

Daily Mail and General Trust plc

(Incorporated with limited liability in England and Wales with registered number 184594)

£200,000,000
6.375 per cent. Bonds due 2027

Issue price 99.332 per cent.

The £200,000,000 6.375 per cent. bonds due 2027 (the **Bonds**) issued by Daily Mail and General Trust plc (the **Issuer** or **DMGT**) will mature on 21 June 2027.

Payments of principal and interest on the Bonds will be made without deduction for United Kingdom withholding taxes to the extent set out herein. Interest on the Bonds will accrue from 21 June 2007 and will be payable annually in arrear on 21 June in each year.

The Issuer may, at its option, redeem all, but not some only, of the Bonds at any time at par plus accrued interest, in the event of certain tax changes as described under Condition 5(b). The holders of the Bonds will have the option to require the Issuer to redeem the Bonds at their principal amount plus accrued interest upon the occurrence of a Put Event, as described under Condition 5(c).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for the Bonds to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc (the **London Stock Exchange**) for the Bonds to be admitted to trading on the London Stock Exchange's market for listed securities. Admission to the Official List together with admission to the London Stock Exchange's Gilt Edged and Fixed Interest Market. The London Stock Exchange's Gilt Edged and Fixed Interest Market is a regulated market for the purposes of Directive 93/22/EEC (the **Investment Services Directive**).

An investment in Bonds involves certain risks. Prospective investors should have regard to the factors described under the heading "Risk Factors" on pages 5 to 9.

The Bonds will be issued in bearer form in the denomination of £50,000 each.

The Bonds will initially be represented by a temporary global bond without interest coupons (the **Temporary Global Bond**) which will be deposited with a common depository for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) on or about 21 June 2007 (the **Closing Date**). Interests in the Temporary Global Bond will be exchangeable for interests in a permanent global bond without interest coupons (the **Permanent Global Bond** and, together with the Temporary Global Bond, the **Global Bonds**) on or after 1 August 2007 upon certification as to non-U.S. beneficial ownership. Definitive Bonds in bearer form, with interest coupons attached, will be available only in the limited circumstances set out under "Summary of Provisions relating to the Bonds while represented by the Global Bonds".

Joint Lead Managers

HSBC

The Royal Bank of Scotland

Co-Managers

Citi

JPMorgan Cazenove

Lloyds TSB Corporate Markets

The date of this Offering Circular is 19 June 2007

This Offering Circular comprises a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**).

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Certain information appearing on pages 26 to 27 has been extracted from reports by Audit Bureau Circulations Limited (ABC) and BPA Worldwide (BPA). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by ABC and BPA, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Offering Circular should be read and construed on the basis that such documents are incorporated and form part of the Offering Circular.

No person is authorised by the Issuer or the Trustee in connection with the issue, offering or sale of the Bonds to give any information or to make any representation not contained in the Offering Circular and any information or representation not contained herein must not be relied upon as having been authorised by the Issuer, any of the Managers (as defined under "Subscription and Sale" below) or the Trustee. Neither the delivery of this Offering Circular nor any subscription, sale or purchase made in connection herewith shall, under any circumstances, constitute a representation or create any implication that the information herein is correct as at any time subsequent to its date.

No action has been taken under any regulatory or other requirements of any jurisdiction other than the United Kingdom or will be so taken to permit a public offering of the Bonds or the distribution of this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about, and to observe, any such restrictions. In particular, attention is drawn to the restrictions set out under "Subscription and Sale" below. This Offering Circular does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

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IN CONNECTION WITH THE ISSUE OF THE BONDS, HSBC BANK PLC AS STABILISING MANAGER OR ANY PERSON ACTING ON BEHALF OF HSBC BANK PLC AS STABILISING MANAGER MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER THERE IS NO ASSURANCE THAT HSBC BANK PLC AS STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF HSBC BANK PLC AS STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY HSBC BANK PLC (OR PERSON(S) ACTING ON BEHALF OF HSBC BANK PLC) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Neither the Managers nor Deutsche Trustee Company Limited (the **Trustee**) have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or the Trustee as to the accuracy or

completeness of the information contained in this Offering Circular or any other information provided by the Issuer in connection with the Bonds or their distribution.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Bonds is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, any of the Managers or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the offering of the Bonds should purchase any of the Bonds. Each investor contemplating purchasing Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States and include Bonds in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. For a further description of certain restrictions on the offering and sale of the Bonds and on distribution of this document, see "*Subscription and Sale*" below.

All references to "pounds sterling", "pounds", "sterling" or the sign "£" are to the lawful currency of the United Kingdom. All references to the sign "A\$" are to the lawful currency of the Commonwealth of Australia and all references to "dollars" or the sign "US\$" are to the lawful currency of the United States of America.

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Group based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under the Bonds

Principal risks and uncertainties

The principal risks and uncertainties the Group faces vary across the different businesses. These risks are identified in a Group Risk Register. The materiality of each risk is assessed against a framework to determine its significance and likelihood of occurrence. The most material risks identified in the Risk Register, together with the steps taken to mitigate them, are described below.

The geographic spread and diverse portfolio of businesses within the Group helps to reduce the impact of many of the risks identified below. Certain of these risks are interdependent and should not be considered in isolation.

The impact of technological and market changes on the Group's competitive advantage

The Group's businesses operate in highly competitive environments that can be subject to rapid change. The Group's products and services, and their means of delivery, are affected by technological innovations, changing legislation, competitor activity or changing customer behaviour. A structural change in the advertising market resulting in significant advertising moving away from the Group's traditional products to the internet, could significantly affect the Group's results.

The Group has developed an internet strategy for each of its main segments of advertising revenue. The Group has a decentralised autonomous culture that encourages an entrepreneurial approach to the development of new opportunities in response to these threats and it must continue to invest and adapt to remain competitive. The Group's strategy of diversification and willingness to take a long-term view helps it to react to these challenges and opportunities.

Pension scheme shortfalls

The Group operates defined benefit schemes for its newspaper divisions and certain senior executives. Reported earnings may be adversely affected by changes in its pension costs and funding requirements due to lower than expected investment returns, changes in demographics and higher life expectancy. These risks are being worked on with the scheme trustees to agree an appropriate funding approach and an asset allocation strategy designed to reduce and diversify the risk inherent in the investment portfolios. These measures are in addition to the introduction last year of a two-tier benefit structure in the defined benefit schemes providing greater employee choice with increased member contributions in the top tier. These actions, together with the operation of defined contribution pension plans in all other divisions and overseas, have helped to reduce pension liabilities and control the pension costs incurred by the Group.

