

PROSPECTUS



GlaxoSmithKline plc

(incorporated in England and Wales with limited liability under registered number 3888792)

GlaxoSmithKline Capital plc

(incorporated in England and Wales with limited liability under registered number 2258699)

£15,000,000,000

Euro Medium Term Note Programme

**unconditionally and irrevocably guaranteed in the case of Notes issued by
GlaxoSmithKline Capital plc by**

GlaxoSmithKline plc

(incorporated in England and Wales with limited liability under registered number 3888792)

On 4th December, 2001 GlaxoSmithKline Capital Inc. (“**GSK Capital Inc.**”) and GlaxoSmithKline Capital plc (“**GSK Capital plc**”) established a Euro Medium Term Note Programme (the “**Programme**”). On 16th May, 2003 GlaxoSmithKline Capital Kabushiki Kaisha (“**GSK Capital K.K.**”) was added as an issuer under the Programme. On 13th May, 2004 GlaxoSmithKline plc (“**GSK plc**”) was added as an issuer under the Programme. GSK Capital K.K. ceased to be an issuer under the Programme on 9th March, 2007 and GSK Capital Inc. ceased to be an issuer under the Programme on or about the date hereof. This Prospectus supersedes all previous prospectuses. Any Notes (as defined below) issued under the Programme on or after the date of this Prospectus are issued subject to the provisions described herein. This does not affect any Notes already in issue. Pursuant to the Programme, GSK plc and GSK Capital plc (each an “**Issuer**” and together, the “**Issuers**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below).

The payments of all amounts owing in respect of the Notes issued by GSK Capital plc (“**Guaranteed Notes**”) will be unconditionally and irrevocably guaranteed by GSK plc (the “**Guarantor**”) under the terms of a trust deed dated 4th December, 2001, as modified and/or supplemented and/or restated from time to time, (the “**Trust Deed**”) (such guarantee, the “**Guarantee**”).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £15,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase at any time.

The Notes may be issued on a continuing basis to one or more of the Dealers specified on the penultimate page and the back cover of this Prospectus and any additional Dealer appointed under the Programme from time to time by the relevant Issuer (each a “**Dealer**” and together the “**Dealers**”), which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the “**relevant Dealer**” shall, in the case of an issue of Notes being (or intended to be) purchased by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

In relation to each separate issue of Notes, the final offer price and amount of such Notes will be determined by the relevant Issuer and the relevant Dealers in accordance with prevailing market conditions at the time of the issue of the Notes and will be set out in the applicable Final Terms (as defined below).

Application will be made to the Financial Conduct Authority in its capacity as competent authority (the “**UK Listing Authority**”) under the Financial Services and Markets Act 2000 (the “**FSMA**”) for Notes issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the official list of the UK Listing Authority (the “**Official List**”) and application will be made to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be permitted to be admitted to trading on the London Stock Exchange’s Regulated Market. References in this Prospectus to Notes being “**listed**” (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange’s Regulated Market and have been admitted to the Official List. The London Stock Exchange’s Regulated Market is a regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under “**Terms and Conditions of the Notes**”) of Notes will be set out in (i) final terms (the “**Final Terms**”) which, with respect to Notes to be admitted to the Official List and admitted to trading on the London Stock Exchange’s Regulated Market, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the Notes of such Tranche and will be so delivered when otherwise required or (ii) in a separate prospectus specific to such Tranche of Notes (the “**Drawdown Prospectus**”). In the case of a Tranche of Notes which is subject to a Drawdown Prospectus, each reference in this Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and the relevant Dealer.

The relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and the Trustee (as defined herein) may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes admitted to the Official List only) a further prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Guarantor has a senior unsecured debt rating of A1 by Moody’s Investors Service Limited (“**Moody’s**”) and A+ by Standard & Poor’s Credit Market Services Europe Limited, a division of The McGraw-Hill Companies (“**Standard & Poor’s**”). Each of Moody’s and Standard & Poor’s is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms and such ratings will not necessarily be the same as the ratings assigned to the Programme. The Final Terms will disclose whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation. A security rating is not a recommendation to buy, or sell, or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning credit rating agency.

Factors which may affect the ability of the Issuers or the Guarantor to fulfil their obligations under the Programme and factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are set out on pages 12 to 24.

**Arranger
Citigroup**

Dealers

**Barclays
Credit Suisse
Goldman Sachs International
J.P. Morgan Cazenove
Morgan Stanley
The Royal Bank of Scotland**

**Citigroup
Deutsche Bank
HSBC
Mizuho Securities
Standard Chartered
UBS Investment Bank**

The date of this Prospectus is 5th August, 2013

Each Issuer and the Guarantor (the “**Responsible Persons**”) accepts responsibility for the information contained in this Prospectus and each Final Terms relating to issues of Notes under the Programme. To the best of the knowledge and belief of each Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No other person has authorised or is responsible for the whole or any part of this Prospectus or has any liability with respect to it.

This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended by Directive 2010/73/EU (together, the “**Prospectus Directive**”).

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”). This Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Trustee or the Dealers as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided in connection with the Programme. Neither the Trustee nor any Dealer accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided in connection with the Programme.

No person is or has been authorised by either Issuer, the Guarantor, the Dealers or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by either Issuer, the Guarantor, the Trustee or any of the Dealers.

Neither this Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by either Issuer, the Guarantor, the Trustee or any of the Dealers that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and/or the Guarantor. Each such potential investor must determine the suitability of its investment in the Notes in light of its own circumstances and, in particular, each such potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus 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 Notes and the impact the Notes 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 Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant 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.

Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of either Issuer and/or the Guarantor, the Trustee or any of the Dealers to any person to subscribe for or to purchase any Notes.

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) (see “*Subscription and Sale*”).

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuers, the Guarantor, the Trustee or the Dealers represents that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by either Issuer, the Guarantor, the Trustee or the Dealers which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the European Economic Area (including the United Kingdom) (see “*Subscription and Sale*”).

The Notes and the Guarantee have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States, or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the events of the offering of the Notes and the Guarantee or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

All references in this document to “**Sterling**” and “**£**” refer to pounds sterling, references to “**euro**”, “**EUR**” and “**€**” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Union, as amended, and references to “**U.S.\$**”, “**USD**” and “**U.S. Dollars**” are to United States dollars.

In connection with the issue of any Tranche of Notes, one or more relevant Dealer(s) (if any) (the “Stabilising Manager(s)”) (or persons acting on behalf of any Stabilising Manager(s)) in connection with such issue of Notes may over-allot such Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a 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 relevant Tranche of Notes 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 relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Any discussions of U.S. federal tax matters set forth in this Prospectus were written in connection with the promotion and marketing by the Issuers, the Guarantor and the Dealers of the transactions described in this Prospectus. Such discussions were not intended or written to be legal or tax advice to any person and were not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any tax-related penalties that may be imposed on such person. Each

person considering an investment in the Notes should seek advice based on its particular circumstances from an independent tax advisor.

Notwithstanding anything to the contrary contained herein, each prospective purchaser (and each employee, representative, or other agent of each prospective purchaser) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions described in this Prospectus and all materials of any kind that are provided to the prospective purchaser relating to such tax treatment and tax structure (as such terms are defined in U.S. Treasury Regulation Section 1.6011-4). This authorisation of tax disclosure is retroactively effective to the commencement of discussions between any of the Issuers, the Dealers or their respective representatives and each prospective purchaser regarding the transactions contemplated herein.

TABLE OF CONTENTS

DOCUMENTS INCORPORATED BY REFERENCE.....	6
GENERAL DESCRIPTION OF THE PROGRAMME	8
OVERVIEW OF THE PROGRAMME	9
RISK FACTORS	12
FORM OF THE NOTES	25
FORM OF FINAL TERMS	28
TERMS AND CONDITIONS OF THE NOTES	35
USE OF PROCEEDS.....	57
GLAXOSMITHKLINE CAPITAL PLC	58
GLAXOSMITHKLINE PLC.....	61
BOARD OF DIRECTORS OF GLAXOSMITHKLINE PLC	62
SUMMARY FINANCIAL INFORMATION OF THE GROUP.....	63
TAXATION	65
SUBSCRIPTION AND SALE.....	68
GENERAL INFORMATION	70

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have been previously published or are published simultaneously with the Prospectus and have been filed with the Financial Conduct Authority shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) the audited consolidated annual financial statements for the financial year ended 31st December, 2012, of the Guarantor and its subsidiaries and associated undertakings (the “**Group**”), the notes thereto and the audit report prepared in connection therewith (the “**Group’s Annual Report 2012**”) found on pages 138 to 223 of the Group’s Annual Report 2012, and the audited consolidated annual financial statements for the financial year ended 31st December, 2011 of the Group, the notes thereto and the audit report prepared in connection therewith (the “**Group’s Annual Report 2011**”) found on pages 134 to 221 of the Group’s Annual Report 2011;
- (b) the section entitled “*Our market – General overview*” on page 12 of the Group’s Annual Report 2012;
- (c) the section entitled “*Our market – Healthcare market*” on pages 12 to 13 of the Group’s Annual Report 2012;
- (d) the section entitled “*Our market – Regulatory pressures*” on pages 14 to 15 of the Group’s Annual Report 2012;
- (e) the section entitled “*Financial review*” on pages 56 to 71 of the Group’s Annual Report 2012;
- (f) the section entitled “*Corporate governance – Dear Shareholder*” on page 94, the section entitled “*Corporate governance – Relations with shareholders*” on page 100, the section entitled “*Corporate governance – Audit & Risk Committee Report*” on pages 103 to 105, the section entitled “*Corporate governance – Board and Committee changes*” on page 106 and the section entitled “*Remuneration report*” on pages 109 to 136 of the Group’s Annual Report 2012;
- (g) the section entitled “*Legal proceedings*” on pages 210 to 217 of the Group’s Annual Report 2012;
- (h) the section entitled “*Investor information – Financial record*” on pages 232 to 238 of the Group’s Annual Report 2012;
- (i) the section entitled “*Pharmaceutical products, competition and intellectual property*” on pages 229 to 230 of the Group’s Annual Report 2012;
- (j) the section entitled “*Consumer Healthcare products and competition*” on page 231 of the Group’s Annual Report 2012;
- (k) the section entitled “*About GSK*” on the inside back cover of the Group’s Annual Report 2012;
- (l) the press release dated 24th July, 2013 containing the unaudited interim condensed financial information of the Group for the quarter and half year period ended 30th June, 2013 (the “**June Interim 2013 Financial Information**”);
- (m) the audited annual financial statements for the year ended 31st December, 2012 and 31st December, 2011 of GSK Capital plc; and
- (n) the press release dated 30th July, 2013 containing the unaudited financial statements for the six months ended 30th June, 2013 of GSK Capital plc,

save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication

or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Certain information contained in the documents listed above has not been incorporated by reference in this Prospectus. Such information is not relevant for prospective investors or is covered elsewhere in this Prospectus.

Following the publication of this Prospectus a supplement may be prepared by the Issuers and the Guarantor and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement or contained in any document incorporated by reference therein, shall, to the extent applicable, be deemed to modify or supersede statements (whether expressly, by implication or otherwise) contained in this Prospectus or in a document, which is incorporated by reference herein. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Any documents themselves incorporated by reference in the documents listed at (a) to (n) above shall not form a part of this Prospectus.

Each Issuer and the Guarantor will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Company Secretary, 980 Great West Road, Brentford, Middlesex, TW8 9GS, U.K. or to the Issuers at their respective offices set out at the end of this Prospectus. In addition, such documents will be available from the principal office in England of Citibank, N.A., London Branch for Notes admitted to the Official List and admitted to trading on the London Stock Exchange's Regulated Market.

Each Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of any Notes prepare a supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of Notes.

If the terms of the Programme are modified or amended in a manner which would make this Prospectus, as so modified or amended, inaccurate or misleading, a new prospectus or a supplement to this Prospectus will be prepared.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, each Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the Programme and the Terms and Conditions of the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under “*Form of the Notes*”.

The Notes issued by one Issuer will not constitute direct obligations of the other Issuer.

