

Base Prospectus dated 19 May 2014



## Carlsberg Breweries A/S

*(incorporated with limited liability in the Kingdom of Denmark)*

**€5,000,000,000**

### **Euro Medium Term Note Programme**

Under the Euro Medium Term Note Programme described in this Base Prospectus (the "Programme"), Carlsberg Breweries A/S (the "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "Notes"). The aggregate nominal amount of Notes outstanding will not at any time exceed €5,000,000,000 (or the equivalent in other currencies).

Application has been made to the Commission de Surveillance du Secteur Financier (the "CSSF") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, for the approval of this Base Prospectus as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the "Prospectus Directive"). Application has also been made to the Luxembourg Stock Exchange for the Notes issued under the Programme to be admitted to the official list of the Luxembourg Stock Exchange (the "Official List") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. References in this Base Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market (or any other stock exchange).

**The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuers in accordance with Article 7(7) of the Prospectus Act 2005.**

Each Series (as defined in "General Description of the Programme - Method of Issue") of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "temporary Global Note") or a permanent global note in bearer form (each a "permanent Global Note" and together with a temporary Global Note, "Global Notes"). If the Global Notes are stated in the applicable Final Terms to be issued in new global note ("NGN") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "Common Safekeeper") for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg"). Notes in registered form will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates ("Global Certificates"). If a Global Certificate is held under the New Safekeeping Structure (the "NSS") the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg.

Global notes which are not issued in NGN form ("Classic Global Notes" or "CGNs") and Global Certificates which are not held under the NSS will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "Common Depositary"). Each such temporary Global Note will be exchangeable, as specified in the applicable Final Terms, for either a permanent Global Note or Notes in definitive form, in each case upon certification as to non-US beneficial ownership as required by US Treasury regulations. A permanent Global Note will be exchangeable for definitive Notes in limited circumstances, all as further described in "Overview of Provisions relating to the Notes while in Global Form" herein.

The Programme has been rated by Moody's France SAS ("Moody's") and by Fitch Ratings Ltd. ("Fitch"). The credit ratings included or referred to in this Base Prospectus will be treated for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies, as amended by Regulation (EU) No 513/2011 (the "CRA Regulation"), as having been issued by Moody's and Fitch. Moody's and Fitch are established in the European Union and are registered under the CRA Regulation. A list of registered Credit Rating Agencies is published on the European Securities and Markets Authority ("ESMA") website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>). Tranches of Notes (as defined in "General Description of the Programme - Method of Issue") to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Base Prospectus. The Base Prospectus and all documents incorporated by reference herein will be published in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

#### **Arranger for the Programme**

**BNP PARIBAS**

**Dealers**

**BNP PARIBAS**

**Danske Bank**

**SEB**

**Citigroup**

**Nordea**

**Société Générale Corporate & Investment Banking**

**The Royal Bank of Scotland**

*This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the “Prospectus Directive”) and for the purpose of giving information with regard to the Issuer and its subsidiaries taken as a whole (the “Group”) and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.*

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

*This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for 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, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. 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 the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.*

**No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (as defined in “General Description of the Programme”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.**

**The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, (the “Securities Act”) and include Notes in bearer form that 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 U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “Subscription and Sale”.**

**This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.**

**To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.**

**In connection with the issue of any Tranche (as defined in “General Description of the Programme - Method of Issue”), one or more Dealers in such capacity (the “Stabilising Manager(s)”) (or any person acting on behalf of any Stabilising Manager(s)) may over-allot 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 any person acting on behalf of any 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 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 and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

**In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “Danish kroner”, “Kr” and “DKK” are to the lawful currency of the Kingdom of Denmark, those to “euro”, “EUR” or “€” are 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 from time to time), those to “Renminbi”, “RMB” and “CNY” are to the lawful currency of the People’s Republic of China (the PRC) which, for the purposes of this Base Prospectus, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan, those to “Sterling” and “£” are to the lawful currency of the United Kingdom and those to “US dollars” and “US\$” are to the lawful currency of the United States of America.**

## **BASE PROSPECTUS SUPPLEMENT**

If at any time the Issuer shall be required to prepare a prospectus supplement pursuant to Article 13 of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market, shall constitute a base prospectus supplement as required by Article 13 of the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

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## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with (i) the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2012 and 31 December 2013, respectively, together in each case with the audit report thereon, which have been previously published or are published simultaneously with this Base Prospectus or filed with the CSSF and (ii) the Terms and Conditions set out on pages 23 to 56 of the base prospectus published by the Issuer dated 19 May 2014. Such documents shall be incorporated by reference in and form part of this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Base 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, except as so modified or superseded, constitute a part of this Base Prospectus. Those parts of the documents incorporated by reference in this Base Prospectus which are not specifically incorporated by reference in this Base Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Base Prospectus.

Information incorporated by reference that is not included in the list of documents incorporated by reference above is considered additional information and is not required by any relevant schedules of the Prospectus Regulation.

Copies of documents incorporated by reference in this Base Prospectus may be obtained without charge from [www.carlsberggroup.com](http://www.carlsberggroup.com) and will be published in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The table below sets out the relevant page references for the audited consolidated financial statements for the financial years ended 31 December 2012 and 31 December 2013, respectively, as set out in the Issuer's Annual Reports for these years, as available on the website listed above, in pdf form. The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) 809/2004.

**Audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2012**

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**Audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2013**

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## RISK FACTORS

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

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme. The inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on 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 Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

### **Risks Related to the Group's Industry**

#### **Competition in the beverage industry may lead to a reduction in margins and may affect the Group's profitability**

Although the Group has a leading position in the beer market in a number of its key markets, the Group is subject to competition from existing competitors and new entrants, as well as from substitute beverages, and may be affected by further consolidation in the sector. In order to maintain its competitive position the Group may need to increase its advertising and promotion expenditure, develop new products through innovation and maintain and optimise its existing portfolio.

There can be no assurance that significant increases in advertising and promotion costs, loss of sales volume, price discounting, a lack of innovative products or a combination of these and other factors that may occur as a result of increased competition would not have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

#### **There are a variety of factors relating to consumer preferences that may cause lower demand for the Group's products, which could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition**

The beverage industry is highly competitive, and the beer segment in particular faces strong competition from alternative beverages. Consumer demand for beer and soft drinks depends on a variety of factors, including changes in demographic and social trends, health perceptions, the introduction of alternative spending opportunities and downturns in economic conditions. These factors may reduce consumers' willingness to purchase beer products and soft drinks and may lead to the consumption of substitute products. Reduced consumption of beer and, to a lesser extent, soft drinks in any of the Group's key markets could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

#### **Changes in existing regulations, increased regulation or failure to comply with existing licensing, trade and other regulations could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition**

The Group's brewing, bottling, marketing, sales and distribution operations are subject to regulation in the countries in which it operates regarding such matters as licensing requirements, trade and pricing practices (including grey market imports and parallel pricing), labelling, advertising, promotion and marketing

practices, relationships with distributors, environmental, tax, labour and other matters. Failure to comply with these laws and regulations could result in the loss, revocation or suspension of the Group's licenses, permits or approvals and may also result in negative publicity.

In addition, changes in any of these or any other laws or regulations could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition. There can be no assurance that the Group will not incur material costs or liabilities in connection with its compliance with current applicable regulatory requirements or that such regulations will not interfere with, restrict or affect the Group's business.

The level of regulation to which the Group is subject can be affected by changes in public perception of beer and soft drink consumption.

**Cost increases and shortages of raw materials and packaging could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition**

Management cannot predict future availability or prices of the raw materials (such as barley, malt and hops) and packaging materials (which include mainly aluminium cans, glass and PET bottles, labels, plastic crates and cardboard products) required for the Group's production. The prices of raw materials and packaging can fluctuate widely and are determined by the relative strengths of suppliers (which may be increased by consolidation among suppliers, reducing supply alternatives for the Group), global supply and demand and other factors, including changes in exchange rates, energy prices, global crop production, government regulations and legislation affecting agriculture, factors over which the Group has no control. A substantial increase in the prices of these materials (in particular if such incremental amounts cannot be passed on to the customer), a lack of availability of materials or a prolonged interruption in their supply, could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

In particular, the supply and price of raw materials used to produce the Group's products can be affected by a number of factors beyond the Group's control, including frosts, droughts, growing demand for biofuel and other adverse weather conditions, economic factors affecting growth decisions, various plant diseases and pests.

Furthermore, the Group's operations require access to significant amounts of water. Any sustained interruption in water supplies (as a result of drought or general water shortage) to the Group or any significant increase in water prices could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**The Group's business, results of operations, cash flows or financial condition could be affected by increased excise duties, environmental fees and tax costs**

Various legislative authorities in those countries in which the Group operates may from time to time consider proposals to impose environmental fees, additional excise and other taxes on the production and sale of alcoholic and non-alcoholic beverages, including beer and soft drinks. Changes in such duties applicable to the Group's products may affect the prices at which they are sold, which can in turn result in changes in demand for the Group's products. Increases in the levels of excise and other tax (either on an absolute basis or relative to the levels applicable to other alcoholic beverages) could have a significant adverse impact on sales volumes. In addition, there can be no assurance that the operations of the Group's breweries and other facilities will not become subject to increased excise duties and taxation by local, national or foreign authorities. Changes in corporate income tax rates or regulations on repatriation of dividends and capital could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**A significant increase in the cost of energy could affect the Group's profitability**

Energy prices, including the price of oil, natural gas, gasoline and diesel fuel, are cost drivers for the Group's business. Sustained high energy prices could negatively impact the Group's operating results and demand for the Group's products. Increases in energy costs would result in higher transportation, freight and other operating costs. The Group's future operating expenses and margins will be dependent upon its ability to manage the impact of cost increases. There can be no assurance that the Group will be able to pass increased energy costs to its customers through increased prices, and the inability to do so could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**The Group is exposed to the risks of an economic downturn or recession and falls in per capita income, which could adversely affect the demand for its products**

The Group is exposed to the risks of an economic downturn or recession either globally or in one or more of its key markets.

Beer and soft drink consumption in emerging and growth markets is linked to general economic conditions, tending to rise in such markets during periods of increasing per capita income and to fall during periods of declining per capita income. In addition to moving in line with changes in per capita income, beer consumption also increases or decreases in accordance with changes in disposable income, particularly in the emerging markets in which the Group operates. A decrease in disposable income resulting from an increase in income taxes, the cost of living, or other factors adversely affecting demand for beer and soft drinks, could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**Seasonal consumption cycles and adverse weather conditions may result in fluctuations in demand for the Group's products, adversely affecting the Group's business, results of operations, cash flows and financial condition**

Seasonal consumption cycles and adverse weather conditions in the markets in which the Group operates may result in fluctuations in demand for the Group's products. Accordingly, demand for beer is normally more depressed in the Group's major markets during the first three months of each year. As a result, the Group's consolidated net revenue is normally lower during these months. Moreover, exceptionally cold summer temperatures or hot summer temperatures in certain key markets of the Group, particularly in Western and Eastern Europe, may have a temporary negative impact on the demand for the Group's products as consumers substitute beer with alternative beverages, contributing to lower sales of beer and, therefore, could have a material adverse effect on the Group's business, results of operations, cash flows and financial condition.

**The Group is exposed to the risk of litigation**

Companies in the beverage industry are, from time to time, exposed to class action or other litigation. In particular, such actions or litigation may be related to alcohol advertising, alcohol abuse programs or health consequences from the excessive consumption of alcohol or soft drinks. Increasing legislation increases the risk of non-compliance while more regulatory supervision and the growing claim culture potentially increase the impact of any non-compliance. If any litigation faced by the group results in fines, damages or reputational damage, it could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**Negative publicity may adversely affect companies in the beverage industry**

Negative publicity regarding alcohol or soft drink consumption, publication of studies that indicate a significant health risk from consumption of alcohol or soft drinks, or changes in consumer perceptions in relation to beer or soft drinks generally could adversely affect the sale and consumption of the Group's

products and could harm the Group's business, results of operations, cash flows or financial condition as consumers and customers change their purchasing patterns.

**The Group's ability to borrow from banks or in the capital markets may be materially adversely affected by a financial crisis in a particular geographic region, industry or economic sector**

The Group's ability to borrow from banks or in the capital markets to meet its financial requirements is dependent on normal market conditions. Financial crises in particular geographic regions, industries or economic sectors have, in the recent past, led and could in the future lead to sharp declines in the currencies, stock markets and other asset prices in those geographic regions, industries or economic sectors, in turn threatening affected financial systems and economies.

**Significant costs can be incurred by companies in the beverage industry as a result of compliance with and violations or liabilities under environmental laws**

The Group's operations are subject to various laws and regulations relating to the protection of the environment, including those governing the recycling of cans and bottles, the discharge of pollutants into the air and water, the management and disposal of hazardous substances and waste, and the cleanup of contamination. Potentially significant expenditures could be required as a result of violations of, or liabilities under, environmental laws or non-compliance with the environmental permits required at its production facilities or in order to comply with environmental laws that may be adopted or imposed in the future and there can be no assurance that the Group will not incur any environmental liability in the future. Any of the foregoing could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**If any of the Group's products contain contaminants, the Group may be subject to product recalls or other liabilities which could cause the Group to incur significant additional costs on a consolidated basis and suffer damage to its reputation**

A risk of contamination exists at each stage of the production cycle, including the production and delivery of raw materials, the brewing and packaging of beer, the stocking and delivery of beer to distributors and retailers, and the storage and shelving of products at the points of final sale. Management believes that it takes reasonable precautions to ensure that the Group's beverage products are free of contaminants. In the event that contamination occurs, it may lead to business interruption, product recalls or liabilities, any of which could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition and on the Group's reputation and prospects.

**Risks Related to the Group's Business**

**Negative publicity may harm the Group's business**

Companies in the beverage industry are, from time to time, adversely affected by negative publicity. See "Risks Related to the Group's Industry – Negative publicity may adversely affect companies in the beverage industry". The Carlsberg brand and other key brand names are used by the Issuer, the Group, subsidiaries of the Group, certain joint ventures and companies over which the Issuer does not have control and are licensed or sub-licensed to third-party brewers. To the extent that the Issuer, one of the Group's subsidiaries, joint ventures or licensees, or any of their brands, are subject to negative publicity which causes consumers and customers to change their purchasing patterns, it could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition. The risk of negative publicity increases as the Group continues to expand its operations into emerging and growth markets that are often characterised by different cultures and standards, for instance with regard to environmental and social matters such as labour rights and local work conditions.

**The Group may not be able to protect its intellectual property rights and any failure to protect the Group's intellectual property rights or any claims that the Group is infringing upon the rights of others may adversely affect the Group**

The Group's future success depends significantly on its ability to protect its current and future brands and products and to defend its intellectual property rights. The Group has been granted numerous trademark registrations covering its brands and products and has filed, and expects to continue to file on a timely basis, trademark and patent applications seeking to protect newly-developed brands and products. The Group cannot be sure that trademark and patent registrations will be issued with respect to any of its applications, or that once issued these registrations will not be challenged or circumvented by competitors. Moreover, some of the countries in which the Group operates offer less intellectual property protection than is available in Europe.