Currency risk

The Group seeks to diversify away from the UK. Whilst most of the Group's businesses do not transact cross-border, the Group's interests outside the UK result in currency exchange rate fluctuations having an impact on the Group's reported earnings. In particular, over 40% of the Group's operating profits are generated from revenues invoiced in US dollars. The impact of currency rate fluctuations is partly offset by the levels of US dollar debt incurred. Generally, the proportion of foreign currency debt (after allowing for any hedging instrument) to total net debt is managed to be approximately equal to the proportion of foreign EBITDA, compared to total Group EBITDA. A substantial proportion of US dollar and Australian dollar debt liabilities are created through the use of foreign exchange derivatives and treated as net investment hedges. The consequence of this policy is that the foreign earnings hedged are limited to less than 20%. Therefore most of the Group's foreign earnings are not hedged back to sterling.

Impact of a major disaster or outbreak of disease

Any disaster, such as a geopolitical event or a pandemic, such as avian flu, which significantly affects the wider environment or infrastructure in a sector where the Group has material operations could adversely affect the Group. Although plans and procedures are in place to manage the impact of such risks, the event might affect the Group's ability to produce and deliver its products, or reduce the demand for them. The importance of travel to many of the Group's event businesses increases the sensitivity of its results to incidents that may affect confidence in travel to specific destinations.

Acquisition risk

As well as launching and building new businesses, an integral part of the Group's success has, and will continue to be, the acquisition of businesses that complement the Group's existing products or expand the scope of expertise into new markets. A number of risks are inherent within any strategy to acquire. The Group generally acquires businesses with a high potential for growth in related markets. This results in the majority of acquisitions considered being smaller add-on acquisitions, which reduces the size of the risk of each acquisition to the Group. The Metal Bulletin acquisition is the Group's first acquisition over £100 million since 1988.

Exposure to changes in the economy and customer spending patterns

General economic conditions and the financial health of the Group's customers affect the performance of all of the Group's businesses to some degree. A significant proportion of the Group's revenue is derived from advertising spending which has historically been cyclical, with companies spending less on advertising in times of economic slowdown. The Group's commitment to investment in its core brands and products helps it to reduce the effect of these fluctuations by maintaining the strength of its products in their markets.

Dependence on information technology and the integrity of data

All of the Group's businesses are dependent on technology to some degree. Disruption to the Group's information technology infrastructure or breaches in the Group's data security systems could adversely affect its businesses and damage its reputation. This could arise from loss of service from third parties, operational failures, or sabotage (including virus and hacker attacks). The information security and business continuity risks and mitigating controls vary for the Group's different businesses and so responsibility rests with each of the divisional management teams. Both of these risks were a focus of the Risk Committee during the year. Assessments were completed to understand the effectiveness of the mitigating controls in each area and to highlight any areas for improvement.

Price volatility of newsprint

Newsprint represents a significant proportion of the Group's costs within the Newspaper divisions. Newsprint prices are subject to volatility arising from variations in supply and demand. Whilst generally

these variations are not large and therefore not significant to the Group, there have been periods historically where the impact to the Group was material and a repeat of such events cannot be ruled out.

Reliance on key management and staff

In order to pursue its strategy, the Group is reliant on key management and staff across all its businesses. The Group cannot predict with certainty that it will enjoy continued success in its recruitment and retention of high quality management and creative talent.

Factors which are material for the purpose of assessing the market risks associated with the Bonds

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant [indices and] financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Risks related to the Bonds generally

Set out below is a brief description of certain risks relating to the Bonds generally:

Modification, waivers and substitution

The conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The conditions of the Bonds also provide that the Trustee may, without the consent of Bondholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Bonds or (ii) determine without the consent of the Bondholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Bonds in place of the Issuer, in the circumstances described in Condition 13 of the conditions of the Bonds.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless

during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If, following implementation of this Directive, a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent following implementation of this Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

Change of law

The conditions of the Bonds are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in pounds sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than pounds sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of the pounds sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine

whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

The auditors' report and audited consolidated annual financial statements for the financial years ended 2 October 2005 and 1 October 2006 of the Issuer which have previously been published and have been filed with the Financial Services Authority shall be incorporated in, and form part of, this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London.

TERMS AND CONDITIONS OF THE BONDS

The following are the Terms and Conditions of the Bonds substantially in the form which will appear on the Bonds in definitive form (if issued).

The £200,000,000 6.375 per cent. Bonds due 2027 (the **Bonds**, which expression shall in these Terms and Conditions, unless the context otherwise requires, include any further bonds issued pursuant to Condition 15 and forming a single series therewith) of Daily Mail and General Trust plc (the **Issuer**) are constituted by a trust deed dated 21 June 2007 (the **Trust Deed**) between the Issuer and Deutsche Trustee Company Limited (the **Trustee**, which expression shall include any successor). The Trustee will act as trustee for the holders of the Bonds (the **Bondholders**). The issue of the Bonds was authorised by a resolution of a duly authorised committee of the Board of Directors of the Issuer passed on 30 May 2007. Certain statements in these Conditions are summaries of, and are subject to, the detailed provisions of the Trust Deed. The Bonds also have the benefit of an agency agreement (the **Agency Agreement**) dated 21 June 2007 made between the Issuer, the Trustee and the Paying Agent referred to below. Copies of the Trust Deed and the Agency Agreement are available for inspection at the registered office of the Trustee, being at the date hereof at Winchester House, 1 Great Winchester Street, London EC2N 2DB and at the specified office of the Paying Agent. The Bondholders and the holders of the coupons (the **Couponholders** and the **Coupons** respectively) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement.

1. Form, Denomination and Title

The Bonds are issued in bearer form, serially numbered, in the denomination of £50,000 each with Coupons attached on issue. Title to the Bonds and Coupons passes by delivery.

2. Status

The Bonds and the Coupons constitute unconditional, unsecured (subject to the provisions in Condition 3) and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves. The obligations of the Issuer in respect of the Bonds and the Coupons (subject as aforesaid) rank equally with all other present and future unsecured and unsubordinated obligations of the Issuer, other than obligations preferred by law.