This Prospectus and any supplement will only be valid for admitting Notes to the Official List and to trading on the London Stock Exchange’s Regulated Market, or on any other or further stock exchanges or markets in the European Economic Area agreed between the Issuer and any relevant Dealer in relation to a Series of Notes, during the period of 12 months from the date of this Prospectus in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed £15,000,000,000 or its equivalent in other currencies. For the purpose of calculating the Sterling equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the Sterling equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes and described under “*Form of the Notes*”) shall be determined, at the discretion of the relevant Issuer, either as of the date on which agreement is reached for the issue of such Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the Sterling against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the relevant Issuer on the relevant day of calculation; and
- (b) the Sterling equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes and described under “*Form of the Notes*”) and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Prospectus. Any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference into this Prospectus, by any investor.

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (as defined on page 2).

Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meanings in this overview.

Issuers:	GlaxoSmithKline plc and GlaxoSmithKline Capital plc (each, an “ Issuer ” and together, the “ Issuers ”).
Guarantor:	GlaxoSmithKline plc.
Description:	Euro Medium Term Note Programme.
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuers and the Guarantor to fulfil their obligations under the Notes are discussed under “ <i>Risk Factors</i> ” below.
Arranger:	Citigroup Global Markets Limited.
Dealers:	Barclays Bank PLC Citigroup Global Markets Limited Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Goldman Sachs International HSBC Bank plc J.P. Morgan Securities plc Mizuho International plc Morgan Stanley & Co. International plc The Royal Bank of Scotland plc Standard Chartered Bank UBS Limited and any other Dealers appointed from time to time in accordance with the Programme Agreement.
Trustee:	The Law Debenture Trust Corporation p.l.c.
Issuing and Principal Paying Agent:	Citibank, N.A., London Branch.
Programme Size:	Up to £15,000,000,000 (or its equivalent in other currencies) outstanding at any time. The Issuers and the Guarantor may increase the amount of the Programme at any time.
Final Terms or Drawdown Prospectus:	Notes issued under the Programme may be issued either (1) pursuant to this Prospectus and the relevant Final Terms or (2) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes will be the Terms and Conditions of the Notes as completed to the extent described in the relevant Final Terms or, as the case may be, as

supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus.

Certain Restrictions:	Notes will only be issued in circumstances which comply with applicable currency-related laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”).
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Any currency agreed between the relevant Issuer and the relevant Dealer.
Maturities:	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by applicable laws or regulations.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer form (see “ <i>Form of the Notes</i> ”).
Type of Notes:	Notes, including, but not limited to, the following may be issued under the Programme: Fixed Rate Notes; Floating Rate Notes; and Zero Coupon Notes.
Redemption:	The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving notice to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the relevant Issuer and the relevant Dealer.
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer, save that the minimum denomination of each Note will be €100,000 (or the equivalent thereof in any other currency) or such higher minimum denomination as may be allowed or required from time to time by applicable laws or regulations.

Notes having a maturity of less than one year

Any Notes (including Notes denominated in Sterling) which have a maturity date of less than one year from their date of issue and in respect of which the issue proceeds are received by any Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA by the Issuer will have a minimum denomination of at least £100,000 or its equivalent amount in any other currency.

Taxation:	All payments in respect of the Notes will be made without withholding or deduction for or on account of taxes unless such withholding or deduction is required by law. In the event that any such deduction is made, the relevant Issuer or, as the case may be, the Guarantor will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.
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Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 3.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 9.
Events of Default:	The Trustee may, in certain circumstances, give notice to the relevant Issuer and the Guarantor (if applicable), that the Notes shall be immediately due and payable if any of the events of default specified in Condition 9 occurs and is continuing.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and, (subject to the provisions of Condition 3), unsecured obligations of the relevant Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding.
Guarantee:	In the case of Notes issued by GlaxoSmithKline Capital plc, Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under such guarantee will be direct, unconditional and (subject to the provisions of Condition 3) unsecured obligations of the Guarantor and will rank <i>pari passu</i> and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.
Rating:	The Programme is rated by Moody's and by Standard & Poor's.
Listing:	Application will be made to the UK Listing Authority for Notes issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to trading on the London Stock Exchange's Regulated Market and to be admitted to the Official List. Notes may be listed and/or admitted to trading on other or further stock exchanges or markets agreed between the relevant Issuer and the relevant Dealer in relation to the applicable Series, as specified in the applicable Final Terms.
Governing Law:	The Notes and any matter, claim or dispute arising out of or in connection with the Notes, whether contractual or non-contractual, will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom), and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see " <i>Subscription and Sale</i> ").

RISK FACTORS

The following material factors may affect the ability of the Issuers and Guarantor to fulfil their obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and neither the Issuers nor the Guarantor are in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which (although not exhaustive) could be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should note that the inability of the Issuers or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for reasons which may not be considered significant by the Issuers and the Guarantor based on the information currently available to them, or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. Prospective investors should also consult their own financial and legal advisers about risks associated with an investment in any Notes issued under the Programme and the suitability of investing in such Notes in light of their particular circumstances.

Factors that may affect each Issuer's ability to fulfil its obligations under Notes issued under the Programme

There are risks and uncertainties relevant to the Group's business, financial condition and results of operations that may affect the Group's performance and ability to achieve its objectives. The factors below are among those that the Group thinks could cause its actual results to differ materially from expected and historical results. There are other risks and uncertainties not currently known to the Group or which are deemed immaterial.

References in this section "*Risk Factors*" to "*the Financial Statements*" mean the financial statements in the Group's Annual Report 2012.

Risk that research and development ("R&D") will not deliver commercially successful new products

The Group operates in highly competitive markets. In the Pharmaceuticals and Vaccines businesses, it faces competition from both proprietary products of large international manufacturers and from producers of generic pharmaceuticals. The Pharmaceuticals and Vaccines businesses also face increasing competition from manufacturers in emerging markets, with a lower cost manufacturing base than that of the Group. Significant product innovations, technical advances or the intensification of price competition by competitors may materially and adversely affect the Group's financial results. The Group cannot always predict the timing or impact of competitive products or their potential impact on sales of the Group's products. In light of the competitive environment in which the Group operates, continued development of commercially viable new products as well as the development of additional uses for existing products is critical to the Group's ability to replace sales of older products that decline upon expiration of exclusive rights, and to increase overall sales.

Developing new pharmaceutical and vaccine products is a costly, lengthy and uncertain process. A new product candidate can fail at any stage of the development process, and one or more late-stage product candidates could fail to receive regulatory approval. New product candidates may appear promising in development but, after significant investment of Group economic and human resources, may fail to reach the market or may have only limited commercial success. This could, for example, be as a result of efficacy or safety concerns, an inability to obtain necessary regulatory approvals, difficulty manufacturing or excessive manufacturing costs, erosion of patent coverage as a result of a lengthy development period, infringement of patents or other intellectual property rights of others or an inability to differentiate the product adequately from those with which it competes.

Furthermore, health authorities have increased their focus on safety and product differentiation when assessing the benefit/risk balance of drugs, which has made it more difficult for pharmaceutical and vaccine

products to gain regulatory approval. There is also increasing pressure on healthcare budgets as a result of the financial crisis, the increase in the average age of the population in developed markets, and the increase in the absolute population in developing markets. Payers have, therefore, increasingly demanded greater incremental benefit from pharmaceutical and vaccine products before agreeing to reimburse drug manufacturers at prices manufacturers consider appropriate. A failure to develop commercially successful products or to develop additional uses for existing products for any of these reasons could materially and adversely affect the Group's financial results.

Failure to obtain effective intellectual property protection for the Group's products

As an innovator pharmaceutical, vaccine and consumer healthcare company, the Group seeks to obtain appropriate intellectual property protection for its products. The Group's ability to obtain and enforce patents and other proprietary rights with regard to its products is critical to the Group's business strategy and success. In a number of markets in which the Group operates, the intellectual property laws and patent offices are still developing, and some markets may be unwilling to extend intellectual property protection to innovative products in a fashion similar to markets in more developed regions such as the European Union, Japan and the USA or to enforce previously granted intellectual property rights.

The Group's inability to obtain and enforce effective intellectual property protection for its products in certain markets could have a material adverse result on the Group's financial results.

In some of the countries in which the Group operates, patent protection and data exclusivity may be significantly weaker than in the USA or the European Union. Some developing countries have reduced, or threatened to reduce, effective patent protection for pharmaceutical products generally, or in particular therapeutic areas, to facilitate early competition within their markets from generic manufacturers. Any loss of patent protection, including reducing the scope of patent rights or compulsory licensing (in which a government forces a manufacturer to license its patents to a competitor), could materially and adversely affect the Group's financial results in those markets. Absence of adequate patent protection or data exclusivity could limit the opportunity to rely on such markets for future sales growth for the Group's products.

Expiry of intellectual property rights protection on the Group's products and on competitive products; Competition from generic manufacturers

Pharmaceutical and vaccine products are usually only protected from being copied by generic manufacturers during the period of exclusivity provided by an issued patent or related intellectual property rights such as Regulatory Data Protection or Orphan Drug status. Following expiry of intellectual property rights protection, a generic manufacturer may produce a generic version of the product.

The Group faces intense competition from manufacturers of generic pharmaceutical products in all of its major markets. Introduction of generic products, particularly in the USA where the Group has its highest turnover and margins, typically leads to a dramatic loss of sales and reduces the Group's revenues and margins for its proprietary products. The Group had 10 pharmaceutical and vaccine products with over £500 million in annual global sales in 2012. For certain of these products there is generic competition in the USA and some markets in Europe.

The timing and impact of entry in the USA and major markets in Europe for a 'follow-on' product to *Seretide/Advair* that contains the same active ingredients is uncertain. The US patent for compositions containing the combination of active substances in *Seretide/Advair* expired during 2010. The Group has not been notified of any acceptance by the FDA of an application for a 'follow-on' product that refers to *Seretide/Advair* and contains the same active ingredients and is not able to predict when this may occur or when any such 'follow-on' product may enter the US market.

Generic drug manufacturers have also exhibited a readiness to market generic versions of many of the Group's most important products prior to the expiration of the Group's patents. Their efforts may involve challenges to the validity or enforceability of a Group patent or assertions that their generic product does not infringe the Group's patents. If the Group is not successful in defending an attack on its patents and

maintaining exclusive rights to market one or more of its major products, particularly in the USA and Europe, the Group's financial results would be adversely affected. The expiration dates for patents for the Group's major products and a description of litigation settlements which may affect the dates on which generic versions of the Group's products may be introduced are set out in the section of the Group's Annual Report 2012 entitled "*Pharmaceutical products, competition and intellectual property*". Legal proceedings involving patent challenges are set out in Note 44 to the Financial Statements, "*Legal proceedings*".

The Group may also experience an impact on sales of one of its products due to the expiry or loss of patent protection for a product marketed by a competitor in a similar product class or for treatment of a similar disease condition. The availability of generic products in the same or similar product class in which one of the Group's products competes could have a material adverse impact on sales of the Group's products.

Regulations outlining the requirements for establishing biosimilars and interchangeable products, as well as the operation of complicated patent litigation provisions, have not yet been proposed by the FDA, although the FDA currently is implementing the biosimilar pathway without such regulations, based on the statute and guidance documents. In Europe, the European Medicines Agency ("**EMA**") has finalised guidelines for similar biological medicinal products containing monoclonal antibodies ("**mAbs**"). Such new regulations for establishing biosimilars and interchangeable products could allow for earlier competition for certain of the Group's products.

The loss of patent or data exclusivity protection for some or all of the Group's products could have a material adverse impact on sales of the Group's products.

Risk to the patient or consumer as a result of a failure by the Group, its contractors or suppliers to comply with good manufacturing practice regulations in commercial manufacturing or through inadequate governance of quality through product development

A failure to ensure product quality is an enterprise risk which is applicable across all of the Group.

A failure to ensure product quality could have far reaching implications in terms of the health of the Group's patients and customers, reputation, regulatory, legal, and financial consequences for the Group.

Product quality may be influenced by many factors including product and process understanding, consistency of manufacturing components, compliance with current Good Manufacturing Practice ("**cGMP**"), accuracy of labelling, reliability and security of the supply chain, and the embodiment of an overarching quality culture. The internal and external environment continues to evolve as new products, new markets and new legislation are introduced. Particular attention is currently being focused on global supply. In the EU, the new Falsified Medicines Directive is focused on security of supply. In the USA, the passage of the Food Drug and Administration Safety and Innovation Act ("**FDASIA**") will focus attention on reducing current levels of drug shortages in the marketplace, and new cGMP legislation is being introduced in many emerging markets including China and Brazil. On the inspection front, pharmaceutical inspectors are increasingly looking for global application of corrective actions beyond the original site of inspection.