An event, or a series of events, that materially damages the reputation of one or more of the Group's brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business, which could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**Inability to gain from efficiency measures may lead to a reduction in margins and may affect the Group's profitability**

Although the Group continues to implement a number of efficiency programmes, the Group may not realise the expected benefits from the efficiency measures taken under such programmes. There can be no assurance that any failure to derive benefits from such efficiency improvements would not have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**The Group is subject to competition regulations in certain jurisdictions in which it has a leading market share**

In many of the countries in which the Group operates, it has a leading position in the local beer market, which means that future expansion through the acquisition of other businesses in the local market may be restricted or prevented. Where the Group has a strong leadership position, controls may be imposed to restrict its activities and prevent any possible abuse of such position. There can be no assurance that, were new or further competition regulations to be introduced into these markets, they would not have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**The Group's inability to recruit and retain sufficient qualified personnel or the loss of the Group's management team or key personnel could negatively impact the Group**

Certain aspects of the Group's business depend upon highly-skilled employees. The Group devotes considerable resources to recruiting and developing such individuals and encouraging such individuals to remain employed by the Group. While management believes that it has been successful in securing the loyalty of its key employees, it is possible that, in the future, the Group may experience personnel changes and may have difficulty attracting and retaining sufficient numbers of skilled employees. In addition, the Group is managed by a relatively small number of senior management and key personnel, many of whom have extensive knowledge and experience with the Group's business, products and services and would be costly and possibly difficult to replace. The Group's inability to recruit sufficient qualified personnel or any loss or interruption of the services of the Group's management team or key personnel, could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**Reliance on key third-party suppliers could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition**

The Group relies on a limited number of key third-party suppliers, including third-party suppliers for a range of raw materials for beer and soft drinks, and for packaging material, including aluminium cans, glass and

PET bottles and kegs. The Group seeks to limit its exposure to market fluctuations in these supplies through entering into medium- and long-term fixed-price arrangements. Consolidation of suppliers, the termination of arrangements with certain key suppliers or the failure of a key supplier to meet its contractual obligations would require the Group to make purchases from alternative suppliers, in each case at potentially higher prices than those agreed with this supplier, and this could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

The Group also relies on bottling agreements with third parties. The loss of such licenses could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**The Group's substantial dependence on third-party retailers and wholesalers for the distribution of its products could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition**

The Group sells its products directly to retailers, including supermarkets, specialized beer or alcoholic beverage stores, pubs and restaurants, as well as to wholesalers for resale to retail outlets. Although in certain jurisdictions the Group owns some of these wholesalers, sales to third-party retailers and wholesalers (some of whom have significant market share and negotiating power) represent a significant portion of the Group's consolidated revenues. For instance, the Group relies primarily on third-parties to effect distribution in France. If third-party wholesalers and retailers give higher priority to other brands, purchase less of the Group's products or at lower prices, or devote inadequate promotional support to the Group's products, it could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition. The Group is subject to credit risk in relation to certain customers and wholesalers. The Group provides credit to certain of its customers and wholesalers. These credit arrangements may include financing of all or a portion of the purchase price for the Group's products. The credit period is dependent on local practice and the creditworthiness of the customer or wholesaler. Any failure by these customers or wholesalers to discharge adequately their obligations on a timely basis or any event adversely affecting these third parties could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition. Consolidation among the Group's customers and wholesalers also exposes the Group to increased concentration of third-party credit risk. Although the Group is not dependent on any single customer or wholesaler, the loss of, or a significant reduction in, business from one or more of the Group's major customers or wholesalers could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**Information technology failures could disrupt the Group's operations and could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition**

The Group depends on information technology to enable it to operate efficiently and interface with customers, as well as maintain in-house management and control and minimise costs. The Group is dependent on a limited number of strategic partners for its information technology systems. As with all large systems, the Group's information systems may be vulnerable to a variety of interruptions due to events beyond its control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers, and other security issues. IT related operational disruption or security failures therefore expose the Group to a significant level of operational, reputational and financial loss risk, which could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**The Group may be adversely affected by changes in exchange rates**

The Issuer publishes its consolidated financial statements in Danish kroner. A substantial portion of the Group's assets, liabilities, revenues and costs are denominated in currencies other than the Danish kroner. As a result, the Group is exposed in particular to fluctuations in the values of these currencies. These currency

fluctuations can have a significant impact on the Group's business, results of operations, cash flows or financial condition.

The Group derives a substantial part of its revenue streams from Baltika Brewery in Russia. In the event that an economic downturn in Russia resulted in a significant devaluation of the Russian rouble, this would have a corresponding material adverse effect on the Group's business, results of operations, cash flows or financial condition. An EUR/RUB change of +/- 1 impacts Group operating profit by slightly less than +/- DKK 100m.

**The Group derives a significant proportion of its consolidated earnings and cash flow from Western Europe and Eastern Europe**

The Group derives a significant proportion of its consolidated earnings and cash flow from Western Europe and Eastern Europe. If sales of the Group's products in Western Europe and Eastern Europe significantly decreased, whether as a result of new and increased competition in Western Europe and/or Eastern Europe or other factors (including economic downturn or recession in these markets, negative consumer trends towards consumption of beer and soft drinks, fluctuations in exchange rates and the introduction of new laws, regulations, taxes or duties) it could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**The Group operates in several emerging and growth markets, which exposes it to political and economic risks in these markets**

The Group has significant operations in emerging and growth markets in Eastern Europe and Asia, some of which provide a material part of its consolidated net revenue, including Russia.

The Group's operations in these markets are subject to risks including potential political and economic instability, application of exchange controls, nationalisation or expropriation, or public authority harassment in effect achieving the same, terrorism, crime and lack of law enforcement, political insurrection, external interference, labour unrest, currency fluctuations, inflation, economic recession and changes in government policy. Exposure to these risks has increased as a result of the Group's strategy to seek growth in emerging and growth markets.

Moreover, these economies may not grow in the manner envisaged at the time the Group entered the relevant markets, and may suffer from recession, high rates of inflation and real currency devaluation. Such factors could cause interruptions to the Group's operations, increase the costs of operating in those countries, adversely affect demand for the Group's products or the prices customers are willing to pay or limit the ability of the Group to repatriate profits from those countries, all of which could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**Operational integration of assets or businesses acquired by the Group involves costs and uncertainties and may not be successful.**

The Group may, as part of its normal business, make selective acquisitions of businesses, assets and/or ownership stakes to strengthen and develop its existing activities. There may be substantial challenges or delays in integrating and adding value to the businesses or assets acquired or to be acquired by the Group. The costs of integration could be materially higher than budgeted and the Group may fail to realise synergies expected from such acquisitions. The challenges presented by integrating new businesses or assets may be greater in emerging markets as a result of cultural and linguistic difficulties. Moreover, realising the expected synergies may take longer than expected. Material costs or delays in connection with the integration of the operations that the Group acquires or the inability to realise any expected synergies from those acquisitions could have a material adverse effect on the Group's business, financial condition and results of operations.

**Lack of full control of key operations subjects the Group to business decisions of third-party part-owners**

Reflecting the historical development of the Group, and in part, the Group's aim to either retain the involvement of local business groups and/or to mitigate the risk of entering new markets, the Group owns controlling interests in some main operations while others are owned in partnership with other third-party brewers or investors in which the Group has a 50 per cent. interest or less. Disagreements with joint venture partners have previously resulted in the termination of agreements and led to litigation and arbitration. The shareholder approval requirements of a joint venture may also limit the Group's flexibility. In addition, under certain circumstances, the Group and its joint venture partners may elect to unwind operations or buy out the interests of one another, which could be costly and disruptive to the Group's business. Any of the above could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**The Group is exposed to the risk of increased interest rates**

A proportion of the Group's gross debt is at floating interest rates. Accordingly, the Group has significant exposure to changes in interest rates. An increase in interest rates could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**Pricing pressure and grey market imports or parallel imports may negatively impact the Group's results of operations**

As a result of differential margins and rates of duty levied on beer and other beverages in individual countries, cross-border imports are a factor affecting both the volume of beer and other beverages purchased in certain countries and the price of beer and other beverages which the market can support in those countries. Pricing pressure resulting from grey market imports or parallel imports may lead to a reduction in margins and could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**Labour disputes may cause work stoppages, strikes and disruptions**

The success of the Group depends upon maintaining good relations with its workforce. Restructurings to lower production costs, improve efficiency, exploit synergies and cope with the demands of a changing market could harm the Group's employee relations and result in labour disputes, including work stoppages, strikes and disruptions, which could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition.

**Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme****Notes may not be a suitable investment for all investors**

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base 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 relevant Notes and the impact such investment 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 relevant Notes, including where principal or interest is 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 relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

### **Risks related to the structure of a particular issue of Notes**

A wide 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 certain such features:

#### **Notes subject to optional redemption by the Issuer**

An optional redemption feature is likely to limit the market value of Notes. 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 the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such 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 converts from a fixed rate to a floating rate, 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 converts from a floating rate to a fixed rate, 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 to their nominal 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.

### **Notes denominated in Renminbi are subject to additional risks**

Set out below is a description of the principal risks which may be relevant to an investor in Notes denominated in Renminbi:

#### **The Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC**

The Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between the Renminbi and foreign currencies, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. Subject to limited exceptions, there is currently no specific PRC regulation on the remittance of Renminbi into the PRC for settlement of capital account items. Foreign investors may only remit offshore Renminbi into the PRC for capital account purposes such as shareholders' loan or capital contribution upon obtaining specific approvals from the relevant authorities on a case-by-case basis. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

There is no assurance that the PRC government will continue to liberalise gradually the control over crossborder Renminbi remittances in the future, that the pilot scheme will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC.

#### **There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes**

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that no new PRC regulations will be promulgated or the Settlement Agreement on the Clearing of Renminbi Business will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service the Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If Renminbi is not available in certain circumstances as described in the Notes, the Issuer can make payments under the Notes in U.S. Dollars.

#### **Payments for Notes denominated in Renminbi will only be made to investors in the manner specified for such Notes in the conditions of the Notes**

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi

clearing and settlement system for participating banks in Hong Kong. All payments to investors in respect of Notes denominated in Renminbi will be made solely (i) for so long as such Notes are represented by a temporary global Note or a permanent global Note, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing Euroclear and Clearstream, Luxembourg rules and procedures, or (ii) for so long as such Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations; the Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

## **Risks related to Notes generally**

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

### **Noteholder Meetings**

The Terms and 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.

### **European Monetary Union**

It is possible that prior to the maturity of Notes issued under the Programme the euro may become the lawful currency of the Kingdom of Denmark. In that event (i) all amounts payable in respect of any Notes denominated in Danish kroner may become payable in euro; (ii) the law may allow or require such Notes to be re-denominated into euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in Danish kroner used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro in any jurisdiction could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the relevant Notes.

If the United Kingdom joins the European Monetary Union prior to the maturity of the Notes, there is no assurance that this would not adversely affect investors in the Notes. It is possible that prior to the maturity of the Notes the United Kingdom may become a participating Member State and that the euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of any Notes denominated in Sterling may become payable in euro; (ii) the law may allow or require such Notes to be re-denominated into euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in Sterling used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed.

### **EU Savings Directive**

EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entity established, in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld)\* unless during such period they elect otherwise. The Luxembourg government has

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\* Under Article 13 of the Savings Directive, Austria and Luxembourg (and, until 1 January 2010, when it ceased to operate a withholding system, Belgium) are required to have a procedure in place whereby a particular beneficial owner of interest paid from one of those countries can expressly authorise information reporting and/or can present an appropriate tax certificate to the paying agent, in which case no withholding should be applied.

announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The Council of the European Union has adopted a Directive (the “**Amending Directive**”) which will, when implemented, amend and broaden the scope of the requirements described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Furthermore, once the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

The Issuer is required, save as provided in Condition 7(e) of the Notes, to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000, which may mitigate an element of this risk if the Noteholder is able to arrange for payment through such a Paying Agent. However, investors should choose their custodians and intermediaries with care, and provide each custodian and intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

### **Change of law**

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. 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 issue of the relevant Notes.

### **Integral multiples of less than €100,000**

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of €100,000 plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will 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 it holds an amount equal to one or more Specified Denominations.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

## **Risks related to the market generally**

Set out below is a brief description of certain 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 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 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 (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) 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 Fixed Rate Notes.

### **Credit ratings may not reflect all risks**

One or more independent credit rating agencies may assign credit ratings to an issue of 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.

### **Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## GENERAL DESCRIPTION OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Base Prospectus.

<b>Issuer</b>	Carlsberg Breweries A/S
<b>Description</b>	Euro Medium Term Note Programme
<b>Size</b>	Up to €5,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
<b>Arranger</b>	BNP Paribas
<b>Dealers</b>	BNP Paribas Citigroup Global Markets Limited Danske Bank A/S Nordea Bank Danmark A/S Skandinaviska Enskilda Banken AB (publ) Société Générale The Royal Bank of Scotland plc
<b>Fiscal Agent</b>	The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
<b>Registrar and Transfer Agent</b>	BNP Securities Services, Luxembourg Branch
<b>Method of Issue</b>	BNP Securities Services, Luxembourg Branch The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the

same Series) will be completed in the final terms (the “Final Terms”).

**Issue Price**

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

**Form of Notes**

The Notes may be issued in bearer form only (“Bearer Notes”), in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) or in registered form only (“Registered Notes”). Unless otherwise specified in the applicable Final Terms, each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “ - Selling Restrictions” below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”.

**Clearing Systems**

Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.

**Initial Delivery of Notes**

On or before the issue date for each Tranche, if the relevant Global Note is an NGN or the relevant Global Certificate is held under the NSS, the Global Note or Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may (or, in the case of Notes listed on the official list of the Luxembourg Stock Exchange, shall) be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates relating to Notes that are not listed on the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent

and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

**Currencies**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.

**Maturities**

Subject to compliance with all relevant laws, regulations and directives, any permitted minimum or maximum maturity.

**Specified Denomination**

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms save that (i) the minimum denomination of each Note admitted to trading on a European Economic Area exchange and/or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and (ii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 ("FSMA") will have a minimum denomination of £100,000 (or its equivalent in other currencies).

**Fixed Rate Notes**

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

**Floating Rate Notes**

Floating Rate Notes will bear interest determined separately for each Series as follows:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or

(ii) by reference to LIBOR as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.



<b>Zero Coupon Notes</b>	Zero Coupon Notes (as defined in “Terms and Conditions of the Notes”) may be issued at their nominal amount or at a discount to it and will not bear interest.
<b>Interest Periods and Interest Rates</b>	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
<b>Step Up Event or Step Down Event</b>	The relevant Final Terms will state whether a Step Up Event or Step Down Event will apply to the Notes, in which case the rate of interest in respect of the Notes may be subject to adjustment as specified in the relevant Final Terms. See “Terms and Conditions of the Notes – Step Up Event and Step Down Event”.
<b>Redemption</b>	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
<b>Optional Redemption</b>	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, including by means of a change of control put option, and if so the terms applicable to such redemption.
<b>Status of Notes</b>	The Notes will constitute direct, unsubordinated, unconditional and (subject to the Negative Pledge) unsecured obligations of the Issuer as described in “Terms and Conditions of the Notes - Status”.
<b>Negative Pledge</b>	See “Terms and Conditions of the Notes - Negative Pledge”.
<b>Cross Default</b>	See “Terms and Conditions of the Notes - Events of Default”.
<b>Ratings</b>	The Programme has been rated by Moody’s and Fitch. Tranches of Notes may be rated or unrated. The credit ratings included or referred to in this Base Prospectus will be treated for the purposes of the CRA Regulation as

having been issued by Moody's and Fitch. Moody's and Fitch are established in the European Union and are registered under the CRA Regulation. A list of registered Credit Rating Agencies is published on the ESMA website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>). Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to Notes already issued under the Programme. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Early Redemption**

Except as provided in “- Optional Redemption” above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See “Terms and Conditions of the Notes - Redemption, Purchase and Options”.

**Withholding Tax**

All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the Kingdom of Denmark, subject to customary exceptions (including the ICMA Standard EU Tax exemption Tax Language), all as described in “Terms and Conditions of the Notes - Taxation”.

**Governing Law**

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

**Listing and Admission to Trading**

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market or as otherwise specified in the relevant Final Terms and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series of Notes may be unlisted.

**Selling Restrictions:**

The United States, the Public Offer Selling Restriction under the Prospectus Directive (in respect of Notes having a specified denomination of less than €100,000 or its equivalent in any other currency as at the date of issue of the Notes), the United Kingdom, the Kingdom of

Denmark and Japan. See “Subscription and Sale”.

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act, as amended.

