

FINAL TERMS



27091702

19 June 2006

Tesco PLC

Issue of £21,000,000
1.982 per cent. Index Linked Notes due 2036
to be consolidated and form a single series
with the £175,000,000
1.982 per cent. Index Linked Notes due 2036
issued on 24th March 2006 (the "Original Notes")

under the
£10,000,000,000 Euro Note Programme

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Offering Circular dated 28 February 2006 which constitutes a base prospectus for the purposes of Directive 2003/71/EC of 4 November 2003 of the European Parliament and the Council of the European Union (the *Prospectus Directive*). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing and copies may be obtained from the registered office of the Issuer and from the specified office of the Paying Agents for the time being. For the avoidance of doubt, and notwithstanding anything to the contrary herein, the Notes will be issued on the same Conditions (other than the Issue Price and the Issue Date) as the Original Notes, and shall be consolidated and form a single series with the Original Notes.

1. (i) Series Number: 50
(ii) Tranche Number: 2
2. Specified Currency or Currencies: GBP (£)
3. Aggregate Nominal Amount:
 - (i) Tranche: £21,000,000
 - (ii) Series: £196,000,000
4. Issue Price: 97.493 per cent. of the Aggregate Nominal Amount
 - (i) Net Proceeds (including 88 days accrued interest) £20,453,983.57 (including £100,153.57 accrued interest)
5. Specified Denominations: £50,000 (See also Part B – Item 6)
6. Issue Date: 20 June 2006

7.	Maturity Date:	24 March 2036
8.	Interest Basis:	Index Linked Interest (see Appendix)
9.	Redemption/Payment Basis:	Index Linked Redemption (see Appendix)
10.	Change of Interest Basis or Redemption/ Payment Basis:	Not Applicable
11.	Put/Call Options:	Investor Put Issuer Call (see Appendix and further particulars specified below)
12.	Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	Fixed Rate Note Provisions	Not Applicable
14.	Floating Rate Note Provisions	Not Applicable
15.	Zero Coupon Note Provisions	Not Applicable
16.	Index Linked Interest Note Provisions	Applicable (see Appendix)
	(i) Index/Formula:	See Appendix
	(ii) Calculation Agent responsible for calculating the interest due:	HSBC Bank 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 24 March and 24 September in each year commencing 24 September 2006 and ending 24 March 2036.
	(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
17.	Dual Currency Interest Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

18. Issuer Call Applicable
- (i) Optional Redemption Date(s): On and after 24 March 2006
 - (ii) Optional Redemption Amount(s) of each Note 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
19. Investor Put Applicable
- (i) Optional Redemption Date(s): See Appendix
 - (ii) Optional Redemption Amount(s) of each Note 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
20. Final Redemption Amount of each Note: £50,000 per Note of £50,000 Specified Denomination, subject in the case of Condition 6(a) to indexation as provided in Condition 4(f)(i) – see Appendix
- For the avoidance of doubt, in the case of a holding of Notes in an integral multiple of £1,000 in excess of the Specified Denomination, such holding will be redeemed at its nominal amount.
21. Early Redemption Amount(s) of each Note 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

22. Form of Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
23. Additional Financial Centre(s) or other special provisions relating to Payment Dates: Not Applicable

- | | | |
|-----|---|--|
| 24. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | Yes, if Definitive Notes are issued before 24 September 2022. Such Talon will entitle Couponholders to the Coupons in respect of the Interest Payment Dates falling on and after the 26th Interest Payment Date after issue of the Definitive Notes. |
| 25. | Details relating to Partly Paid Notes: | Not Applicable |
| 26. | Details relating to Instalment Notes: | Not Applicable |
| 27. | Redenomination: | Redenomination not applicable |
| 28. | Other final terms: | See Appendix |

DISTRIBUTION

- | | | |
|-----|---|----------------|
| 29. | (i) If syndicated, names of Managers: | Not Applicable |
| | (ii) Stabilising Manager(s) (if any): | Not Applicable |
| 30. | If non-syndicated, name of relevant Dealer: | HSBC Bank plc |
| 31. | Additional selling restrictions: | Not Applicable |

LISTING AND ADMISSION TO TRADING APPLICATION

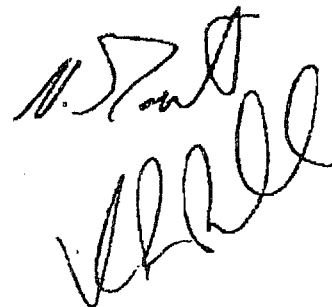
These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the £10,000,000,000 Euro Note Programme of Tesco PLC.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: 
Duly authorised



PART B — OTHER INFORMATION

1. LISTING

- (i) Listing: London
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the London Stock Exchange's Gilt-Edged and Fixed Interest Market with effect from 24 March 2006.
- (iii) Estimate of total expenses related to admission to trading: £100

2. RATINGS

- Ratings: The Notes to be issued have been rated:
- | | |
|----------------|----|
| S&P: | A+ |
| Moody's: | A1 |
| Fitch Ratings: | A+ |

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Dealer, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

4. YIELD

Indication of yield: 2.143 per cent. semi-annually

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

5. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

Information on the United Kingdom General Index of Retail Prices can be found on Bloomberg Page UKRFI.

6. OPERATIONAL INFORMATION

Temporary ISIN Code to be consolidated and form a single series after 40 days with: XS0258394393

(i) ISIN Code: XS0248395088

Temporary Common Code to be consolidated and form a single series after 40 days with: 025839439

024839508

- (ii) Common Code: 024839508
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): Not Applicable
- (iv) Delivery: Delivery against payment
- (v) Names and addresses of additional Paying Agent(s) (if any): Not Applicable

7. OTHER

Each Note is issued with the Specified Denomination of £50,000.