Risk of interruption of product supply

The manufacture of pharmaceutical and vaccine products and their constituent materials requires compliance with good manufacturing practice regulations. The Group's manufacturing sites are subject to review and approval by the FDA and other regulatory agencies. Compliance failure by the Group's manufacturing facilities or by suppliers of key services and materials could lead to product recalls and seizures, interruption of production, delays in the approval of new products, and revoking of licence to operate pending resolution of manufacturing issues. For example, non compliance with cGMP requirements for US supply could ultimately result, in the most severe circumstances, in fines and disgorgement of profits. Any interruption of supply or the incurring of fines or disgorgement impacting significant products or markets could materially and adversely affect the Group's financial results.

Materials and services provided by third party suppliers are necessary for the commercial production of the Group's products, including speciality chemicals, commodities and components necessary for the

manufacture and packaging of many of the Group's Pharmaceutical, Vaccine and Consumer Healthcare products. Some of the third-party services procured, for example, services provided by clinical research organisations to support development of key products, are very important to the operation of the Group's businesses. Although the Group undertakes business continuity planning, single sourcing for certain components, bulk active materials, finished products, and services creates a risk of failure of supply in the event of regulatory non-compliance or physical disruption at the manufacturing sites. The failure of a small number of single-source, third party suppliers or service providers to fulfil their contractual obligations in a timely manner or as a result of regulatory non compliance or physical disruption at the manufacturing sites may result in delays or service interruptions, which may materially and adversely affect the Group's financial results.

Risk that the Group may fail to secure adequate pricing/reimbursement for its products or existing regimes of pricing laws and regulations become more unfavourable

Pharmaceutical and vaccine products are subject to price controls or pressures and other restrictions in many markets, around the world. Some governments intervene directly in setting prices. In addition, in some markets, major purchasers of pharmaceutical or vaccine products (whether governmental agencies or private health care providers) have the economic power to exert substantial pressure on prices or the terms of access to formularies. Difficult economic conditions, particularly in major markets in Europe, could increase the pricing pressures on the Group's pharmaceutical and vaccine products. The Group cannot accurately predict whether existing controls, pressures or restrictions will increase or whether new controls, pressures or restrictions will be introduced. Such measures may materially and adversely affect the Group's ability to introduce new products profitably and its financial results.

In the USA, where the Group has its highest margins and the most sales of any country, there are no direct government price controls over private sector purchases, but federal law requires pharmaceutical manufacturers to pay prescribed rebates on certain drugs to be eligible for reimbursement under several state and federal healthcare programmes, primarily Medicare and Medicaid. Pricing pressures are likely to increase as the US government's share of national health spending continues to increase.

Additionally, due to passage of comprehensive health care reform in 2010, the US government's role in providing or subsidising health insurance is expected to significantly expand in 2014, which indicates the growing role and leverage the government will bring to bear on the Group's rebate liability with respect to US federal programmes.

As part of ongoing deficit reduction discussions in the USA, the Obama administration has recently suggested that pharmaceutical manufacturers be required to offer federally mandated rebates to the government on drugs for people who are elderly and disabled and who qualify for both Medicare and Medicaid (known as 'dual eligibles'). These individuals currently receive drug benefits through Medicare Part D. A manufacturer's Medicare Part D rebates are negotiated with health plans and typically are lower than the federally mandated Medicaid rebates. If legislation passes requiring manufacturers to pay mandated Medicaid level rebates for the dual eligibles, there would be a significant additional rebate liability for pharmaceutical companies such as the Group.

In recent years, a number of states have also proposed or implemented various schemes to control the pharmacy budget for drugs used by their low-income and senior citizens' programmes, including increasing the rebate liability of pharmaceutical companies, importation from other countries and bulk purchases of drugs.

Given the possible expansion of the US health care reform law and the economic pressures on state government budgets, pricing pressures on the Group's pharmaceutical and vaccine products are likely to increase. Any of these trends may materially and adversely affect the Group's financial results.

Risks arising from non-compliance with laws and regulations affecting the Group

The Group operates on a global basis and must comply with a broad range of laws and regulatory controls on the development, manufacturing, testing, approval, distribution and marketing of many of its

pharmaceutical, vaccine and consumer healthcare products that affect not only the cost of product development but also the time required to reach the market and the uncertainty of successfully doing so. The Group operates globally in complex legal and regulatory environments that often vary among jurisdictions.

As those rules and regulations change or as governmental interpretation of those rules and regulations evolve, the potential exists for conduct of the Group to be called into question.

Historically, there have been more stringent regulatory requirements in developed markets. However, in recent years, emerging markets have been increasing their regulatory expectations based on their own national interpretations of US and EU standards. Stricter regulatory controls heighten the risk of changes in product profile or withdrawal by regulators on the basis of post-approval concerns over product safety, which could reduce revenues and result in product recalls and product liability lawsuits. There is also greater regulatory scrutiny, especially in the USA, on advertising and promotion and in particular on direct-to-consumer advertising.

Furthermore, interaction and exchange of information between the Group and external communities in order to advance scientific and medical understanding may be, or may be perceived to be, promotional in intent by regulators, potentially resulting in a loss of credibility with authorities, prescribers, and patients. Such an interpretation could result in a regulatory action or a government investigation which could have far-reaching effects including impacting product liability actions, the regulatory pathway for assets, significant fines, exclusion from government programs, and even individual criminal liability.

Additionally, the development of the post-approval adverse event profile for a product or the product class may materially and adversely affect the Group's financial results.

The Group is also subject to laws of the USA, the EU and other jurisdictions regulating the export of its products to certain countries. For instance, Iran is subject to wide-ranging sanctions under the laws of the USA, the EU, and other jurisdictions. The Group has exported certain pharmaceutical and vaccine products from its Pharmaceuticals and Vaccines businesses, and certain healthcare products including over-the-counter-medicines and medical devices from its Consumer Healthcare business, to Iran via sales by non-US entities to three privately held Iranian distributors. US law requires specific disclosure of certain dealings with Iran, including transactions or dealings with government-owned entities and entities sanctioned for activities related to terrorism or proliferation of weapons of mass destruction. The Group does not believe that its Iranian distributors fall within any of the relevant categories. The Group also does business, via non-US entities, in other jurisdictions targeted by sanctions laws, including Cuba, Syria, and Sudan. Failure to comply with these laws could expose the Group to civil and criminal penalties, including fines, prosecution, the imposition of export or economic sanctions against the Group and reputational damage, all of which could materially and adversely affect the Group's financial results.

Risk of exposure to various external political and economic conditions, as well as natural disaster that may impact the Group's performance and ability to achieve its objectives

Many of the world's largest economies, including the major markets in which the Group operates, and financial institutions have recently faced extreme financial difficulty, including a decline in asset prices, liquidity problems and limited availability of credit. In addition, the Group operates across a wide range of markets and these markets have the potential to encounter natural disasters that could impact business operations.

The economic uncertainty of 2011 continued into 2012, particularly in Europe. It is uncertain how long these effects will last, or whether economic and financial trends will worsen or improve. The austerity measures in certain countries in Europe have increased pressures on the payers in those countries to force healthcare companies such as the Group to decrease the price of its products. The debt crisis has given rise to concerns that some countries may not be able to pay for the Group's products. Current economic conditions may also adversely affect the ability of the Group's distributors, customers, suppliers and service providers to pay for the Group's products, or otherwise to buy necessary inventory or raw materials, and to perform their obligations under agreements with the Group, which could disrupt the Group's operations, and negatively impact the Group's business and cash flow. Some of the Group's distributors, customers, suppliers

and service providers may be unable to pay their bills in a timely manner, or may even become insolvent, which could also negatively impact the Group's business and results of operations. These risks may be elevated with respect to the Group's interactions with third parties with substantial operations in countries where current economic conditions are the most severe, particularly where such third parties are themselves exposed to risk from business interactions directly with fiscally-challenged government payers.

Such continued economic weakness and uncertainty could materially and adversely affect the Group's revenues, results of operations and financial condition. The Group's businesses, including Pharmaceuticals, Vaccines and Consumer Healthcare, may be particularly sensitive to declines in consumer or government spending. In addition, further or renewed declines in asset prices may result in a lower return on the Group's financial investments and may cause the value of the Group's investments in its pension plans to decrease, requiring the Group to increase its funding of those pension plans. See Note 28 to the Financial Statements, "*Pensions and other post-employment benefits*", for a discussion of the investment strategy and general pension overview.

The Group has no control over changes in inflation and interest rates, foreign currency exchange rates and controls or other economic factors affecting its businesses or the possibility of political unrest, legal and regulatory changes or nationalisation in jurisdictions in which the Group operates.

Risks from alliances and acquisitions

As part of the Group's strategy to diversify into new product areas and markets, the Group has grown, and expects to continue to grow, in part through acquisitions and business alliances. There is intense competition for alliance and acquisition candidates in the pharmaceutical industry, and, as such, the Group may be unable to make these deals on acceptable terms or at all. In acquiring or forming alliances with companies, the Group may assume significant debt, become subject to unknown or contingent liabilities or fail to realise the benefits expected from these transactions. For example, most pharmaceutical or biotech companies, including those that the Group may consider acquiring, are involved in patent disputes, product liability litigation, government investigations and other legal proceedings whose outcome is subject to considerable uncertainty.

The assumption of debt or unknown or contingent liabilities or the failure to realise the expected benefits may materially and adversely affect the Group's financial results.

The process of integrating companies that the Group may acquire may result in disruption to the ongoing business as the effort of integrating organisations in different locations and with, among other things, differing systems and corporate cultures may divert attention and resources, result in the loss of key employees or have other adverse consequences, any of which may materially and adversely affect the Group's financial results.

Risk associated with financial reporting and disclosure and changes to accounting standards

New or revised accounting standards, rules and interpretations issued from time to time by the International Accounting Standards Board could result in changes to the recognition of income and expense that may materially and adversely affect the Group's financial results.

Under International Financial Reporting Standards, changes in the market valuation of certain financial instruments are required to be reflected in the Group's reported results before those gains or losses are actually realised. This could have a significant impact on the income statement in any given period. Accounting for deferred taxation on inter-company inventory may give rise to volatility depending upon the Group entity that owns the inventory.

Regulators regularly review the financial statements of listed companies for compliance with accounting and regulatory requirements. The Group believes that it complies with the appropriate regulatory requirements concerning its financial statements and disclosures. However, other companies have experienced investigations into potential non-compliance with accounting and disclosure requirements that have resulted in restatements of previously reported results and sometimes significant penalties. Any such investigation and required restatement could materially and adversely affect the Group's financial results.

Risk that as the Group's business models and tax law and practice change over time, the Group's existing tax policies and operating models are no longer appropriate, or that significant losses arise from treasury investments

The Group's effective tax rate is driven by rates of tax in jurisdictions that are both higher and lower than that applied in the UK. In addition, many jurisdictions such as the UK, Belgium and the USA currently offer regimes that encourage innovation and new scientific endeavours by providing tax incentives, for example R&D tax credits and low tax rates on income derived from patents.

Furthermore, given the scale and international nature of the Group's business, intra-group transfer pricing is an inherent tax risk as it is for other international businesses. Changes in tax laws or in their application with respect to matters such as transfer pricing, foreign dividends, controlled companies, R&D tax credits, taxation of intellectual property or a restriction in tax relief allowed on the interest on intra-group debt, could increase the Group's effective tax rate and materially and adversely affect its financial results.

The tax charge included in the Financial Statements is the Group's best estimate of its tax liability but, until such time as audits by tax authorities are concluded, there is a degree of uncertainty regarding the final tax liability for the period. The Group's policy is to submit tax returns within the statutory time limits and engage with tax authorities to ensure that the Group's tax affairs are as current as possible, and that any differences in the interpretation of tax legislation and regulation are resolved as quickly as possible. In exceptional cases where matters cannot be settled by agreement with tax authorities the Group may have to resolve disputes through formal appeals or other proceedings. For example, in October 2012, the Supreme Court of Canada delivered its decision on an appeal in respect of the Group's transfer pricing, as discussed in Note 14 to the Financial Statements, "*Taxation*". The Group, like other international businesses, is also subject to a range of other duties and taxes for which it incurs similar types of risk.