Each Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended. If the relevant Final Terms specify that the applicable TEFRA exemption is “TEFRA D”, then the Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Final Terms specify that the applicable TEFRA exemption is “TEFRA C”, then the Bearer Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) if the relevant Final Terms specify “TEFRA not applicable”, then the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”).

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an Agency Agreement (as amended or supplemented as at the Issue Date, the “Agency Agreement”) dated 19 May 2014 between the Issuer, BNP Paribas Securities Services, Luxembourg as fiscal agent and the other agents named in it and with the benefit of a Deed of Covenant (as amended or supplemented as at the Issue Date, the “Deed of Covenant”) dated 7 June 2012 executed by the Issuer in relation to the Notes. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Fiscal Agent”, the “Paying Agents” (which expression shall include the Fiscal Agent), the “Registrar”, the “Transfer Agents” and the “Calculation Agent(s)”. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these Terms and Conditions (the “Conditions”), “Tranche” means Notes which are identical in all respects.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

References herein to the “RMB Notes” are to Notes denominated in Renminbi. References herein to “Renminbi”, “RMB” and “CNY” are to the lawful currency of the People’s Republic of China (the “PRC”) which, for the purposes of the Conditions, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan.

### **1 Form, Denomination and Title**

The Notes are issued in bearer form (“Bearer Notes”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“Registered Notes”) or in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”) in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), “holder” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be). Capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## **2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes**

### **(a) Exchange of Exchangeable Bearer Notes**

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

### **(b) Transfer of Registered Notes**

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the

Registrar to any Noteholder upon request.

**(c) Exercise of Options or Partial Redemption in Respect of Registered Notes**

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

**(d) Delivery of New Certificates**

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition (d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

**(e) Exchange Free of Charge**

Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

**(f) Closed Periods**

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

**3 Status**

The Notes and Coupons relating to them constitute direct, unsubordinated, unconditional and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any

preference among themselves. The payment obligations of the Issuer under the Notes and Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

#### **4 Negative Pledge**

So long as any Note or Coupon remains outstanding (as defined in the Fiscal Agency Agreement) the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined in Condition 10) will create, or have outstanding any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure (a) any Relevant Indebtedness, or (b) any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders.

In these Conditions, “Relevant Indebtedness” means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

#### **5 Interest and other Calculations**

##### **(a) Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). In the case of RMB Notes, if any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), it 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 it shall be brought forward to the immediately preceding Business Day.

##### **(b) Interest on Floating Rate Notes**

###### **(i) *Interest Payment Dates:***

Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

###### **(ii) *Business Day Convention:***

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it

would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) ***Rate of Interest for Floating Rate Notes:***

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(iv) ***ISDA Determination for Floating Rate Notes:***

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon
- (y) the Designated Maturity is a period specified hereon and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

(v) ***Screen Rate Determination for Floating Rate Notes:***

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation 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 Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or

Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

**(vi) *Linear Interpolation***

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

**(c) Zero Coupon Notes**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

**(d) Accrual of Interest**

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

**(e) Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding:**

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to

the nearest one hundred-thousandth of a percentage point (with halves being rounded up), all figures shall be rounded to seven significant figures (with halves being rounded up) and all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country[ies] of such currency.

**(f) Calculations**

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

**(g) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Change of Control Redemption Amounts**

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Change of Control Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Change of Control Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**(h) Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which the TARGET system is operating (a “TARGET Business Day”)
- (iii) in relation to any sum payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong and/or
- (iv) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “Calculation Period”):

- (i) if “Actual/Actual” or “Actual/Actual – ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

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

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

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

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

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

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

- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

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

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

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

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

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

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30

- (vi) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

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

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

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

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

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30

- (vii) if “Actual/Actual – ICMA” is specified hereon,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is

neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date unless otherwise specified hereon.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent (in consultation with the Issuer) or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

**(i) Calculation Agent**

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount, Change of Control Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

**(j) Step Up Event or Step Down Event**

- (i) If the Step Up Event or the Step Down Event is specified hereon, the Rate of Interest payable on the Notes will be subject to adjustment from time to time following the occurrence of a Step

Up Event or a Step Down Event (each such adjustment an Interest Rate Adjustment (as defined below)). Any Interest Rate Adjustment shall be effective from and including the Interest Payment Date immediately following the date of the Step Up Event or the Step Down Event (as applicable).

- (ii) In relation to an Interest Period, a Step Up Event or Step Down Event will only result in an Interest Rate Adjustment on the immediately following Interest Payment Date to the extent that, in the case of a Step Up Event, no Step Down Event, and in the case of a Step Down Event, no Step Up Event, subsequently occurs during such Interest Period.
- (iii) Notwithstanding any other provision herein, (i) there shall be no Interest Rate Adjustment at any time after notice of redemption has been given by the Issuer pursuant to Condition 6(c) or (d); and (ii) at no time during the term of the Notes shall the Rate of Interest payable on the Notes be less than the Initial Rate of Interest or more than the Initial Rate of Interest plus the applicable Step Up Margin specified hereon.
- (iv) The Issuer will cause each Step Up Event and each Step Down Event, and the related Interest Rate Adjustment, to be notified to the Fiscal Agent and notice thereof to be given to the Noteholders in accordance with Condition 14 as soon as possible after the occurrence of the Step Up Event or the Step Down Event but in no event later than the tenth Business Day (as defined in Condition 5(h)) after such event.
- (v) The first public announcement by a Rating Agency of a Rating Decrease (as defined below) shall constitute a step up event (a “Downgrade Step Up Event”) triggering an Interest Rate Adjustment.
- (vi) In the event that a Rating Agency fails or ceases to assign a solicited Rating (other than where such Rating Agency ceases to provide rating services generally to issuers and investors), a step up event (a “No Rating Step Up Event”) shall be deemed to have occurred as from the date upon which a solicited Rating ceases or fails to be assigned provided that, for so long as (i) such Rating Agency maintains an unsolicited rating of the Issuer’s senior unsecured long-term debt and (ii) another Rating Agency maintains a solicited Rating, such unsolicited rating shall constitute a solicited Rating for the purposes of this Condition until such time as there are solicited Ratings from two Rating Agencies.
- (vii) For so long as any of the Notes are outstanding, the Issuer shall use all reasonable efforts to ensure the existence of a solicited Rating from at least one Rating Agency (as defined below).
- (viii) If the rating designations employed by the Rating Agency are changed from those which are described herein, the Issuer shall determine, with the agreement of the Fiscal Agent (not to be unreasonably withheld or delayed), the rating designations of the Rating Agency as are most equivalent to the prior rating designations of the Rating Agency, and this Condition shall be construed accordingly.

In these Conditions:

“Initial Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Interest Rate Adjustment” means that the Rate of Interest payable under the Notes shall be equal to:

- (i) the Initial Rate of Interest plus the applicable Step Up Margin specified hereon, in the case of a Step Up Event; and



(ii) the Initial Rate of Interest, in the case of a Step Down Event.

“Investment Grade Rating” means a rating of Baa3 in the case of Moody’s (as defined below), or BBB- in the case of Fitch (as defined below), or their equivalent for the time being in the case of another Rating Agency, or better.

“Rating” means the rating of the Issuer’s senior unsecured long-term debt.

“Rating Agency” means Moody’s Investors Service, Inc. (“Moody’s”) or Fitch Ratings Ltd. (“Fitch”) and/or any rating agency of equivalent international standing and, in each case, their respective successors or affiliates and “Rating Agencies” means both of them.

“Rating Decrease” means a decrease in the solicited Rating to a level below the Investment Grade Rating.

“Step Down Event” means, where the rate of interest has previously been subject to an Interest Rate Adjustment following a Step Up Event, the first public announcement by either a Rating Agency or two Rating Agencies that it has, or they have, assigned a solicited Rating equal to or higher than the Investment Grade Rating such that two Rating Agencies have assigned a solicited Rating equal to or higher than the Investment Grade Rating.

“Step Up Event” means a No Rating Step Up Event or a Downgrade Step Up Event.

## **6 Redemption, Purchase and Options**

### **(a) Final Redemption**

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which shall, other than in the case of a Zero Coupon Note, be its nominal amount).

### **(b) Early Redemption**

#### *(i) Zero Coupon Notes*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or

after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

**(c) Redemption for Taxation Reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time, (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Denmark or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories 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.

**(d) Redemption at the Option of the Issuer**

If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to but excluding the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

**(e) Redemption at the Option of Noteholders**

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to but excluding the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

**(f) Redemption following Change of Control**

If Change of Control Put Event is specified hereon and if, at any time while any Note remains outstanding, a Change of Control Put Event (as defined below) occurs, then the holder of each Note will have the option (the "Change of Control Put Option") (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer has given notice of its intention to redeem the Notes under Condition 6(c) or 6(d)) to require the Issuer to redeem or, at the Issuer's option, to purchase (or procure the purchase of) that Note on the Optional Redemption Date, at the Change of Control Redemption Amount specified hereon together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date.

A "Change of Control Put Event" will be deemed to occur if:

- (i) a Change of Control occurs and, if at the start of the Change of Control Period the Notes or the Issuer have a solicited rating from any Rating Agency, a Rating Downgrade in respect of that Change of Control occurs and continues within such Change of Control Period; or
- (ii) a Change of Control occurs and, on the occurrence of the Change of Control, none of the Notes or the Issuer have a solicited rating from any Rating Agency and the Notes or the Issuer are not assigned an Investment Grade Rating by a Rating Agency within the Change of Control Period,

A "Change of Control" shall be deemed to have occurred at each time (whether or not approved by the Board of Directors of the Issuer) that any person or persons acting in concert or any person or persons acting on behalf of any such person(s) (other than Carlsberg Fondet (a foundation under the laws of Denmark, with CVR no. 60223513 and address at H.C. Andersens Boulevard 35, 1553 Copenhagen V, Denmark)) (the "Relevant Person(s)") at any time directly or indirectly come(s) to beneficially own or acquire(s) or reach(es) final unconditional agreement conferring a right, or imposing an obligation, to acquire such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer, provided that a Change of Control shall be deemed not to have occurred if all or substantially all of the shareholders of the Relevant Person(s) are, or immediately prior to the event which would otherwise have constituted a Change of Control were, the direct or indirect shareholders of the Issuer with the same (or substantially the same) pro rata interest in the share capital of the Relevant Person(s) as such shareholders have, or as the case may be, had in the share capital of the Issuer.

"Change of Control Period" means the period (i) commencing on the date that is the earlier of (A) the date of the first public announcement of the relevant Change of Control and (B) the date of the earliest

Potential Change of Control Announcement (as defined below) provided that this results in a Change of Control within 180 days, if any, and (ii) ending on the date which is 90 days after the date on which the relevant Change of Control occurs (such 90th day, the “Initial Longstop Date”); provided that, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Downgrade in respect of a solicited rating of the Notes or the Issuer, if a Rating Agency publicly announces, at any time prior to the Initial Longstop Date, that it has placed its solicited rating of the Notes or the Issuer under consideration for negative rating review as a result of the relevant public announcement of the Change of Control or Potential Change of Control Announcement, the Change of Control Period shall be extended to the date which falls 60 days after the Initial Longstop Date.

A “Rating Downgrade” shall be deemed to have occurred in respect of a Change of Control if, within the Change of Control Period, (i) a solicited rating previously assigned to the Notes or the Issuer by any Rating Agency is withdrawn and not reinstated to an Investment Grade Rating by such Rating Agency or (ii) a solicited rating previously assigned to the Notes or the Issuer by any Rating Agency is changed from an Investment Grade Rating to a non-investment grade rating (Ba1, or its equivalent for the time being, or worse) and is not raised again to an Investment Grade Rating or (iii) if a solicited rating previously assigned to the Notes or the Issuer by any Rating Agency was below an Investment Grade Rating (as described above), the rating is lowered by at least one full rating notch (for example, from Ba1 to Ba2 or their respective equivalents) and is not raised again to its earlier credit rating or better by such Rating Agency or (iv) a Negative Rating Event occurs; provided that a Rating Downgrade otherwise arising by virtue of a particular change in a solicited rating shall be deemed not to have occurred in respect of a particular Change of Control if the relevant Rating Agency does not confirm in writing to the Issuer or publicly announce or publicly confirm that the Rating Downgrade was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control or Potential Change of Control Announcement.

“Negative Rating Event” shall be deemed to have occurred if at such time there is no solicited rating assigned to the Notes or the Issuer by a Rating Agency and either (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes or any other unsecured and unsubordinated debt of the Issuer or (ii) the Issuer does so seek and use such endeavours, it is unable to obtain such a rating of at least investment grade by the end of the Change of Control Period.

“Potential Change of Control Announcement” means any public announcement or statement by the Issuer, any actual or potential bidder or any designated advisor thereto relating to any specific and near-term potential Change of Control (whereby “near-term” shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, any such actual or potential bidder or any such designated advisor to be intended to occur, within three months of the date of such announcement or statement).

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall give notice (a “Put Event Notice”) to the Noteholders in accordance with Condition 14 specifying the nature of the Change of Control Put Event and the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option contained in this Condition.

To exercise the Change of Control Put Option, the holder must follow the procedure set out in Condition 6(e).

**(g) Purchases**

The Issuer and any of its subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

**(h) Cancellation**

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

**7 Payments and Talons**

**(a) Bearer Notes**

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the Notes (in the case of payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(v)), as the case may be:

- (A) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and
- (B) in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

In this paragraph, “Bank” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

**(b) Registered Notes**

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business (i) on the fifteenth day before the due date for payment thereof or (ii) in the case of Renminbi, on the fifth day before the due date for payment thereof (the “Record Date”). Payments of interest on each Registered Note shall be made:
  - (A) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(B) in the case of Renminbi, by transfer to the registered account of the Noteholder. In this Condition 7(b), “registered account” means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth Business Day before the due date for payment.

**(c) Payments in the United States**

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

**(d) Payments Subject to Laws**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

**(e) Appointment of Agents**

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed and (vii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

**(f) Unmatured Coupons and unexchanged Talons**

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount

equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, or Change of Control Redemption Amount as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

**(g) Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, a Talon forming part of such Coupon sheet (where applicable to the relevant Series of Notes) may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

**(h) Non-Business Days**

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Financial Centres” hereon and:

- (i) (in the case of a payment in a currency other than euro or Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day; or

- (iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

## 8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Kingdom of Denmark or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Kingdom of Denmark other than the mere holding of the Note or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) **Payment by another Paying Agent:** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, “Relevant Date” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Change of Control Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition.



## 9 Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 10 Events of Default

If any of the following events (“Events of Default”) occurs, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:

- (a) **Non-payment:** the Issuer fails, for a period of fourteen days or more (in the case of interest) or seven days or more (in the case of principal), to pay interest or principal due in respect of any of the Notes; or
- (b) **Cross Default:**
  - (i) any other present or future indebtedness for borrowed money of the Issuer or any of its Principal Subsidiaries becomes or is declared due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or
  - (ii) any such indebtedness is not paid when due or, as the case may be within any originally applicable grace period, or
  - (iii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any monies borrowed or raised

provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (b) have occurred equals or exceeds Euro 50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the Euro as quoted by any leading bank on the day on which this paragraph operates); or

- (c) **Enforcement Proceedings:** a distress or execution or other similar legal process is levied or enforced or petitioned for and taken out upon or against any substantial part of the property, assets or revenues of the Issuer or any Principal Subsidiary and is not discharged or stayed within 60 days of having been so levied, enforced or sued out; or
- (d) **Insolvency:** the Issuer or any Principal Subsidiary becomes, is adjudicated or found to be, unable to pay its debts as they mature, or applies for, or consents to, or suffers the appointment of, a liquidator or receiver of the whole or any substantial part of its undertaking, property, assets or revenues or takes any proceeding under any law for a readjustment or deferment of its obligations or any substantial part thereof or stops or threatens to stop payment or is wound up or dissolved on grounds of insolvency or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors; or
- (e) **Winding-up:** an order is made or an effective resolution is passed for winding up the Issuer or any Principal Subsidiary or the Issuer or any Principal Subsidiary ceases or threatens to cease to carry on all or substantially all of its business, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, solvent liquidation, merger or consolidation (i) on terms

approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Principal Subsidiaries or (iii) in the case of a Permitted Merger or (iv) in the circumstances referred to in Condition 11(c) or (v) in the case of a Principal Subsidiary, pursuant to a voluntary solvent winding-up where surplus assets are available for distribution; or

- (f) **Breach of other obligations:** default is made by the Issuer in the performance or observance of any obligation, Condition or provision binding on it under the Notes (other than any obligation for the payment of any principal moneys or interest in respect of the Notes) and, if capable of remedy, such default shall continue for 30 days after written notice thereof requiring the same to be remedied has been given to the Fiscal Agent at its specified office by any Noteholder; or
- (g) **Analogous Events:** any event occurs which under the laws of the Kingdom of Denmark or any other applicable jurisdiction has an effect similar to any of the events referred to in paragraphs (c), (d) or (e) above.

