

FINAL TERMS AS AMENDED AND RESTATED ON 13 DECEMBER 2012

11 December 2007 as amended and restated on 13 December 2012

MARKS AND SPENCER plc
Issue of £250,000,000 Puttable Callable Reset Notes due 2037
under the £3,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 9 November 2007 and the Drawdown Offering Circular which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**).

| | | |
|----|-----------------------------------|---|
| 1. | Issuer: | Marks and Spencer plc |
| 2. | (a) Series Number: | 126 |
| | (b) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | GBP (£) |
| 4. | Aggregate Nominal Amount: | |
| | (a) Series: | £250,000,000 |
| | (b) Tranche: | £250,000,000 |
| 5. | Issue Price: | 99.745 per cent. of the Aggregate Nominal Amount |
| 6. | (a) Specified Denominations: | £50,000 and integral multiples of £1,000 in excess thereof up to and including £99,000. No Notes in definitive form will be issued with a denomination above £99,000. |
| | (b) Calculation Amount: | £1,000 |
| 7. | (a) Issue Date: | 13 December 2007 |
| | (b) Interest Commencement Date: | 13 December 2007 |
| 8. | Maturity Date: | 13 December 2037, provided that if the Interest Reset Procedure (Credit Spread Reset) (as described in paragraph 15 below) is terminated and the Notes are therefore redeemed on the Settlement Date, the Maturity Date will be deemed to be the Settlement Date. |
| 9. | Interest Basis: | 6.875 per cent. Fixed Rate until the Reset/Put Date. From the Reset/Put Date, provided the Notes are not redeemed pursuant to the deemed exercise of the Investor Put in |

| | | |
|-----|---|--|
| | | accordance with paragraph 30 below, 4.54 per cent. plus a credit spread to be determined in accordance with the Interest Rate Reset Procedure as set out in paragraph 15(g) below. |
| 10. | Redemption/Payment Basis: | Redemption at par |
| 11. | Change of Interest Basis or Redemption/Payment Basis: | Not Applicable |
| 12. | Put/Call Options: | Investor Put and Issuer Call (further particulars specified in paragraph 30 below) |
| 13. | (a) Status of the Notes: | Senior |
| | (b) Date Board approval for issuance of Notes obtained: | 7 November 2007 |
| 14. | Method of distribution: | Non-syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

| | | |
|-----|--|--|
| 15. | Fixed Rate Note Provisions: | Applicable. The Rate of Interest is subject to reset from (and including) 13 December 2012 (the Reset/Put Date). |
| | (a) Rate(s) of Interest: | In respect of the period from, and including, the Interest Commencement Date to, but excluding, the Reset/Put Date, 6.875 per cent. per annum payable annually in arrear. Thereafter, the Interest Reset Rate (as defined below) payable annually in arrear as provided in sub-paragraph (g) below. |
| | (b) Interest Payment Date(s): | Interest shall be payable annually in arrear on 13 December in each year not adjusted. |
| | (c) Fixed Coupon Amount(s) (<i>Applicable to Notes in definitive form</i>): | In respect of the period from, and including, the Interest Commencement Date to, but excluding, the Reset/Put Date, £68.75 per Calculation Amount. |
| | (d) Broken Amount(s) (<i>Applicable to Notes in definitive form</i>): | Not Applicable |
| | (e) Day Count Fraction: | Actual/Actual (ICMA) |
| | (f) Determination Date(s): | 13 December in each year |
| | (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: | From and including the Reset/Put Date (as defined above), provided that the Notes have been acquired pursuant to the Assignable Call Option in accordance with the provisions contained or referred to in paragraph 30 below, the Notes will bear interest at the Interest Reset Rate (as defined below), determined pursuant to and in accordance with the following provisions in this sub-paragraph 15(g) (the Interest Reset Procedure (Credit Spread Reset)), payable annually in arrear on 13 December in each year to and including the Maturity Date, with the first such payment to be made on 13 |

December 2013 subject to the Conditions.

