

PRICING SUPPLEMENT

11th December, 2002

TESCO PLC

**Issue of £50,000,000 3.322 per cent. Index Linked Notes due 2025 (the "Notes")
(to be consolidated and form a single series with the existing
£160,000,000 3.322 per cent. Index Linked Notes due 2025 (the "Original Notes"))
each issued under the Euro Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein (including in the Appendix hereto) shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 27th July, 2001. This Pricing Supplement must be read in conjunction with such Conditions.

1. (i) Series Number: 29
- (ii) Tranche Number: 2. The Notes will be consolidated and form a single series with the Original Notes with effect from the date on which the Temporary Global Note is exchanged for the Permanent Global Note, which expected to be 24th January, 2003 (the "Exchange Date").
2. Specified Currency or Currencies: Sterling ("£")
3. Aggregate Nominal Amount:
 - Tranche: £50,000,000
 - Series: £210,000,000
4. (i) Issue Price of Tranche: 102.900 per cent. of the Aggregate Nominal Amount of the Notes plus £179,817.68 in respect of accrued interest for the period from and including the Interest Commencement Date to but excluding the Issue Date.
- (ii) Net proceeds: £51,317,317.68
5. Specified Denominations: £1,000, £10,000 and £100,000
6. (i) Issue Date: 13th December, 2002
- (ii) Interest Commencement Date: 5th November, 2002
7. Maturity Date: 5th November, 2025
8. Interest Basis: Index Linked Interest (see Appendix)

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| 9. | Redemption/Payment Basis: | Index Linked Redemption
(see Appendix) |
| 10. | Change of Interest Basis or Redemption/
Payment Basis: | Not Applicable |
| 11. | Put/Call Options: | Issuer Call
Investor Put
(see Appendix and further particulars specified
below) |
| 12. | Listing: | London |
| 13. | Method of distribution: | Syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 14. | Fixed Rate Note Provisions | Not Applicable |
| 15. | Floating Rate Note Provisions | Not Applicable |
| 16. | Zero Coupon Note Provisions | Not Applicable |
| 17. | Index Linked Interest Note Provisions | Applicable (see Appendix) |
| | (i) Index/Formula: | See Appendix |
| | (ii) Calculation Agent responsible
for calculating the principal
and/or interest due: | The Royal Bank of Scotland plc |
| | (iii) Provisions for determining
coupon where calculation by
reference to Index and/or
Formula is impossible or
impracticable: | See Appendix |
| | (iv) Specified Period(s)/Specified
Interest Payment Dates: | Specified Interest Payment Dates are 5th May
and 5th November in each year commencing 5th
May 2003 and ending 5th November 2025 |
| | (v) Business Day Convention: | Following Business Day Convention |
| | (vi) Additional Business Centre(s): | Not Applicable |
| | (vii) Minimum Rate of Interest: | Not Applicable |
| | (viii) Maximum Rate of Interest: | Not Applicable |

- (ix) Day Count Fraction: Not Applicable
18. Dual Currency Note Provisions Not Applicable
- PROVISIONS RELATING TO REDEMPTION**
19. Issuer Call: Applicable
- (i) Optional Redemption Date(s): On and after 5th November, 2001
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): See Appendix
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: Not Applicable
- (b) Higher Redemption Amount: Not Applicable
- (iv) Notice period (if other than as set out in the Conditions): Condition 6(c) applies
20. Investor Put: Applicable
- (i) Optional Redemption Date(s): See Appendix
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): See Appendix
- (iii) Notice period (if other than as set out in the Conditions): See Appendix
21. Final Redemption Amount: Par, subject in the case of Condition 6(a) to indexation as provided in Condition 4(f)(i) - see Appendix
22. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(e)): Par, subject in the case of Conditions 6(b) and 9 to indexation as provided in Condition 4(f)(i) - see Appendix

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event.