3. Negative Pledge

So long as any of the Bonds remains outstanding (as defined in the Trust Deed), the Issuer will procure that (save as provided below) no Relevant Indebtedness (as defined below) now or hereafter existing of the Issuer or any other person and no guarantee by the Issuer or any other person of any such Relevant Indebtedness will be secured by any mortgage, charge, lien, pledge or other security interest upon, or with respect to, the whole or any part of the present or future undertaking, assets or revenues of the Issuer or any Subsidiary (as defined below) of the Issuer (other than a security interest over any assets to secure only an exchange right granted pursuant to an issue by the Issuer or any Subsidiary of exchangeable securities (the **Permitted Security**)) or will have the benefit of any guarantee by the Issuer or any Subsidiary of the Issuer (other than any guarantee (a **Permitted Guarantee**) of the Relevant Indebtedness of a Subsidiary of the Issuer by the Issuer or any other Subsidiary of the Issuer) or, in the case of Relevant Indebtedness of, or in the case of Relevant Indebtedness which is guaranteed by, the Issuer or any Subsidiary of the Issuer, or in the case of any guarantee by the Issuer or any Subsidiary of the Issuer of any Relevant Indebtedness, will be secured by any mortgage, charge, lien, pledge or other security interest upon, or with respect to, the whole or any part of the present or future undertaking, assets or revenues of, or will have the benefit of any guarantee by, any person (other than the Permitted Security or a Permitted Guarantee), unless in any such case:

- (a) the Issuer shall, simultaneously with, or prior to, the creation of such security interest or the giving of such guarantee, take any and all action necessary to procure that all amounts payable under the Bonds,

the Coupons and the Trust Deed are secured by such security interest or have the benefit of such guarantee, as the case may be, in each case equally and rateably, to the satisfaction of the Trustee; or

- (b) such other security interest or guarantee is provided for such amounts as the Trustee may in its absolute discretion consider not materially prejudicial to the interests of the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders, provided that the provisions of this paragraph shall not apply with regard to any security in respect of any Relevant Indebtedness over the assets of any company becoming a Subsidiary of the Issuer after 21 June 2007 which security exists at the time of such company becoming a Subsidiary of the Issuer (other than any such security created in contemplation thereof) and any such security thereafter created by such Subsidiary in substitution for the aforesaid security over assets the value of which does not materially exceed the current value of the assets subject to such security immediately prior to such substitution.

For the purposes of this provision:

Relevant Indebtedness means any indebtedness now or hereafter existing which is in the form of, or represented or evidenced by, any bonds, notes, debentures, loan stock or other securities which are, or are intended to be, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other established market for securities (whether or not initially issued by way of private placing). Where Relevant Indebtedness of any person is secured by any mortgage, charge, lien, pledge or other security interest and is guaranteed by the Issuer or any Subsidiary of the Issuer, such guarantee shall itself for the purposes of this provision be treated as being so secured. Any reference in these Conditions to an obligation being guaranteed shall include a reference to an indemnity being given in respect thereof and to an obligation arising under a guarantee being counter-guaranteed; and

Subsidiary means any company which is for the time being a subsidiary (within the meaning of section 736 of the Companies Act 1985 of Great Britain) or a subsidiary undertaking (within the meaning of section 258 and Schedule 10A of the Companies Act 1985 of Great Britain).

4. Interest

The Bonds bear interest from, and including, 21 June 2007 at the rate of 6.375 per cent. per annum payable annually in arrear on 21 June in each year (each an **Interest Payment Date**). The first payment will be made on 21 June 2008 in respect of the period from and including 21 June 2007 to but excluding 21 June 2008 and will amount to £3,187.50 per £50,000 principal amount of the Bonds.

Except as provided in the Trust Deed, the Bonds will cease to bear interest from the due date for redemption thereof.

Interest in respect of a period of less than one year shall be computed on the basis of the actual number of days from and including the most recent Interest Payment Date or, as the case may be, the Issue Date to but excluding the relevant payment date divided by the actual number of days in the period from and including the most recent Interest Payment Date or, as the case may be, the Issue Date to but excluding the next Interest Payment Date.

All amounts of interest will be rounded upwards, if necessary, to the nearest penny.

5. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Bonds will be redeemed by the Issuer at their principal amount on 21 June 2027.

(b) Redemption for Taxation Reasons

The Bonds may also be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice in accordance with Condition 12 (which notice shall be irrevocable), at the principal amount thereof, together with interest accrued to the date fixed for redemption, if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 21 June 2007 and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on the Bondholders and the Couponholders.

(c) Redemption at the option of the Bondholders (Change of Control)

(A) A "Put Event" will be deemed to occur if:

- (i) any person or any persons acting in concert (as defined in the United Kingdom's City Code on Takeovers and Mergers) or any person or persons acting on behalf of any such person(s) (other than, in each case, a Rothermere Person) (the **Relevant Person**) at any time directly or indirectly come(s) to own or acquire(s) such number of shares in the capital of the Issuer carrying more than 50 per cent. of the total voting rights attached to the issued or allotted share capital of the Issuer that are normally exercisable at a general meeting of the Issuer (such event being a **Change of Control**), provided that a Change of Control shall be deemed not to have occurred if all or substantially all of the shareholders of the Relevant Person are, or immediately prior to the event which would otherwise have constituted a Change of Control were, the shareholders of the Issuer with the same (or substantially the same) pro rata interest in the share capital of the Relevant Person as such shareholders have, or as the case may be, had in the share capital of the Issuer; and
- (ii) on the date (the **Relevant Announcement Date**) that is the earlier of (x) the date of the first public announcement of the relevant Change of Control; and (y) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Bonds carry from either of Moody's Investors Service Limited (**Moody's**) or Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (**S&P**) or any of their respective successors or any other rating agency (each a **Substitute Rating Agency**) of equivalent international standing specified by the Issuer (each, a **rating agency**):
 - (1) an investment grade credit rating (*Baa3/BBB-, or equivalent, or better*), and such rating from any such rating agency is within the Change of Control Period either downgraded to a non-investment grade credit rating (*Ba1/BB+, or equivalent, or worse*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) updated or (in the case of a withdrawal) reinstated to an investment grade credit rating by such rating agency; or
 - (2) a non-investment grade credit rating (*Ba1/BB+, or equivalent, or worse*), and such rating from any such rating agency is within the Change of Control Period downgraded by one or more notches (*for illustration, Ba1/BB+ to Ba2/BB being on notch*) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a

withdrawal) reinstated to its earlier credit rating or better by such rating agency;
or

- (3) no credit rating, and no rating agency assigns within the Change of Control Period an investment grade credit rating to the Bonds, provided that if on the Relevant Announcement Date the Bonds carry a credit rating from more than one rating agency, at least one of which is investment grade, then sub-paragraph (1) only will apply; and
 - (iii) in making the relevant decision(s) referred to above, the relevant rating agency announces publicly or confirms in writing to the Issuer or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.
- (B) If a Put Event occurs, the holder of any Bond will have the option to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) such Bond on the Put Date (as defined below) at its principal amount together with interest accrued to but excluding the date of redemption or purchase. Such option shall operate as set out below.
- (C) 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 required by the holders of at least one-quarter in nominal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice (a **Put Event Notice**) to the Bondholders in accordance with Condition 12 specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 5(c).
- (D) To exercise the option to require the redemption or purchase of a Bond under this Condition 5(c), the holder of the Bond must deliver such Bond, at the specified office of any Paying Agent, at any time during normal business hours of the relevant Paying Agent falling within the period (the **Put Period**) of 45 days after a Put Event Notice is given, 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 **Change of Control Put Notice**). The Bond should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Put Period (the **Put Date**), failing which the relevant 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 to the Bondholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 11 at any time after such payment, but before the expiry of the period of five years from the Relevant Date (as defined in Condition 7) in respect of such Coupon, but not thereafter. The Paying Agent to which such Bond and Change of Control Put Notice are delivered will issue to the Bondholder concerned a non-transferable receipt in respect of the Bond so delivered. Payment in respect of any Bond so delivered will be made either (i) on the Put Date by transfer to the bank account (if any) specified in the relevant Change of Control Put Notice; or (ii) if no such bank account is so specified, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, pending redemption or purchase of the relevant Bonds non-transferable receipts issued pursuant to this Condition 5(c) shall be treated as if they were Bonds. The Issuer shall redeem or, at its option, purchase (or procure the purchase of) the relevant Bonds on the Put Date unless previously redeemed and cancelled or purchased.

