitting its inability to pay its debts as they fall due; or
- (h) the repayment of any indebtedness (as defined in the Trust Deed) (other than the Bonds) of the Company or of any Principal Subsidiary having an aggregate outstanding principal amount of at least £10,000,000 (or its equivalent in other currencies) being accelerated by reason of default in respect of the terms thereof or the Company or any Principal Subsidiary failing to make any payment of an amount of not less than £10,000,000 (or its equivalent in other currencies) in respect of any indebtedness on the due date for such payment as extended by any applicable grace period therefor (as originally provided) or failing to honour any guarantee or indemnity in respect of any indebtedness having an aggregate outstanding principal amount of at least £10,000,000 (or its equivalent in other currencies) or any mortgage or charge (whether fixed or floating) or other security granted by the Company or any Principal Subsidiary in respect of any indebtedness having an aggregate outstanding principal amount of at least £10,000,000 (or its equivalent in other currencies) becoming enforceable and steps being taken to enforce the same; or
- (i) the Company or any Principal Subsidiary ceasing to be a subsidiary of John Lewis Partnership plc otherwise than for reasons previously approved by the Trustee in writing;

Provided, in the case of any such Event of Default other than those described in paragraphs (a) and (i) above and, in relation to the Company, paragraph (g) above, the Trustee shall have certified to the Company that such Event of Default is in its opinion materially prejudicial to the interests of the Bondholders.

As used in these Terms and Conditions, "Principal Subsidiary" shall at any time mean a Subsidiary:-

- (a) whose total assets (consolidated in the case of a Subsidiary which itself has subsidiaries) or gross revenues (consolidated in the case of a Subsidiary which itself has subsidiaries) attributable directly or indirectly to the Company represent not less than 10 per cent. of the consolidated total assets or, as the case may be, consolidated gross revenues of the Company and the Subsidiaries taken as a whole, all as calculated by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Company and the Subsidiaries; or
- (b) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary,

all as more particularly described in the Trust Deed. A certificate addressed to the Trustee by two Directors of the Company that in their opinion a Subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

11. ENFORCEMENT

At any time after the Bonds shall have become due and repayable the Trustee may, at its discretion and without further notice, take such proceedings against the Company as it may think fit to enforce repayment of the Bonds together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least one-fifth in principal amount of the Bonds then outstanding, and (b) it shall have been indemnified to its satisfaction. No Bondholder or Couponholder shall be entitled to proceed directly against the Company unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and such failure shall be continuing.

12. REPLACEMENT OF BONDS AND COUPONS

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

13. NOTICES

All notices to the Bondholders will be valid if published in a leading English language daily newspaper (which is expected to be the *Financial Times*) circulating in the United Kingdom or such other English language newspaper with circulation in Europe as the Trustee may approve. Such notices shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication. If publication as aforesaid is not practicable, notice will be given in such other manner as the Trustee may approve. Couponholders will be deemed to have notice of the contents of any notice given to Bondholders in accordance with this Condition 13.

14. MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests including the modification by Extraordinary Resolution of these Terms and Conditions or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, except that, at any meeting the business of which includes the modification of certain of these Terms and Conditions and/or provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than three-quarters or at any adjourned such meeting not less than a clear majority of the principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present or represented at the meeting, and on all Couponholders. The Trustee may agree, without the consent of the Bondholders or Couponholders to (i) any modification of the Trust Deed which is (in the opinion of the Trustee) of a formal, minor or technical nature or which is made to correct a manifest error and (ii) any other modification (subject to certain exceptions) of, or to the waiver or authorisation of any breach or proposed breach of, any or these Terms and Conditions or any of the provisions of the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders. The Trustee may also agree, subject to the relevant provisions of the Trust Deed and to such other conditions (if any) as the Trustee may require but without the consent of the Bondholders or the Couponholders, (a) to the substitution of a wholly-owned Subsidiary or holding company of the Company in place of the Company as principal debtor under the Trust Deed, the Bonds and the Coupons subject to the Company unconditionally and irrevocably

guaranteeing that Subsidiary's or holding company's obligations in respect of the Trust Deed, the Bonds and the Coupons by a document in such form and substance as the Trustee may require, and/or (b) to the substitution of any successor company (as defined in the Trust Deed) of the Company in place of the Company. In connection with the exercise of its function (including but not limited to those referred to in this Condition), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the tax or other consequences thereof for individual Bondholders or Couponholders in particular resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim from the Company any indemnifications or payment in respect of any tax consequences of any such exercise upon individual Bondholders or Couponholders. Any such modification, waiver, authorisation or substitution shall be binding on the Bondholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified to the Bondholders as soon as practicable thereafter in accordance with Condition 13 above.

15. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Company and any entity related to the Company without accounting for any profit.

16. FURTHER ISSUES

The Company shall be at liberty from time to time without the consent of the Bondholders or Couponholders to create and issue further bonds or notes (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding bonds or notes of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental thereto or (b) upon such terms as to status, interest, conversion, premium, redemption and otherwise as the Company may at the time of issue thereof determine. Any further bonds or notes forming a single series with the outstanding bonds or notes of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental thereto shall, and any other further bonds or notes may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of bonds or notes of other series in certain circumstances where the Trustee so decides.

17. INFORMATION TO BONDHOLDERS

Copies of the Company's annual report and accounts will be made available to Bondholders during normal business hours at the offices of the specified Paying Agents within 14 days of their publication. The Company shall in any year, if so requested in writing by the holders of more than fifty per cent. in principal amount of the outstanding Bonds, invite the Bondholders to, and hold for their benefit, an information meeting which, *inter alia*, will review any interim results of the Company and the Company's operational and financial performance over the period from the previous information meeting, together with its plans for the forthcoming period.

18. GOVERNING LAW

The Trust Deed, the Bonds and the Coupons are governed by, and will be construed in accordance with, English law.

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Temporary Global Bond and the Permanent Global Bond contain provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this document. The following is a summary of certain of those provisions:

1. Exchange

The Temporary Global Bond is exchangeable in whole or in part for interests in the Permanent Global Bond on or after a date which is expected to be 30th May 2001 upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Bond. The Permanent Global Bond is exchangeable in whole but not in part (free of charge to the holder) for definitive Bonds (i) if the Permanent Global Bond is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available, (ii) if principal in respect of any Bonds is not paid when due and payable or (iii) if the Company would suffer a material disadvantage in respect of the Bonds as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 8 which would not be suffered were the Bonds in definitive form and a certificate to such effect signed by two Directors of the Company is delivered to the Trustee for display to Bondholders, by such holder giving notice to the Trustee, or (unless a default notice has been given as referred to in "Default" below) by the Company giving notice. Thereupon (in the case of (i) and (ii) above) the holder may give notice to the Trustee, and (in the case of (iii) above) the Company may give notice to the Trustee and the Bondholders, of its intention to exchange the Permanent Global Bond for definitive Bonds on or after the Exchange Date (as defined below) specified in the notice.

On or after the Exchange Date (as defined below) the holder of the Permanent Global Bond may surrender the Permanent Global Bond to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Bond, the Company will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Bonds (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange of the Permanent Global Bond the Company will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant definitive Bonds.

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

2. Payments

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

3. Notices

So long as the Bonds are represented by the Permanent Global Bond and the Permanent Global Bond is held on behalf of a clearing system, notices to Bondholders 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.

4. Prescription

Claims against the Company in respect of principal and interest on the Bonds while the Bonds are represented by the Permanent Global Bond will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

5. Meetings

The holder of the Permanent Global Bond will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Bondholders and, at any such meeting, as having one vote in respect of each £1,000 in principal amount of Bonds for which the Permanent Global Bond may be exchanged.

6. Purchase and Cancellation

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

7. Trustee's Powers

In considering the interests of Bondholders while the Permanent Global Bond is held on behalf of 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 the Permanent Global Bond and may consider such interests as if such accountholders were the holder of the Permanent Global Bond.

USE OF PROCEEDS

The net proceeds of the issue, which are estimated to amount to approximately £197,942,000 will be used to refinance existing indebtedness and for general corporate purposes.