For the purposes of these Conditions:

“Permitted Merger” means a reconstruction, amalgamation, merger or consolidation with or transfer of assets and/or activities to Carlsberg A/S whereby Carlsberg A/S expressly and effectively by law, or by operation of law, assumes all of the obligations of the Issuer under the Notes, the Coupons and the Talons provided that (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of Carlsberg A/S are taken, fulfilled and done and are in full force and effect, (ii) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in Denmark and in England as to the fulfilment of the preceding condition of this paragraph and (iii) any solicited credit rating assigned to the Notes will remain the same or be improved when Carlsberg A/S assumes the obligations of the Issuer in respect of the Notes or, in the event that there is no solicited rating in respect of the Notes but there is a solicited rating in respect of the senior unsecured long term debt of the Issuer, the rating of the senior long term debt of Carlsberg A/S will be equal to or higher than the rating of the senior long term debt of the Issuer when Carlsberg A/S assumes the obligations of the Issuer under the Notes and, in each case, this has been confirmed in writing by each rating agency which has assigned a solicited rating to the Notes or, as the case may be, the senior long term debt of the Issuer.

“Principal Subsidiary” at any time means a Subsidiary;

- (1) whose total consolidated assets or consolidated turnover attributable to the Issuer represents not less than 10 per cent. of the consolidated total assets or, as the case may be, consolidated turnover of the Issuer and its consolidated subsidiaries taken as a whole, all as calculated by reference to the then latest consolidated audited accounts of the Issuer and its consolidated subsidiaries; or
- (2) to which is transferred the whole or substantially the whole of the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary (provided that the transferee shall cease to be a Principal Subsidiary upon the next audited accounts of the Issuer and its Subsidiaries becoming available if those accounts show that it is not a Principal Subsidiary within the terms of paragraph (1) above).

A certificate of two authorised signatories of the Issuer that in their opinion a Subsidiary is or is not or was or was not during a particular period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer and the Noteholders; and

“Subsidiary” means any entity (whether or not now existing) more than 50 per cent. of whose issued equity capital (or equivalent) or voting rights in relation thereto is then held or beneficially owned or controlled, or the composition of whose board of directors is then controlled, directly or indirectly, by the Issuer and/or any one or more of its Subsidiaries.

## **11 Meeting of Noteholders, Modifications and Substitution**

### **(a) Meetings of Noteholders**

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two 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 two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, or the Change of Control Redemption Amounts including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of two or more persons holding or representing not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

### **(b) Modification of Agency Agreement**

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

**(c) Substitution**

The Issuer may, without the consent of the Noteholders or the Couponholders, substitute Carlsberg A/S for itself as principal debtor under the Notes, the Coupons and the Talons (the “Substitute”). The substitution shall be made by a deed poll (the “Deed Poll”), to be substantially in the form scheduled to the Agency Agreement as Schedule 9, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder, on an after tax basis, against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of residence of the Substitute for tax purposes and, if different, of its incorporation with respect to any Note, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect, (iii) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (iv) legal opinions addressed to the Noteholders shall have been delivered to them (care of the Fiscal Agent) from a lawyer or firm of lawyers with a leading securities practice in Denmark and in England as to the fulfilment of the preceding conditions of this paragraph (c) and the other matters specified in the Deed Poll, (v) any solicited credit rating assigned to the Notes will remain the same or be improved when the Substitute replaces and substitutes the Issuer in respect of the Notes or, in the event that there is no solicited rating in respect of the Notes but there is a solicited rating in respect of the senior unsecured long term debt of the Issuer, such rating will remain the same or be improved when the Substitute replaces and substitutes the Issuer in respect of the Notes and, in each case, this has been confirmed in writing by each rating agency which has assigned a solicited rating to the Notes or, as the case may be, the senior long term debt of the Issuer and (vi) the Issuer shall have given at least 14 days’ prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Deed Poll.

**12 Replacement of Notes, Certificates, Coupons and Talons**

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

### **13 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to “Issue Date” shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

### **14 Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or, so long as the Notes are listed on the official list of the Luxembourg Stock Exchange, published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

### **15 Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer’s other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

### **16 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

### **17 Governing Law and Jurisdiction**

#### **(a) Governing Law**

The Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

**(b) Jurisdiction**

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons (“Proceedings”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

**(c) Service of Process**

The Issuer irrevocably appoints Carlsberg UK Limited of 140 Bridge Street, Northampton NN1 1PZ, United Kingdom as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

## **OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **1 Initial Issue of Notes**

If the Global Notes or Global Certificates are stated in the applicable Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the “Common Depository”) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### **2 Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system (“Alternative Clearing System”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

### **3 Exchange**

#### **3.1 Temporary Global Notes**

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “General Description of the Programme — Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

#### **3.2 Permanent Global Notes**

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes or, in the case of paragraph 3.4 below, Registered Notes:

- (i) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes and
- (ii) (a) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or (b) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

#### **3.3 Permanent Global Certificates**

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:



- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) or 3.3(ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

### **3.4 Partial Exchange of Permanent Global Notes**

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (i) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (ii) for Definitive Notes (a) if principal in respect of any Notes is not paid when due.

### **3.5 Delivery of Notes**

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered pro rata in the records of the relevant clearing system. In this Base Prospectus, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### **3.6 Exchange Date**

"Exchange Date" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

## **4 Amendment to Conditions**

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus. The following is an overview of certain of those provisions:

### **4.1 Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(e)(vii) and Condition 8(d) will apply to the Definitive Notes only. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) (Non-Business Days).

Each payment in respect of Registered Notes whilst in global form will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January.

### **4.2 Prescription**

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9).

### **4.3 Meetings**

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

#### **4.4 Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

#### **4.5 Purchase**

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest.

#### **4.6 Issuer's Option**

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system in respect of the Notes will be governed by the standard procedures 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) or any other Alternative Clearing System (as the case may be).

#### **4.7 Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN or where the Global Certificate is held under the NSS, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered pro rata in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

#### **4.8 NGN nominal amount**

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

#### **4.9 Events of Default**

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 7 June 2012 to come into effect in relation to the

whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

#### **4.10 Notices**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market and the rules of that exchange so require, notices shall also be published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort).

### **5 Electronic Consent and Written Resolution**

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "Electronic Consent" as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by accountholders in the clearing system with entitlements to such Global Note or Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer obtained commercially reasonable evidence to ascertain the validity of such holding and has taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, "commercially reasonable evidence" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other

document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## **USE OF PROCEEDS**

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for general corporate purposes or as otherwise stated in the Final Terms.

## CARLSBERG BREWERIES A/S

### Introduction

Carlsberg Breweries A/S (“Carlsberg Breweries” or the “Issuer” and, together with its subsidiaries taken as a whole, the “Group”) was established on 1 July 2000 as a Danish registered limited liability company with registered number 25508343 pursuant to an agreement dated 31 May 2000 between Carlsberg A/S (“Carlsberg” and, together with its subsidiaries taken as a whole, the “Carlsberg Group”) and Orkla ASA. The Issuer is registered in Copenhagen and operates under Danish law. The Issuer has been a wholly owned subsidiary of Carlsberg since February 2004. The Issuer’s registered office is at 100 Ny Carlsberg Vej, 1799 Copenhagen V, Denmark and its telephone number is +45 33273300.

Carlsberg Breweries is the principal holding company for the domestic and international brewing business of the Carlsberg Group. The Carlsberg Group is one of the world’s major international brewing groups, with leading market positions in Western Europe, Eastern Europe and Asia (Sources: Canadean Global Beer Trends 2012, Carlsberg A/S Annual Report 2013).

The Group’s core business is the production, marketing, distribution and sale of beer. The Group’s beer brand portfolio consists of a combination of leading international and regional brands (Carlsberg, Tuborg, Kronenbourg 1664, Grimbergen and the cider brand Somersby) and strong local brands (such as Baltika, Ringnes, Feldschlösschen, Kronenbourg, Slavutich, Dali, and Wusu). The Group markets its products in more than 150 markets worldwide, and has brewing operations in 33 countries.

The Group’s global operations are diversified among the markets of Western Europe, Eastern Europe and Asia. In Western Europe, Carlsberg has leading positions in the Nordic countries (Denmark, Finland, Norway and Sweden), the Baltic markets, France, Northern Germany, Switzerland and Portugal and a significant presence in the United Kingdom, Poland, Italy and South East Europe (Bulgaria, Croatia, Serbia and Greece). In Eastern Europe, the Group is the market leader in Russia, Belarus and Azerbaijan, and the second largest brewer in Ukraine and Kazakhstan. In Asia, the Group has the leading position in Western China, Laos, Cambodia and Nepal; and number two positions in Malaysia, Singapore, Hong Kong and Vietnam. The Group also has investments in other markets in Asia, including India where the Group holds a no. 3 market position.

In order to maximise the effectiveness of the Group’s beer product portfolio and to lower unit distribution costs, Carlsberg Breweries also produces, markets, sells and distributes soft drinks, mineral water, sports/energy drinks, cider and other alcoholic and non-alcoholic beverages in certain markets where the Group has access to a large, developed distribution system, in particular in the Nordic countries, the Baltic countries, Switzerland, the United Kingdom, Portugal and Laos. The Group has exclusive bottling agreements with The Coca-Cola Company in Denmark and Finland and PepsiCo Inc. in Norway, Sweden and Laos.

In 2013, 86 per cent. of the Group’s total Pro Rata Volume (139.4 million hl) was generated from beer and 14 per cent. of the Group’s total Pro Rata Volume was generated from soft drinks, mineral water and other non-beer beverages.

“Pro Rata Volume” means volumes taking account of 100 per cent. of sales volumes of all subsidiaries where full management control is exercised by the Group and sales volume pro rata to ownership in joint ventures and associated companies.

The Group has grown both organically and through acquisitions. The Group’s Pro Rata Volume of beer increased from 68.9 million hl in 2005 to 119.7 million hl in 2013. Net revenue increased from DKK 38.0

billion in 2005 to DKK 66.6 billion in 2013, while operating profit increased from DKK 3.5 billion in 2005 to DKK 10.0 billion in 2013).

In 2013, the Group delivered positive market share performance across its three regions, Western Europe, Eastern Europe and Asia which was driven by a focused commercial execution and a number of successful innovations. The Western European markets continued to be impacted by the negative macro and consumer environment and the overall beer market declined by an estimated 2%. In Eastern Europe, the Russian beer market was impacted more than anticipated by the disruption from the closure of non-stationary outlets, and in general the region was impacted by the macroeconomic slowdown causing consumers to reduce their spending. The Russian market declined by an estimated 8%. In Asia, the overall market continued to grow, although some markets were affected during the year by slightly slower economic growth and bad weather. Operating profit was in line with the guidance for the year.

Carlsberg Breweries holds ratings from Moody's and Fitch (since January 2006). Moody's assigned the rating Baa3 with stable outlook and Fitch assigned the rating BBB- with stable outlook. The ratings were changed in February 2011 to Baa2 and BBB respectively both with stable outlook. Both rating agencies have recently confirmed Carlsberg Breweries' rating with stable outlook.

## **History**

The Carlsberg Group was founded in 1847 by J.C. Jacobsen. His brewery, just outside the city ramparts of Copenhagen, pioneered steam brewing, refrigeration techniques and, most significantly, the propagation of a single yeast strain. J.C. Jacobsen demanded quality above all else, and his innovations in the art of making beer laid the cornerstone of the modern beer-brewing industry. Today almost all of the main lager products in mature markets derive their yeast from the strain developed by Carlsberg (*Saccharomyces Carlsbergensis*).

In 1970, Carlsberg merged with the second largest Danish brewery group, Tuborgs Bryggerier A/S, founded in 1873.

Since 2000, the Carlsberg Group has increasingly focused its resources on its core business, the production, marketing, distribution and sale of beer. The Carlsberg Group began investing in its existing brewing business and acquired a significant presence in countries where its activities historically had been relatively limited. Over the same period, the Carlsberg Group has actively sold off shareholdings from non-core positions and businesses in which controlling positions could not be achieved.

In May 2000, the Carlsberg Group announced the formation of the Carlsberg Breweries joint venture with Orkla. Carlsberg Breweries consisted of the beverage operations of the Carlsberg Group and Orkla, with Orkla contributing its leading positions in Norway and Sweden and its 50 per cent. shareholding in Baltic Beverages Holding AB ("BBH"). Carlsberg owned 60 per cent. of Carlsberg Breweries and Orkla owned the remaining 40 per cent.

In February 2004, Carlsberg announced the acquisition of Orkla's holding in Carlsberg Breweries, which resulted in Carlsberg Breweries and its 50 per cent. shareholding in BBH becoming wholly-owned by the Carlsberg Group.

In 2008 Carlsberg and Heineken N.V. together acquired Scottish & Newcastle p.l.c. ("S&N"). As part of the transaction, Carlsberg acquired, among other things, the remaining 50 per cent. of BBH it did not already own and S&N's French business, including Brasseries Kronenbourg and the worldwide brand rights to Kronenbourg.

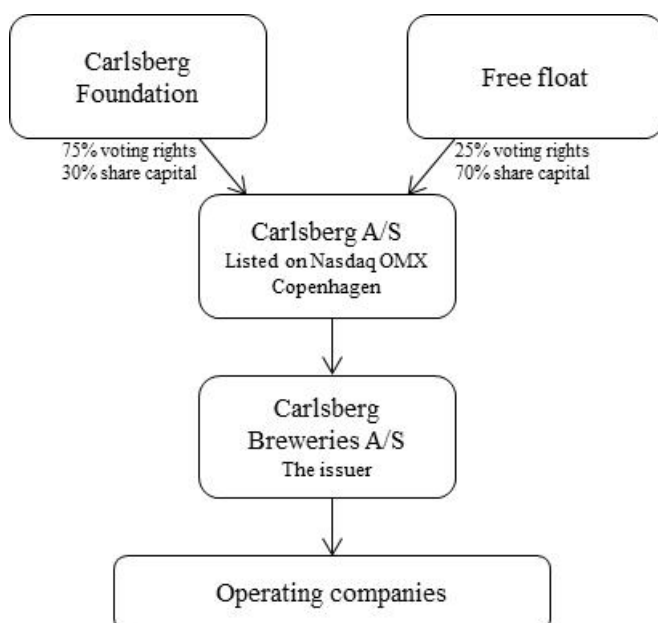


## Group Structure

Carlsberg Breweries is the principal holding company for the domestic and international brewing business of the Carlsberg Group. The Issuer has been a wholly owned subsidiary of Carlsberg since February 2004.

Carlsberg's largest single shareholder is the Carlsberg Foundation, one of Denmark's largest charitable organisations, which is required by its charter to hold at least 51 per cent. of the voting rights in Carlsberg. As at 31 December 2013, the Carlsberg Foundation held 30 per cent. of the share capital of Carlsberg and 75 per cent. of the voting rights in Carlsberg. The remaining shares are freely traded.