The Group deals in high value transactions on a frequent basis which may result in an increased risk of financial loss due to the mismanagement of cash or entering into high risk positions on hedge transactions, any of which could materially and adversely affect the Group's financial results.

Risk of failing to create a corporate environment opposed to corruption or failing to instil business practices that prevent corruption and comply with anti-corruption legislation

The Group's extensive and increasingly international operations may give rise to possible claims of bribery and corruption. The Group operates in a number of markets where corruption risk has been identified as high by groups such as Transparency International. Failure to comply with applicable legislation such as the US Foreign Corrupt Practices Act and the UK Bribery Act or similar legislation in other countries, could expose the Group and senior officers to civil and criminal sanction.

This could potentially include fines, prosecution, potential debarment from public procurement and reputational damage, all of which could materially and adversely affect the Group's financial results.

Risk of substantial adverse outcome of litigation and government investigations

Note 44 to the Financial Statements, "*Legal proceedings*", and the section entitled "*Legal matters*" set out on page 37 of the June Interim 2013 Financial Information contain discussions of material proceedings and governmental investigations currently involving the Group which, if proven, could give rise to civil and/or criminal liabilities. Unfavourable resolution of these and similar future proceedings or investigations may have a material adverse effect on the Group's financial condition and results of operations. As an example, in 2012, the Group entered into a settlement agreement with the US federal government resulting in a payment of US\$3 billion by the Group. The Group has made provisions related to such legal proceedings and investigations, which have reduced its earnings.

In the future, the Group may also make additional significant provisions related to legal proceedings and investigations, which would reduce its earnings. In many cases, the Group believes that it is the practice of the plaintiff bar to claim damages in amounts that bear no reasonable relationship to the underlying harm allegedly caused by the Group's products or its actions. Accordingly, it may be potentially misleading for the

Group to quantify, based on the amount of damages claimed, its potential exposure to claims, proceedings and investigations of the type described in Note 44 to the Financial Statements, “*Legal proceedings*”.

Recent insurance loss experience, including pharmaceutical product liability exposures, has increased the cost, and reduced the capacity of insurers to provide coverage for pharmaceutical companies generally, including the Group.

Product liability litigation

Pre-clinical and clinical trials are conducted during the development of potential pharmaceutical vaccine and consumer healthcare products to determine the safety and efficacy of products for use by humans following approval by regulatory authorities. Notwithstanding the efforts the Group makes to determine the safety of its products through regulated clinical trials, unanticipated side effects may become evident only when drugs and vaccines are widely introduced into the marketplace.

In other instances, third parties may perform analyses of published clinical trial results which, although not necessarily accurate or meaningful, may raise questions regarding the safety of pharmaceutical vaccine or consumer healthcare products which may be publicised by the media and may result in product liability claims. The Group is currently a defendant in a substantial number of product liability lawsuits, including class actions, that involve significant claims for damages related to the Group’s pharmaceutical and consumer healthcare products. Litigation, particularly in the US, is inherently unpredictable. Class actions that sweep together all persons who were prescribed the Group’s products can inflate the potential liability by the force of numbers. Claims for pain and suffering and punitive damages are frequently asserted in product liability actions and, if allowed, can represent potentially open ended exposure and thus could materially and adversely affect the Group’s financial results.

In some cases, the Group may voluntarily cease marketing a product or face declining sales based on concerns about efficacy or safety, even in the absence of regulatory action.

Anti-trust litigation

In the USA it has become increasingly common for patent infringement actions to prompt claims that anti-trust laws have been violated during the prosecution of the patent or during litigation involving the defence of that patent. Such claims by direct and indirect purchasers and other payers are typically filed as class actions. The relief sought may include treble damages and restitution claims. Similarly, anti-trust claims may be brought by government entities or private parties following settlement of patent litigation, alleging that such settlements are anti-competitive and in violation of anti-trust laws. In the USA and Europe, regulatory authorities have continued to challenge as anti-competitive so-called “reverse payment” settlements between innovator (branded) and generic drug manufacturers. The US Supreme Court is currently reviewing the legality of such settlement agreements. The Group may also be subject to other anti-trust litigation involving competition claims unrelated to patent infringement and prosecution. A successful anti-trust claim by a private party or government entity against the Group could materially and adversely affect the Group’s financial results.

Sales and marketing litigation

The Group operates globally in complex legal and regulatory environments that often vary among jurisdictions. The failure to comply with applicable laws, rules and regulations in these jurisdictions may result in civil and criminal legal proceedings brought against the Group by governmental entities at the federal and state levels and by private plaintiffs. As those rules and regulations change or as governmental interpretation of those rules and regulations evolve, prior conduct may be called into question.

In the USA, for example, the Group settled a number of federal and state investigations into the marketing of certain of its products and entered into a Corporate Integrity Agreement with the federal government relating to the Group’s marketing and promotion of its products in the USA.

While the Group reached agreement in 2012 to resolve certain federal and state governmental investigations into the pricing, marketing and reimbursement of its prescription drug products, as detailed in Note 44 to the Financial Statements, “*Legal proceedings*”, and the section entitled “*Legal matters*” set out on page 37 of the June Interim 2013 Financial Information additional related state investigations that have been initiated on the basis of the same factual claims could result in restitution or civil litigation on behalf of state governments, and could also result in related proceedings initiated against the Group by or on behalf of consumers and private payers. Such proceedings may result in trebling of damages awarded or fines in respect of each violation of law. The conduct of the Group could result in additional investigations in the future by the US federal and state governments and similar civil litigation. Any of these consequences could materially and adversely affect the Group’s financial results.

Risk of ineffectively managing environmental, health and safety, and sustainability (“EHSS”) objectives and requirements

The environmental laws of various jurisdictions impose actual and potential obligations on the Group to remediate contaminated sites. The Group has also been identified as a potentially responsible party under the US Comprehensive Environmental Response Compensation and Liability Act at a number of sites for remediation costs relating to the Group’s use or ownership of such sites.

Failure to manage properly the environmental risks could result in additional remedial costs that may materially and adversely affect the Group’s financial results. See Note 44 to the Financial Statements, “*Legal proceedings*”, for a discussion of environmental related proceedings in which the Group is involved. The Group routinely accrues amounts related to its liabilities for such matters.

The impact of this risk, should the risk occur, could lead to significant harm to people, the environment and communities in which the Group operates and the failure to meet stakeholder expectations and regulatory requirements.

Risk from the Group’s sale of products to a small number of wholesalers

In the USA, similar to other pharmaceutical and vaccine companies, the Group sells its products through a small number of wholesalers in addition to hospitals, pharmacies, physicians and other groups. Sales to the three largest wholesalers amounted to approximately 81 per cent. of the Group’s US pharmaceutical and vaccines turnover in 2012.

At 31st December, 2012, the Group had trade receivables due from these three wholesalers totalling £815 million (31st December, 2011 - £934 million). The Group is exposed to a concentration of credit risk in respect of these wholesalers such that, if one or more of them is affected by financial difficulty, it could materially and adversely affect the Group’s financial results.

Risk of exposing business critical or sensitive data due to inadequate data governance or information systems security

The Group relies on critical and sensitive data, such as corporate strategic plans, personally identifiable information, trade secrets and intellectual property, to drive planning and operations. Security of this type of data is exposed to escalating external threats that are increasing in sophistication and changing from a goal of disruption to being financially or politically motivated.

Failure to implement appropriate safeguards to adequately protect against any unauthorised or unintentional access, acquisition, use, modification, loss or disclosure of this critical or sensitive data may adversely impact the Group’s ability to maintain patent rights and competitive advantages or may result in regulatory non-compliance resulting in fines and penalties or inability to sell product in a particular market.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to affect such conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer elects to convert from a fixed rate to a floating rate, in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer elects to convert from a floating rate to a fixed rate, in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

Modification, waivers and substitution

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

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders 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 Notes in place of the Guarantor, in the circumstances described in Condition 16 of the conditions of the Notes.

Withholding under EU Savings Directive

Under European Union Council Directive 2003/48/EC on the taxation of savings income (the “**EU Savings Directive**”), each Member State of the European Union is 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, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, 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-European Union countries and territories, including Switzerland, have adopted similar measures (e.g. a withholding system in the case of Switzerland). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1st January, 2015, in favour of automatic information exchange under the EU Savings Directive.

The European Commission has proposed certain amendments to the EU Savings Directive which may if implemented amend or broaden the scope of the requirements described above.

If a payment is made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax is withheld from that payment, neither the Issuer nor any Paying Agent nor any other person is obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Prospectus. 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 Prospectus.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination (as defined in the relevant Final Terms) plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

Notes 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 Notes easily or at

prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. 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 the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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 (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

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 Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings is set out on the front cover of this Prospectus.

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 (i) Notes are legal investments for it; (ii) Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Potential investors should be aware that GSK Capital plc is a financing company which lends the major part of all moneys raised by it to other companies within the Group. As such the ability of GSK Capital

plc to fulfil its obligations under the Notes may be dependent on the Guarantor's policy decisions from time to time, as the parent company of the Group. However, the Guarantor separately has its obligations to fulfil under the Guarantee.

U.S. Foreign Account Tax Compliance Act Withholding

The U.S. Foreign Account Tax Compliance Act (“**FATCA**”) will generally impose a withholding tax of 30 per cent. on “foreign passthru payments” received by foreign financial institutions (“**FFIs**”), unless certain requirements are met. Under FATCA, the Issuers and FFIs through which payments on the Notes (including original issue discount, if any, and principal and redemption proceeds), are made could be required to withhold this tax in certain circumstances. Payments on or with respect to the Notes will not become subject to FATCA withholding sooner than 1st January, 2017. Furthermore, Notes that are outstanding as of the date that is six months after regulations defining the term “foreign passthru payment” are published (the “grandfathering period”) will not be subject to FATCA withholding unless the Notes are considered to be equity for U.S. federal income tax purposes or the Notes are “materially modified” for U.S. federal income tax purposes after the end of the grandfathering period. No withholding would be required under FATCA provided that payees (including any intermediary entities in a chain or series of payments) comply with certain information reporting, certification and related requirements. The United States has entered into intergovernmental agreements with respect to FATCA with the United Kingdom and certain other jurisdictions, and is in the process of negotiating intergovernmental agreements with many other countries. It is not yet certain how the United States and these jurisdictions will address “foreign passthru payments” or if withholding will be required at all under such agreements. Noteholders will not be entitled to receive any additional amounts in the event that payments on the Notes are subject to withholding under FATCA. Prospective investors should consult their own tax advisors regarding the application of FATCA to the Notes.

FORM OF THE NOTES

Unless otherwise specified in the applicable Final Terms, each Tranche of Notes having a maturity of more than one year will be in bearer form and will be initially issued in the form of a temporary global note (a “**Temporary Global Note**”) or, if so specified in the applicable Final Terms, a permanent global note (a “**Permanent Global Note**”) and, together with the Temporary Global Note, the “**Global Notes**”) which, in either case will:

- (i) if the Global Notes are intended to be issued in new global note form (“**NGN**”), as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”); and
- (ii) if the Global Notes are not intended to be issued in NGN form (“**CGN**”), be delivered on or prior to the original issue date of the Tranche to Citibank, N.A., London Branch, as common depositary (the “**Common Depositary**”) for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche of Notes is in NGN form, the applicable Final Terms will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person or any person within the United States or its possessions, as required by Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg, and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date which is 40 days after the Temporary Global Note is issued (the “**Exchange Date**”), interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein for either (i) interests in a Permanent Global Note of the same Series or (ii) definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest (if any), principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that (i) an Event of Default (as defined in Condition 9) has occurred and is continuing, (ii) the relevant Issuer has

been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by two Directors of the relevant Issuer has been given to the Trustee. The relevant Issuer will promptly give notice to the Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not more than 45 days after the date of receipt of the first relevant notice by the Agent. No definitive Note delivered in exchange for a Permanent Global Note will be mailed or otherwise delivered to any location in the United States in connection with such exchange.