CAPITALISATION

The following is a summary of the unaudited capital and loan capital and borrowings of the Group as at 27th January 2001: -

	27th January 2001 £m
Capital (Note 1)	
Ordinary shares of £1 each, fully paid.....	6.8
Preference shares (Note 2)	
5 per cent. First Cumulative Preference Stock	1.5
7 per cent. Cumulative Preference Stock.....	0.7
	<hr/> 9.0 <hr/>
	27th January 2001 £m
Loan capital and borrowings	
Bank overdraft and other borrowings	48.2
Bank loans	155.0
10¼ per cent. Bonds 2006.....	50.0
10½ per cent. Bonds 2014.....	100.0
	<hr/> 353.2 <hr/>

Notes:-

1. The authorised share capital of the Company is £9,000,000 consisting of 6,800,000 ordinary shares of £1.00 each, 1,500,000 5 per cent. First Cumulative Preference Stock of £1.00 each and 700,000 7 per cent. Cumulative Preference Stock of £1.00 each, all of which is issued and fully paid. There has been no change in the authorised or issued share capital of the Company since 27th January 2001.
2. Of the £2.2 million of preference share capital, £1.8 million is held by John Lewis Partnership plc.
3. The Company has given a guarantee to L.M. Solutions (UK) Limited, an associated company, in respect of a maximum £6.8 million lease liability. Save as disclosed above, and apart from intra-group indebtedness and guarantees of group indebtedness, neither the Company nor any of its subsidiaries had outstanding at 27th January 2001 any borrowing or indebtedness in the nature of borrowing including loan capital issued, or created but unissued, term loans, bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.
4. None of the Group's loan capital and borrowings is secured or guaranteed.
5. Save for the drawdown of £155,000,000 of bank loans, there has been no significant change in the financial position of the Group since 29th January 2000, the date to which the last audited financial information for the Group was made up.
6. There has been no material change in the loan capital, contingent liabilities, guarantees and borrowings of the Group since 27th January 2001.

JOHN LEWIS plc

GENERAL

The Company is incorporated with limited liability in England and Wales under the Companies Acts 1908 to 1917 and is the principal trading subsidiary of John Lewis Partnership plc. John Lewis Partnership plc does not itself trade, but, through its holding of 100 per cent. of the ordinary share capital of the Company, controls the trading activities of the John Lewis Partnership, the name applied to the group of companies comprising John Lewis Partnership plc and its subsidiaries.

The Group is principally engaged in retailing a wide range of products through its 25 department stores and 136 Waitrose supermarkets, all of which are located in Great Britain. The Group also has businesses engaged in wholesale trade in textiles and in manufacturing, of which much of the production is sold through its retail branches. The profits of the Group which would otherwise be distributed as a dividend on the equity capital are distributed among the employees.

At 27th January 2001, the Group employed about 53,900 employees, including about 24,100 part-time staff.

CONSTITUTION

John Lewis Partnership plc has £4.9 million of listed preference share capital, but voting control is exercised through the 612,000 Deferred Ordinary Shares controlled by John Lewis Partnership Trust Limited (the "Trust Company") under the terms of 1929 and 1950 trust settlements.

Pursuant to these settlements, a written Constitution was drawn up which sets out the basic principles on which the John Lewis Partnership trades. The Memorandum and Articles of Association of the Trust Company conform to the Constitution and one of its principal objects is to promote, uphold and maintain the Constitution.

The Constitution can only be amended with the agreement of both the Chairman of the Trust Company and a majority of the Central Council, at least four-fifths of whom are elected bi-annually by secret ballot by the Partners and up to one-fifth of whom are appointed by the Chairman. At present the Central Council has 132 members, of whom 20 are appointed members. Broadly, all employees having permanent contracts of employment are Partners.

The capital of the Trust Company is £250,100 divided into 40 A shares of £1 each, which carry voting rights, and 60 B shares of £1 each and 250,000 Deferred Ordinary Shares of £1 each (40 pence paid and carrying no right to vote or to participate in dividends). The A shares are held by the Chairman for the time being of the Trust Company, who is also Chairman of John Lewis Partnership plc. On taking office, the Chairman must undertake in writing to uphold the Constitution.

The B shares in the Trust Company are held by the Trustees of the Constitution on trust for the Central Council. The B shares carry voting rights only during the period of one month from the confirming of a resolution for the removal of the Chairman (*which requires not less than two-thirds of the members of the Central Council to vote in favour*), or at any time upon a resolution for a winding-up of the Trust Company or for an alteration of the Articles of the Trust Company to change the voting rights of members.