The following provisions of this sub-paragraph 15(g) shall apply if an Assignable Call Option Exercise Notice (as defined the Second Supplemental Trust Deed) is given to the Trustee and the Principal Paying Agent (who will give notice to the Noteholders in accordance with the Conditions) by the Assignable Call Option Holder (as defined below) not less than 7 Business Days (as defined below) before the Reset/Put Date as contemplated in Clause 2.1(a) of the Second Supplemental Trust Deed (the period from and including the date on which such notice is given to and including the Reset/Put Date, the **Interest Reset Procedure Period**).

The Interest Reset Procedure (Credit Spread Reset)

- (1) No later than the sixth Business Day preceding the Reset/Put Date, the Determination Agent will provide each Reference Securities Dealer (as defined below) with:
 - (a) a copy of this document and the Conditions applicable to the Notes;
 - (b) a written request for a Bid (as defined below) from such Reference Securities Dealer to be submitted to the Determination Agent at 11:00 a.m. (London time) on the Bid Date (as defined below); and
 - (c) the Determination Agent's estimate of the Reference Bond Price (as defined below).
- (2) At or about 10:00 a.m. (London time) on the Bid Date, the Determination Agent will calculate the Reference Bond Price, notify the Issuer (together with details of the calculation) and each Reference Securities Dealer thereof.
- (3) By 11:30 a.m. (London time) on the Bid Date, the Determination Agent will notify the Issuer in writing of the Bid received from each Reference Securities Dealer.
- (4) Unless the Interest Reset Procedure (Credit Spread Reset) shall be terminated as provided below, the Determination Agent shall select from all the Bids received from the Reference Securities Dealers, the Bid (the **Selected Bid**) quoting the lowest annual interest rate (the **Lowest Bid Rate**), and if there is more than one Bid quoting such lowest interest rate (payable annually), the Determination Agent shall be entitled to select one of them in its sole discretion but in good faith. Morgan Stanley & Co. International plc (**MSIP** which expression shall include its

successors and assigns) shall have the right (but shall be under no obligation) to match the Selected Bid, in which case such matching Bid shall be the Selected Bid.

(5) If:

- (a) no Bid is received by the Determination Agent; or
- (b) only one Bid is received by the Determination Agent (and it has so notified the Issuer) and the Determination Agent has not received written notice from the Issuer by 11:50 a.m. (London time) on the Bid Date that the Issuer wishes the Interest Reset Procedure (Credit Spread Reset) to continue notwithstanding that only one Bid has been so received; or
- (c) the Determination Agent in its absolute discretion but in good faith determines that there is a Market Disruption Event (as defined below) during, or occurring before but continuing during, the Interest Reset Procedure Period; or
- (d) an Event of Default or a Potential Event of Default (each as defined in the Principal Trust Deed (defined below)) with respect to any notes issued under the Programme shall have occurred and be continuing at any time during the Interest Reset Procedure Period; or
- (e) the Determination Agent shall have received notice from the Issuer at any time prior to 11:50 a.m. (London time) on the Bid Date that the Issuer wishes to terminate the Interest Reset Procedure (Credit Spread Reset); or
- (f) the Reference Bond Price is at or below par; or
- (g) the Assignable Call Option Holder (as defined below, and assuming that the Assignable Call Option Holder is not the Issuer) shall have notified the Issuer, at any time before notification to a Reference Securities Dealer pursuant to sub-paragraph (7) below, that the Assignable Call Option Holder wishes to terminate the Interest Reset Procedure (Credit Spread Reset),

then the Interest Reset Procedure (Credit Spread Reset) shall be terminated, the Issuer shall (and the

Determination Agent may) forthwith give notice to the Trustee and the Principal Paying Agent (who will give notice to the Noteholders in accordance with the Conditions) (as contemplated in Clause 2.1(b) of the Second Supplemental Trust Deed) of such termination and of the intended Settlement Date (if other than the Reset/Put Date) and the Notes shall be redeemed by the Issuer pursuant to the deemed exercise of the Investor Put in accordance with paragraph 30 below on the Settlement Date together, if applicable, with interest accrued at 6.875 per cent. per annum up to, but excluding, the Settlement Date.