If 80 per cent. or more in nominal amount of the Bonds then outstanding on the day immediately prior to the Put Date have been redeemed pursuant to this Condition 5(c), the Issuer may, on not less than 30 or more than 60 days' notice to the Bondholders given within 30 days after the Put Date, redeem, at its option, the remaining Bonds as a whole at their

principal amount together with interest accrued to but excluding the date of redemption or purchase.

If the rating designations employed by either of Moody's or S&P are changed from those which are described in paragraph (ii) of the definition of "Put Event" above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, with the agreement of the Trustee, the rating designations of Moody's or S&P or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's or S&P and this Condition 5(c) shall be read accordingly.

The Trustee is under no obligation to ascertain whether a Put Event or Change of Control or any event which could lead to the occurrence of, or could constitute, a Put Event or Change of Control has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Put Event or Change of Control or such other event has occurred.

(E) In these Conditions:

Change of Control Period means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Bonds are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a rating agency, such period not to exceed 60 days after the public announcement of such consideration); and

Rothermere Person shall mean (i) The Viscount Rothermere or any close family member of the Viscount Rothermere (together, the **Rothermere Family**) or (ii) any trust or fund beneficially owned or controlled by, or established principally for the benefit of, any member of the Rothermere Family or (iii) any body corporate or partnership, directly or indirectly controlled by any member of the Rothermere Family or by any trust or fund beneficially owned or controlled by, or established principally for the benefit of, any member of the Rothermere Family or by any member of the Rothermere Family and such trust and/or fund jointly; and

Relevant Potential Change of Control Announcement means any public announcement or statement by the Issuer, any actual or potential bidder or any advisor thereto relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

(d) *Purchases*

The Issuer or any Subsidiary of the Issuer may at any time purchase Bonds at any price, provided that all unmatured Coupons appertaining thereto are attached thereto or surrendered therewith.

(e) *Cancellation*

All Bonds which are redeemed or which are purchased by or on behalf of the Issuer or any Subsidiary of the Issuer may, at the option of the Issuer or such Subsidiary, be held, resold or cancelled (together with all unmatured Coupons attached thereto or delivered therewith).

6. Payments

Payments of principal and interest in respect of each Bond will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Bond, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of the Paying Agent.

Payments in respect of each Bond will be made at the specified office outside the United States of the Paying Agent, at the option of the holder, by sterling cheque drawn on a branch of, or by transfer to a sterling account maintained by the payee with, a bank in the City of London, subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 7.

Each Bond should be presented for payment together with all relative unmatured Coupons appertaining thereto, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part-payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of the relevant Bond (whether or not the Coupon would otherwise have become void pursuant to Condition 8), or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

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

Presentation Date means a day which (subject to Condition 8):

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

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

The Issuer has initially appointed Deutsche Bank AG, London Branch as the Paying Agent acting through its specified office outside the United States or its possessions set out at the end of these Conditions. The Issuer reserves the right, with the prior written approval of the Trustee, to terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents outside the United States or its possessions, provided that:

- (a) it will at all times maintain a Paying Agent in the City of London approved by the Trustee; and
- (b) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC.

Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 60 or less than 45 days' notice thereof shall have been given to the Bondholders in accordance with Condition 12.

7. Taxation

All payments of principal (including purchase price payable pursuant to Condition 5(c)) and interest in respect of the Bonds by or on behalf of the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the holders of Bonds and Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Bonds or, as the case may be, Coupons in the absence of such withholding or

deduction, except that no such additional amounts shall be payable in relation to any payment in respect of any Bond or Coupon:

- (i) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of his having some connection with the United Kingdom, other than the mere holding of the Bond or Coupon; or
- (ii) made against presentation of a Bond or Coupon at the specified office of the Paying Agent in the United Kingdom; or
- (iii) in the case of payments of principal or interest in respect of the Bonds, presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to additional amounts on presenting such Bond or Coupon for payment on the final day of such period of 30 days assuming, whether or not such is in fact the case, such final day to be a Presentation Date; or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) presented for payment by, or on behalf of, a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond or Coupon to another Paying Agent in a Member State of the European Union.

Relevant Date means the date on which such payment first becomes due or, if the full amount of the money payable has not been received by the Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount of such money having been so received, notice to that effect shall have been duly published in accordance with Condition 12.

Any reference in these Conditions to principal, interest or any other amount payable pursuant to these Conditions or to the Trust Deed shall be deemed also to refer to any additional amounts which may be payable under this Condition in respect of payments of principal, interest and any other amounts payable pursuant to these Conditions or to the Trust Deed respectively or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

8. Prescription

Bonds and (subject to the provisions of Condition 6) Coupons will become void unless surrendered for payment within periods of 10 years and five years respectively from the Relevant Date therefor as defined in Condition 7.

9. Events of Default

The Trustee may in its absolute discretion and, if so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders, shall (but, in the case of the happening of any of the events mentioned in sub-paragraphs (ii) to (x) inclusive below (other than the winding up of, or the appointment of an administrator or administrative or other receiver or any manager over the whole or any part of the undertaking or assets of, the Issuer), only if the Trustee shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Bondholders), subject in each case to being indemnified and/or secured to its satisfaction, give notice to the Issuer that the Bonds are, and they shall accordingly thereby forthwith become, immediately due and repayable (subject as provided below) at their principal amount, together with accrued interest as provided in the Trust Deed, if any of the following events shall occur and be continuing:

- (i) default is made for a period of 21 days or more in the payment of any interest on the Bonds or any of them; or
- (ii) an order is made or an effective resolution is passed for winding up the Issuer or any Material Subsidiary (as defined below) (except, in the case of a Material Subsidiary, a winding up for the

purpose of a reconstruction or amalgamation under which all or the major part of the assets of the Material Subsidiary are transferred to the Issuer or any Subsidiary of the Issuer or a voluntary solvent winding up in connection with the transfer of all or the major part of the business, undertaking and assets of such Material Subsidiary to the Issuer or a Subsidiary of the Issuer); or