RESTRICTIONS ON DISPOSALS

The Trust Company may not sell or dispose of any of the 612,000 Deferred Ordinary Shares in John Lewis Partnership plc unless they are exchanged for shares in another company pursuant to a scheme of amalgamation.

The Constitution provides that five Partners each year shall be elected by the Central Council to sit on the Board of John Lewis Partnership plc (the "Central Board"). If three of these elected Directors so request, the Central Board must consult the Central Council if the former proposes to liquidate more than 5 per cent. of

the fixed assets of the John Lewis Partnership or to increase the total capital of the John Lewis Partnership by more than 5 per cent. otherwise than by the accumulation of profits of the business.

JOHN LEWIS PLC: FIVE YEAR CONSOLIDATED SUMMARY

		Years ended January			
	2000	1999	1998*	1997	1996
	£m	£m	£m	£m	£m
Turnover (including VAT)	3,747.6	3,517.6	3,460.1	3,160.5	2,815.7
Profit before pension costs	263.7	267.5	300.7	262.3	195.4
Pension costs.....	(49.7)	(47.5)	(29.0)	(23.4)	(22.6)
Exceptional operating income	—	33.5	—	—	—
Interest	(19.3)	(16.6)	(21.4)	(21.8)	(22.8)
Profit before Partnership bonus and taxation.....	194.7	236.9	250.3	217.1	150.0
Taxation	(33.4)	(46.8)	(49.9)	(45.2)	(28.6)
Dividends.....	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Net profit available for profit sharing and retention in the business	161.0	189.8	200.1	171.6	121.1
Partnership bonus	(77.8)	(88.9)	(97.7)	(81.7)	(57.0)
As a percentage of ranking pay	15%	19%	22%	20%	15%
Retained in the business	83.2	100.9	102.4	89.9	64.1
Net assets employed	1,429.0	1,301.2	1,193.2	1,060.4	950.0
Pay	508.1	467.4	442.1	402.3	371.3
Average number of employees	49,000	46,800	45,300	43,700	41,100
including part-time employees	20,800	19,800	18,800	17,800	16,300

Note:-

* 53-week year.

JOHN LEWIS PLC: CONSOLIDATED RESULTS FOR THE TWO YEARS ENDED

29th JANUARY 2000

	2000 £m	1999 £m
Turnover	3,747.6	3,517.6
Trading profit.....	214.0	220.0
Exceptional operating income ⁽¹⁾	—	33.5
Total operating profit	214.0	253.5
Net interest payable	(19.3)	(16.6)
Profit before Partnership bonus and taxation.....	194.7	236.9
Partnership bonus	(77.8)	(88.9)
Profit on ordinary activities before taxation	116.9	148.0
Tax on profit on ordinary activities	(33.4)	(46.8)
Profit for the financial year	83.5	101.2
Dividends – including non equity interests.....	(0.3)	(0.3)
Profit retained	83.2	100.9

⁽¹⁾ £33.5m received in respect of VAT overpaid on sales relating to earlier accounting periods.

SUBSIDIARY AND ASSOCIATED UNDERTAKINGS OF THE COMPANY

Subsidiary Undertakings

The Company's subsidiary undertakings, each of which is directly or indirectly 100 per cent. owned by the Company, are:

- John Lewis Properties plc (*Property holding company*)
- Waitrose Limited (*Food retailing*)
- Findlater Mackie Todd & Co. Limited (*Mail order goods and wholesale including export*)
(*Subsidiary of Waitrose Limited*)
- Stead, McAlpin & Company, Limited (*Textile printing*)
- Herbert Parkinson Limited (*Weaving and making up*)
- J.H. Birtwistle & Company, Limited (*Textile weaving*)
- John Lewis Building Limited (*Building*)
- John Lewis Transport Limited (*Vehicle leasing*)
- Leckford Estate Limited (*Farming*)
- Leckford Mushrooms Limited (*Mushroom growing*)
- JLP Insurance Limited (*Insurance*) (*Incorporated and operating in Guernsey*)
- JLP Victoria Limited (*Investment holding company*)
- JLP Holdings BV (*Investment holding company*) (*Incorporated and operating in Holland*)
(*Subsidiary of JLP Victoria Limited*)
- buy.com Limited (*Internet retailing*)

Associated Undertaking

The Company has a 40 per cent. indirect interest in:

- L.M. Solutions (UK) Limited (*e-commerce company*)

The above list excludes non-trading companies which have no material effect on the accounts of the Group.