The following provisions of this sub-paragraph 15(g) shall apply only where the Interest Reset Procedure (Credit Spread Reset) has not been terminated.

- (6) The Determination Agent will determine the credit spread to be the Lowest Bid Rate (the **Interest Reset Rate**) less 4.54 per cent.
- (7) No later than 12:00 noon (London time) on the Bid Date, the Determination Agent will notify the Reference Securities Dealer whose Bid is the Selected Bid of such fact (unless that Reference Securities Dealer is the Determination Agent).
- (8) As soon as practicable after determining the Interest Reset Rate as aforesaid, the Determination Agent will notify the Rate of Interest and the Interest Amount to the Issuer, the Paying Agents and the Trustee and the Principal Paying Agent will cause the same to be notified to the Noteholders and, for so long as the Notes are admitted to trading on the London Stock Exchange, to the London Stock Exchange as soon as practicable after determination thereof and the Notes will be transferred to, or to the order of, the Assignable Call Option Holder pursuant to the Assignable Call Option on the Reset/Put Date in accordance with paragraph 30 below.

For the purposes of the Conditions relating to the Notes:

Assignable Call Option means the right of the Assignable Call Option Holder to acquire the Notes on the Reset/Put Date.

Assignable Call Option Holder means the Issuer or, if any one or more persons have been identified by notice given on or after the date hereof by the Issuer (or any subsequent Assignable Call Option Holder) to the Trustee as having been assigned the Assignable Call Option by the Issuer (or any subsequent Assignable Call Option Holder), the person(s) so identified.

Bid means an irrevocable written offer given by a Reference Securities Dealer at or about 11:00 a.m. (London time) on the Bid Date to purchase all the Notes outstanding at the Reference Bond Price for settlement on the Reset/Put Date (such offer to be conditional on the acquisition of the Notes by the Assignable Call Option Holder under the Assignable Call Option), to be expressed as an annual fixed rate of interest payable annually in arrear (being the rate which such Reference Securities Dealer requires to be payable on the Notes from and including the Reset/Put Date to but excluding the Maturity Date in order for the Reference Securities Dealer to be willing to purchase the Notes (taking into account the Issuer's then current credit spread) at the Reference Bond Price), to be given on an "all-in" basis and to be expressed to be open for acceptance at least until 12:00 noon (London time) on the third Business Day preceding the Reset/Put Date (the **Bid Date**).

Business Day means a day (other than a Saturday and Sunday) on which commercial banks and foreign exchanges are open for business in London.

Call Notice Date means the third Business Day preceding the Reset/Put Date.

Determination Agent means MSIP. All determinations made by the Determination Agent will be at the sole discretion of the Determination Agent and will, in the absence of manifest error, be conclusive for all purposes and binding on the Noteholders, the Trustee and on the Issuer.

Market Disruption Event means that, in the opinion of the Determination Agent (following consultation with the Issuer, if practicable), there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the success of the Interest Reset Procedure (Credit Spread Reset) of the Notes or dealings in the Notes in the secondary market.

Reference Bond Price means an amount, expressed as a percentage of the total nominal amount of the Notes, as determined by the Determination Agent at or about 10:00 a.m. (London time) on the Call Notice Date equal to the discounted present value as at the Reset/Put Date of the principal and interest payments that would be due on bonds with a maturity date of 13 December 2037 bearing interest payable annually in arrear in respect of the period from, and including, 13 December 2012 on an Actual/Actual (ICMA) unadjusted day count basis at 4.54 per cent. per annum and a principal amount equal to the Aggregate Nominal Amount of the Notes outstanding on the Call Notice Date and assuming a discount rate equal to the Reference Swap Yield.