24. Additional Financial Centre(s) or other special provisions relating to Payment Dates: Not Applicable
25. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): No
26. Details relating to Partly Paid Notes: Not Applicable
27. Details relating to Instalment Notes: Not Applicable
28. Redenomination applicable: Redenomination not applicable
29. Other terms or special conditions: See Appendix

DISTRIBUTION

30. (i) If syndicated, names of Managers: Deutsche Bank AG London
HSBC Bank plc
Salomon Brothers International Limited
The Royal Bank of Scotland plc
Tokyo-Mitsubishi International plc
- (ii) other managers: BNP Paribas
Royal Bank of Canada Europe Limited
- (iii) Stabilising Manager (if any): Deutsche Bank AG London
31. If non-syndicated, name of relevant Dealer: Not Applicable
32. Additional selling restrictions: Not Applicable

OPERATIONAL INFORMATION

33. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Not Applicable
34. Delivery: Delivery against payment
35. Additional Paying Agent(s) (if any): Not Applicable

ISIN:	Prior to the Exchange Date (as defined above), the temporary ISIN for the Notes will be XS0159013498. Thereafter, the ISIN for the Notes will be the same as the ISIN for the Original Notes which is XS0137945373.
Common Code:	Prior to the Exchange Date (as defined above), the temporary Common Code for the Notes will be 015901349. Thereafter, the Common Code for the Notes will be the same as the Common Code for the Original Notes which is 013794537.

LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the listing of the £5,000,000,000 Euro Note Programme of Tesco PLC.

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By: JOHN BAILEY

Duly authorised

APPENDIX

1. Paragraphs (ii) (iii) and (iv) of Condition 4(b) are deleted. The following shall be deemed to be inserted as a new paragraph (ii) in Condition 4(b) and paragraphs (v), (vi) and (vii) of Condition 4(b) will be renumbered (iii), (iv) and (v) respectively and amended accordingly:

"(ii) *Determination of Rate of Interest and calculation of Interest Amounts*

The Calculation Agent will, at or as soon as practicable after each time at which the Rate of Interest is capable of being determined, determine the applicable Rate of Interest and notify the Agent of the Rate of Interest as soon as practicable after calculating the same.

The amount of interest payable on each Note for any Interest Period (the "**Interest Amount**") will be calculated by the Agent by (A) applying the Rate of Interest (as notified to the Agent by the Calculation Agent in accordance with the preceding paragraph) to the Specified Denomination of such Note, (B) multiplying the resulting amount by the Day Count Fraction and (C) rounding the resulting figure to the nearest one penny (half a penny being rounded upwards).

The "Day Count Fraction" is a fraction (a) the numerator of which is the number of days from and including the most recent Interest Payment Date (or Issue Date if such period is before the first scheduled Interest Payment Date) to but excluding the date of payment; and (b) the denominator of which is two times the number of days (including the first and excluding the last) in the Interest Period.

2. Condition 4(b)(iv) (renumbered as provided above) shall be deleted and the following paragraph shall be inserted in place thereof as a new Condition 4(b)(iv):

"(iv) *Determination or Calculation by Trustee*

If for any reason the Agent or, as the case may be, the Calculation Agent at any time after the Issue Date defaults in its obligation to determine or calculate:

- (A) the Rate of Interest;
- (B) any Interest Amount in accordance with paragraph (ii) above;
- (C) the Final Redemption Amount (as defined below); or
- (D) the Early Redemption Amount (as defined below),

the Trustee shall determine or calculate the same, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition and Conditions 6 and 9), and in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent or Agent, as appropriate (and, where practicable, in accordance with this Condition)."

3. A new Condition 4(f) shall be inserted as follows:

"(f) *Indexation*

(i) *Indexation of principal*

The Final Redemption Amount payable pursuant to Condition 6(a) and the Early Redemption Amount payable pursuant to Conditions 6(b) or 9 shall be the nominal amount of the Notes multiplied by the Limited Index Ratio applicable to the month in which the Final Redemption Amount or the Early Redemption Amount (as the case may be) becomes payable.

The Calculation Agent will calculate such Final Redemption Amount or Early Redemption Amount (as the case may be) as soon as practicable after each time such amount is capable of being determined and will notify the Agent thereof as soon as practicable after calculating the same. The Agent will as soon as practicable thereafter notify the Issuer and any stock exchange on which the Notes are for the time being listed thereof and cause notice thereof to be published in accordance with Condition 13.