For so long as the Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradeable in minimum nominal amounts of £50,000 and integral multiples of £1,000 thereafter.

If Definitive Notes are required to be issued in the circumstances specified in the Permanent Global Note they will only be printed and issued in the denomination of £50,000.

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) dividing the resulting amount by two and (C) rounding the resulting figure to the nearest one penny (half a penny being rounded upwards).

If interest is required to be calculated in respect of any Note for any period other than an Interest Period, the amount of interest for that period shall be the Interest Amount that would have been payable had the length of such period been equal to the length of the Interest Period in which such period falls (or where such period falls after the Maturity Date, 365 or 366 days, as applicable) multiplied by the number of days in such period and divided by the number of days in the Interest Period (or 365 or 366, as applicable). For the purposes of this Condition 4(b)(ii), the number of days in any period will be calculated on the basis of the actual number of calendar days from (and including) the first day of the relevant period to (but excluding) the last day of the relevant 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 RPI 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, where the Notes are at such time listed on a stock exchange or admitted to trading by any other relevant authority, such stock exchange or other relevant authority thereof and cause notice thereof to be published in accordance with Condition 13.

(ii) *Definitions*

For the purposes of these Conditions:

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;

the **Rate of Interest** applicable to any amount payable in respect of interest shall be 1.982 per cent. per annum multiplied by the RPI Ratio applicable to the month in which such amount falls due and rounded to four decimal places (0.00005 being rounded upwards);

Reference Gilt means the 2.0 per cent. Index-Linked Treasury Stock due 26 January 2035 (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);

RPI means, in relation to any month, subject as provided in Conditions 4(g) and 6(k), the United Kingdom General Index of Retail Prices (for all items) 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 General Index of Retail Prices (for all items) for the purpose of calculating the amount payable on repayment of the Reference Gilt or such other Index-Linked Treasury Stock having a final maturity after the final maturity of the Notes as may be selected by an Expert, provided that the Trustee is advised by its legal advisers that any substitute or comparable index constitutes a retail price index for the purposes of Schedule 11 to the Finance Act 1989;

RPI Base means 192.2, being the RPI m-8 applicable to March 2006 (that is, the RPI published in August 2005 and relating to July 2005);

any reference to the **RPI m-8** applicable to a particular month shall, subject as provided in Condition 4(g) below, mean the RPI for the eighth month prior to the month in which the relevant amount falls due and published in the seventh month prior to the month in which the relevant amount falls due; and

the **RPI Ratio** applicable to any month means the RPI m-8 applicable to such month divided by the RPI Base."

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

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

(i) *Change in base*

If at any time the RPI 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 RPI 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 RPI Base in Condition 4(f) shall be amended to mean the product of the RPI applicable to the month in which the Notes were issued and the RPI immediately following such substitution, divided by the RPI immediately prior to such substitution.

(ii) *Delay in publication of the RPI*

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 RPI 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 RPI m-8 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 RPI 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 RPI m-8 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 RPI m-8 applicable to the relevant month may subsequently be published. If no substitute index is so published and the RPI 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 RPI so subsequently published (if published while that Note remains outstanding) is greater or less than the RPI 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 RPI 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 RPI 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 RPI

If the RPI 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 RPI 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 RPI 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 RPI continued to be published or such fundamental change in the rules governing the RPI not been made, the RPI 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 RPI shall be construed accordingly and the Issuer shall notify the Noteholders of the adjustments to the RPI 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 RPI takes effect, the Issuer shall (if the RPI m-8 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 RPI m-8 applicable to the month in which such payment is due to be made is the RPI last published. In that event or in the event of any payment on the Notes having been made on the basis of an RPI 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 RPI 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 RPI 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 rate of return on the Notes (if they were to remain outstanding to their original maturity) would be equal to the gross real rate of return 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 (as defined below). The gross real rate of return on the Notes and in respect of the Reference Gilt shall be calculated on the basis indicated in the United Kingdom Debt Management Office notice entitled "Formulae for Calculating Gilt Prices from Yields" published on 8 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.

For the avoidance of doubt, the Optional Redemption Amount payable under Condition 6(c) shall not be subject to indexation pursuant to Condition 4(f).

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 publication of the notice of redemption referred to in Condition 6(c).

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 24 March 2006 to 17 March 2036 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 (as defined below) at the Optional Redemption Amount (as defined below) 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. (**S&P**)), Baa3 (in the case of Moody's Investors Service Limited (**Moody's**)) or BBB- (in the case of Fitch Ratings Ltd. (**Fitch Ratings**)), 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 RPI 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 S&P and its successors or Moody's and its successors or Fitch Ratings 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 RPI 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 RPI 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 RPI Ratio applicable to the month in which the date fixed for redemption falls (for which purpose the RPI m-8 applicable, if not available for such month shall be the RPI last published), together with

accrued interest (and in determining the Rate of Interest applicable to such interest, the RPI m-8 applicable, if not available for such month, shall be the RPI last published).

- (ii) If the RPI 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 RPI 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 RPI 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 RPI Ratio applicable to the month in which the date fixed for redemption falls (for which purpose the RPI m-8 applicable, if not available for such month shall be the RPI last published), together with accrued interest (and in determining the Rate of Interest applicable to such interest, the RPI m-8 applicable, if not available for such month, shall be the RPI last published)."