Reference Securities Dealers means MSIP and up to 5 additional financial institutions agreed between the Issuer and the Determination Agent not later than the seventh Business Day preceding the Reset/Put Date and which shall have agreed to participate in the Interest Reset Procedure (Credit Spread Reset).

Reference Swap Dealers means MSIP and up to 5 additional financial institutions agreed between the Issuer and the Determination Agent not later than the seventh Business Day preceding the Reset/Put Date.

Reference Swap Yield means the percentage rate per annum (calculated on the basis of payment annually in arrear) determined by the Determination Agent on the basis of swap rate quotations provided by the Reference Swap Dealers at or about 10:00 a.m. (London time) on the Bid Date.

For this purpose, the swap rate means the interest rate for the fixed leg of a fixed-for-floating Sterling interest rate swap transaction (quoted on an annual, Actual/Actual (ICMA) unadjusted day count basis and assuming the application of the Following Business Day Convention (as defined in the 2006 ISDA Definitions (the **ISDA Definitions**) with a term commencing on the Reset/Put Date and ending on 13 December 2037 with a notional amount of £250,000,000 with an acknowledged dealer of good credit in the swap market where the Reference Swap Dealer (A) pays the fixed leg and (B) receives the floating leg, where the floating leg is equivalent to GBP-LIBOR-BBA (as defined in the ISDA Definitions) of 6 months on an Actual/365 (Sterling) day count basis and assuming the application of the Modified Following Business Day Convention (as defined in the ISDA Definitions).

The Reference Swap Yield will be the arithmetic average of such quotations (assuming there is at least one), eliminating (where there are at least 3 quotations) the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

Settlement Date means the Reset/Put Date or, if necessary in the circumstances set out in paragraph 15(g)(5), as soon as reasonably practicable (but no later than 7 Business Days) after the Reset/Put Date to enable the Issuer to make appropriate settlement arrangements.

| | | |
|-----|--|----------------|
| 16. | Floating Rate Note Provisions: | Not Applicable |
| 17. | Zero Coupon Note Provisions: | Not Applicable |
| 18. | Index Linked Interest Note Provisions: | Not Applicable |

19. Dual Currency Interest Note Not Applicable
Provisions:

PROVISIONS RELATING TO REDEMPTION

| | | |
|-----|---|--|
| 20. | Issuer Call: | Applicable (see paragraph 30 below) |
| | (a) Optional Redemption Date(s): | Reset/Put Date |
| | (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): | £1,000 per Calculation Amount |
| | (c) If redeemable in part: | |
| | (i) Minimum Redemption Amount: | Not Applicable |
| | (ii) Maximum Redemption Amount: | Not Applicable |
| | (d) Notice period (if other than as set out in the Conditions): | See paragraph 15 above |
| 21. | Investor Put: | Applicable (see paragraph 30 below) |
| | (a) Optional Redemption Date(s): | Settlement Date (in the case of the deemed exercise of the Investor Put as described in paragraph 30); see the Schedule (in the case of a Put Event) |
| | (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): | £1,000 per Calculation Amount |
| | (c) Notice period (if other than as set out in the Conditions): | See paragraph 15 above (in the case of the deemed exercise of the Investor Put as described in paragraph 30); see the Schedule (in the case of a Put Event). |
| 22. | Final Redemption Amount of each Note: | £1,000 per Calculation Amount |
| 23. | Early Redemption Amount 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 7.5): | £1,000 per Calculation Amount |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

| | | |
|-----|--|---|
| 24. | Form of Notes: | Definitive Registered Notes |
| 25. | Additional Financial Centre(s) or other special provisions relating to payment dates: | Not Applicable |
| 26. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | Not Applicable |
| 27. | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | Not Applicable |
| 28. | Details relating to Instalment Notes: | |
| | (a) Instalment Amount(s): | Not Applicable |
| | (b) Instalment Date(s): | Not Applicable |
| 29. | Redenomination applicable: | Redenomination not applicable |
| 30. | Other final terms: | Condition 7.4 shall be supplemented by a new Condition 7.4A as set out in the Schedule attached to the Final Terms. |