The following legend will appear on all Notes that have an original maturity of more than one year and on all interest coupons and talons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Temporary Global Note or a Permanent Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or any form of record made by any of them or such other evidence and/or information and/or certification as the Trustee shall, in its absolute discretion, think fit to the effect that at any particular time or throughout any particular period any particular person is, was, or will be, shown in its records as the holder of a particular nominal amount of Notes represented by a Global Note and if it does so rely, such letter of confirmation, form of record, evidence, information or certification shall be conclusive and binding on all concerned save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and their agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest (if any) on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and their agents and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note; and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, if the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the relevant Issuer, the Agent and the Trustee.

No Noteholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or the Guarantor (in the case of Guaranteed Notes) unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme each of which shall have a denomination of at least €100,000 (or its equivalent in any other currency).

[Date]

[GlaxoSmithKline plc/GlaxoSmithKline Capital plc]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

[Guaranteed by GlaxoSmithKline plc]

under the £15,000,000,000 Euro Medium Term Note Programme

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 5th August, 2013 [and the supplement(s) dated [●] and [●] which [together] constitutes[s] a base prospectus for the purposes of the Prospectus Directive (the “**Prospectus**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. Copies of such Prospectus are available for viewing and may be obtained from the registered office of the Issuer at 980 Great West Road, Brentford, Middlesex TW8 9GS, U.K. and the Prospectus has been published on the [*financial intermediaries’/regulated market’s/competent authorities’*] website.

The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in any Relevant Member State), and includes any relevant implementing measure in any Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date [(but being no earlier than 1st July, 2012)].

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Prospectus dated [*original date*] [and the supplement(s) dated [●] and [●] which are incorporated by reference in the Prospectus dated [*current date*]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus dated [*current date*] [and the supplement(s) to it dated [●] and [●] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “**Prospectus**”) including the Conditions incorporated by reference in the Prospectus. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus dated [*current date*] [and the supplement(s) dated [●] and [●]. Copies of the Prospectus are available for viewing and may be obtained from the registered office of the Issuer at 980 Great West Road, Brentford, Middlesex TW8 9GS, U.K. and the Prospectus has been published on the [*financial intermediaries’/regulated market’s/competent authorities’*] website.

[Each of] the Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware and able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

1. (a) Issuer: [GlaxoSmithKline plc/GlaxoSmithKline Capital plc]
- (b) [Guarantor: GlaxoSmithKline plc]
2. (a) Series Number: []

- (b) Tranche Number: []
- [(c) Date on which the Notes shall be consolidated and form a single series: [Not Applicable/The Notes shall form a single series and be interchangeable for trading purposes with the *[insert description of the Series]* on *[insert date/the Issue Date]* exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 below [which is expected to occur on or about *[insert date]*]].]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount
- (a) [Series: []]
- (b) [Tranche: []]
5. [Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (a) Specified Denominations: []
- (b) Calculation Amount: []
7. (a) Issue Date: []
- (b) Interest Commencement Date: [*Specify*/Issue Date] [Not Applicable]
8. Maturity Date: [*Fixed rate- specify date/ Floating rate- Interest Payment Date falling in or nearest to [specify month]*]
9. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
11. Change of Interest: [Applicable/Not Applicable]
12. Put/Call Options [Investor Put]
[Issuer Call]
13. (a) Status of the Notes Senior
- (b) Status of the Guarantee Senior
14. Date [Board] approval for issuance of Notes [and Guarantee] obtained (*if relevant*): [] [and [], respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (a) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date.
- (b) Interest Payment Date(s): [] in each year up to and including the Maturity Date.

- (c) Fixed Coupon Amount(s): [] per Calculation Amount
- (d) Broken Amount(s): [] [per Calculation Amount, payable on the Interest Payment Date falling [in/on] []]/[Not Applicable]
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA)]
- (f) Determination Date(s): [[] in each year]/[Not Applicable]
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/Give details]
16. Floating Rate Note Provisions [Applicable/Not Applicable]
- (a) Specified Period(s): []
- (b) Specified Interest Payment Dates: [[] in each year, subject to adjustment in accordance with Business Day Convention set out in (d) below].
- (c) First Interest Payment Date: []
- (d) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention].
- (e) Additional Business Centre(s): []
- (f) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (g) Party responsible for calculating the Rate of Interest and/or Interest Amount (if not the Agent): []
- (h) Screen Rate Determination:
- Reference Rate: [LIBOR/EURIBOR]
 - Relevant Financial Centre: []
 - Interest Determination Date(s): []
 - Relevant Screen Page: []
- (i) ISDA Determination
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (j) Margin(s): [+/-][] per cent. per annum
- (k) Minimum Rate of Interest: [] per cent. per annum
- (l) Maximum Rate of Interest: [] per cent. per annum

- (m) Day Count Fraction: [Actual/Actual
Actual/365 (Fixed)
Actual/360
30/360
30E/360
Other]
17. Zero Coupon Note Provisions [Applicable/Not Applicable]
- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Day Count Fraction in relation to Early Redemption Amounts and late payment: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

18. Issuer Call [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount of each Note: [] per Calculation Amount
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
19. Investor Put [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount of each Note: [[] per Calculation Amount]
20. Final Redemption Amount of each Note: [] per Calculation Amount
21. Early Redemption Amount per Calculation Amount payable on redemption for taxation reasons or on event of default: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes
[on 60 days' notice given at any time/only upon an Exchange
Event/at any time at the request of the Issuer]]

23. New Global Note: [Yes][No]

24. Additional Financial Centre(s): [Not Applicable] []

Signed on behalf of the Issuer: [Signed on behalf of the Guarantor:

By:_____

Duly authorised

By:_____

Duly authorised

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Application has been made for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market with effect from [].

2. RATINGS

Ratings: [[The Notes to be issued [have been/are expected to be rated]. [The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]]:
[S & P: []]
[Moody's: []]
[[Other]: []]

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

[N/A]/[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business.]

4. ESTIMATED NET TOTAL EXPENSES

Estimated total expenses: []

5. [YIELD (*Fixed Rate Notes only*)

Indication of yield: []

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

6. OPERATIONAL INFORMATION

(i) ISIN Code: []

(ii) Common Code: []

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

(iv) Name(s) and address(es) of the initial paying agent(s): []

(v) Names and addresses of additional Paying Agent(s) (if any): []

7. **DISTRIBUTION**

- (i) Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA not applicable]
- (ii) U.S. selling restrictions: [Reg. S. Compliance Category [1/2/3]]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each Definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Form of the Notes” for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by GlaxoSmithKline plc (“**GSK plc**”) or GlaxoSmithKline Capital plc (“**GSK Capital plc**”) (each, an “**Issuer**” and together, the “**Issuers**”) constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated 4th December, 2001 and made between GSK Capital Inc. and GSK Capital plc as issuers, GSK plc as guarantor (the “**Guarantor**”) and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include any successor trustee) as Trustee of the Noteholders (as defined below). By a Second Supplemental Trust Deed dated 13th May, 2004 and made between the Issuers, the Guarantor and the Trustee, GlaxoSmithKline plc became an Issuer under the Programme. The Issuers, the Guarantor and the Trustee entered into the Third Supplemental Trust Deed on 20th July, 2005, the Fourth Supplemental Trust Deed on 9th March, 2007, the Fifth Supplemental Trust Deed on 30th July, 2008, the Sixth Supplemental Trust Deed on 30th July, 2009, the Seventh Supplemental Trust Deed on 5th September, 2012 and the Eighth Supplemental Trust Deed on 5th August, 2013. Notes issued by GSK Capital plc (“**Guaranteed Notes**”) will be unconditionally and irrevocably guaranteed by the Guarantor under the terms of the Trust Deed (such guarantee, the “**Guarantee**”).

References in these Terms and Conditions to the “**Issuer**” shall be to the Issuer of the Notes as specified in the applicable Final Terms.

References herein to the “**Notes**” shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a “**Global Note**”), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note; and
- (iii) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) also have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) and most recently amended and restated on 5th August, 2013, and made between the Issuers, the Guarantor, the Trustee, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the “**Agent**”, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (“**Coupons**”) and, in the case of Notes, which, when issued in definitive form, have more than 27 interest payments remaining to be paid, talons for further Coupons (“**Talons**”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) as set out in Part A of the Final Terms is attached to or endorsed on this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and

Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the “**applicable Final Terms**” are, unless otherwise stated, to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the holders of the Notes (the “**Noteholders**”, which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the “**Couponholders**”, which expression shall, unless the context otherwise requires, include the holders of the Talons) in accordance with the provisions of the Trust Deed.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee (being, at 5th August, 2013, at Fifth Floor, 100 Wood Street, London EC2V 7EX, U.K.) and at the specified office of each of the Paying Agents.

Copies of the applicable Final Terms are available for inspection during normal business hours at the registered offices of GSK plc and GSK Capital plc at 980 Great West Road, Brentford, Middlesex, TW8 9GS, U.K. and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed will prevail and, in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Final Terms, the applicable Final Terms will prevail.

1. **FORM, DENOMINATION AND TITLE**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the “**Specified Currency**”) and the denominations (“**Specified Denomination(s)**”) specified in the applicable Final Terms provided always that the minimum Specified Denomination in respect of any Tranche of Notes shall be €100,000 (or the equivalent thereof in any other currency). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The relevant Issuer, the Guarantor, the Trustee and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V (“**Euroclear**”) and/or Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such

Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest (if any) on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, the Guarantor, the Trustee and the Paying Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the Trust Deed and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall in the absence of manifest error, be conclusive and binding on all concerned. Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, if the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Agent and the Trustee.

2. STATUS OF THE NOTES AND THE GUARANTEE

(a) *Status of the Notes*

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

(b) *Status of the Guarantee*

In the case of Guaranteed Notes, the payment of principal and interest (if any) together with all other sums payable by the Issuer under the Trust Deed in respect of the Notes has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed. The obligations of the Guarantor are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

3. NEGATIVE PLEDGE

So long as any of the Notes remains outstanding (as defined in the Trust Deed):

- (a) the Issuer will not create or permit to subsist any mortgage, charge, pledge or lien (other than a lien arising by operation of law) upon the whole or any part of its property, assets or revenues, present or future, to secure (i) payment of any Relevant Indebtedness or (ii) any payment under any guarantee or indemnity granted by the Issuer in respect of any Relevant Indebtedness (as defined below); and
- (b) the Guarantor (in the case of Guaranteed Notes) will not and will procure that no Subsidiary (as defined below) of the Guarantor will create or permit to subsist any mortgage, charge, pledge or lien (other than a lien arising by operation of law) upon the whole or any part of its property, assets or revenues, present or future, to secure (i) payment of any Relevant Indebtedness or (ii) any payment under any guarantee or indemnity granted by the Guarantor or any Principal Subsidiary (as defined below) in respect of any Relevant Indebtedness

without in any such case at the same time according to the Notes (unless it has already been so accorded) to the satisfaction of the Trustee either the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other arrangement (whether or not comprising security) as the Trustee shall in its absolute discretion deem not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as such term is defined in the Trust Deed) of the Noteholders.

For the purposes of this Condition, “**Relevant Indebtedness**” means any indebtedness which (a) is in the form of or represented by bonds, notes, loan stock, depositary receipts or other securities issued otherwise than to constitute or represent advances made by banks and/or other lending institutions; (b) is denominated, or confers any right to payment of principal, premium and/or interest, in or by reference to any currency other than the currency of the country in which the issuer of the indebtedness has its principal place of business, or is denominated in or by reference to the currency of such country but is placed or offered for subscription or sale by or on behalf of, or by agreement with, the issuer as to over 20 per cent. outside such country; and (c) at its date of issue is, or is intended by the issuer to become, quoted, listed, traded or dealt in on any stock exchange, over-the-counter market or other securities market.

In these Terms and Conditions, “**Subsidiary**” means a subsidiary within the meaning of Section 1159 of the Companies Act 2006.

4. **INTEREST**

(a) *Interest on Fixed Rate Notes*

This Condition 4(a) applies to Fixed Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 4(a) for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. For so long as any of the Fixed Rate Notes is represented by a global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount outstanding of the Fixed Rate Notes and will be paid to Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Fixed Rate Note, interest will be calculated on its outstanding nominal amount.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period or if, in the case of Notes in definitive form, no Fixed Coupon Amount is specified in the applicable Final Terms, such interest shall be calculated by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, the full nominal amount outstanding of the Fixed Rate Notes;
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amounts by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

- (i) if “**Actual/Actual (ICMA)**” is specified in the applicable Final Terms:
 - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “**Accrual Period**”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1) + (D2 - D1)]}{360}$$

Where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Interest Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30.