DIRECTORS OF THE COMPANY

Chairman	Sir Stuart Hampson*	
Deputy Chairman	D E Young*	Finance Director
	W N Wreford-Brown	Merchandise Director (Department Stores)
	C L Mayhew*	Director of Trading (Department Stores)
	D R Cloake*	Director of Personnel
	I D Alexander*	Director of Development
	D L Felwick*	Director of Trading (Food)
Secretary	B J Pritchard ACIS	

* Director of John Lewis Partnership plc

On 6th April 2001 the Company announced that I D Alexander is to take over from D E Young as Finance Director from 24th September 2001.

None of the Directors has any significant outside activities.

The business address of each of the above is 171 Victoria Street, London SW1E 5NN.

UNITED KINGDOM TAXATION

The comments below are of a general nature based on current United Kingdom law and practice. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Bonds and Coupons and may not apply to certain classes of persons such as dealers or certain professional investors. Any Bondholders who are in doubt as to their own tax position should consult their professional advisers.

1. Interest – withholding

While the Bonds 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 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 Bonds cease to be listed interest will generally be paid under deduction of 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.

2. Interest – UK source income

The interest has a United Kingdom source and accordingly may be chargeable to United Kingdom tax by direct assessment. Where the interest is paid without withholding or deduction, the interest will not be assessed to United Kingdom tax in the hands of Bondholders who are not resident in the United Kingdom, except where such persons carry on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Bonds are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency.

If interest were paid under deduction of United Kingdom income tax (for example if the Bonds lost their listing), Bondholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

Bondholders should note that the provisions relating to additional amounts referred to in "Terms and Conditions of the Bonds – 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.

3. Proposed EU Directive on the Taxation of Savings Income

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.

4. Disposal (including Redemption)

4.1 Corporate Bondholders

Generally, Bondholders within the charge to United Kingdom corporation tax will be subject to tax as income on all profits and gains arising from, and from fluctuations in the value of, the Bonds broadly in accordance with their statutory accounting treatment. Such Bondholders will generally be charged in each accounting period by reference to interest and any profit or loss which in accordance with such Bondholder's authorised accounting method, is applicable to that period. Fluctuations in value relating to foreign exchange gains and losses in respect of the Bonds will be brought into account as income.

4.2 Other Bondholders

- (a) The Bonds are "qualifying corporate bonds" with the result that on a disposal of the Bonds neither chargeable gains nor allowable losses will arise for the purposes of taxation of capital gains.
- (b) A transfer of a Bond by a holder resident or ordinarily resident for tax purposes in the United Kingdom or who carries on a trade in the United Kingdom through a branch or agency to which the Bond is attributable may give rise to a charge to tax on income in respect of an amount representing interest on the Bond which has accrued since the preceding interest payment date.

5. Stamp Duty

No United Kingdom Stamp Duty or Stamp Duty Reserve Tax is payable on the issue or transfer by delivery of a Bond or on its redemption.

SUBSCRIPTION AND SALE

HSBC Bank plc, The Royal Bank of Scotland plc and Barclays Bank PLC, Westdeutsche Landesbank Girozentrale and Cazenove & Co. (the "Managers") have pursuant to a Subscription Agreement dated 12th April 2001 (the "Subscription Agreement"), jointly and severally agreed with the Company, subject to the satisfaction of certain conditions, to subscribe for the Bonds at 99.416 per cent. of their principal amount plus accrued interest, if any. The Company has agreed to pay to the Managers a combined management and underwriting commission and selling concession of 0.425 per cent. of such principal amount. In addition, the Company has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Bonds. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Company.