The following is a simplified chart showing the position of the Issuer in the Carlsberg Group and the Issuer's relationship with its main operating subsidiaries:



## Competitive Strengths

Based on research reports prepared on the global beer market and the Group's internal estimates, management believes that the key strengths that will help the Group achieve its strategies and that differentiate Carlsberg Breweries from its competitors include the following:

- The Group is one of the leading global brewers in the world, with a number of leading market positions in Western Europe, Eastern Europe and Asia. Based on the research groups, 75 per cent (including western China) of the Group's pro rata beer volume is sold in markets where the Group has either a number one or number two position. As such, the Group is able to benefit from significant economies of scale in production, procurement, marketing, distribution and sales.
- The Carlsberg Group owns a portfolio of leading brands. The Carlsberg brand, which is licensed by Carlsberg to the Issuer, is one of the largest international beer brands, with a presence in more than 140 countries through direct sales, licensing and exports. Tuborg is a premium beer that has built on its Danish heritage and is available in over 70 countries worldwide. Kronenbourg 1664 is the Group's premium French beer brand and available in more than 50 countries worldwide. Grimbergen is the Group's Belgian super-premium abbey ale which is available in more than 30 countries worldwide. Somersby is the international cider brand which was first launched in Denmark in 2008. The brand is

now available in 40 markets around the world and was in 2012 and 2013 the fastest growing top 10 international cider brand in the world.

- In Western Europe, the Group has maintained its leading positions. Driven by the efficiency programmes and initiatives in the region, the Western European operating margins have increased from 7.7 per cent. in 2005 to 13.6 per cent. in 2013. The addition of Brasseries Kronenbourg in 2008 strengthened the Group's regional footprint through the addition of another leading position in a major Western European market. Management believes that there continues to be significant potential to extract savings in Western Europe through a number of projects, including but not limited to: superior commercial execution; portfolio optimisation and simplification; value management; supply chain integration and business processes standardisation; and ongoing efficiency improvements.
- The Group has established leading positions in Eastern Europe. The Group is today the largest brewery business in Russia, Belarus and Azerbaijan by market share, and the second largest brewery business in Ukraine and Kazakhstan. During the past five years, the Group's Eastern European region has experienced a volatile net revenue and operating margin development, impacted by difficult market conditions in the largest market in the region, Russia. In 2009, Russian consumer sentiment suffered due to the financial crisis. In 2010, the Russian market was negatively impacted by the significant duty increase of 200 per cent. as of 1 January 2010 and, in 2011, the Russian beer market was impacted by consumers adjusting to the higher price level of beer, high food inflation, and significantly higher input costs resulting in further price increases for beer. In 2013, the Russian beer market was impacted by a change in regulation (whereby sales from non-permanent outlets were banned) leading to the closure of a large number of non-permanent outlets in addition to a weakening of the macro economy.
- In Asia, the Group has the leading market position in Western China, Laos, Cambodia and Nepal, and solid market positions in Hong Kong, Malaysia, Singapore, and Vietnam. The Group also has a number of investments and partnerships in other promising markets in the region. The increased ownership in 2013 of Chongqing Brewery Co. Ltd. and the further expansion of the Indian business also serve to enhance the Group's position in these key future growth markets.

## **Business Strategy**

Carlsberg's activities are focused on markets in which it has the strength and the right products to secure a leading position. Due to the variation in the markets, the contribution to growth, earnings and development within the Group differs both at present and in the long-term projections.

The Group strategy embraces the three regions in which it has chosen to compete: Western Europe, Eastern Europe and Asia. In addition, the Group has exports to and licences with a number of markets outside its core markets.

While the Group's long-term ambition has remained unchanged since 2008, its strategy was updated in 2012, giving it a sharper focus and making it more action-oriented to enable the Company to manage the challenges and opportunities of the business in a world which, in recent years, has experienced fundamental changes.

The Group's business model has four pillars and is designed to generate and sustain long-term value for shareholders and other stakeholders.

1. The Group's core product is beer, and that is where the Group focuses its efforts. But where it makes business sense, the Group pursues adjacent category opportunities.

2. The Group's operational model is GloCal, with a focus on globalising, optimising, centralising and standardising processes across the Group while recognising the strength of local brands and initiatives.
3. Being a significant player and maintaining a strong position in the markets is crucial for achieving scale and increasing profitability.
4. The Group balances its exposure between growth and mature markets to ensure sustainable cash flow generation.

The Group's business model frames the strategy, which is action-oriented to enable the Group to manoeuvre and manage the challenges and opportunities of its markets. The strategy revolves around its strong portfolio of brands catering to consumers across its markets; its emphasis on being a customer-focused business; its unrelenting focus on efficiency and effectiveness; its commitment to being a socially responsible organisation; and its ability to retain and recruit highly skilled employees. The strategy is illustrated as a wheel with five interconnected levers that set the direction for the Group. A number of strategy-linked KPIs provide guidance and allow for continuous measurement and evaluation of progress.

## Products

### Beer Portfolio

The core business of the Group is beer. The Group manages a portfolio of beer brands, with the majority of these being local brands, in which sales are limited to a single market. The objective of the portfolio strategy is to offer a winning portfolio of international premium brands and strong local brands, and to continuously improve the offerings to customers and consumers while also strengthening the value contribution of the Group's many brands.

The Carlsberg brand enjoys a special status as the Group's flagship brand. The brand was globally repositioned in 2011 and this initiative was strongly supported, leading to 8 per cent. volume growth in the brand's premium markets in 2012. In 2013, the brand declined 2% in its premium markets as it was cycling difficult comparables, and also due to the EURO 2012. In the second half of 2013, the brand grew 6% in the premium markets.

In 2013, 86 per cent. of Pro Rata Volume (119.7 million hl) was generated from beer. The Group's beer brand portfolio consists of a combination of leading international and regional brands (Carlsberg, Tuborg, Kronenbourg 1664, Grimbergen and Somersby) and local brands (such as Baltika, Ringnes, Feldschlösschen, Kronenbourg, Lvivske, Dali, and Wusu).

The table below lists the Group's 10 largest brands for 2013 in terms of Gross Beer Volume.

<b>Brand</b>	<b>Classification<sup>(1)</sup></b>	<b>Gross Volumes</b>
		<b>2013<sup>(2)</sup></b>
		<i>(Million hl)</i>
Baltika .....	Local/Int'l.	14.4
Carlsberg .....	International	12.0
Tuborg .....	International	8.3
Kronenbourg, incl. 1664.....	Local/Int'l.	6.7

Brand	Classification <sup>(1)</sup>	Gross Volumes 2013 <sup>(2)</sup> <i>(Million hl)</i>
Xinjiang (Wusu).....	Local	4.2
Lvivske.....	Local	3.4
Zatecky Gus .....	Local	3.2
Bolshaya Kruzhka.....	Local	3.1
Super Bock.....	Local	2.6
Beerlao .....	Local	2.3

Note:

- (1) Carlsberg's classification.  
(2) Estimated sales in 2013 (source: Canadean).

### The Group's International Brands

**Carlsberg.** The Carlsberg brand is an international premium brand. The Carlsberg brand is one of the largest international beer brands with a presence in more than 140 countries through direct sales, licensing and exports. The Carlsberg brand is licensed to Carlsberg Breweries by Carlsberg.

**Tuborg.** The Tuborg brand is an international premium brand. Tuborg is available in over 70 countries worldwide. Tuborg is a strong international premium brand in Eastern Europe and is the market leader in the international premium segment in Russia. Since 2007, Russia has been the largest single market for the Tuborg brand. In recent years, the expansion of the brand to Asia has been successful and India and China became the third and fourth largest markets for Tuborg in 2013.

**Kronenbourg 1664.** The Kronenbourg 1664 brand, including the wheat beer Kronenbourg 1664 Blanc, is an international French super-premium brand. Kronenbourg 1664 is available in more than 50 countries worldwide.

**Somersby.** Somersby is the Group's international cider brand. It was first launched in Denmark and Norway in 2008 and is today available in 40 countries. In 2012 and 2013, the brand was the fastest growing global top 10 cider brand (source: Canadean).

### Leading Local Brands

Leading local brands play, and will continue to play, an important role in the Group's portfolio. In each of the Group's European markets, a local mainstream brand has been developed as a leading local brand to be a key driver in the local mainstream segment.

### Other Beverages Portfolio

The Group produces, markets, sells and distributes soft drinks, mineral water, sports/energy drinks, cider and other alcoholic beverages. The soft drinks portfolio generally consists of the bottling and production under license of leading international brands such as Coca-Cola, Pepsi and Schweppes, and strong national brands

(both carbonated and noncarbonated) such as Tuborg Squash in Denmark, and the water brand Ramlösa in Sweden. In 2013, 14 per cent. of Pro Rata Volume (19.1 million hl) was generated from soft drinks, mineral water and other non-beer beverages.

## **Innovation**

The core business of Carlsberg is beer. Innovations are important for driving the beer category and maintaining its attractiveness to consumers and customers. Through superior understanding of trends and insights from consumers, shoppers and customers, the Group aims to identify which innovations will attract consumers and deliver top and bottom line growth over time. The innovation efforts are not only targeted at developing and launching new products, but also at enhancing and innovating existing products, developing new types of packaging, and improving brewing processes and ingredients. In addition, generally innovations must be scalable and usable across the Group.

Having a combination of Group and local innovations within beer and adjacent beverage categories is in the Group's opinion key to recruiting and retaining consumers.

## **Branding and Marketing**

Carlsberg A/S owns the Carlsberg brand and licenses the use of it to Carlsberg Breweries under a long-term licensing agreement for a nominal fee. The Group is the owner of all its other regional and local brands, including Tuborg. With the exception of certain jurisdictions in which it is not possible to register trademarks, trademark registrations for the Carlsberg and Tuborg brands have been effected in almost every country in the world. Trademark registrations for local brands have also been effected in numerous countries, with the number of countries depending on the importance, volume and geographical presence of each such local brand.

In a number of markets where the Group's brands are licensed to third parties, various agreements have been entered into regarding requirements to and opportunities for licensees in relation to the marketing of the brands licensed.

## **Branding**

The Group will continue to focus on developing and strengthening its brand portfolio based on a combination of strong local and international premium brands. An essential part of the Group's strategy is to develop its brands as premium brands. The Group's brand portfolio is strengthened and developed further through enhancement of brand quality, marketing and product innovation. Where the Group does not own premium brands or cannot market its products as such, it will enter into partnerships to improve its brand portfolio.

Management of Carlsberg's international brand portfolio is carried out centrally at Group level to ensure the right prioritisation and streamlining, and to build strong and efficient brand platforms and growth models in order to optimise profits. Execution and implementation of these strategies are secured through the Group's local sales organisations.

As a rule, management of local brands is decentralised but in order to achieve synergies across markets, a central brand network has been established at Group level to facilitate the development and sharing of ideas, concepts and experiences, enabling these to be applied to local brands in different markets. As part of the Group's portfolio development strategy, the platform of strong local brands is used to offer consumers the opportunity to trade up, by introducing new packaging or line extensions (such as flavour variants).

As beer markets mature, innovation plays an increasingly important role in driving value growth. The Group aims to concentrate, and improve the efficiency of, its product visibility across more countries. This strategy

applies to the beer category as well as adjacent beverage categories but also includes packaging, marketing and execution. Carlsberg therefore does not only focus on developing and launching new products but also on enhancements and innovations for existing products such as new flavours or new types of packaging.

## **Marketing**

Global marketing activities have significantly strengthened Carlsberg brand equity. Carlsberg connects and communicates with consumers through communication and advertising strategies targeting relevant activities programmes at key touch points. The world of sports is an integral part of the Carlsberg marketing programmes. The Group has been involved in the longest sponsorship ever in the English Premiership, sponsoring Liverpool Football Club since 1992 and the Premier League from the 2013/2014 season. Carlsberg has sponsored one of the world's largest football events, UEFA EURO, for almost a quarter of a century and will also do so for the EURO 2016 tournament, which will be the eighth consecutive tournament with Carlsberg as the official partner. The final tournament of the 14th UEFA EURO was held in Poland and Ukraine and was a major success for the Carlsberg brand as it surpassed all expectations with respect to both fan engagement and beer sales.

The Group also sponsors international live music events such as Roskilde Festival, the largest music festival in Northern Europe, which ties in with the brand image of Tuborg. Tuborg is frequently associated with music, sponsoring GreenFest venues in Southern and Eastern Europe and being the official beer of Live Nation, the UK's biggest organiser of festivals and live music events.

## **Raw Materials and Packaging**

The principal raw materials that the Group uses in the brewing process are barley/malt, hops, yeast and water. The Group usually uses its own proprietary yeast which it grows in its facilities. In some regions, the Group imports hops to obtain appropriate quality and variety. The Group purchases these ingredients through the open market and through contracts with suppliers. The Group produces a part of its own malt requirements in Western Europe and Eastern Europe. Part of the Group's barley needs in Eastern Europe are sourced through direct collaboration with farmers.

Raw materials prices are determined by, among other factors: the level of supplier competition and consolidation; the level of crop production; weather conditions; overall beer market sales growth; demand from overseas markets; government regulations; and macro-economic conditions. In addition, prices of certain raw materials are impacted by the growing global demand for bio fuels.

The Group is continuing to reduce the number of its suppliers in order to develop closer strategic relationships thereby ensuring tighter quality control, more competitive prices and better service. Some of the Group's raw material supply contracts are long-term fixed-price contracts to ensure stable supply, price stability and predictability. The Group relies to some extent on a few third-party suppliers. See "Risk Factors – Risks Related to the Group's Business – Reliance on key third-parties could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition."

The main part of packaging material expenditures is related to beverage cans and glass and PET bottles. However, the Group is also a large buyer of steel kegs, crown corks, plastic closures, wet glue labels and cardboard products. It has a number of long-term contracts for the supply of packaging materials with strategic suppliers. The choice of packaging materials varies by price and availability in different regions, as well as by consumer preferences and the individual brand position and image.

Procurement is centralised in Carlsberg Supply Company in Switzerland through which it coordinates the procurement of all major raw materials and packaging in Western Europe, Eastern Europe and Asia with the exception of concentrates for third-party brands. In Western Europe, the Group mainly purchases its raw

materials and packaging from large national and international suppliers. In Eastern Europe and Asia, the Group also purchases a part of its raw materials and packaging from small local or regional suppliers.

## Production

Due to similar production methods employed to make different brands of beer, brewers have some flexibility to allocate production between their breweries so as to minimise overheads and distribution costs and reduce capital expenditure requirements. A brewer's ability to achieve such savings is largely driven by extra costs involved in changing production/packaging formats and the costs of distribution, together with other considerations such as products being associated with specific locations and different national tariff systems.

The Group builds, invests and develops its production facilities to meet the requirements and demands of local markets in terms of brand, volume and packaging type, while conforming to Group-wide policies concerning quality and safety assurance and environmental standards.

Significant value is created by using the strengths of the Group, taking advantage of scale, and harmonising, standardising and centralising functions and processes across borders. An important initiative has been the establishment of Carlsberg Supply Company (CSC). CSC encompasses Group procurement, production, logistics and planning functions, and is responsible for the production and logistics network in Western Europe and the supply chain standards for the entire Group. An important enabler for achieving the full benefits of CSC in Western Europe is the roll-out of the business standardisation project, which aims to standardise work processes across the Western European markets enabled by one common IT platform. The implementation of the supply chain integration and business standardisation project in Western Europe began in Sweden in April 2013 and is scheduled to be finalised within three years.

The Group brews beer in 33 countries. Individual production facilities across the Group vary widely in terms of scale. The largest single site is the Baltika plant in St. Petersburg, Russia, with a capacity of approximately 8.1 million hl per year. Product quality assurance is a key focus for the Group. The quality of raw materials and production is ensured through various activities, including operational audits at the breweries and suppliers as well as quality-standard certification requirements.