- (iii) the Issuer or any Material Subsidiary stops or threatens to stop payment generally or ceases or threatens to cease to carry on its business or substantially the whole of its business (except, in the case of a Material Subsidiary, a cessation or threatened cessation for the purpose of a reconstruction or amalgamation under which all or the major part of the assets of the Material Subsidiary are transferred to the Issuer or any Subsidiary of the Issuer, or in connection with the transfer of all or the major part of the business, undertaking and assets of such Material Subsidiary to the Issuer or a Subsidiary of the Issuer or to a third party on an arm's length basis); or
- (iv) a distress, execution or any similar proceeding is levied or enforced upon or sued out against any of the chattels or property of the Issuer or any Material Subsidiary (the value of which chattels or property is material in the context of the Issuer and its Subsidiaries taken as a whole) and is not discharged within 21 days; or
- (v) any administrator or administrative or other receiver or any manager is duly appointed in respect of the Issuer or any Material Subsidiary or the directors of the Issuer or any Material Subsidiary request any person to appoint an administrator or such a receiver or manager over any of their respective properties or assets; or
- (vi) any administrator or administrative or other receiver or any manager is duly appointed over, or an encumbrancer takes possession of, any material part of the properties or assets of the Issuer or any Material Subsidiary, and such appointment or such encumbrancer is not discharged or removed within 21 days; or
- (vii) the Issuer or any Material Subsidiary is deemed unable to pay its debts within the meaning of Section 123(1)(b), (c) or (d) of the Insolvency Act 1986, or the Issuer or any Material Subsidiary becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities), or the Issuer or any Material Subsidiary otherwise becomes insolvent (other than within the meaning of Section 123(1)(a) of such Act), or the Issuer or any Material Subsidiary suspends making payments (whether of principal, premium or interest) with respect to all or any class of its debts or threatens to do so or if an administration order in relation to the Issuer or any Material Subsidiary is made or any event occurs which under the law of any relevant jurisdiction has an analogous or equivalent effect to any of the foregoing; or
- (viii) any kind of composition, scheme of arrangement, compromise or other similar arrangement involving the Issuer or any Material Subsidiary and the creditors of any of them generally (or any class of such creditors) is entered into or made; or
- (ix) any indebtedness for Moneys Borrowed (as defined below) having an aggregate outstanding principal amount of at least £10,000,000 (or its equivalent in any other currency or currencies at the date declared due) of the Issuer and/or a Material Subsidiary shall be or be declared due and repayable prior to the date on which the same would otherwise become due and payable by reason of the occurrence of an event of default in relation thereto or the Issuer and/or any Material Subsidiary defaults in the repayment of any indebtedness for Moneys Borrowed having an aggregate outstanding principal amount of at least £10,000,000 (or its equivalent in any other currency or currencies at the date of maturity) at the maturity thereof or at the expiry of any applicable grace period or any guarantee of any such indebtedness given by the Issuer and/or any Material Subsidiary shall not be paid when due and called upon provided that: (a) no such event mentioned in this sub-paragraph shall constitute an event of default where there is a bona fide dispute as to whether payment or repayment is due and (b) in this sub-paragraph references to "indebtedness for Moneys Borrowed" shall not include any such indebtedness incurred in connection with the acquisition, construction or development of any property or the establishment or development of a natural resource or other

project in which the person or persons providing such financing expressly agree to have recourse only to the property financed or the products of the natural resource and the revenues to be generated by the use, exploitation, operation of, or loss of or damage to, such property or natural resource for repayment of the moneys advanced and all other amounts payable in respect thereof; or

- (x) default is made by the Issuer in the performance or observance of any obligation, condition or provision binding on it under the Bonds or the Trust Deed (other than any obligation for the payment of any principal or interest in respect of the Bonds) and, except where, in the opinion of the Trustee, such default is not capable of remedy (in which case the Bonds will become due and repayable subject to, and immediately upon, the Trustee certifying and giving notice as aforesaid), such default continues for 30 days after written notice thereof by the Trustee to the Issuer requiring the same to be remedied.

Moneys Borrowed means (a) borrowed moneys, and (b) liabilities under any bond, note, bill, debenture, loan stock or other security in each case issued for cash or in respect of acceptance credit facilities or as consideration for assets or services but excluding such liabilities incurred in relation to the acquisition of goods or services in the ordinary course of trading.

Material Subsidiary means a Subsidiary (excluding Euromoney Institutional Investor PLC and any other Subsidiary less than 75% of whose ordinary share capital is owned directly or indirectly by the Issuer) of the Issuer whose profits before tax and extraordinary items or whose net assets (in each case attributable to the Issuer) calculated by reference to its latest audited accounts represent 10 per cent. or more of the consolidated profits before tax and extraordinary items or net assets, as the case may be, of the Issuer and its Subsidiaries similarly calculated, all as more particularly defined in the Trust Deed. A report by the Auditors (as defined in the Trust Deed) that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout a particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

10. Enforcement

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

11. Replacement of Bonds and Coupons

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

12. Notices

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

Couponholders will be deemed for all purposes to have notice of the contents of any notice given to Bondholders in accordance with this Condition.

13. Meetings of Bondholders, Modification, Waiver and Substitution

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including any modification of, or arrangement in respect of, these Conditions or the provisions of the Trust Deed. Certain special quorum provisions apply for meetings of Bondholders convened for the purpose of amending certain terms concerning (*inter alia*) the amount payable on and the currency of payment of the Bonds and the Coupons. Any resolution duly passed at any such meeting will be binding on all Bondholders, whether present or not, and on all Couponholders.

The Trust Deed further provides that a resolution in writing signed by, or on behalf of, the holders of not less than 90 per cent. in principal amount of Bonds who for the time being are entitled to receive notice of a meeting shall for all purposes be as valid and effective as a resolution passed at a meeting of such Bondholders duly convened and held.

The Trustee may, without the consent of the Bondholders or the Couponholders:

- (i) agree to any alteration of the provisions of the Trust Deed, the Bonds or the Coupons which, in the sole opinion of the Trustee, is of a formal, minor or technical nature, is made to correct a manifest error or (subject to certain exceptions) is not materially prejudicial to the interests of the Bondholders;
- (ii) waive or authorise any breach or proposed breach by the Issuer of the provisions of the Trust Deed or the Bonds or the Coupons, or determine that the occurrence of any Event of Default shall not be treated as such, which, in the sole opinion of the Trustee, is not materially prejudicial to the interests of the Bondholders; and
- (iii) agree to the substitution of any Subsidiary or Holding Company (as defined in the Trust Deed) of the Issuer as the principal debtor in place of the Issuer subject to the relevant provisions of the Trust Deed, including (*inter alia*) such requirements as the Trustee may direct in the interests of the Bondholders and the Couponholders and, in the case of any such Subsidiary, to the Bonds and Coupons being unconditionally and irrevocably guaranteed by the Issuer.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the interests of the Bondholders as a class and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities and discretions for individual Bondholders and Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders or Couponholders except to the extent already provided for in Condition 7 and/or any undertaking given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

Any modification, waiver or authorisation shall be binding on the Bondholders and the Couponholders and, unless the Trustee agrees otherwise, any modification shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 12.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction.