Assignable Call Option and Investor Put

The Notes will be subject to the following provisions:

- (1) The Issuer and the Trustee will enter into a second supplemental trust deed on or around 13 December 2007 (the **Second Supplemental Trust Deed**) in relation to the Notes which will supplement the principal trust deed dated 20 October 2005 (the **Principal Trust Deed**) and the first supplemental trust deed dated 9 November 2007 (the **First Supplemental Trust Deed**). The Second Supplemental Trust Deed will provide, *inter alia*, that if the conditions set forth in Clause 2.1 thereof are satisfied, the Notes shall be acquired by the Assignable Call Option Holder (as defined in the Second Supplemental Trust Deed) at the Optional Redemption Amount as of the Reset/Put Date and shall not (except where the Assignable Call Option Holder is the Issuer) be redeemed and cancelled upon

such acquisition. The Issuer shall be entitled in its discretion to assign the benefit of its rights so to acquire the Notes to any third party by notifying the Principal Paying Agent (who will give notice to the Noteholders in accordance with the Conditions) of such third party becoming the Assignable Call Option Holder (and such third party will also have the right to assign such benefit to a subsequent Assignable Call Option Holder upon giving appropriate notice to the Principal Paying Agent). If the conditions set forth in Clause 2.1 of the Second Supplemental Trust Deed are not satisfied, the Issuer shall redeem the Notes on the Settlement Date pursuant to the deemed exercise of the Investor Put at the Optional Redemption Amount as of such date and shall procure that the Notes (and all Coupons (as defined in the Principal Trust Deed) appertaining thereto) are cancelled by the Principal Paying Agent.

The Issuer, the Trustee, the Principal Paying Agent, the other Agents and MSIP will also enter into a supplemental agency agreement on or around 13 December 2007 (the **First Supplemental Agency Agreement**) in relation to the Notes, which will supplement the amended and restated agency agreement dated 9 November 2007 (the **Agency Agreement**). The First Supplemental Agency Agreement will contain payment provisions relating to transfers of Notes, endorsement of Notes and cancellation of Notes (see paragraph 30(5) below).

Noteholders are deemed to have notice of, and are bound by, all the provisions of the Principal Trust Deed, the First Supplemental Trust Deed, the Second Supplemental Trust Deed, these Final Terms and those provisions of the Agency Agreement and the First Supplemental Agency Agreement which are applicable to them.

Copies of the Second Supplemental Trust Deed and the First Supplemental Agency Agreement shall be available for inspection by Noteholders during normal business hours at the specified offices of the Trustee and the Paying Agents.

- (2) On the Settlement Date, each Noteholder who presents and surrenders a Note and all Coupons appertaining thereto to the Principal Paying Agent, shall be entitled to payment of an amount equal to the outstanding principal amount of the Notes so presented and surrendered as of the Settlement Date, (together with interest accrued to, but excluding, the Settlement Date).

No transfers of Notes through any clearing system will be permitted during the three Business Days immediately preceding the Reset/Put Date other than for the purpose of facilitating such presentation and surrender.

(3) On the Settlement Date all Notes shall be:

- (h) (if the conditions set forth in Clause 2.1 of the Second Supplemental Trust Deed are satisfied) immediately transferred to, or to the order of, the Assignable Call Option Holder pursuant to the exercise of the Assignable Call Option and the Interest Reset Procedure (Credit Spread Reset). The Issuer will forthwith notify the Principal Paying Agent and the Trustee in writing that the conditions set out in Clause 2.1 of the Second Supplemental Trust Deed have been satisfied. The Principal Paying Agent will then forward such notice to the clearing systems notifying the clearing systems of the exercise of the Assignable Call Option; or
- (i) (if the conditions set forth in Clause 2.1 of the Second Supplemental Trust Deed are not satisfied) redeemed and cancelled pursuant to the deemed exercise of the Investor Put (together with all unmatured Coupons appertaining thereto). The Issuer will forthwith notify the Principal Paying Agent and the Trustee in writing that the conditions set out in Clause 2.1 of the Second Supplemental Trust Deed have not been satisfied. The Principal Paying Agent will then forward such Issuer notice to the clearing systems, notifying the clearing systems of the deemed exercise of the Investor Put.