The Group has an ongoing focus on optimising its brewing, sales and distribution throughout the Group and on both a national and regional level as part of its ongoing commitment to free-up invested capital. The most significant recent projects have been the sale of the Braunschweig and Dresden breweries in Germany, the sale of the Arendal brewery in Norway, the closing down of the Pori brewery in Finland, the Leeds brewery in the UK, and the brewery in Fribourg, Switzerland as well as breweries in Xinjiang, China. In April 2014, the main brewery in Latvia will be closed.

The table below lists the Group's five largest breweries and includes their location and production capacity.

Brewery	Location	Production Capacity (Million hl)
Baltika SPB	St. Petersburg, Russia	8.1
Kronenbourg	Obernai, France	7.3
Fredericia Brewery	Fredericia, Denmark	6.5
Yarpivo	Yaroslavl, Russia	6.5
Baltika Tula	Tula, Russia	6.3

## Sales and Distribution

The distribution of beer varies from country to country and from region to region. The nature of distribution reflects consumption patterns and market structure, geographic density of customers and the existence of third-party wholesalers. In some markets brewers distribute directly to customers (for example, the Nordic region) while in other markets they distribute to wholesalers. This is either for legal reasons or because of historical market practice, which plays an important role in distributing a significant proportion of beer to customers.

The Group utilises three main distribution models, varying by market due to the Group's positions in those markets, regulatory considerations and local market dynamics (consumption patterns, market structure, geographic density of customers and existence of third-party wholesalers). These distribution models are:

- Direct distribution to the retail level (both on-trade and off-trade outlets);
- Third-party distribution (wholesalers, importers, distributors, and “cash and carry” outlets); and
- A combination of direct and third-party distribution, primarily through wholesalers.

The Group segments its customers by channel between on-trade outlets (for example, bars, pubs, restaurants and hotels), off-trade outlets (for example, supermarkets, kiosks and retail shops) and third-party sales (for example, wholesale, cash and carry and other third parties). This segmentation (the “channel model”) allows the Group to allocate resources to different types of customers by supplying each channel with the sales support, brand and trade marketing and supply chain that it needs.

In all markets, the Group strives to serve customers in the most cost-efficient way possible while maintaining appropriate service levels. In the Nordic region, this service level requires direct delivery to stores and outlets. In contrast, the German, Russian and many Asian markets are primarily served through wholesalers. Because the largest segment of the UK market consists of on-trade outlets, the Group focuses on these outlets by distributing both directly to outlets and through wholesalers. In Switzerland and Italy, a major portion of the Group's distribution is direct, whereas in Portugal distribution is primarily carried out through owned and third-party wholesalers.

In Western Europe, product handling is conducted in accordance with quality standards, and warehouse operations are enhanced by automation to improve storage and handling capacity. Distribution to retailers and wholesalers is accomplished either by using trucks owned or leased by the Group, driven and unloaded by employees of the Group, or by using third-party providers of transportation services.

In emerging and growth markets, customers often prefer to order through wholesalers rather than receiving direct deliveries. In Eastern Europe, Carlsberg Breweries sells largely through wholesalers, but with direct deliveries to major retail chains. In Russia, Baltika is continuously adapting its method of distribution to changing market conditions and is expected to show more direct distribution business as the key retail account segment grows, but wholesalers remain the most important distributor in many of the country's regions. In Asia, distribution varies from country to country: in Malaysia, Singapore and China, the distribution network is primarily through wholesalers with direct deliveries to the major retail chains, but in Hong Kong the distribution is direct with a smaller part going through third-party wholesalers.

The sales system generally comprises selling efforts towards existing and new customers as well as order taking, distribution and payments. The Group principally uses telephone sales calls to serve the on-trade business, while the off-trade business is principally served by sales representative visits. Daily customer sales development in the larger outlets is generally handled by the field sales force and the agreements and negotiations with major key accounts, including category and promotional activities, are generally handled by the Group's key account managers.



## **Licensing and Export**

Licences issued by the Group grant authority to third-party licensees to manufacture, package, sell and market in a particular assigned territory (usually a country). The license covers only a particular brand and that brand is agreed to be produced under strict rules and technical requirements provided and monitored by Group headquarters. The Group also accesses new markets through international distribution agreements.

The Group has licensing agreements in more than 25 countries, predominantly for the Carlsberg brand (which is licensed by Carlsberg to Carlsberg Breweries and sub-licensed by Carlsberg Breweries to third parties), and exports to more than 100 countries. The other main brands in the Group that are licensed out to third parties are Tuborg, Holsten, Somersby and Kronenbourg 1664. In total, the Export and License business is responsible for 10 million hl per year. The Export and License business is important to building the global presence and awareness of the Group's brands. In connection with the acquisition of activities from S&N exclusive, long-term licensing agreements were entered into with Heineken regarding the acquired brands Kronenbourg and Grimbergen for the markets in the United Kingdom and Belgium, respectively.

## **Continuous efficiency improvements**

Improving efficiency and adjusting and optimising the cost and capital base in all markets is a continuous journey encompassing the entire value chain. In past years, a number of efficiency, optimisation and standardisation programmes have been carried out covering systematic streamlining of processes and procedures across the whole value chain in areas such as production, procurement, administration, logistics, sales and marketing. The agenda continues and encompasses front-end as well as back-end integration, standardisation and optimisation, adapting best practices from the world's leading FMCG companies. The goal is to combine efficiency gains with growth opportunities.

In recent years, Carlsberg has taken a number of steps to globalise and centralise back-office functions as well as other relevant areas in which it makes sense to create centres of excellence at global, regional or sub-regional level. Examples of this are a shared accounting service centre in Poland, Carlsberg Supply Company in Switzerland, and a virtual, centralised European IT organisation. As a result, Carlsberg Breweries may depend on other group companies for certain of its back-office functions.

Further information on selected efficiency initiatives currently being implemented by Carlsberg are set out below.

### **Cash Race**

Cash Race aims to reduce the capital tied up in net working capital. Cash Race focuses on optimising accounts payable, accounts receivable and inventory in order to free up capital. Whereas excellence programmes focus on optimising operational performance, Cash Race aims at reducing net debt by a reduction in working capital.

Carlsberg benchmarks itself against market leaders within the brewing sector as well as other FMCG companies, and further improvements in working capital management are planned going forward. Although significant results have already been achieved Cash Race will continue to be a focus area and the goal for 2014 is to improve the average working capital level throughout the year and thereby reduce net interest bearing debt.

### **Business Standardisation Project**

Business standardisation is about standardising work processes across a number of areas throughout the value chain. The ultimate aim is to provide the right tools and processes to help Carlsberg professionals perform their jobs faster, smarter, more efficiently and with greater transparency, allowing more time to focus on local

market needs and thereby generating revenue and earnings growth. To achieve the full benefits of business standardisation, the programme is aligned with the planned integration of the supply organisation.

In addition to creating immediate synergies by reducing the complexity of the Group, Management anticipates that the standardisation project will result in greater transparency across the Group, which will in turn provide new opportunities to optimise working methods and processes. The first phase of the programme was launched in 2008 and involved identifying and mapping the operational and administrative processes with a view to designing and optimising uniform business processes and IT systems across the Group's subsidiaries. In 2009, a second wave design phase was launched in order to design a solution to optimise the Group's processes and include the scope of the Carlsberg Supply Company.

The roll-out of the first wave of the Business Standardisation Programme was piloted in Switzerland in 2011. The roll-out of the second wave of the Business Standardisation Programme began in Sweden in April 2013 and is scheduled to be finalised within three years.

### **Carlsberg Supply Company (CSC)**

The aim of the integrated supply chain is to create a superior customer and consumer-driven supply organisation, ensuring that the Group's products are always available in all markets, at the right quantity, quality and price, when the consumer is ready to buy them. CSC brings together the Carlsberg Group's global procurement, production, logistics and planning functions.

In Western Europe, the scope of CSC is wider. Here, it is responsible for the production and logistics of our brewery network in Western Europe and for establishing a supply chain that enables Carlsberg to plan and function as one integrated brewery across the region. The Business Standardisation Programme is thus an important enabler for the integrated supply chain.

CSC handles the Carlsberg Group's global procurement processes and enables highly efficient end-to-end planning. It also helps to ensure that the Group establishes and benefits from global standards in brewing technology.

To improve the efficiency and effectiveness of the Group's breweries, CSC adopts and applies best practices in brewing and supply chain management. This enables the Group to improve operating margins and increase the output of our breweries without necessarily investing in more capacity.

### **Value Management**

Carlsberg's Western Europe region is facing considerable challenges in its endeavours to increase net revenue per hl in a market environment characterised by flat or declining beer markets. Professional value management is an important way to turn this challenging environment into a balanced situation for Carlsberg and its customers.

Value management aims at increasing the value pool for both Carlsberg and the retailer rather than focusing on splitting a shrinking value pool between the two. Carlsberg's value management approach has been developed by a team at Carlsberg using best practices from several countries and from other FMCG companies, and combining some of the best tools in the market. The approach covers various levers, including but not limited to product mix optimisation, pack sizes, promotions, trade terms and targeted price increases in compliance with local practices and regulations. The approach is supported by tools and internal training programmes and Carlsberg expects that its value management approach will be an important lever for revenue growth.

## Carlsberg's Global Operations

The Group's operations consist of brewery activities in three geographical regions: Western Europe, Eastern Europe and Asia. The beer markets in these regions vary widely, from the mature markets of Western Europe to the growth and emerging markets of Eastern Europe and Asia, in particular in relation to growth rates, consumption per capita and the types of beers consumed. Consequently, the regions' contributions to the Group's growth, earnings and development differ significantly.

The following table shows the breakdown by Pro Rata Volumes of beer, net revenue and operating profit between the Group's three geographic regions for the year ended 31 December 2013.

	Year ended 31 December 2013		
	Pro Rata Volume	Net revenue	Operating Profit
	<i>(Million hectorlitres)</i>	<i>(DKK millions)</i>	
Western Europe	49.0	38,796	5,269
Eastern Europe	42.4	17,711	4,127
Asia	28.3	9,874	1,921

### Western Europe

#### *Overview*

Carlsberg is the second largest brewer in Western Europe. The region mainly comprises mature markets and is generally characterised by well-established retail structures and a strong tradition of beer consumption in most markets.

Beer consumption levels have generally remained flat or in slight decline. However, the uncertain macro environment has had a slightly negative impact on consumption and has also led to a shift from on-trade to off-trade consumption.

The main focus is twofold: increasing market share through improved value management, superior in-store execution and driving international and local premium brands; and simplifying our business model, increasing efficiencies and taking out costs while providing superior customer service and top-quality products.

#### *Denmark*

Carlsberg Denmark is wholly owned by the Group and is the largest brewer in Denmark. The Group's largest brands in Denmark are Tuborg and Carlsberg. Carlsberg Denmark also bottles, distributes and sells the Coca-Cola Company brands in Denmark capturing a significant share of the Danish soft drink market. Carlsberg Denmark distributes most of its products directly to on-trade and off-trade customers.

#### *Norway*

Ringnes in Norway is wholly owned by the Group and is the largest brewer in Norway. The Group's largest brands in Norway are Tuborg and Ringnes. Ringnes also bottles, distributes and sells PepsiCo products in Norway. Ringnes distributes most of its products directly to on-trade and off-trade customers.

### ***Sweden***

Carlsberg Sweden is wholly owned by the Group and is the largest brewer in Sweden. The Group's largest brands in Sweden are Pripps and Carlsberg. Carlsberg Sweden also bottles, distributes and sells PepsiCo brands in Sweden and is the owner of Ramlosa mineral water, which is sold internationally. Carlsberg Sweden distributes most of its products directly to on-trade and off-trade customers.

### ***Finland***

Sinebrychoff in Finland is wholly owned by the Group and is the largest brewer in Finland. The Group's largest brands in Finland are Karhu and Koff. The Carlsberg brand is the best-selling international beer product by volume in Finland. Sinebrychoff also bottles, distributes and sells the Coca-Cola Company brands in Finland, as well as a range of other non-beer brands including cider and the Battery energy drink. Sinebrychoff distributes most of its products directly to on-trade and off-trade customers.

### ***The Baltic Countries***

Through its subsidiaries in Estonia, Latvia and Lithuania the Group is the market leader in the Baltic market. Saku is the largest brand in the Group's Estonian portfolio. Aldaris is the Group's best-selling beer brand in Latvia, while the Svyturys and Utenos brands have the largest market share in Lithuania.

### ***United Kingdom***

Carlsberg UK is wholly owned by the Group and is, overall, the fourth largest brewer in the United Kingdom but with a stronger position in off-trade sales. The Group's largest brands in the United Kingdom are Carlsberg and Tetley's. Carlsberg UK distributes its products to the on-trade (restaurants and bars) directly.

### ***France***

Brasseries Kronenbourg is wholly owned by the Group and is the largest brewer in France. The largest brand is Kronenbourg but the portfolio also includes the premium brands 1664, Carlsberg, Grimbergen and Tuborg. Distribution is primarily through wholesalers / distributors.

### ***Northern Germany***

Carlsberg Deutschland is wholly owned by the Group and is one of the leading breweries in Northern Germany. The Group's brand portfolio in Northern Germany includes Carlsberg, Holsten and Astra.

### ***Switzerland***

Feldschlösschen is wholly owned by the Group and is the largest brewer in Switzerland. The Group's largest brands in Switzerland are Feldschlösschen and Cardinal, two of the leading brands in the Swiss beer market. Feldschlösschen distributes most of its products via direct distribution, and the remaining sales are split equally between central warehouse deliveries and third-party wholesalers.

### ***Italy***

Carlsberg Italia is wholly owned by the Group and holds a number four position in Italy. The Group's largest brands in Italy are Poretti and Tuborg. Carlsberg Italia distributes its on-trade products through its own Carlsberg Horeca set-up in which part of the volume goes through independent wholesalers.

### ***Portugal***

Unicer is 44 per cent. owned by the Group. Unicer's leading brands are Super Bock and Cristal. Carlsberg is the leading brand of the international premium beer segment. In addition, Unicer has a substantial water, soft drink and other beverage business, which supports the core beer operation. Within Portugal, Unicer distributes through third-party wholesalers and through its own distribution network.

## ***Poland***

Carlsberg Polska is the third largest brewer in Poland. The Group's largest national brands in Poland are Harnas and Kasztelan. In addition the Group also has strong regional brands in Poland. Further, the Carlsberg brand has a strong position as an international brand. Carlsberg Polska distributes most of its products through wholesalers.

## **South East Europe**

The Group wholly owns five breweries in South East Europe (Bulgaria, Croatia, Serbia and Greece). There is a regional hub based in Belgrade, Serbia. The regional South East European team together with the CEO's in the markets ensures greater standardisation of operations and faster sharing of best practices at the same time as facilitating management for the region as a total.

Carlsberg Serbia is the second largest brewer in Serbia, producing and selling the local LAV brand and Tuborg brand beers.

Carlsberg Croatia is the third largest brewer in Croatia, producing and selling the local PAN brand and Tuborg brand beers.

Carlsberg Bulgaria is the third largest brewer in Bulgaria. The largest local brands are Shumensko and Pirinsko.

Mythos Brewery is the second largest brewer in Greece. Mythos produces the Mythos beer brand, which is among the leading Greek national brands.

Carlsberg also operates sales companies in Hungary and Bosnia-Herzegovina which sell and distribute beer from the Serbian and Croatian breweries.

In South East Europe, the Group's products are distributed through a combination of direct store delivery and distributors / wholesalers.

## ***Eastern Europe***

### ***Overview***

The Eastern Europe region covers Russia, Ukraine, Kazakhstan, Belarus and Azerbaijan.

Carlsberg holds a strong no. 1 position in the region's main market, in Russia, as well as in Belarus and Azerbaijan. In the second largest market in the region, in Ukraine, and Kazakhstan, the Group holds no. 2 positions.