15. Further Issues

The Issuer is at liberty from time to time, without the consent of the Bondholders or Couponholders, to create and issue further bonds or notes (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be

consolidated and form a single series with the outstanding bonds or notes of any series (including the Bonds) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further bonds or notes which are to form a single series with the outstanding bonds or notes of any series (including the Bonds) constituted by the Trust Deed or any supplemental deed shall, and any other further bonds or notes may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. References in these Conditions to the Bonds include (unless the context requires otherwise) any other bonds issued pursuant to this Condition and forming a single series with the Bonds. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of bonds or notes of other series in certain circumstances where the Trustee so decides.

16. Rights of Third Parties

The Bonds confer no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Bonds, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

17. Governing Law

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

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE REPRESENTED BY THE GLOBAL BONDS

The following is a summary of the principal provisions to be contained in the Trust Deed to constitute the Bonds and in the Global Bonds which will apply to, and in some cases modify, the Conditions of the Bonds while the Bonds are represented by the Global Bonds.

1. Exchange

The Permanent Global Bond will be exchangeable in whole but not in part (free of charge to the holder) for definitive Bonds only (i) upon the happening of any of the events defined in the Trust Deed as **Events of Default**, (ii) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available, or (iii) if the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Bonds in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee. Thereupon (in the case of (i) and (ii) above) the holder of the Permanent Global Bond (acting on the instructions of (an) Accountholder(s) (as defined below)) or the Trustee may give notice to the Issuer, and (in the case of (iii) above) the Issuer may give notice to the Trustee and the Bondholders, of its intention to exchange the Permanent Global Bond for definitive Bonds on or after the Exchange Date (as defined below).

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

Exchange Date means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and on which banks are open for business in the city in which the specified office of the Paying Agent is located and in the city in which the relevant clearing system is located.

2. Payments

On and after 1 August 2007, no payment will be made on the Temporary Global Bond unless exchange for an interest in the Permanent Global Bond is improperly withheld or refused. Payments of principal and interest in respect of Bonds represented by a Global Bond will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bonds, surrender of such Global Bond to the order of the Paying Agent or such other paying agent as shall have been notified to the Bondholders for such purposes. A record of each payment made will be endorsed on the appropriate schedule to the relevant Global Bond by or on behalf of the Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Bonds. Payments of interest on the Temporary Global Bond will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. Notices

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders (as defined below) rather than by publication as required by Condition 12 provided that, so long as the Bonds are admitted to the Official List and to trading on the

London Stock Exchange's market for listed securities, the UK Listing Authority so agrees. Any such notice shall be deemed to have been given to the Bondholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

4. Accountholders

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Bonds (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Bonds for all purposes (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Bondholders) other than with respect to the payment of principal and interest on such Bonds, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Bond in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Bond.

5. Prescription

Claims against the Issuer in respect of principal and interest on the Bonds represented by a Global Bond will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7).

6. Cancellation

Cancellation of any Bond represented by a Global Bond and required by the Conditions of the Bonds to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Paying Agent of the reduction in the principal amount of the relevant Global Bond on the relevant schedule thereto.

7. Put Option

For so long as all of the Bonds are represented by one or both of the Global Bonds and such Global Bond(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the option of the Bondholders provided for in Condition 5(c) may be exercised by an Accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depository for them to the Principal Paying Agent by electronic means) of the principal amount of the Bonds in respect of which such option is exercised and at the same time presenting or procuring the presentation of the relevant Global Bond to the Paying Agent for notation accordingly within the time limits set forth in that Condition.

8. Euroclear and Clearstream, Luxembourg

References therein to Euroclear and Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

USE OF PROCEEDS

The Issuer will use the net proceeds of the issue, estimated to amount to £197,764,000, for general corporate purposes, which may include the repayment of bank indebtedness of Daily Mail and other subsidiaries.

DAILY MAIL AND GENERAL TRUST PLC

1. Daily Mail and General Trust plc

Daily Mail and General Trust plc (DMGT) was incorporated in 1922 under the Companies Acts 1908 to 1917 and continues to operate under the Companies Acts as amended and re-enacted from time to time. The registered address is Northcliffe House, 2 Derry Street, Kensington, London W8 5TT and the telephone number is 020 7938 6000. DMGT and its subsidiaries (the Group) own several of the UK's most important national and local newspapers. It has a leading position in specialist financial publications and a significant involvement in information publishing and exhibitions, primarily in the English-speaking world. Its long-term strategy is to diversify away from UK newspapers into other media areas worldwide. Results for the interim 2007 showed this strategy is succeeding, with 52% of adjusted operating profit being generated other than by the Group's print newspaper titles, up from 44% last year.

DMGT's share capital is divided into two classes, Ordinary shares and "A" Ordinary Non-Voting shares, both of which are listed on the London Stock Exchange. The market capitalisation of DMGT as of 1 June 2007 was approximately £3.4 billion. Turnover and profit before amortisation, exceptional items and tax (Adjusted profit) for the year ended 1 October 2006 were £2,176 million and £259.7 million, respectively. DMGT net debt was £999 million at 1 April 2007.

2. Activities of the Group

The Group is divided into six principal divisions:

- (i) Associated Newspapers — national and London newspapers plus the Group's consumer digital business and Teletext
- (ii) Northcliffe Media — local newspapers and websites plus related activities mainly in the UK together with Eastern Europe
- (iii) Euromoney Institutional Investor — international business to business publishing, events and electronic information
- (iv) dmg world media — consumer and trade exhibitions and associated publications worldwide
- (v) DMG Radio — radio operator in Australia, holding 10 licences
- (vi) DMG Information — business-to-business information publishing, primarily involving databases.

The operating profit before exceptional operating costs and amortisation and impairment of goodwill and intangibles assets for the year ended 1 October 2006 is stated below by division.

	(£'m)
Associated Newspapers	99.5
Northcliffe Media.....	88.9
DMG Information	68.0
Euromoney Institutional Investor.....	39.1
dmg world media	24.4
DMG Radio	(4.9)

3. Associated Newspapers

Associated Newspapers publishes the *Daily Mail*, *The Mail on Sunday* and *Metro* nationally in the British Isles plus the *Evening Standard* and *London Lite* in London. It is also responsible for *Teletext* and the Group's UK consumer digital business operated by Associated Northcliffe Digital.

The *Daily Mail* was founded in 1896 and is published nationally in the UK on Monday to Saturday. It is a market leader in its sector, with a circulation for the six months ended April, 2007 of over 2.3 million (source:

ABC). *The Mail on Sunday* was founded in 1982 and is also a market leader in its sector, with circulation over 2.3 million for the six months ended April, 2007 (source: ABC).

