Return of Cash and Share Capital Consolidation – Base Cost Apportionment

On 19 May 2014, the Company announced its proposed Return of Cash of 56 pence per Existing Ordinary Share to Shareholders which was approved at a general meeting of the Company on 11 June 2014. The cash, which in total amounted to approximately £1 billion, is being returned through the issue of one B or C Share to Shareholders for each Existing Ordinary Share held at 6.00pm on 7 July 2014 and was accompanied by a consolidation of the Existing Ordinary Shares in the ratio of 16 New Ordinary Shares for every 17 Existing Ordinary Shares held. The New Ordinary Shares are equivalent in all material respects to the Existing Ordinary Shares, including their voting, dividend and other rights and the New Ordinary Shares were admitted to trading on 8 July 2014. The B and C Shares were not admitted to trading.

Base Cost Apportionment - UK taxation of chargeable gains for New Ordinary Shares and B/C Shares

As explained in the Circular dated 19 May 2014 (Part VI), the allotment and issue of the B and C Shares and the Share Consolidation is expected to be treated as a reorganisation of the Company's share capital for the purposes of the United Kingdom taxation of capital gains and corporation tax on chargeable gains. As a result, the base cost (allowable expenditure) of holdings of Existing Ordinary Shares is apportioned between the New Ordinary Shares and the B and/or C Shares.

The apportionment, as prescribed by section 130 (2) Taxation of Chargeable Gains Act 1992 ("TCGA"), is in general terms based on respective market values on the first day after the reorganisation on which a price for the New Ordinary Shares was quoted on the London Stock Exchange. On the first day of trading after the B and C Shares were issued (being 8 July 2014), the market value of the New Ordinary Shares was 1024.50 pence (using the valuation methodology prescribed by s.272(3) TCGA), and we assume that the market value of a B Share and of a C Share on that date was 56 pence, being the amount payable for each Existing Ordinary Share validly elected for the Capital Option or validly elected (or deemed elected) for the Income Option, as appropriate.

Based on the New Ordinary Share price of 1024.50 pence and the market value of a B Share and of a C Share of 56 pence, and calculated using the ratio of 16 New Ordinary Shares and 17 B or 17 C Shares for every 17 Existing Ordinary Shares previously held, 94.51% of the base cost of the Existing Ordinary Shares is apportioned to the New Ordinary Shares and 5.49% to the B and/or C Shares. If a Shareholder’s holding of Existing Ordinary Shares at 6.00pm on 7 July 2014 does not divide exactly by 17, the Shareholder will be left with a fractional entitlement to a New Ordinary Share, and an adjustment would need to be made to the base cost of the New Ordinary Shares to take this fractional entitlement into account.

The information provided above is only intended to provide general guidance to UK Shareholders and is not intended to be, and should not be construed to be, legal or taxation advice to any particular UK Shareholder. It states the position as of 9 July 2014. If you are in any doubt as to your tax position, you are recommended to seek your own tax advice from an independent professional adviser. This note must be read in conjunction with the Circular to Shareholders dated 19 May 2014, where certain terms are defined.

9 July 2014