Over the past few years, the Russian beer market has been challenged due to the macroeconomy, unavoidable significant price increases and changed regulation. However, in value terms the beer market has generally seen healthy and consistent growth rates. Carlsberg has a superior brand portfolio in Russia with a no. 1 position in all price segments. Along with strong execution, this has driven a positive market share trend since 2012.

The regional retail universe is in a developing stage with a large traditional trade and a growing modern trade. The Group's main focus is to continue to strengthen the Russian business and drive the positive market share trend while securing value through value management, driving international and local premium brands, and superior commercial execution.

The competitive landscape is dominated by international players.

The Group's beer portfolio in the region includes well-known brands such as Baltika, the biggest beer brand in Russia; other leading Russian brands including Yarpivo, Arsenalnoye and Nevskoye; and the Ukrainian

brands Lvivske and Slavutich. The Baltika brand, in particular, holds a strong position in all markets in the region. To complement the local and national brand portfolios, the Group's breweries in the region brew and distribute Carlsberg's international brands, including Carlsberg, Tuborg, Kronenbourg 1664 and Somersby, as well as producing third party beer brands such as Japanese Asahi under licence.

The Group's beer products in the region are primarily distributed through third-party wholesalers and secondly via direct distribution.

### ***Russia***

The Group's largest and most important market is Russia, the fourth largest beer market in the world.

Baltika Breweries is Russia's largest brewing group and wholly owned by the Group.

Historically high annual growth rates in the Russian market have been driven by a sustained increase in per-capita beer consumption as GDP has grown and consumer tastes have shifted from vodka to beer. In 2009-2011, consumption declined, initially due to the global financial crisis, which severely impacted the Russian economy and negatively impacted the Russian consumer sentiment. After the crisis, the consumer had to absorb average price increases of approximately 25 per cent. following a significant increase in excise tax in January 2010. The increase led to a prolonged period of consumption decline as consumers needed time to adjust to the much higher price level. The market decline in 2011 was fuelled by consumers still adjusting to the higher price level of beer, further price increases as the industry passed on significantly higher input cost, and high inflation on basic food items, particularly in the first half of 2011. In 2012, the beer market was flat while in 2013, it declined by an estimated eight per cent. due to changed regulation impacting non-permanent outlets and a weaker macro economic growth and consumer sentiment, particularly in the second half of the year.

Notwithstanding recent and known future excise tax and regulatory changes as well as the weaker macroeconomy, Carlsberg believes that the fundamental drivers and characteristics of the beer category, such as the shift from high-alcoholic to low-alcoholic products, are solid, supporting medium-term beer market and profit pool growth expectations.

### ***Ukraine, Kazakhstan, Azerbaijan and Belarus***

Carlsberg Breweries owns the second largest brewing business in Ukraine and Kazakhstan, and the largest brewing business in Belarus and Azerbaijan.

The Group's three breweries in the Ukraine produce the local brands Lvivske and Slavutich. In Kazakhstan, the Carlsberg Kazakhstan brewery produces the local brands Irbis and Derbes, which hold strong market positions in the mainstream segment.

In addition, the Group also exports its products to markets in the Eastern Europe region where the Group does not have production facilities.

### **Asia**

#### ***Overview***

Carlsberg's Asian portfolio of businesses consists of mature markets such as Malaysia, Hong Kong and Singapore as well as investments in growing beer markets such as China, India and Vietnam.

These Asian markets offer considerable prospects for growth, underpinned by expanding populations, rising disposable income levels, growing economies that have proved relatively resilient to the uncertain global macro environment, and relatively low per capita beer consumption.

The competitive intensity varies, with markets being contested by strong local brewers as well as the major international beer companies. In most cases, the presence of the international brewers is through joint venture arrangements or equity stakes in local brewers.

A number of the Group's internal structures and processes have been evaluated and tailored to allow them to be introduced in the Group's Asian operations. In particular, the Group's experience from its operational efficiency and optimisation programmes in Western Europe has been adapted to improve the structures and processes in the Asian business, on both a national and regional basis. The Group's regional management is based in Hong Kong.

### ***China and Hong Kong***

In the past decade, the Group has accelerated the pace of acquisitions in Chinese breweries, concentrating on Western China, securing leading market positions with the aim of driving volume growth and creating the foundation for long term value growth. Today, the Group is involved in 39 breweries in Western China, establishing the Group as the leading brewer in Western China and the fifth largest brewer in the country as a whole.

Chongqing Brewery Co. is one of Carlsberg's most important investments in China. The Chongqing Brewery Co. Ltd.'s principal brands are regionally-focused and sold under the names Chongqing Beer and Shancheng. The Chongqing Brewery Co. Ltd is listed on the Shanghai Stock Exchange. In 2013, the Carlsberg Group completed a partial takeover offer, taking its ownership share of Chongqing Brewery Co. to 60%. In addition, a put option was granted allowing a non-controlling interest of 4.95% of the shares to be sold to Carlsberg within a 12-month period at the same price per share as the partial takeover offer price. Also in 2013, the Carlsberg Group acquired 100% of Chongqing Beer Group Assets Management Co. Ltd, which comprises a total of eight breweries in three eastern provinces in China. This transaction is pending approvals from relevant authorities.

Wusu Brewery Group is another important investment in China. Carlsberg owns 65 per cent. of the Wusu Brewery Group.

In Southern China, Carlsberg Brewery Guangdong in Huizhou is 100 per cent. owned by the Group and supplies Carlsberg brands to China, Hong Kong and the Macau markets and also produces its own local Dragon 8 brand. The Carlsberg Chill brand was developed exclusively for the Chinese market. It is one of the most popular premium beers in large Chinese cities, holding a number two position in the international super premium segment.

In April 2012, the Tuborg brand was for the first time launched on the Chinese market. The brand has delivered results above expectations and was in 2013 the fastest growing international premium brand in China.

In China, the Group's products are distributed primarily through wholesalers supported by a strong presence of the Group's own sales offices in more than 30 cities.

The Carlsberg brand has been sold in Hong Kong since 1923. The Group's wholly-owned subsidiary, Carlsberg Hong Kong Ltd. is part of Carlsberg Greater China.

### ***Malaysia***

The Group has been active in the Malaysian beer market for more than 100 years and since 1972 has held an investment in Carlsberg Brewery Malaysia Berhad ("Carlsberg Malaysia"). The Group owns 51 per cent. of Carlsberg Malaysia, which is listed on the Kuala Lumpur Stock Exchange. Its main brand in Malaysia is Carlsberg. In Malaysia, the Group's products are distributed primarily through third-party wholesalers with direct deliveries to the major retail chains. Carlsberg Malaysia is the second largest brewer in Malaysia.

### ***Singapore***

Carlsberg has been imported into Singapore since the beginning of the twentieth century. Carlsberg Singapore, wholly-owned by Carlsberg Brewery Malaysia Berhad, is a sales and marketing company. Most of the beer sold by Carlsberg Singapore is now being brewed by its parent company, Carlsberg Malaysia. Carlsberg Singapore is the second largest beer company in Singapore.

### ***Vietnam***

Carlsberg entered the Vietnamese market in 1993 through the formation of a joint venture with Viet Ha Brewery owned by the Hanoi Peoples Committee. In 2014, Carlsberg increased its ownership of South East Asia Brewery (“SEAB”) in Hanoi to 100 per cent. SEAB’s beer brand Halida competes in the mainstream segment as the second largest local brand in northern Vietnam. In 1994 the second Carlsberg joint venture was founded through cooperation with the Hue Peoples Committee in Hue Brewery, of which Carlsberg owned 50 per cent. In 2011, the Group increased its ownership to 100 per cent. Hue Brewery Ltd. (“HBL”) is located in central Vietnam and the beer brand Huda competes in the mainstream segment. Both the Huda and Halida brands were among the 8 largest beer brands in Vietnam in 2013 (source: Canadean).

In 2014, Carlsberg also completed the acquisition of 45% of Hanoi Vung Tau Joint Stock Company (HVC) taking the Group’s ownership to 99%, enabling the integration of HVC and SEAB with already wholly-owned Hue Brewery Limited into a single commercial entity. The new entity, Carlsberg Vietnam Trading Company, will sell Carlsberg’s portfolio of brands across the country.

In 2006, the Carlsberg brand was repositioned as one of the most expensive locally-produced premium beers and is currently among the top three international premium beers in Vietnam.

In 2007 Carlsberg acquired a 30 per cent. shareholding in Halong Brewery and later in 2007 Habeco and Carlsberg jointly established a new greenfield brewery joint venture in the Vung Tau province outside of Ho Chi Minh City in southern Vietnam.

In March 2007 the Vietnamese Ministry of Industry approved state-owned brewery Habeco’s choice of Carlsberg as strategic partner in connection with the initial privatisation of Habeco and in 2008, the Group acquired a 16.1 per cent. shareholding in Habeco. In 2009, Carlsberg signed a Memorandum of Understanding with the aim of increasing its ownership in Habeco from 16.1 per cent. up to 30 per cent.

In Vietnam, the Group’s products are distributed primarily through wholesalers.

### ***Cambodia, Laos, Thailand, Nepal and India***

The Group has the leading market position in Cambodia and Laos. In Cambodia, the Group has a shareholding of 50 per cent. in Cambrew Ltd. In Laos, the Group owns 61 per cent. of the shareholding in the joint venture of Lao Brewery Co. Ltd..

In 2012, the Group entered into a strategic partnership agreement with Singha Corporation, the leading brewery group in Thailand, under which Singha Corporation and Carlsberg have formed a joint venture which will oversee the marketing, sales and distribution of Carlsberg’s international beer brands in Thailand.

In Nepal, the Group has a 90% stake in Gorkha Brewery Pvt. Ltd via a holding company in Singapore. Ltd.

In India, the Group took the first steps in 2006 in establishing a platform in the country through entering a joint venture (South Asia Breweries Pvt. Ltd., India, renamed to Carlsberg India Pvt. Ltd. in February 2009). Management believes that the Indian beer market has considerable long term growth potential because annual consumption per capita is among the lowest in Asia, and India is experiencing strong economic growth, urbanisation and improved consumption patterns.



Commercial operations began in the second quarter of 2007 at the Himachal Pradesh brewery. Since then, four more breweries have been opened in Rajasthan, Maharashtra Kolkata (West Bengal) and Andhra Pradesh.

In 2011, the Group increased its ownership in its Indian business, South Asian Breweries Pte Ltd., to 94 per cent. In 2012, the Group further expanded its position in India through the acquisition of a brewery in Dharuhera (Haryana) and began construction of a 0.5m hl brewery in Patna (Bihar).

### ***Sri Lanka and Myanmar***

The Group has a substantial market share in Sri Lanka where the Group has a shareholding of 24.6 per cent. in Lion Brewery Ceylon Ltd. via Carlsberg Malaysia.

In Myanmar, the Carlsberg Group announced in February 2013 the strategic partnership agreement with Myanmar Golden Star (MGS) Breweries, a local privately-owned leading beverage company. MGS Breweries and Carlsberg have formed a joint venture and are now in the process of building a greenfield brewery which will be operational by the second half of 2014. The joint venture is 51 per cent. owned by Carlsberg.

### **Competition**

The competitive landscape varies from region to region. In Northern Europe (in particular in Scandinavia) and in parts of Asia (in particular in Western China and Vietnam), Carlsberg competes mainly with local players and local beer brands. In Western and Eastern Europe and the other parts of Asia, Carlsberg competes mainly with large leading international brewers and international brands.

### **Regulatory Environment**

The Group's business is subject to a comprehensive regulatory framework applicable to the brewing industry including local, regional, EU and international standards, rules and regulations covering such areas as environmental protection, competition, and health and safety at work. Several of Carlsberg's markets feature restrictions on advertising and other communication to consumers or regulation of behaviour in places where products are used. There can also be restrictions on sales, for example based on consumers' age. Changes in these rules can, in isolation, entail a risk of a decrease in sales in these markets. See "Risk Factors – Risks Related to the Group's Industry – Changes in existing regulations, increased regulation or failure to comply with existing licensing, trade and other regulations could have a material adverse effect on the Group's business, results of operations, cash flows or financial condition."

The Group works both independently and together with other breweries to limit the negative consequences of inappropriate use of alcoholic products, and actively promotes responsible sales and consumption.

### **Insurance**

The Group is able to obtain insurance coverage for its operations at levels that Management considers to be prudent. Management believes that the Group's insurance coverage is adequate and is in accordance with the Group's insurance policy. The Group's captive insurance programme, Carlsberg Insurance A/S, insures a small part of the Group's all-risk insurance programme.

### **Litigation**

The Group is involved in a number of legal proceedings that have arisen in the ordinary course of its business. The Federal Cartel Office in Germany has issued a decision against Carlsberg Deutschland and imposed a fine in the amount of EUR 62m on Carlsberg Deutschland for alleged infringement of the competition rules in

2007. Management does not agree with the conclusions or findings by the Federal Cartel Office and accordingly Carlsberg Deutschland has appealed the decision to the relevant German Court. The imposed fine has therefore not been provided for in the accounts

Besides this, there are no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had during the 12 months preceding the date of this Base Prospectus, significant effects on the financial position or profitability of the Issuer or the Group.

## Supervisory Board

The Supervisory Board of the Issuer consists of 6 members. The following table sets out the names of the directors, their functions and their other principal activities outside of the Issuer.

<b>Name</b>	<b>Function</b>	<b>Other Principal Activities</b>
Jess Søderberg	Chairman, Managing Director	Managing Director. Former CEO of the A.P. Møller-Mærsk Group (1993-2007) and previously CFO for the same company since 1981. Member of the Supervisory Board and Audit Committee of The Chubb Corporation, advisor to Permira and member of Danske Bank's Advisory Board. Elected 2009.
Flemming Besenbacher	Deputy Chairman	Professor, D.Sc, h.c. mult. FRSC. Chairman of the Executive Board of the Carlsberg Foundation. Chairman of Carlsberg A/S. Chairman or member of the Boards of Directors of Carlsberg Group companies. Professor Honoris Causa at a number of international universities. Elected 2012.
Jørgen Buhl Rasmussen	President and CEO	President, Chief Executive Officer since 2007. Appointed to the Executive Board of Carlsberg A/S in 2006. Chairman, Deputy Chairman or member of the Supervisory Boards of Carlsberg Group companies. Member of the Supervisory Board of Novozymes A/S. Elected 2007.
Eva Vilstrup Decker <sup>†</sup>	Customer Service Manager	Carlsberg Breweries A/S. Elected 2002.
Jakob Laurant Lund Karsvang <sup>*</sup>	Sales & Value Management Manager	Carlsberg Breweries A/S. Elected 2014.
Jørn P. Jensen	Deputy CEO and CFO	Deputy CEO since 2007; CFO since 2004. Appointed to the Executive Board of Carlsberg A/S in 2000. Chairman, Deputy Chairman or member of the

<sup>†</sup> Employee representative

Anders Winther\*

Consultant SLA Manager

Boards of Directors of Carlsberg Group companies. Member of the Supervisory Board of Dong Energy A/S. Member of the Committee on Corporate Governance in Denmark. Elected 2006. Carlsberg Business Solutions A/S Elected 2014.

The Supervisory Board appoints the Executive Board. The Executive Board of the Issuer currently comprises Jørgen Buhl Rasmussen and Jørn P. Jensen. The Executive Board meets on a regular basis with the Supervisory Board in order to discuss overall strategy for the business.

The business address for each member of the Supervisory Board and Executive Board is Ny Carlsberg Vej 100, 1799 Copenhagen V, Denmark.

The Issuer is not aware of any potential conflicts of interest between the duties to the Issuer of the persons listed above and their private interests or other duties.

### **Recent Developments**

In the traditionally small first quarter of 2014, underlying volume, revenue and profit development have been in line with management's expectations and targets. Due to a more negative foreign exchange rate impact than assumed at the beginning of the year, the expectations for a mid-single-digit percentage growth in reported operating profit and adjusted net result was changed to low-single-digit growth.