(ii) *Definitions*

For the purposes of these Conditions:

"Base Index Figure" means 172.2 (being the Index Figure applicable to November 2001 (that is the Index published in April 2001 and relating to March 2001));

"Expert" means an independent investment bank or other expert in London appointed by the Issuer and approved by the Trustee or (failing such appointment within 10 days after the Trustee shall have requested such appointment) appointed by the Trustee;

"Index" means, in relation to any month, subject as provided in Conditions 4(g) and 6(k), the United Kingdom All Items Retail Price Index as published by the Office for National Statistics (January 1987=100) as published by HM Government (currently contained in the Monthly Digest of Statistics) and applicable to that month or if that index is not published for any month any substituted index or index figures published by the Office for National Statistics or the comparable index which replaces the United Kingdom All Items Retail Price Index for the purpose of calculating the amount payable on repayment of the Reference Gilt;

Any reference to the **"Index Figure applicable"** to a particular month shall, subject as provided in Condition 4(g) below, be construed as a reference to the Index published in the Monthly Digest of Statistics (or in any official publication substituted therefor) in the seventh month prior to that particular month and relating to the month immediately before that of such publication;

"Index Ratio" applicable to any month means the Index Figure applicable to such month divided by the Base Index Figure;

"Limited Index Ratio" means (a) in respect of any month up to but excluding November 2001, the Index Ratio for that month, (b) in respect of any Limited Indexation Month, the Limited Indexation Factor for that month multiplied by the Limited Index Ratio in respect of the month falling twelve months prior thereto; and

(c) in respect of any other month, the Limited Index Ratio in respect of the most recent Limited Indexation Month;

"**Limited Indexation Factor**" means, in respect of a Limited Indexation Month, the Index Figure applicable to that month divided by the Index Figure applicable to the month twelve months prior thereto, provided that (a) if the result is greater than the Maximum Indexation Factor, the Limited Indexation Factor shall be deemed to be equal to the Maximum Indexation Factor and (b) if the result is less than the Minimum Indexation Factor, the Limited Indexation Factor shall be deemed to be equal to such Minimum Indexation Factor;

"**Limited Indexation Month**" means November and May of each year, commencing on (and including) November 2001 for which an Index Figure applicable to that month is available;

"**Maximum Indexation Factor**" means 1.05;

"**Minimum Indexation Factor**" means 1.00;

the "**Rate of Interest**" applicable to any amount payable in respect of interest shall be 3.322 per cent. per annum multiplied by the Limited Index Ratio applicable to the month in which such amount falls due and rounded to four decimal places (0.00005 being rounded upwards); and

"**Reference Gilt**" means the 2 $\frac{1}{2}$ per cent. Index-Linked Treasury Stock due 2024 (or, if such stock is not in existence, such other index-linked stock issued by or on behalf of HM Government as the Issuer, on the advice of three brokers and/or gilt edged market makers (or such other three persons operating in the gilt edged market as the Issuer, after consultation with the Trustee, may select), may consider to be the most appropriate reference government stock for the Notes).

4. A new Condition 4(g) shall be inserted as follows:

"(g) *Changes in circumstances affecting the Index*

(i) *Change in base*

If at any time the Index is changed by the substitution of a new base for it, then with effect from (and including) the calendar month for which that substitution takes effect:

- (A) the definition of Index in Condition 4(f) shall be deemed to refer to the new date or month in substitution for January 1987 (or, as the case may be, for such other date or month as may have been substituted for it); and
- (B) the definition of Base Index Figure in Condition 4(f) shall be amended to mean the product of the Index applicable to the month in which the Notes were issued and the Index immediately following such substitution, divided by the Index immediately prior to such substitution.

(ii) *Delay in publication of the Index*

If, in relation to a particular Interest Period or to the redemption of all or some only of the Notes and otherwise than in circumstances which the Issuer certifies to the Trustee may fall within Condition 4(g)(iii) or 6(k) (notwithstanding that the Issuer may subsequently be advised that they do not fall within Condition 4(g)(iii) or 6(k)), the Index scheduled to have been published in the seventh month (the "relevant month") prior to the month in which the relevant Interest Period ends or the due date for redemption of the Notes falls (and relating to the month before the relevant month) is not published on or before the second business day before the date (the "Relevant Date") which is the last day of such Interest Period or (as the case may be) the due date for redemption of the Notes, the Index Figure applicable to the month in which the Relevant Date falls shall be deemed to be:

- (A) the substitute index figure (if any) as is published by the Bank of England for the relevant month (and relating to the month before the relevant month) for the purposes of any one or more of HM Government's index-linked stocks, being the Bank of England's estimate of the index figure for the relevant month (and relating to the month before the relevant month); or
- (B) if no such substitute index figure for the relevant month (and relating to the month before the relevant month) is so published on or before the second business day before the Relevant Date, the Index last published before the Relevant Date.