Notes transferred pursuant to sub-paragraph (3)(h) above shall not be redeemed or cancelled (except where the Assignable Call Option Holder is the Issuer) and may be sold in the open market at the Reference Bond Price or otherwise. From and including the Reset/Put Date, each such Note will bear interest at the Interest Reset Rate (as defined in paragraph 15(g)(6)).

(4) Save in respect of any right to accrued interest if the Notes are redeemed pursuant to the deemed exercise of the Investor Put in circumstances where the Settlement Date is later than the Reset/Put Date, the

Noteholders (other than the Assignable Call Option Holder and persons deriving title through the Assignable Call Option Holder following an acquisition of the Notes pursuant to sub-paragraph (1) above) shall have no further rights or claims to payments in respect of the Notes, whether under the Principal Trust Deed, the First Supplemental Trust Deed or the Second Supplemental Trust Deed, against the Issuer, the Trustee, the Agents or any other person, notwithstanding that the Notes shall remain outstanding after the Reset/Put Date.

Notes redeemed and cancelled pursuant to sub-paragraph (3)(i) above, and all unmatured Coupons appertaining thereto, shall be deemed to be void and may not be reissued or resold.

(5) In the event that the Notes are transferred to, or to the order of, the Assignable Call Option Holder in accordance with the provisions of this paragraph 30 and, on the Reset/Put Date, the Notes are represented by Definitive Notes, then:

(j) unless all the Definitive Notes which are outstanding and the Coupons appertaining thereto have been duly surrendered, the Issuer shall procure that prior to transferring the Notes to, or to the order of, the Assignable Call Option Holder the Principal Paying Agent shall endorse all Definitive Notes and Coupons which have been presented to a Paying Agent for payment with a memorandum stating that on the Reset/Put Date such Notes have been transferred in accordance with their terms; and

(k) if all the Definitive Notes which are outstanding and the Coupons appertaining thereto have been duly surrendered, the Issuer shall forthwith give notice to the Trustee and the Noteholders and, for so long as the Notes are listed on the London Stock Exchange and the London Stock Exchange so requires, the London Stock Exchange that the Notes have been so transferred.

Any Definitive Notes, and any Coupons appertaining thereto, not so presented shall become void and the holder thereof (who shall cease to be a Noteholder for the purpose of the Conditions and the Principal Trust Deed, the First Supplemental Trust Deed and the Second Supplemental Trust Deed) shall not be entitled to any payment in respect thereof except upon presentation and surrender of such Definitive Note

together with all Coupons appertaining thereto to a Paying Agent when the holder shall be entitled to receive only the amount it would have been entitled to receive thereon had it presented such Note on the Reset/Put Date in accordance with sub-paragraph (2) above and without any interest thereon and no payment shall be made if such Note or Coupons are presented to any Paying Agent after the tenth anniversary of 13 December 2012. Upon such presentation, such Definitive Notes (and any Coupons appertaining thereto) not bearing the memorandum shall be cancelled and destroyed by the Principal Paying Agent.

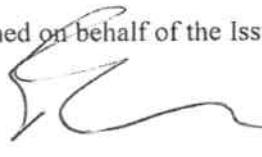
In the event that not all Notes are so presented on the Reset/Put Date, the Issuer shall issue and transfer, or shall procure that the Principal Paying Agent issues and transfers, to or to the order of the Assignable Call Option Holder, a replacement Note in respect of each Note not presented which it shall endorse with the memorandum described above. In such circumstances, the Principal Paying Agent shall maintain a record for each replacement Note so issued and details of the Note it replaces. Such record shall be available for inspection by the Issuer, the other Paying Agents and the Trustee upon reasonable request.