Metro was launched in London in the spring of 1999 with 85,000 copies available free to commuters using the Underground network. The title has expanded via a franchise network over the last eight years to cover every major urban centre in the country, and currently circulates 1.1 million copies daily (source ABC: April 2007). In 2005 *Metro* launched a title in Dublin as a joint venture with the *Irish Times* and Metro International, which currently distributes 76,000 copies (source ABC: April 2007). *London Lite* was launched in August 2006 as Associated's free afternoon title. It circulated 0.4 million copies daily in April 2007 (source: ABC). In addition, Associated has an interest in a free newspaper in the UAE, *7Days*, which distributes 73,000 copies daily (source BPA: March 2007).

The *Evening Standard* is London's only paid for evening newspaper and is published Monday to Friday. It had an average daily circulation of 0.3 million for the six months to April, 2007 (source: ABC).

The *Evening Standard* and *London Lite* plus the majority of the Home Counties copies of the *Daily Mail* and *The Mail on Sunday* are printed at Associated Newspapers' print centre at Harmsworth Quays, which is one of the largest newspaper flexographic printing installations in the world. In addition, the Group's titles are printed at 20 other sites in the UK and overseas. Associated Newspapers is close to completing an £85 million new press facility in Didcot, Oxfordshire which, along with enhancements at Harmsworth Quays, will ultimately allow 128-page full colour production.

Associated Northcliffe Digital (AND) is the digital division of Associated Newspapers. Its strategy is to leverage group consumer assets and expand its network of sites, audiences and advertisers. It currently reaches an estimated 26% of all UK internet users in the automotive, recruitment, property, dating and personal finance online advertising markets. The notable internet companies within AND include Jobsite, Primelocation, Findaproperty, Simply Switch, Allegran, Data Media and Retail, Motors.co.uk and Autoexposure.

Teletext is a consumer brand that provides distilled national and local news and information services on the television (analogue and digital), on-line and on mobile devices. These services are supported by advertising and are free to the consumer. Teletext has retained its position as a leading source of impartial holiday deals and offers for consumers, on television and on the web. The company remains a public service broadcaster, delivering the public Teletext service on ITV and Channel 4.

4. Northcliffe Media

Northcliffe Media comprises a group of UK local newspapers and websites whose titles cover population centres in the South East, South West, South Wales, the Midlands and Humberside/Lincolnshire. Northcliffe Media publishes eighteen daily papers, twenty-nine paid-for weekly newspapers and over sixty weekly free newspapers distributed in the same population centres served by the paid-for titles. Northcliffe Media also publishes paid-for and free niche advertising publications.

Northcliffe Media owns a chain of retail outlets in the East Midlands and manages the Group's publishing and online interests in Hungary, Slovakia, Bulgaria, Romania and France.

Northcliffe Media operates a network of 30 local *thisis* websites, digital operations linked to the newspapers, attracting 2.1 million unique users with 32.1 million page impressions in September 2006.

5. Euromoney Institutional Investor PLC

Euromoney Institutional Investor PLC (**Euromoney**) is an international business-to-business media group focused primarily on the international finance, metals and commodities sector. It publishes more than 70 magazines, newsletters and journals including *Euromoney*, *Institutional Investor* and *Metal Bulletin*. It also runs an extensive portfolio of conferences, seminars and training courses and is a leading provider of electronic data and information covering emerging markets.

On 5 October 2006, Euromoney completed the acquisition of Metal Bulletin plc for £240 million, the Group's largest acquisition to date, funded by a mix of debt and the issue of new equity.

Euromoney is listed on the London Stock Exchange and is a member of the FTSE 250 Index. The Group owns 61 per cent of Euromoney. At 1 June 2007, Euromoney's market capitalisation was approximately £698 million. At 31 March, 2007, Euromoney had net debt of £239.6 million, principally owed to the DMGT Group.

6. dmg world media

dmg world media is a leading international exhibition and publishing business that produces more than 300 trade exhibition, consumer shows and fairs. The division also publishes 45 related magazines, directories and market reports.

dmg world media maintains a worldwide presence through more than 30 offices around the world and serves the following industries: Agriculture; Art & Antiques; Building & Design; Chemicals; Coatings; Commodities; Engineering; Food; Oil & Gas; Gift; Graphics & Printing; Healthcare; Home and Garden; Hospitality; Metals & Glass; Sports & Leisure; and Technology.

7. DMG Radio

DMG Radio Australia holds interests in ten radio licences.

DMG Radio Australia's Nova network of FM music stations in Sydney, Melbourne, Brisbane and Adelaide and Perth is the number one national network in its target audience of under 40. The company also operates Vega FM stations in Sydney and Melbourne, together with talk station 5AA in Adelaide and Star 1045 on New South Wales' central coast.

DMG Radio Australia is a 50% shareholder in Brisbane's 97.3fm.

In the UK the Group holds a 14% interest in GCap Media plc, owner of 55 analogue and 99 digital radio stations, including Capital Radio and Classic FM.

8. DMG Information (DMGI)

DMGI provides business to business information to the property, insurance, financial, geo-spatial, environmental and energy trading markets. It also provides graduate and educational recruitment information and services. The US accounts for the majority of revenues with the UK, France, Germany, Japan, India and Australia representing the other significant geographic markets.

Risk Management Solutions, with operations in the US, Europe, India and Japan, provides a range of products and services to help insurance, re-insurance and financial institutions better manage risks arising from natural and other perils, primarily as these relate to property.

Environmental Data Resources has a strong market-leading position in the provision of geographic-based environmental information to the commercial real estate market in the US. In the UK, EDR Landmark provide environmental and mapping information for both residential and commercial property markets.

Genscape, Inc, purchased in April 2006, is the market-leading provider of real-time energy generation and transmission information to the energy trading markets in North America and Europe.

Hobsons provide recruitment media and information services mainly for higher education establishments primarily in the US, UK, Germany and Australia.

Other businesses within the division are: Sanborn, a U.S. based mapping business; Dolphin Software, a supplier of information on the use, management and transport of hazardous chemicals; Lewtan and Trepp, financial information companies; and Property & Portfolio Research, a supplier of property research services in the US and Europe.

DIRECTORS OF DAILY MAIL AND GENERAL TRUST PLC

The directors of DMGT are as follows:

Viscount Rothermere (*Chairman*)
C.J.F. Sinclair *Chief Executive Officer*
J.P. Williams *Finance Director*

J.G. Hemingway *Non-Executive*
S.M. Gray *Non-Executive*
I.G. Park *Non-Executive*
D.M.M. Dutton *Executive*
P.M. Dacre *Executive*
P.M. Fallon *Executive*
C.W. Dunstone *Non-Executive*

F.P. Balsemao *Non-Executive*

T.S. Gillespie *Non-Executive*
D.J. Verey *Non-Executive*
K.J. Beatty *Executive*
N. Berry *Non-Executive*

Principal External Directorships

J P Morgan Fleming Mercantile Investment Trust plc
SVG Capital plc
Gap Media plc
Ibis Media VCT plc

Allied Irish Banks plc
Carphone Warehouse Group plc
HBOS plc
IMPRESA, S.G.P.S.
European Publishers Council

Blackstone Group – UK

Stancroft Trust Limited
Intersport Switzerland psc
Cluff Gold plc
Expomedia Group plc
J P Morgan Fleming Mercantile Investment Trust plc

The business address of each of the above Directors is Northcliffe House, 2 Derry Street, London, W8 5TT. This is also the registered office of DMGT.