Where the provisions of this Condition 4(g)(ii) apply, the certificate of the Issuer, acting on the advice of an Expert, as to the Index Figure applicable to the month in which the Relevant Date falls shall be conclusive and binding upon the Issuer, the Trustee and the Noteholders. If a substitute index is published as specified in (A) above, a determination made based on that index shall be final and no further payment by way of adjustment shall be made, notwithstanding that the Index Figure applicable to the relevant month may subsequently be published. If no substitute index is so published and the Index relating to the relevant month is subsequently published then:

- (C) in the case of any Note not falling due for redemption on the Relevant Date, if the Index so subsequently published (if published while that Note remains outstanding) is greater or less than the Index applicable by virtue of (B) above, the interest payable on that Note on the Interest Payment Date next succeeding the date of such subsequent publication shall be increased or reduced to reflect the amount by which the interest payable on that Note on the Relevant Date on the basis of the Index applicable by virtue of (B) above fell short of, or (as the case may be) exceeded the interest which would have been payable on that Note if the Index subsequently published had been published on or before the second business day before the Relevant Date; or
- (D) in the case of any Note falling due for final redemption on the Relevant Date, no subsequent adjustment to amounts paid will be made.

(iii) *Cessation of or fundamental changes to the Index*

If the Index ceases to be published or any changes are made to it which, in the opinion of an Expert, constitute a fundamental change in the rules governing the

Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Issuer or the Noteholders and if, within 30 days after its appointment (or such longer period as the Trustee may consider reasonable), the Expert recommends for the purposes of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments), then provided that such adjustments or substitute index (as the case may be) are not materially detrimental (in the opinion of the Expert) either to the interests of the Issuer or the interests of the Noteholders, as compared to the interests of the Issuer and the Noteholders (as the case may be) as they would have been had the Index continued to be published or such fundamental change in the rules governing the Index not been made, the Index shall be adjusted as so recommended or (as the case may be) shall be replaced by the substitute index so recommended (as so adjusted, if so recommended) and references in these Conditions to the Index shall be construed accordingly and the Issuer shall notify the Noteholders of the adjustments to the Index or the introduction of the substitute index (with or without adjustments in accordance with Condition 13.

If any payment in respect of the Notes is due to be made after the cessation or changes referred to in the preceding paragraph but before any such adjustment to, or replacement of, the Index takes effect, the Issuer shall (if the Index Figure applicable (or deemed applicable) to the relevant month is not available in accordance with the provisions of Condition 4(f)) make a provisional payment on the basis that the Index Figure applicable to the month in which such payment is due to be made is the Index last published. In that event or in the event of any payment on the Notes having been made on the basis of an Index deemed applicable under Condition 4(g)(ii)(A) above (also referred to below as a "provisional payment") and of the Trustee on the advice of the Expert subsequently determining that the relevant circumstances fall within this Condition 4(g)(iii), then:

- (A) except in the case of a payment on redemption of the Notes, if the sum which would have been payable if such adjustments or such substitute index had been in effect on the due date for such provisional payment is greater or less than the amount of such provisional payment, the interest payable on the Notes on the Interest Payment Date next succeeding the last date by which the Issuer and Trustee receive such recommendation shall be increased or reduced to reflect the amount by which such provisional payment of interest fell short of, or (as the case may be) exceeded, the interest which would have been payable on the Notes if such adjustments or such substituted index had been in effect on that date; or
- (B) in the case of a payment of principal or interest on redemption of the Notes, no subsequent adjustment to amounts paid will be made.

(iv) *Trustee*

The Trustee shall be entitled to assume that no cessation of or change to the Index has occurred until informed otherwise by the Issuer and will not be responsible for identifying or appointing an Expert save as provided in these Conditions."

5. Issuer Call

For the purposes of Condition 6(c), the "Optional Redemption Amount" shall be the aggregate of:

- (i) the nominal amount of the Redeemed Notes multiplied by the Limited Index Ratio applicable to the month in which the date fixed for redemption falls (as specified in accordance with Condition 6(c)); and
- (ii) an additional amount determined by a leading bank and/or broker in London selected by the Trustee as being the excess (if any) over the sum specified in (i) of the price at which the Gross Real Redemption Yield on the Notes (if they were to remain outstanding to their original maturity) would be equal to the Gross Real Redemption Yield in respect of the Reference Gilt on the basis of the arithmetic mean of the offered prices quoted for such Reference Gilt on a dealing basis by three gilt-edged market-makers at or about 3 p.m. on the Determination Date. The "**Gross Real Redemption Yield**" on the Notes and in respect of the Reference Gilt means a yield calculated on the basis indicated in the United Kingdom Debt Management Office notice entitled "Formulae for Calculating Gilt Prices from Yields", published on 8th June, 1998 as supplemented, amended or replaced from time to time (the "**DMO Notice**"). This method requires the adoption of an assumed inflation rate, which will be the rate equal to the inflation assumption specified in the DMO Notice or, if no such rate is specified, such rate as the Trustee, after consultation (if practicable) with the Issuer, and on the advice of three brokers and/or gilt-edged market makers approved by the Trustee (or such other three persons operating in the gilt-edged market as the Trustee may approve), may consider appropriate.

The "**Determination Date**" means the date falling four dealing days (being a day on which transactions in the gilt-edged market may be settled) prior to the notice of redemption referred to in Condition 6(c)(i).

6. Investor Put

Condition 6(d) shall be deleted and replaced with the following:

"(d) Redemption at the Option of the Noteholders (Investor Put)

If during the period from 5th November, 2001 to 29th October, 2025 there occurs a Restructuring Event and within the Restructuring Period (i) (if at the time that Restructuring Event occurs there are Rated Securities) a Rating Downgrade in respect of that Restructuring Event occurs or (ii) (if at such time there are no Rated Securities), a Negative Rating Event in respect of that Restructuring Event occurs (that Restructuring Event and, where applicable, Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Restructuring Period together called a "**Put Event**"), the holder of each Note will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice under Condition 6(b) or Condition 6(c), as the case may be to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Optional Redemption Date at the Optional Redemption Amount together with (or, where purchased together with an amount equal to) interest accrued to (but excluding) the Optional Redemption Date.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so

requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, the Trustee shall, give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 13 specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 6(d).

To exercise the option to require redemption of a Note under this Condition 6(d), the holder of the Note, if it is in definitive form, must deliver such Note, on any Business Day (as defined below) falling within the period (the "**Put Period**") of 45 days after a Put Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Put Notice**") and in which the holder may specify a bank account to which payment is to be made under this Condition 6(d).

If the Notes are represented by a Global Note, such option may be exercised by the holder of the Global Note by giving notice to the Agent of the principal amount of Notes in respect of which the option is exercised and presenting such Global Note for endorsement of exercise within the time limits specified in this Condition 6(d).

"**Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the Paying Agent at which the Note is delivered.

The Definitive Notes should be delivered together with all Coupons appertaining thereto maturing after the date (the "**Optional Redemption Date**") seven days after the expiry of the Put Period, failing which the Paying Agent will require payment of an amount equal to the face value of any such missing Coupon. Any amount so paid will be reimbursed in the manner provided in Condition 5 against presentation and surrender of the relevant missing coupon (or any replacement therefor issued pursuant to Condition 10) any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specifies a bank account in the Put Notice to which payment is to be made, on the Optional Redemption Date by transfer to that bank account and, in every other case, on or after the Optional Redemption Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable. For the purposes of Condition 5 and certain other purposes specified in the Trust Deed, receipts issued pursuant to this Condition 6(d) shall be treated as if they were Notes. The Issuer shall redeem or, at the option of the Issuer, purchase (or procure the purchase of) the relevant Notes on the Optional Redemption Date unless previously redeemed or purchased.

For the purpose of this Condition 6(d):

a "**Negative Rating Event**" shall be deemed to have occurred if (i) the Issuer does not, either prior to or not later than 21 days after the relevant Restructuring Event, seek, and thereupon use all reasonable endeavours to obtain, a rating of the Notes or any other unsecured and unsubordinated debt of the Issuer (or any Subsidiary of the Issuer which is guaranteed on an unsecured and unsubordinated basis by the Issuer) having an initial maturity of five years or more ("**Rateable Debt**") from a Rating Agency or (ii) if it does so seek and use such endeavours, it is unable, as a result of such Restructuring Event to obtain such a rating of at

least investment grade BBB- (in the case of Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc), Baa3 (in the case of Moody's Investors Service, Inc.) or BBB - (in the case of Fitch Ratings, Ltd), or their respective equivalents for the time being), provided that a Negative Rating Event shall not be deemed to have occurred in respect of a particular Restructuring Event if the Rating Agency declining to assign a rating of at least investment grade (as defined above) does not announce or publicly confirm or inform the Trustee in writing at its request that its declining to assign a rating of at least investment grade was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Restructuring Event (whether or not the Restructuring Event shall have occurred at the time such investment grade rating is declined);