In these Terms and Conditions:

“**Determination Period**” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“**sub-unit**” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) *Interest on Floating Rate Notes*

This Condition 4(b) applies to Floating Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 4(b) for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Reference Rate, Relevant Financial Centre, Interest Determination Date(s) and Relevant Screen Page.

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls on the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Terms and Conditions, “**Interest Period**” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date). For so long as any of the Floating Rate Notes is represented by a global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal

amount outstanding of the relevant Notes and will be paid to Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Floating Rate Note, interest will be calculated on its outstanding nominal amount.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, “**Business Day**” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which TARGET2 (or any successor thereto) is open for the settlement of payments in euro. “**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19th November, 2007 or any successor thereto.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest

Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “**ISDA Definitions**”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“**LIBOR**”) or on the Euro-zone inter-bank offered rate (“**EURIBOR**”), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

The ISDA Definitions contain provisions for determining the applicable Floating Rate (as defined herein) in the event that the specified Floating Rate is not available.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. London time, in the case of LIBOR, or 11.00 a.m. Brussels time, in the case of EURIBOR, on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the “**Interest Amount**”) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, the full nominal amount outstanding of the relevant Notes; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest in accordance with this Condition 4(b):

- (A) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if “**Actual/365 (Fixed)**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if “**Actual/360**” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (D) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1) + (D2 - D1)]}{360}$$

Where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Interest Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (E) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

(v) *Notification of Rate of Interest and Interest Amounts*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, Trustee and any stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be given in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph, the expression “London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) *Determination or calculation by Trustee*

If for any reason the Agent at any time after the Issue Date defaults in its obligation to determine the Rate of Interest or calculate any Interest Amount in accordance with subparagraph (ii) or (iv), as the case may be, above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions in this Condition but subject always to any Minimum or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent.

(vii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Agent, the Trustee, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the Guarantor, the Noteholders or the Couponholders shall attach to the Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Accrual of interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

5. PAYMENTS

(a) *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, as the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Auckland, respectively provided however that no payment may be made by transfer of funds to an account maintained in the United States or by cheque mailed to an address in the United States); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque (provided however that no payment may be made by transfer of funds to an account maintained in the United States or by cheque mailed to an address in the United States).

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) *Presentation of definitive Notes and Coupons*

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest (if any) in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used in this Condition 5, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive form (other than Floating Rate Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment.

Each amount of principal so deducted will be paid in the manner mentioned in paragraph (a) above against surrender 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 such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

(c) *Payments in respect of Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States.

A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

(d) *General provisions applicable to payments*

The holder of a Global Note (or, as provided in the Trust Deed, the Trustee) shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note (or the Trustee, as the case may be). No person other than the holder of the Global Note (or, as provided in the Trust Deed, the Trustee) shall have any claim against the relevant Issuer or, as the case may be, the Guarantor in respect of any payments due on such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest (if any) in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest (if any) in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars

at such specified offices outside the United States of the full amount of principal and interest (if any) on the Notes in the manner provided above when due;

- (ii) payment of the full amount of such principal and interest (if any) at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest (if any) in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 8) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) in the case of Notes in definitive form only the relevant place of presentation; and
 - (B) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which TARGET2 is open.

(f) *Interpretation of principal and interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7 or under any undertaking given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(e)); and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 or under any undertaking given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

6. REDEMPTION AND PURCHASE

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the relevant Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

(b) *Redemption for tax reasons*

The Notes may be redeemed in whole but not in part, at the option of the Issuer, at any time or, if the Notes are Floating Rate Notes, on any Interest Payment Date, upon not more than 30 nor less than 15 days' prior notice given in accordance with Condition 15 (which notice will be irrevocable), at their Early Redemption Amount, together, if applicable, with interest accrued to (but excluding) the date fixed for redemption, if, as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or any political subdivision or taxing authority thereof or therein (as applicable) affecting taxation, or any amendment to or change in an official application or interpretation of such laws or regulations, which amendment or change is effective on or after the Issue Date of the first Tranche of the Notes, the Issuer will become obligated to pay any additional amounts pursuant to Condition 7 on the next succeeding Interest Payment Date in respect of the Notes and such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it; provided, however, that (1) no such notice of redemption will 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 Notes then due and (2) at the time such notice of redemption is given, such obligation to pay such additional amounts remains in effect. Immediately prior to the giving of any notice of redemption pursuant to this paragraph the Issuer will deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

(c) *Redemption at the option of the Issuer (Issuer Call)*

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 15; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent and the Trustee;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any partial redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than the Higher Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be notified to Noteholders in accordance with Condition 15 not less than 15 days prior to the date fixed for

redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (d) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 at least five days prior to the Selection Date.

(d) *Redemption at the option of the Noteholders (Investor Put)*

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 15 not less than 15 nor more than 30 days' notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by, if this Note is in definitive form, this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

(e) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 9, each Note will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**y**" is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (Fixed), Actual/365 or Actual/Actual (in which case the numerator will be equal to the actual number of days from

(and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

(f) *Purchases*

The Issuer, the Guarantor or any other Subsidiary of the Guarantor may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer, the Guarantor or the relevant Subsidiary of the Guarantor, surrendered to any Paying Agent for cancellation.

(g) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(h) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (A) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (B) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 15.

7. **TAXATION**

All payments of principal and interest (if any) by the Issuer or the Guarantor (in the case of Guaranteed Notes) will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges (together, the “**Taxes**”) of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof or any authority thereof or therein having power to levy the same, unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor (as the case may be) shall, subject to the penultimate paragraph of this Condition 7 below, pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such Taxes been required to be withheld or deducted; provided that no such additional amounts will be payable in respect of Notes or Coupons:

- (a) presented for payment by or on behalf of a Noteholder or Couponholder who is liable for such withheld or deducted Taxes by reason of his having some connection with the United Kingdom other than the mere holding of a Note or Coupon; or
- (b) to, or to a third party on behalf of, a Noteholder or Couponholder if such withholding or deduction may be avoided by the Noteholder or Couponholder complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in the United Kingdom, unless such Noteholder or Couponholder proves that he is not entitled so to comply or to make such declaration or claim; or

- (c) presented for payment in the United Kingdom; or
- (d) presented for payment more than 30 days after the Relevant Date except to the extent that a Noteholder or Couponholder would have been entitled to payment of such additional amounts if he had presented his Note or Coupon for payment on the thirtieth day after the Relevant Date (assuming that day to have been a Payment Day (as defined in Condition 5(e))); or
- (e) 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 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (f) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union (other than in the United Kingdom).

All payments of principal and interest (if any) by the Issuer or the Guarantor (in the case of Guaranteed Notes) will be made in all cases subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto. Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid in respect of the Notes or Coupons with respect to any such withholding or deduction.

“**Relevant Date**” means, in respect of any payment, the date on which such payment first becomes due and payable, if the full amount of such money has not been received by the Agent or the Trustee prior to such date, or the date on which the full amount of such money having been so received by the Agent or Trustee, notice to that effect shall have been given in accordance with Condition 15.

8. PRESCRIPTION

The Notes and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

9. EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by Noteholders holding at least one quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured to its satisfaction), (provided that, except in the case of the happening of the event mentioned in paragraph (i) below, the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders) give notice to the Issuer and the Guarantor (in the case of Guaranteed Notes), that the Notes are, and they shall thereby immediately become, due and repayable at their Early Redemption Amount (as described in Condition 6(e)) together with accrued interest as provided in the Trust Deed (except in the case of Zero Coupon Notes to which the provisions of Condition 6(h) apply), if any of the following events shall occur (each, following certification as aforesaid, an “**Event of Default**”) and be continuing:

- (i) the Issuer, failing whom the Guarantor (in the case of Guaranteed Notes), fails to pay the principal of any Notes within seven business days of the due date or fails to pay any interest (if any) in respect of the Notes within 14 business days of the due date and for the purposes of this paragraph (i) “**business day**” shall mean a day (other than a Saturday or a Sunday) on which commercial banks are open for business in London; or

- (ii) the Issuer defaults in performance or observance of or compliance with any of its other undertakings set out in the Notes or the Trust Deed or the Guarantor (in the case of Guaranteed Notes) defaults in performance or observance of or compliance with any of its obligations under the Notes or the Trust Deed, which default is incapable of remedy or which, if capable of remedy, is not remedied to the Trustee's satisfaction within 30 days (or such longer period as the Trustee may permit) after written notice requiring remedy of such default shall have been given to the Issuer and the Guarantor by the Trustee; or
- (iii) any indebtedness for borrowed moneys of either the Issuer, the Guarantor (in the case of Guaranteed Notes) or any Principal Subsidiary, having in any particular case an outstanding principal amount of at least £100,000,000 (or its equivalent, from time to time, in any other currency), becomes due and payable prior to its stated maturity by reason of an event of default in relation thereto or is not paid on its due date or after any applicable period of grace; or
- (iv) a distress or execution or other legal process is levied or enforced against, or an encumbrancer takes possession of, or an administrative or other receiver or an administrator is appointed of, the whole or any part (which is substantial in relation to the Guarantor and its Subsidiaries taken as a whole) of the assets or undertakings of the Issuer, the Guarantor or any Principal Subsidiary and is not stayed, removed, discharged or paid out within 30 days; or
- (v) the Issuer, the Guarantor (in the case of Guaranteed Notes) or any Principal Subsidiary is unable to pay its debts generally as they fall due or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors generally or an effective resolution is passed or an order is made for the winding up of the Issuer, the Guarantor or any Principal Subsidiary or the Issuer, the Guarantor or any Principal Subsidiary stops payment of its obligations generally or ceases to carry on its business or a part thereof which is substantial in relation to the Guarantor and its Subsidiaries taken as a whole (except in any case for the purpose of a reconstruction, union, transfer, merger or amalgamation effected with the consent of the Trustee and except, in the case of a Principal Subsidiary, for the purpose of a reconstruction, union, transfer, merger or amalgamation pursuant to which all of its property, assets and undertaking are transferred to either the Issuer, the Guarantor (in the case of Guaranteed Notes) or another Principal Subsidiary).

“**Principal Subsidiary**” is defined in the Trust Deed to mean a Subsidiary of the Guarantor whose total assets or total profits before interest payable and tax (“**Gross Profits**”) (attributable to the Guarantor) represent 10 per cent. or more of the consolidated total assets or consolidated Gross Profits (as the case may be) of the Guarantor and its Subsidiaries as reflected in the latest published audited consolidated financial statements of the Guarantor and its Subsidiaries (all as more particularly described in the Trust Deed). Total assets and total Gross Profits will, for this purpose, exclude assets and profits eliminated in the consolidation referred to in the previous sentence.

A certificate signed by any two Directors of the Guarantor or by any one Director and a Secretary of the Guarantor to the effect that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary shall, in the absence of a manifest error, be conclusive and binding on all parties.

10. **REPLACEMENT OF NOTES, COUPONS AND TALONS**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. ENFORCEMENT

The Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer or the Guarantor (in the case of Guaranteed Notes) as it may think fit to enforce any obligation, condition or provision binding on the Issuer or the Guarantor (in the case of Guaranteed Notes) under the Notes or Coupons or under the Trust Deed, but shall not be bound to do so unless:

- (a) It has been so directed by an Extraordinary Resolution or in writing by the holders of at least one-quarter of the nominal amount of the Notes outstanding; and
- (b) It has been indemnified and/or secured to its satisfaction.

No Noteholder or Couponholder shall be entitled to institute proceedings directly against the Issuer or the Guarantor (in the case of Guaranteed Notes) unless the Trustee, having become bound to proceed as aforesaid, fails to do so within a reasonable time and such failure is continuing.