DISTRIBUTION

| | | |
|-----|---|--|
| 31. | (a) If syndicated, names of Managers: | Not Applicable |
| | (b) Date of Subscription Agreement: | 11 December 2007 |
| | (c) Stabilising Manager (if any): | Not Applicable |
| 32. | If non-syndicated, name of relevant Dealer: | Morgan Stanley & Co. International plc |
| 33. | U.S. Selling Restrictions: | Reg. S Category 2, TEFRA D |
| 34. | Additional selling restrictions: | Not Applicable |

Signed on behalf of the Issuer:

By



Mike Wallace
Great Treasury

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Listing and Admission to Trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange with effect from 14 December 2007.

(ii) Estimate of total expenses related to admission to trading: £4,800

2. RATINGS

Ratings: Notes to be issued have been rated:
S & P: BBB
Moody's: Baa2

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

Save for any fees payable to the Lead Manager, no person involved in the issue of the Notes has an interest material to the offer.

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

Reasons for the offer: Not Applicable

5. YIELD (*Fixed Rate Notes only*)

Indication of yield:

6.937 per cent. per annum
The yield is calculated at the Issue Date on the basis of the Issue Price and up to the Reset/Put Date. Thereafter it will depend on the amount of the Interest Reset Rate. It is not an indication of future yield.

6. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Index-Linked Notes only*)

Not Applicable

7. PERFORMANCE OF RATE OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (*Dual Currency Notes only*)

Not Applicable

8. OPERATIONAL INFORMATION

(i) ISIN Code: XS0335844402
(ii) Common Code: 033584440

(iii) Any clearing system(s) Not Applicable
other than Euroclear Bank
S.A./N.V. and
Clearstream Banking,
société anonyme and the
relevant identification
number(s):

(iv) Delivery: Delivery against payment

(v) Names and addresses of Not Applicable
additional Paying
Agent(s) (if any):

SCHEDULE

In relation to the Final Terms dated 11 December 2007 of which this forms the attached Schedule, Condition 7.4 shall be supplemented by a new Condition 7.4A in the following terms:

If during the period from 13 December 2007 to 13 December 2037 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 a 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 7.2) 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 its nominal amount (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, and in any event within 21 days after, 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 nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, the Trustee shall (subject in each case to the Trustee being indemnified and/or secured to its satisfaction), give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 14 specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 7.4A.

To exercise the option to require redemption of a Note under this Condition 7.4A, 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 30 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 7.4A.

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 nominal 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 7.4A.

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 6 against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 11) 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 6 and certain other purposes specified in the Trust Deed, receipts issued pursuant to this Condition 7.4A 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.

If 80 per cent. or more in nominal amount of the Notes then outstanding have been redeemed or purchased pursuant to the foregoing provisions of this Condition 7.4A, the Issuer may, on not less than 30 or more than 60 days' notice to the Noteholders given within 30 days after the Optional Redemption Date, redeem, at its option, the remaining Notes as a whole at a redemption price of the nominal amount thereof plus interest accrued to but excluding the date of such redemption.

For the purpose of these Conditions:

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);

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;

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 and agreed in writing by 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 (i) 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 (ii) 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), other than a holding company (as defined in Section 736 of the

Companies Act 1985 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, or any person or 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).

If the rating designations employed by any of S&P, Moody's or Fitch Ratings are changed from those which are described in paragraph (ii) of the definition of "Negative Rating Event" above, or if a rating is procured from another Rating Agency, the Issuer shall determine, with the agreement of an independent financial advisor, selected by the Issuer and to whom the Trustee does not reasonably object, the rating designations of S&P, Moody's, Fitch Ratings or such other Rating Agency (as appropriate) as one most equivalent to the prior rating designations of S&P, Moody's or Fitch Ratings, and this Condition 7.4A shall be construed accordingly.