"Optional Redemption Amount" means the nominal amount of the Redeemed Notes multiplied by the Limited Index Ratio applicable to the month in which the Optional Redemption Date falls (as specified in accordance with Condition 6(d));

"Rated Securities" means the Notes so long as they shall have an effective rating from any Rating Agency and otherwise any unsecured and unsubordinated debt of the Issuer having an initial maturity of five years or more which is rated by one of the Rating Agencies; provided that if there shall be no such unsecured and unsubordinated debt of the Issuer prior to the maturity of the Notes, the holder of not less than one-quarter of the principal amount of outstanding Notes may require the Issuer to obtain and thereafter update on an annual basis a rating of the Notes from one Rating Agency. In addition, the Issuer may at any time obtain and thereafter update on an annual basis a rating of the Notes from any Rating Agency, provided that, except as provided above, the Issuer shall not have any obligation to obtain such a rating of the Notes;

"Rating Agency" means Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. and its successors or Moody's Investors Service, Inc. and its successors or Fitch Ratings Ltd. and its successors or any other rating agency of equivalent standing specified by the Issuer from time to time in writing to the Trustee;

a **"Rating Downgrade"** shall be deemed to have occurred in respect of a Restructuring Event if the current rating whether provided by a Rating Agency at the invitation of the Issuer or by its own volition assigned to the Rated Securities by any Rating Agency is withdrawn and is not within the Restructuring Period replaced by a rating of another Rating Agency at least equivalent to that which was current immediately before the occurrence of the Restructuring Event or is reduced from an investment grade rating BBB-/Baa3/BBB- (or their respective equivalents for the time being) or better to a non-investment grade rating BB+/Ba1/BB+ (or their respective equivalents for the time being) or worse; provided that a Rating Downgrade otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Restructuring Event if the Rating Agency making the reduction in rating to which this definition would otherwise apply does not announce or publicly confirm or inform the Trustee in writing at its request that the reduction was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Restructuring Event (whether or not the applicable Restructuring Event shall have occurred at the time of the Rating Downgrade);

a **"Restructuring Event"** shall be deemed to have occurred at each time (whether or not approved by the Board of Directors of the Issuer) that any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), or any persons acting on behalf of any such person(s), at any time is/are or become(s) interested (within the meaning of Part VI of the Companies Act 1985) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) such number of shares in the capital of the Issuer

carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer; and

"Restructuring Period" means the period ending 90 days after the public announcement of the Restructuring Event having occurred (or such longer period in which the Rated Securities or Rateable Debt, as the case may be, is or are under consideration (announced publicly within the first mentioned period) for rating review or, as the case may be, rating by a Rating Agency)."

7. The following shall be inserted as a Condition 6(k):

"(k) Redemption for Indexation reasons

(i) If the Index ceases to be published or any changes are made to it which, in the opinion of an Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Noteholders and if the Expert fails within 30 days after its appointment (or such longer period as the Trustee considers reasonable), or states to the Issuer and the Trustee that it is unable, to recommend for the purposes of the Notes any adjustments to the Index or any substitute index (with or without adjustments) as described in Condition 4(g)(iii), the Issuer shall, within 14 days after the expiry of such period or (as the case may be) after the date of such statement, give notice (which shall be irrevocable and shall state the date fixed for redemption which shall be not more than 15 days after the date on which the notice is given) to redeem the Notes then outstanding, at a price equal to their nominal amount multiplied by the Limited Index Ratio applicable to the month in which the date fixed for redemption falls, together with accrued interest.

(ii) If the Index ceases to be published or any changes are made to it which, in the opinion of an Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Issuer and if the Expert fails within 30 days after its appointment (or such longer period as the Trustee considers reasonable), or states to the Issuer and the Trustee that it is unable to recommend for the purposes of the Notes any adjustments to the Index or any substitute index (with or without adjustments) as described in Condition 4(g)(iii), the Issuer may at its option, within 14 days after the expiry of such period or (as the case may be) after the date of such statement, give notice (which shall be irrevocable and shall state the date fixed for redemption which shall be not more than 15 days after the date on which the notice is given) to redeem the Notes then outstanding, at a price equal to their nominal amount multiplied by the Limited Index Ratio applicable to the month in which the date fixed for redemption falls, together with accrued interest."