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

The Bonds 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 Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Subscription 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 Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds 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 Bonds within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Each Manager has agreed that (1) it has not offered or sold and will not offer or sell any Bonds to persons in the United Kingdom prior to admission of the Bonds to listing in accordance with Part IV of the Financial Services Act 1986 (the "Act") except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the Act, (2) it has complied and will comply with all applicable provisions of the Act with respect to anything done by it in relation to the Bonds 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 Bonds, other than any document which 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 the document may otherwise lawfully be issued or passed on.

GENERAL INFORMATION

The listing of the Bonds on the Official List will be expressed as a percentage of their principal amount (excluding accrued interest). It is anticipated that such listing of the Bonds on the Official List and admission of the Bonds to trading on the London Stock Exchange's market for listed securities will be granted on 19th April 2001 subject only to the issue of the Temporary Global Bond. 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 settlement in sterling and for delivery on the third working day after the date of the transaction.

The Bonds have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The Common Code is 12795335 and the International Securities Identification Number is XS0127953353.

The Company has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by a resolution of the Board of Directors of the Company passed on 22nd March 2001 and a resolution of a Committee of the Board of Directors of the Company passed on 4th April 2001.

The financial statements of the Company for the year ended 31st January 1998 were audited without qualification by Price Waterhouse, Chartered Accountants and Registered Auditors, No. 1 London Bridge, London SE1 9SY. The financial statements of the Company for the years ended 30th January 1999 and 29th January 2000 were audited without qualification by PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, 1 Embankment Place, London WC2N 6RH.

The financial information on the Group contained in this document does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 (the "Act"). Statutory accounts for the financial year ended 29th January 2000 and for the two preceding financial years have been delivered to the Registrar of Companies in England and Wales. Statutory accounts of the Company for the financial year ended 27th January 2001, which will be published on 9th May 2001, have not yet been delivered to the Registrar of Companies in England and Wales. The Company's auditors have made a report under section 235 of the Act on the statutory accounts for the three financial years ended 29th January 2000 none of which was qualified within the meaning of section 262 of the Act and did not contain a statement made under section 237(2) or section 237(3) of the Act.

Except as disclosed in this document there has been no significant change in the financial or trading position of the Company or the Group and no material adverse change in the financial position or prospects of the Company or the Group since 29th January 2000, the date to which the last published audited statutory accounts were prepared in respect of the Company and the Group.

It is provided in the Conditions and the Trust Deed that certification from two Directors of the Company in relation to certain covenants contained in the Conditions and determination as to whether or not a Subsidiary is a Principal Subsidiary shall be accepted and relied upon by the Trustee.

Neither the Company nor any of its Subsidiaries is or has been involved in any legal or arbitration proceedings which may have, or had during the 12 months preceding the date of this document, a significant effect on the financial position of the Group nor, so far as the Company is aware, are any such proceedings pending or threatened against the Company or any of its Subsidiaries.

Copies of the following documents may be inspected during usual business hours on any business day at the offices of Lovells, 65 Holborn Viaduct, London EC1A 2DY during the period of 14 days from the date of this document:-

- (i) the Memorandum and Articles of Association of the Company;
- (ii) the audited accounts of the Group for the financial years ended 30th January 1999 and 29th January 2000;
- (iii) the Subscription Agreement; and

- (iv) drafts (subject to modification) of the Trust Deed (incorporating the forms of the Temporary Global Bond, the Permanent Global Bond, the definitive Bonds and the Coupons) and of the Paying Agency Agreement.

REGISTERED OFFICE OF THE COMPANY

171 Victoria Street
London SW1E 5NN

TRUSTEE FOR THE BONDHOLDERS

Royal & Sun Alliance Trust Company Limited
Phoenix House
18 King William Street
London EC4N 7HE

LEGAL ADVISERS

To the Company
Lovells
65 Holborn Viaduct
London EC1A 2DY

To the Managers and the Trustee
Linklaters
Linklaters & Alliance
One Silk Street
London EC2Y 8HQ

AUDITORS

PricewaterhouseCoopers
1 Embankment Place
London WC2N 6RH

PRINCIPAL PAYING AGENT

HSBC Bank plc
Mariner House
Pepys Street
London EC3N 4DA

LISTING AGENT

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

LISTING PARTICULARS

COMPANY NAME: Ferraris Group PLC

COMPANY NUMBER: 531142

DATE OF DOCUMENT: 12/04/01

DATE OF RECEIPT: 12/04/01