12. INDEMNIFICATION OF TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from any obligation to take proceedings to enforce repayment unless indemnified and/or secured to its satisfaction. The Trust Deed also contains provisions pursuant to which the Trustee is entitled inter alia, (i) to enter into business transactions with each Issuer, the Guarantor and/or any Subsidiary of the Guarantor and to act as trustee for the holders of any other securities issued or guaranteed by or relating to either Issuer, the Guarantor or any Subsidiary of the Guarantor, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

13. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series of Notes, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer was incorporated; and
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by another relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or such other relevant authority; and
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(d). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and the Guarantor and, in certain limited circumstances, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

14. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

15. NOTICES

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication will be made in the Financial Times in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or admitted to trading by another relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or any relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative definitive Note or definitive Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent, the Trustee and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including proposals to modify by Extraordinary Resolution (as such term is defined in the Trust Deed) these Terms and Conditions or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that, at any meeting the business of which includes the modification of certain material terms and conditions of the Notes and provisions of the Trust Deed (as set out therein), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than three-quarters, or at any adjourned such meeting not less than one-quarter, of the nominal amount of the Notes for the time being outstanding. A Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders. An Extraordinary Resolution may also be effected in writing executed by or on behalf of the persons holding or representing

not less than 90 per cent. of the nominal amount of the Notes for the time being outstanding. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other Series in certain circumstances where the Trustee so decides.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (subject as provided above) of, or to any waiver or authorisation of any breach or proposed breach of any provision of the Notes or the Trust Deed or determine without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or to any modification to correct a manifest or a formal, minor or technical error or an error, which in the opinion of the Trustee is proven.

Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter.

The Trustee may agree (in the case of Guaranteed Notes), without the consent of the Noteholders or Couponholders, to the substitution at any time or times of (i) the Guarantor or any Successor in Business (as defined in the Trust Deed) or Holding Company (as defined in the Trust Deed) of the Guarantor, or (ii) subject to the Notes and Coupons remaining unconditionally and irrevocably guaranteed by the Guarantor or a Successor in Business or Holding Company of the Guarantor, any other company which is controlled by such guarantor, as the principal debtor under the Trust Deed and the Notes or (iii) any Successor in Business or Holding Company of the Guarantor, as guarantor under the Trust Deed and the Notes. Such agreement shall also be subject to the relevant provisions of the Trust Deed, such amendments thereof and such other conditions as the Trustee may approve or require. In the case of any proposed substitution, the Trustee may agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons and/or the Trust Deed, provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders.

In connection with the exercise of its powers, trusts, authorities and discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation, determination, substitution or change of law as aforesaid), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided in Condition 7 or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. **GOVERNING LAW**

The Trust Deed, the Agency Agreement, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law. Any matter, claim or dispute arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes and the Coupons, whether contractual or non contractual, is governed by, and shall be construed in accordance with, English law.

USE OF PROCEEDS

Unless otherwise stated in the applicable Final Terms, the net proceeds from each issue of Notes will be used for the general purposes of the Group and such specific purposes as may be determined from time to time. If the net proceeds, in relation to a particular Tranche of Notes, will be used for anything other than making profit and/or hedging certain risks, this will be stated in the applicable Final Terms.

GLAXOSMITHKLINE CAPITAL PLC

GSK Capital plc was incorporated with limited liability in England and Wales pursuant to the Companies Act 1985 on 16th May, 1988 with registered number 2258699. The principal objects of GSK Capital plc are set out in clause 4 of its memorandum of association and include carrying on business as a general commercial company.

GSK Capital plc is a wholly owned indirect subsidiary of the Guarantor, and acts as a United Kingdom resident financing company of the Group.

As of 30th June, 2013, GSK Capital plc had a net asset position of £75,000. GSK Capital plc's intermediate parent company, GlaxoSmithKline Finance plc, has provided GSK Capital plc with a letter of support, pursuant to which it has undertaken to provide financial assistance, for a period of one year from 15th April, 2013, to enable GSK Capital plc to meet its liabilities as they fall due.

Other than as described above, GSK Capital plc is not dependent on any other member of the Group.

The registered office address of GSK Capital plc is located at 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom with telephone number +44 (0) 20 8047 5000.

Board of Directors of GSK Capital plc

The members of the Board of Directors and Secretaries of GSK Capital plc, none of whom have activities outside the Group which are significant with respect to the Group, are as follows:

<u>Name of Director</u>	<u>Function in GSK Capital plc</u>
Edinburgh Pharmaceutical Industries Limited	Director
Glaxo Group Limited	Director
Simon Dingemans	Director
Victoria A. Whyte	Co-Secretary
Simon Bicknell	Secretary (Interim)

The registered office address of Edinburgh Pharmaceutical Industries Limited is Shewalton Road, Irvine, Ayrshire, Scotland, KA11 5AP, United Kingdom.

The business address of Glaxo Group Limited is 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom.

The business address of Simon Dingemans and the Secretaries is 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom.

GSK Capital plc confirms that there are no potential conflicts of interest between any duties owed to it and the private interests and/or other duties of the Board of Directors.

Board of Directors of Edinburgh Pharmaceutical Industries Limited (Corporate Director of GSK Capital plc)

The members of the Board of Directors of Edinburgh Pharmaceutical Industries Limited, a corporate director of GSK Capital plc, are as follows:

<u>Name of Director</u>	<u>Function in Edinburgh Pharmaceutical Industries Limited</u>
Glaxo Group Limited	Director
Alan Burns	Director
Simon Dingemans	Director

The registered office address of Glaxo Group Limited is 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom.

The business address of Alan Burns is 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom.

The business address of Simon Dingemans is 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom.

GSK Capital plc confirms that there are no potential conflicts of interest between any duties owed to it and the private interests and or other duties of the Board of Directors of Edinburgh Pharmaceutical Industries Limited.

Board of Directors of Glaxo Group Limited (Corporate Director of GSK Capital plc)

The members of the Board of Directors of Glaxo Group Limited, a corporate director of GSK Capital plc, are as follows:

<u>Name of Director</u>	<u>Function in Glaxo Group Limited</u>
Edinburgh Pharmaceutical Industries Limited	Director
The Wellcome Foundation Limited	Director
Simon Dingemans	Director
Paul F. Blackburn	Director

The registered office address of Edinburgh Pharmaceutical Industries Limited is Shewalton Road, Irvine, Ayrshire, Scotland, KA11 5AP, United Kingdom.

The registered office address of The Wellcome Foundation Limited is 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom.

The business address of Simon Dingemans and Paul F. Blackburn is 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom.

GSK Capital plc confirms that there are no potential conflicts of interest between any duties owed to it and the private interests and/or other duties of the Board of Directors of Glaxo Group Limited.

Board of Directors of The Wellcome Foundation Limited (Corporate Director of Glaxo Group Limited)

The members of the Board of Directors of The Wellcome Foundation Limited, a corporate director of Glaxo Group Limited, which is itself a director of GSK Capital plc, are as follows:

<u>Name of Director</u>	<u>Function in The Wellcome Foundation Limited</u>
Edinburgh Pharmaceutical Industries Limited	Director
Glaxo Group Limited	Director
Simon Dingemans	Director

The registered office address of Edinburgh Pharmaceutical Industries Limited is Shewalton Road, Irvine, Ayrshire, Scotland, KA11 5AP, United Kingdom.

The registered office address of Glaxo Group Limited is 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom.

The business address of Simon Dingemans is 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom.

GSK Capital plc confirms that there are no potential conflicts of interest between any duties owed to it and the private interests and or other duties of the Board of Directors of The Wellcome Foundation Limited.

As at 31st July, 2013 (being the last practicable date at which such figures could be obtained), 100,000 ordinary £1 shares were in issue and fully paid. GSK Capital plc confirms that there has been no material change in the issued share capital since this date.

GSK Capital plc complies with the various requirements of the corporate governance regime of the United Kingdom.

GLAXOSMITHKLINE PLC

GSK plc was incorporated with limited liability in England and Wales pursuant to the Companies Act 1985 on 6th December, 1999 with registered number 3888792. The principal objects of GSK plc are not subject to any limitation or restriction in its Articles of Association and are therefore unrestricted in accordance with Section 31 Companies Act 2006.

The registered office address of GSK plc is located at 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom with telephone number +44 (0) 20 8047 5000.

GSK plc is the parent company of the Group which had turnover of £26.4 billion from continuing operations in 2012.

GSK plc is not dependent on any other member of the Group.

The Group is a global healthcare group which is engaged in the creation and discovery, development, manufacture and marketing of pharmaceutical products, including vaccines, Over-the-counter (OTC) medicines and health-related consumer products.

In 2012, the Group manufactured its products in 34 countries. The major markets for the Group's products are the USA, France, Japan, Germany, Italy, the U.K. and Canada. At 31st December, 2012 it employed approximately 99,488 employees.

As at 31st July, 2013 (being the last practicable date at which such figures could be obtained), of the issued share capital of GSK plc, 505,049,512 ordinary shares of 25p each were held in Treasury and 4,907,086,864 ordinary shares of 25p were in free issue, including those held in the Employee Share Ownership Plan Trusts. As at 30th June, 2013 (being the last practicable date at which such figures could be obtained), 29,584,377 ordinary shares of 25p each and American Depositary Shares representing a further 35,111,648 ordinary shares of 25p each were held in the Employee Share Ownership Plan Trusts. GSK plc confirm that there has been no material change in the issued share capital since this date.

BOARD OF DIRECTORS OF GLAXOSMITHKLINE PLC

The members of the Board of Directors of the GSK plc (the “**Board**”), none of whom have activities outside the Group which are significant with respect to the Group, are as follows:

Name of Director	Age	Executive/ Non-Executive	Function in Group
Executive			
Witty, Sir Andrew Philip	48	Executive	Chief Executive Officer
Dingemans, Mr. Simon	50	Executive	Chief Financial Officer
Slaoui, Dr. Moncef	54	Executive	Chairman, Global R&D & Vaccines
Non-Executive			
Anderson, Professor Sir Roy Malcolm	66	Non-Executive	Non-Executive Director
Wijers, Dr. Hans	62	Non-Executive	Non-Executive Director
Burns, Dr. Stephanie Ann	58	Non-Executive	Non-Executive Director
Gent, Sir Christopher Charles	65	Non-Executive	Chairman of the Board, Chairman of the Nominations Committee and Chairman of the Corporate Responsibility Committee
Maughan, Sir Deryck Charles	65	Non-Executive	Non-Executive Director
Podolsky, Dr. Daniel	60	Non-Executive	Non-Executive Director
de Swaan, Mr. Tom	67	Non-Executive	Non-Executive Director and Chairman of the Remuneration Committee
Wilson, Sir Robert Peter	69	Non-Executive	Non-Executive Director
Lewent, Ms. Judy Carol	64	Non-Executive	Non-Executive Director and Chair of the Audit and Risk Committee
Cartwright, Ms. Stacey Lee	49	Non-Executive	Non-Executive Director
Elsenhans, Ms. Lynn Laverty	57	Non-Executive	Non-Executive Director
Ulrich, Ms. Jing	46	Non-Executive	Non-Executive Director

GSK plc confirms that there are no potential conflicts of interest between any duties owed to it and the private interests and/or other duties of the Board.

The business address for each of the above Directors is 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom.

On 26th July, 2013, Simon Bicknell was appointed as a Company Secretary (Interim) of GSK plc.

SUMMARY FINANCIAL INFORMATION OF THE GROUP

The following summary financial information, set out on pages 63 and 64 inclusive, is extracted (without material adjustments) from the audited consolidated annual financial statements of the Group, for the years ended 31st December, 2012 and 31st December, 2011, as prepared under International Financial Reporting Standards (“IFRS”), and from the unaudited interim condensed financial information of the Group for the six-month period ended 30th June, 2013 and 30th June, 2012. These are available as specified under the heading “Documents Available for Inspection” on page 70. However, the financial results of the Group for the years ended 31st December, 2012 and 31st December, 2011 and the six months ended 30th June, 2012 have been restated following the implementation of IAS19 (Revised) from 1st January, 2013 (see Note 1 below). The financial information presented is inclusive of the costs relating to the Operational Excellence programme, which commenced in October, 2007.