There are no potential conflicts of interests between the duties to the Issuer of the persons listed above and their private interests or other duties.

UNITED KINGDOM TAXATION

The following applies only to persons who are the beneficial owners of Bonds and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. Prospective Bondholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

A. Interest on the Bonds

1. *Payment of interest on the Bonds*

Payments of interest on the Bonds may be made without deduction of or withholding on account of United Kingdom income tax provided that the Bonds continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the Act). The London Stock Exchange is a recognised stock exchange. Under HM Revenue and Customs (HMRC) published practice, securities will be treated as listed on the London Stock Exchange if they are admitted to the Official List by the United Kingdom Listing Authority and admitted to trading by the London Stock Exchange. Provided, therefore, that the Bonds remain so listed, interest on the Bonds will be payable without withholding or deduction on account of United Kingdom tax.

The United Kingdom Finance Bill 2007 contains a proposed new statutory meaning of references to securities which are "listed" on a recognised stock exchange. The draft legislation provides that securities will be treated as listed on a recognised stock exchange if (and only if) they are admitted to trading on that exchange and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. It is understood that this new definition is not intended to alter the position described above in respect of securities that are listed and admitted to trading on a market of a stock exchange which was already designated as a recognised stock exchange before 21 March 2007.

Interest on the Bonds may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Bonds is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Bonds is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Bonds on account of United Kingdom income tax at the savings rate (currently 20%). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Bondholder, HMRC can issue a notice to the Issuer to pay interest to the Bondholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Bondholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Bondholder. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Bondholder is resident for tax purposes.

2. *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

3. *Further United Kingdom Income Tax Issues*

Interest on the Bonds constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Bondholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Bondholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Bonds are attributable (and where that Bondholder is a company, unless that Bondholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Bonds are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Bondholders.

B. United Kingdom Corporation Tax Payers

4. In general, Bondholders which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Bonds (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

C. Other United Kingdom Tax Payers

5. *Taxation of Chargeable Gains*

The Bonds will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Bondholder of a Bond will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

6. *Accrued Income Scheme*

On a disposal of Bonds by a Bondholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Act, if that Bondholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Bonds are attributable.

D. Stamp Duty and Stamp Duty Reserve Tax (SDRT)

7. No United Kingdom stamp duty or SDRT is payable on the issue of the Bonds or on a transfer by delivery of the Bonds.

SUBSCRIPTION AND SALE

HSBC Bank plc, The Royal Bank of Scotland plc, Citigroup Global Markets Limited, J.P. Morgan Securities Ltd. and Lloyds TSB Bank plc (the **Managers**) have, pursuant to a subscription agreement dated 19 June 2007 (the **Subscription Agreement**), agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe or procure subscribers for the Bonds at an issue price of 99.332 per cent. of the principal amount of the Bonds and the Issuer has agreed to pay a commission of 0.45 per cent. of the principal amount of the Bonds. The Issuer has agreed to pay certain costs incurred in connection with the issue of the Bonds and to reimburse the Managers for certain of their expenses. The Managers are entitled to terminate the Subscription Agreement under certain circumstances prior to the issue of the Bonds. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Bonds.

United States

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

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells any Bonds during this distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Bonds within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed that:

1. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom; and
2. it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

General

No action has been taken by the Issuer or any of the Managers that would, or is intended to, permit a public offer of the Bonds in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Bonds or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms.

GENERAL INFORMATION

1. The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS0306155499 and the Common Code is 030615549. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.
2. The admission of the Bonds to the Official List will be expressed as a percentage of their principal amount (excluding accrued interest). It is expected that official listing will be granted on or around 22 June 2007 subject only to the issue of the Temporary Global Bond. Application has been made to the UK Listing Authority for the Bonds to be admitted to the Official List and to the London Stock Exchange for such Bonds to be admitted to trading on the London Stock Exchange's Gilt Edged and Fixed Interest Market. The listing of the Bonds is expected to be granted on or before 22 June 2007. The Issuer estimates the expenses related to the admission to trading to be £2,725. The yield of the Bonds is 6.435%.
3. The Issuer was incorporated with limited liability and registered in England and Wales (No. 184594) on 27 September 1922 under the Companies Acts 1908-1917.
4. The annual accounts of the Issuer for the financial years ended 2 October 2005 and 1 October 2006 were audited, without qualification, by Deloitte & Touche LLP, Chartered Accountants, in accordance with Auditing Standards issued by the Auditing Practices Board. The address of Deloitte & Touche LLP is 180 Strand, London, WC2R 1BL.
5. The issue of the Bonds by the Issuer was authorised by a resolution of a duly authorised committee of the Board of Directors of the Issuer passed on 30 May 2007.
6. There has been no significant change in the financial or trading position of the Issuer or the Group since 1 April 2007 (being the date of its last published accounts) and, since 1 October 2006 there has been no material adverse change in the prospects of the Issuer or the Group.
7. There are no, nor have there been any, governmental, legal or arbitration proceedings, including any which, as far as the Issuer is aware, are pending or threatened, which may have or have had during the twelve months prior to the date hereof, a significant effect on the financial position or profitability of the Issuer or the Group.
8. For the period of 12 months following the date of this Offering Circular, copies of the following documents will be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:
 - (a) the Memorandum and Articles of Association of the Issuer;
 - (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 2 October 2005 and 1 October 2006, in each case together with the audit reports in connection therewith. The Issuer currently prepares audited consolidated and non-consolidated accounts on an annual basis;
 - (c) the most recently published consolidated audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements of the Issuer. The Issuer currently prepares unaudited consolidated interim accounts each year for the six month period ending 31 March;
 - (d) the Subscription Agreement; and
 - (e) drafts (subject to modification) of each of: (i) the Trust Deed which contains the forms of the Temporary Global Bond, the Permanent Global Bond, the definitive Bonds and Coupons; and (ii) the Agency Agreement.
9. The Trust Deed provides that any certificate or report of the Auditors or any other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of

the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person in respect thereof and notwithstanding that the Trustee may have no recourse to the Auditors in respect of such certificates or reports unless the Auditors have agreed to address such certificates or reports to the Trustee.

REGISTERED AND HEAD OFFICE OF THE ISSUER

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