CONSOLIDATED INCOME STATEMENT

(all figures unaudited)

	30th June		31st December	
	2013	2012 (restated)	2012 (restated)	2011 (restated)
	£m	£m	£m	£m
Turnover	13,089	13,102	26,431	27,387
Operating Profit.....	3,018	3,727	7,300	7,734
Net Finance Expense.....	(366)	(352)	(729)	(709)
Profit on disposal of interest in associates	29	–	–	585
Share of after tax profits of associates and joint ventures.....	18	10	29	15
Profit Before Taxation	2,699	3,385	6,600	7,625
Taxation	(586)	(709)	(1,922)	(2,220)
Profit After Taxation	2,113	2,676	4,678	5,405
Profit Attributable to Non-controlling interests	107	130	179	197
Profit Attributable to Shareholders	2,006	2,546	4,499	5,208
	2,113	2,676	4,678	5,405

Note 1 – Revision of IAS19 ‘Employee benefits’

IAS19 (Revised) has been implemented by GSK plc from 1st January, 2013. The main effect is that the expected returns on pension scheme assets has been replaced by income calculated using the same discount rate as that used to measure the pension obligations. This discount rate is based on market rates for high quality corporate bonds. As a consequence, pension scheme costs in the income statement will be higher under IAS19 (Revised). The impact on the previously reported results in respect of pension costs, earnings per share and net assets are shown in the table below:

	30 June	31 December	
	2012	2012	2011
Pension costs (£m).....	(46)	(92)	(73)
Earnings per share (pence).....	(0.7)p	(1.3)p	(1.0)p
Net Assets (£m)	(11)	(10)	(13)

Impact – favourable/(adverse)

CONSOLIDATED BALANCE SHEET

(all figures unaudited)

	30th June	31st December	
	2013	2012 (restated)	2011 (restated)
	£m	£m	£m
Non-current assets			
Property, plant, equipment and investments	10,735	10,142	9,898
Intangible assets	14,775	14,520	11,556
Other non-current assets	3,113	3,127	3,467
Total Non-Current Assets	28,623	27,789	24,921
Current assets			
Cash, cash equivalents and liquid investments	2,913	4,265	5,898
Other current assets	10,523	9,427	10,269
Total current assets	13,436	13,692	16,167
Total Assets	42,059	41,481	41,088
Current liabilities			
Short-term borrowings	(2,334)	(3,631)	(2,698)
Short-term provisions	(962)	(693)	(3,135)
Other current liabilities	(9,181)	(9,491)	(9,177)
Total Current Liabilities	(12,477)	(13,815)	(15,010)
Non-current liabilities			
Long-term borrowings	(16,299)	(14,671)	(12,203)
Other non-current liabilities	(6,012)	(6,258)	(5,061)
Total non-current liabilities	(22,311)	(20,929)	(17,264)
Total Liabilities	(34,788)	(34,744)	(32,274)
Net Assets	7,271	6,737	8,814
Equity			
Shareholders' equity	6,412	5,800	8,019
Non-controlling interests	859	937	795
Total Equity	7,271	6,737	8,814

TAXATION

United Kingdom Taxation

The following is only a summary of the Issuers' understanding of current United Kingdom tax law and HMRC published practice as at the date of this Prospectus relating to certain United Kingdom tax implications of investing in the Notes as they affect most investors (other than dealers in securities). It does not deal with situations where the Noteholder is not the beneficial owner of the Notes. The UK treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Persons who are unsure of their tax positions are strongly advised to consult their own professional advisers.

1. *Withholding tax*

- (a) Short-term Notes. Where interest is payable on Notes which have a maturity of less than 365 days (and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of more than 364 days), the interest will not be “*yearly interest*” for the purposes of the Income Tax Act 2007 (“**ITA 2007**”) and accordingly payments of interest on such Notes may be made without withholding or deduction for or on account of United Kingdom income tax.
- (b) Other Notes. Interest bearing Notes will constitute “Quoted Eurobonds” within the meaning of Section 987 of the ITA 2007 while the Notes are listed on a “recognised stock exchange” within the meaning of Section 1005 of the ITA 2007 (the London Stock Exchange is such a “*recognised stock exchange*”). Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the FSMA) and admitted to trading on the London Stock Exchange. Payments of interest on such Notes as fall outside the scope of paragraph (a) above, but which are Quoted Eurobonds, may be made without withholding or deduction for or on account of United Kingdom income tax irrespective of whether the Notes are in global form or in definitive form.

In other cases an amount must generally be withheld on account of United Kingdom income tax at the basic rate (currently 20 per cent.) from payments of interest on such Notes as fall outside the scope of paragraph (a) above, subject (i) to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty or (ii) to the interest being paid to the persons (including companies within the charge to United Kingdom corporation tax) and in the circumstances specified in Sections 933 to 937 of the ITA 2007.

Where a Noteholder is associated with the Issuer, resident in a Member State of the EU, beneficially entitled to the interest and entitled in practice to the benefit of the European Council Directive 2003/49/EC, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax.

2. *HMRC information gathering powers*

HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions.

The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities.

The information HMRC can obtain includes: details of the beneficial owner of securities; details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid. HMRC is generally not able to obtain information (under its power relating solely to interest) about a payment of interest to (or a receipt for) a person that is not an individual. This limitation does not apply to HMRC's power to obtain information about payments derived from securities.

HMRC has indicated that it will not use its information-gathering power on interest to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before 6th April, 2014.

In certain circumstances the information which HMRC has obtained using these powers may be exchanged with tax authorities in other jurisdictions.

3. *Further United Kingdom income tax issues for interest on Notes*

Interest on the Notes constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even when paid without withholding subject to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty.

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 Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation through a branch or agency in the United Kingdom in connection with which the interest is received or to which the Notes are attributable (and where the Noteholder is a company, unless that Noteholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Notes are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision under an applicable double taxation treaty.

4. *United Kingdom corporation tax payers*

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

5. *Other United Kingdom tax payers*

Taxation of chargeable gains

A disposal of Notes by an individual Noteholder who is resident in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable, may give rise to a chargeable gain or allowable loss for the purposes of the United Kingdom taxation of chargeable gains, unless the Notes constitute "qualifying corporate bonds" within the meaning of Section 117 of the Taxation of Chargeable Gains Act 1992. There are provisions to prevent any particular gain (or loss) from being charged (or relieved) at the same time under these provisions and also under the provisions of the "accrued income scheme" described below.

Accrued Income Scheme

On a disposal of Notes by a Noteholder, 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*” if that Noteholder is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

Taxation of discount

If the Notes constitute “deeply discounted securities” for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005, individual Noteholders who are within the scope of United Kingdom income tax will be liable to United Kingdom income tax on any gain made on the sale or other disposal (including redemption) of the Notes but such Noteholder will not be able to claim relief from income tax in respect of costs incurred on the acquisition, transfer or redemption, or losses incurred on the transfer or redemption, of the Notes.

EU Savings Directive

Under European Union Council Directive 2003/48/EC on the taxation of savings income (the “**EU Savings Directive**”), each Member State of the European Union is 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, or collected by such person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, 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-European Union countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1st January, 2015, in favour of automatic information exchange under the EU Savings Directive.

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

The Proposed Financial Transactions Tax (“FTT”)

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement dated 5th August, 2013 (the “**Programme Agreement**”), agreed with each Issuer and (in the case of Guaranteed Notes) the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuers (failing which, the Guarantor) have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

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

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons or persons within the U.S. or its possessions. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons or persons within the United States or its possessions. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the relevant final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 Amending Directive, 150, natural or legal persons (other than qualified

investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;
- (ii) 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 or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor (in the case of Guaranteed Notes); and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuers, the Guarantor (in the case of Guaranteed Notes) nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers, the Guarantor (in the case of Guaranteed Notes) or the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment and update of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of GSK Capital plc dated 15th November, 2001. The participation in the Programme of GSK plc as an Issuer has been duly authorised by a resolution of the Corporate Administration & Transactions Committee of GSK plc dated 5th May, 2004. The giving of the Guarantee and update of the Programme have been duly authorised by a resolution of the Board of Directors of the Guarantor dated 20th September, 2001. The increases in Programme size have been duly authorised by resolutions of (i) the Board of Directors of GSK Capital plc dated 27th March, 2006 and 21st July, 2009; and (ii) the Board of Directors of GSK plc dated 29th September, 2005 and 9th July, 2009.

Listing of Notes

The listing of Notes on the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. The listing of the Programme in respect of Notes is expected to be granted on or about 5th August, 2013. Application is expected to be made for Notes issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to trading on the London Stock Exchange's Regulated Market and to be admitted to the Official List.

Documents Available for Inspection

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available for inspection at the registered offices of the Issuers and from the specified office of the Paying Agent for the time being in London:

- (i) the constitutional documents of the Issuers;
- (ii) the consolidated financial statements of the Group in respect of the financial years ended 31st December, 2012 and 31st December, 2011, in each case together with the audit reports prepared in connection therewith;
- (iii) a copy of the documents listed at (b) to (n) on page 6;
- (iv) the most recently available audited consolidated annual financial statements of the Group, in each case together with the audit reports prepared in connection therewith and the most recently available unaudited interim condensed financial information (if any) of the Group;
- (v) the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (vi) a copy of this Prospectus;
- (vii) any future offering circulars, prospectuses, information memoranda, supplements (including Final Terms) to this Prospectus and any other documents incorporated herein or therein by reference; and
- (viii) in the case of each issue of Notes admitted to trading on the London Stock Exchange's Regulated Market and subscribed pursuant to a subscription agreement or equivalent document, such agreement.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 3 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

Significant or Material Change

There has been no significant change in the financial or trading position of GSK plc and/or GSK Capital plc and/or the Group since 30th June, 2013 and there has been no material adverse change in the prospects of GSK plc and/or GSK Capital plc and/or the Group since 31st December, 2012.

Litigation

References in this section “*General Information – Litigation*” to the “*Financial Statements*” mean the financial statements in the Group’s Annual Report 2012.

Save as disclosed in Note 14, “*Taxation*”, to the Financial Statements set out on page 161 of the Group’s Annual Report 2012, Note 44, “*Legal proceedings*”, to the Financial Statements set out on pages 210 to 217 of the Group’s Annual Report 2012 and “*Legal matters*” and “*Taxation*” each set out on page 37 of the June Interim 2013 Financial Information (which is incorporated by reference herein), there are no governmental, legal or arbitration proceedings, including any which are pending or threatened, of which the Issuers or the Guarantor are aware, which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of any of GSK plc and/or GSK Capital plc and/or the Group. As at 30th June, 2013, the Group had £0.6 billion (31st December, 2012: £0.5 billion) of provisions for legal and other disputes and other matters, including amounts relating to antitrust and competition, product liability, intellectual property, sales and marketing and regulation and commercial and corporate but excluding tax matters disclosed in Note 14, “*Taxation*”, to the Financial Statements set out on pages 160 to 162 of the Group’s Annual Report 2012 and in “*Taxation*” set out on page 37 of the June Interim 2013 Financial Information. Legal provisions are disclosed in detail in Note 29, “*Other provisions*”, to the Financial Statements set out on page 180 of the Group’s Annual Report 2012.

Auditors

The auditors of GSK plc and GSK Capital plc are PricewaterhouseCoopers LLP, a member firm of the Institute of Chartered Accountants of England and Wales, of Embankment Place, London, WC2N 6RH, United Kingdom (the “**Auditors**”), who have audited without qualification, in accordance with International Standards on Auditing (UK and Ireland) the accounts of GSK plc and GSK Capital plc for the financial years ended 31st December, 2012 and 2011.

The audit report of GSK plc in respect of the financial years ended 31st December, 2012 and 31st December, 2011 contained a statement that the report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. The audit work was undertaken so that the Auditors could state to GSK plc’s members those matters which they are required to state in their auditors’ report and for no other purpose. To the fullest extent permitted by law, they do not accept or assume responsibility to anyone other than GSK plc and the company’s members as a body, for their audit work, for their report, or for the opinions they have formed.

The statement is recommended in updated guidance (Updated on Audit 01/03) issued by the Institute of Chartered Accountants in England and Wales for inclusion in all audit reports produced by audit firms under sections 495, 496 and 497 of Chapter 3 of Part 16 of the Companies Act 2006.

The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors and/or any other expert in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Auditors or such other expert in connection therewith contains any limit on liability (monetary or otherwise) of the Auditors or such other expert.

The financial information included herein does not constitute statutory accounts of GSK plc or GSK Capital plc within the meaning of Section 434 of the Companies Act 2006. Statutory consolidated accounts for each financial year to which such financial information relates have been delivered to the Registrar of Companies in England and Wales. The Auditors have made reports under Chapter 3 of Part 16 of the Companies Act 2006 on such statutory accounts without qualification.

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