## TAXATION

Persons considering the purchase, ownership or disposition of the notes should consult their own tax advisers concerning the tax consequences in the light of their own particular situations. No representations with respect to the tax consequences of any particular Noteholder are made hereby.

### **Kingdom of Denmark**

#### Taxation of Residents in Denmark

Under existing Danish tax laws, private individuals, including persons who are engaged in financial trade, and companies, funds and similar entities, who are domiciled in Denmark for tax purposes, are (save for certain exceptions) liable to pay tax on capital gains on the Notes and on payments of interest under the Notes.

#### **Taxation of Non-residents**

Under the Danish tax laws in effect as of the date of this Base Prospectus, payments of interest or principal amounts to any non-resident holders of Notes are not subject to taxation in Denmark, no withholding tax will be payable with respect to such payments and any capital gain realised upon the sale, exchange or retirement of a Note will not be subject to taxation in Denmark.

However, interest payments made by a Danish borrower pursuant to an intra-group loan or other arrangement to an affiliated foreign company (as defined in Section 3B of the Danish Tax Control Consolidated Act No. 1264 of 31 October 2013, as amended) may be subject to a Danish withholding tax of 25 per cent. This withholding tax also applies to the payment of certain capital gains in respect of such intra-group loans on other arrangements.

This tax treatment applies solely to holders of Notes who are not subject to full tax liability in Denmark or included in a Danish joint taxation scheme and do not carry on business in Denmark through a permanent establishment.

### **Luxembourg**

The following is a general description of certain tax laws relating to the Notes as in effect and as applied by the relevant tax authorities as at the date hereof and does not purport to be a comprehensive discussion of the tax treatment of the Notes.

Prospective investors should consult their own professional advisers on the implications of making an investment in, holding or disposing of Notes and the receipt of interest with respect to such Notes under the laws of the countries in which they may be liable to taxation.

#### **Withholding tax**

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders and to certain so-called “residual entities”, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders and to certain residual entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

#### **Taxation of Luxembourg non-residents**

Under the Luxembourg laws dated 21 June 2005 (the “Laws”) implementing the European Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income (the “Savings Directive”) and several

agreements concluded between Luxembourg and certain dependent and associated territories of the European Union (“EU”) Member States, a Luxembourg-based paying agent (within the meaning of the Laws) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or, under certain circumstances, to the benefit of) an individual or certain residual entities resident or established in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or, in case of an individual beneficiary, for the tax certificate procedure. Residual entities within the meaning of Article 4.2 of the Savings Directive are entities established in a Member State or in certain EU dependent or associated territories which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), and whose profits are not taxed under the general arrangements for the business taxation, and that are not and have not opted to be considered as UCITS recognised in accordance with the European Council Directive 85/611/EEC as replaced by the European Council Directive 2009/65/EC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands.

The current withholding tax rate is 35 per cent.. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

The European Council has adopted certain amendments to the Savings Directive, which will, when upon implementation, amend or broaden the scope of the requirements described above.

The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

### **Taxation of Luxembourg residents**

Interest payments made by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC as replaced by the European Council Directive 2009/65/EC or for the exchange of information regime) are subject to a 10 per cent. withholding tax.

Pursuant to the Luxembourg law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals, acting in the course of their private wealth, can opt to self-declare and pay a 10 per cent. tax on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area other than an EU Member State or in a State or territory which has concluded an international agreement directly related to the Savings Directive.

### **EU Directive on the Taxation of Savings Income**

The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual resident, or certain other types of entity established, in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The Council of the European Union has adopted the Amending Directive which will, when implemented, amend and broaden the scope of the requirements described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

Investors who are in any doubt as to their position should consult their professional advisers.

### **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 the current European Commission proposal 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. 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

### Overview of Dealer Agreement

Offerings of Notes will be made subject to the terms and on the conditions contained in a dealer agreement dated 19 May 2014 (the “Dealer Agreement”) between the Issuer, the Permanent Dealers and the Arranger. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### Selling Restrictions

#### United States

The Notes have not been and will not be registered under the Securities Act, as amended 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.

Notes in bearer form having a maturity of more than one year 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 and regulations thereunder.

Each Dealer has represented and agreed that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells 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.

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

#### United Kingdom

Each Dealer has represented and agreed that:

- (i) in relation to any Notes which have 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 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 Issuer;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 Issuer; 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.

### **Kingdom of Denmark**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer, sell or deliver any Notes directly or indirectly in the Kingdom of Denmark by way of a public offering, unless in compliance with the Danish Securities Trading Act, (Consolidated Act No. 227 of 11 March 2014), as amended, and Executive Orders issued thereunder.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

### **People’s Republic of China**

Each Dealer has represented, warranted and agreed that the offer of the Notes is not an offer of securities within the meaning of the PRC Securities Law or other pertinent laws and regulations of the PRC and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

### **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

Neither the Issuer nor any Dealer has made any representation that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.



Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material, in all cases at its own expense.

## FORM OF FINAL TERMS

### Final Terms dated [●]

#### Carlsberg Breweries A/S

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] under the €5,000,000,000 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 Base Prospectus dated 19 May 2014 [and the Base Prospectus Supplement dated [●]] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC, as amended (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the Base Prospectus Supplement] [is] [are] available for viewing at [www.bourse.lu](http://www.bourse.lu) [and] during normal business hours at [100 Ny Carlsberg Vej, 1799 Copenhagen V, Denmark] [and copies may be obtained from BNP Securities Services, Luxembourg Branch, 33, rue de Gasperich L-5826 Hespérange].

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) contained in the Agency Agreement dated [original date] and set forth in the Base Prospectus dated [original date] [and the Base Prospectus Supplement dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the “Prospectus Directive”) and must be read in conjunction with the Base Prospectus dated [current date] [and the Base Prospectus Supplement dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the Base Prospectus Supplement dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [original date] and [current date] [and the Base Prospectus Supplements dated [●] and [●]]. The Base Prospectuses [and the Base Prospectus Supplements] are available for viewing at [www.bourse.lu](http://www.bourse.lu) [and] during normal business hours at [100 Ny Carlsberg Vej, 1799 Copenhagen V, Denmark] [and copies may be obtained from BNP Securities Services, Luxembourg Branch, 33, rue de Gasperich L-5826 Hespérange].

*[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub paragraphs. Italics denote guidance for completing the Final Terms.]*

*[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

1 (i) Series Number: [●]

	(ii)	Tranche Number:	[●]
	[(iii)]	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [ <i>identify earlier Tranches</i> ] on [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 [ <i>date</i> ]] [Not Applicable]
2		Specified Currency or Currencies:	[●] <sup>‡</sup>
3		Aggregate Nominal Amount of Notes:	[●]
	(i)	Series:	[●]
	(ii)	Tranche	[●]
4		Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] ( <i>if applicable</i> )]
5	(i)	Specified Denominations <sup>§**</sup>	[[●] and integral multiples of [●] in excess thereof [up to and including [●]]. [No notes in definitive form will be issued with a denomination above [●]]
	(ii)	Calculation Amount:	[●]
6	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[Specify/Issue Date/Not Applicable]
7		Maturity Date:	[Specify date or (for Floating Rate Notes/Fixed Rate RMB Notes) Interest Payment Date <i>falling in or nearest to the relevant month and year</i> ]
8	(i)	Interest Basis:	[[●] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/- [●] per cent. Floating Rate] [ISDA Determination] [Zero Coupon] (further particulars specified below)

<sup>‡</sup> Use the abbreviation “CNY” for RMB Notes

<sup>§</sup> Notes (including notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

<sup>\*\*</sup> If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows:

“€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No notes in definitive form will be issued with a denomination above [€199,000].”

	(ii) Step Up Event or Step Down Event:	[Applicable/Not Applicable]
	[(iii) Step Up Margin:	[●] per cent. per annum] <i>[Only applicable if item 8(ii) is applicable]</i>
9	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] per cent. of their nominal amount
10	Change of Interest or Redemption/Payment Basis:	[[●]/Not Applicable]
11	Put/Call Options:	[Investor Put] [Issuer Call] [Change of Control Put Option] [[further particulars specified below]] [Not Applicable]
12	[Date [Board] approval for issuance of Notes obtained:	[●] <i>(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]</i>
13	Method of distribution:	[Syndicated/Non-Syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	Fixed Rate Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii) Interest Payment Date(s):	[●] [and [●]] in each year commencing on [●], up to and including the Maturity Date
	(iii) [Interest Payment Date Adjustment:	[Applicable/Not Applicable]] <i>(N.B. Only applicable for RMB Notes)</i>
	(iv) Additional Business Centre(s):	[●] [Not Applicable] <i>(N.B. Only applicable for RMB Notes)</i>
	(v) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount <sup>††</sup>
	(vi) Broken Amount(s):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]] [Not Applicable]

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<sup>††</sup> For RMB denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: “Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005, being rounded upwards.

	(vii)	Day Count Fraction:	[30/360] [Actual/Actual] [Actual/Actual (ICMA/ISDA)] [Actual/365 (Fixed)] ( <i>N.B. Applicable to RMB Notes</i> ) [Actual/360] [30/360]/[360/360]/[Bond Basis] [30E/360]/[Eurobond Basis] [30E/360 (ISDA)]
	(viii)	Determination Dates:	[[●] in each year ( <i>insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)</i> )] [Not Applicable]
	(ix)	[Ratings Step-up/Step-down: [-Step-up/Step-down Margin:	[Applicable/Not Applicable] [●] per cent. per annum]]
15		<b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable]  <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i)	Interest Period(s):	[●]
	(ii)	Specified Interest Payment Dates:	[●]
	(iii)	First Interest Payment Date:	[●]
	(iv)	Interest Period Date:	[[●]/Not Applicable] (Not applicable unless different from Interest Payment Date)
	(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(vi)	Business Centre(s):	[●]
		Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent):	[[●]/Not Applicable]
	(viii)	Screen Rate Determination: - Reference Rate:	[[●]/Not Applicable]
		Interest Determination Dates	[●]
		Relevant Screen Page:	[●]
		ISDA Determination:	[[●]/Not Applicable]

	Floating Rate Option:	[●]
	Designated Maturity:	[●]
	Reset Date:	[●]
(ix)	[Linear Interpolation	Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation ( <i>specify for each short or long term interest period</i> )
(x)	Margin(s):	[+/-][●] per cent. per annum
(xi)	Minimum Rate of Interest:	[[●] per cent. per annum/Not Applicable]
(xii)	Maximum Rate of Interest:	[[●] per cent. per annum/Not Applicable]
(xiii)	Day Count Fraction:	[30/360] [Actual/Actual] [Actual/Actual (ICMA/ISDA)] [Actual/365 (Fixed)] ( <i>N.B. Applicable to RMB Notes</i> ) [Actual/360] [30/360]/[360/360]/[Bond Basis] [30E/360]/[Eurobond Basis] [30E/360 (ISDA)]
16	<b>Zero Coupon Note Provisions</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	Amortisation Yield:	[●] per cent. per annum
17	<b>Call Option</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	Optional Redemption Date(s):	[●]
(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] [per Calculation Amount]
(iii)	If redeemable in part:	
(a)	Minimum Redemption Amount:	[[●] per Calculation Amount/Not Applicable]
(b)	Maximum Redemption Amount:	[[●] per Calculation Amount/Not Applicable]
(iv)	Notice period:	[[●]/Not Applicable]
18	<b>Put Option</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	Optional Redemption Date(s):	[●]

	(ii)	Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii)	Notice period:	[[●]/Not Applicable]
19		<b>Change of Control Put Option</b>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i)	Optional Redemption Date(s):	The date falling [●] days after the last day of the Change of Control Period.
	(ii)	Change of Control Redemption Amount(s):	[●] per Calculation Amount
20		<b>Final Redemption Amount of each Note</b>	[●] per Calculation Amount
21		<b>Early Redemption Amount</b>	
		Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:	[●]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

22	<b>Form of Notes:</b>	<b>[Bearer Notes/]</b>
		[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
		[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] <sup>**</sup>
		[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
		[Temporary Global Note exchangeable for Registered Notes on [●] days' notice/at any time/in the limited circumstances specified in the Temporary Global Note]
		<b>Registered Notes:</b>
		[Regulation S Global Note (U.S.\$/€ [●] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and

---

<sup>\*\*</sup> Please note that (to ensure that exchange for definitives in these circumstances cannot occur when the notes have multiple denominations above €100K – i.e. €101K, €102K etc.) the Clearing Systems require a footnote stating the following on wholesale programmes:

*“If the Temporary Global Note is exchangeable for definitives at the option of the holder, the Notes shall be tradeable only in amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided in paragraph 6 and multiples thereof”.*

		Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]
23		[Rule 144A Global Note (U.S.\$ [●] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg/ a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]
24	New Global Note:	[Yes] [No]
25	Financial Centre(s):	[Not Applicable/give details. Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which subparagraph 15(v) relates]
26	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes, as the Notes have more than 27 coupon payments. Talons may be required if on exchange into definitive form, more than 27 coupon payments are still to be made]/[No]
27	If syndicated, names of Managers:	[Not Applicable/give names]
28	If non-syndicated, name of Dealer:	[Not Applicable/give names]
29	U.S. Selling Restrictions:	[Reg. S Compliance Category; TEFRA C/TEFRA D/TEFRA not applicable]

**THIRD PARTY INFORMATION**

[(*Relevant third party information*) has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Carlsberg Breweries A/S:

.....

By: [●]  
Duly authorised



## PART B - OTHER INFORMATION

### 1 Listing and Admission to Trading

- (i) Admission to trading and listing: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to listing on the [official list] of the [Bourse de Luxembourg market] and to be admitted to trading on the [Bourse de Luxembourg market] with effect from [●].][Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Bourse de Luxembourg market] with effect from [●].] [Not Applicable.]  
*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*
- (ii) Estimate of total expenses related to admission to trading: [●]

### 2 Reasons for the Offer

Reasons for the Offer: [●] [See Use of Proceeds wording in Base Prospectus]

### 3 Ratings

Ratings: The Notes to be issued [have been/are expected to be] rated:  
[S&P: [●]]  
[Moody's: [●]]  
[Fitch: [●]]  
[Other: [●]]  
*[Include appropriate Credit Rating Agency Regulation (1060/2009) ("CRA Regulation") disclosure]*

### 4 Interests of Natural and Legal Persons Involved in the Issue/Offer

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"[So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]"

[[●]]

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

[Not Applicable]

## 5 Fixed Rate Notes only – YIELD

Indication of yield: [•]

## 6 Operational Information

ISIN: [•]

Common Code: [•]

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

Delivery: Delivery [against/free of] payment

Names and address of initial Paying Agent(s)/ Calculation Agent(s): [•]

Names and addresses of additional Paying Agent(s)/ Calculation Agent(s) (if any): [•]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No] [Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] [include this text for registered notes] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.][include this text if “yes” selected in which case bearer Notes must be issued in NGN form]

## GENERAL INFORMATION

- (1) Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market.
- (2) The Issuer has obtained all necessary consents, approvals and authorisations in The Kingdom of Denmark in connection with the establishment and update of the Programme. The update of the Programme was authorised by the Supervisory Board of the Issuer and passed on 6 May 2014.
- (3) There has been no significant change in the financial or trading position of the Issuer or of the Group since 31 December 2013 and no material adverse change in the prospects of the Issuer or of the Group since 31 December 2013.
- (4) Neither the Issuer nor any of its subsidiaries is nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.
- (5) Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "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".
- (6) Notes have been accepted for clearance through the Euroclear, Clearstream, Luxembourg (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.
- (7) The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.
- (8) There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Issuer's Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to noteholders in respect of the Notes being issued.
- (9) Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
- (10) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer will not provide any post-issuance information, except if required by any applicable laws and regulations.

- (11) For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of BNP Securities Services, Luxembourg Branch:
- (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
  - (ii) the Deed of Covenant;
  - (iii) the Memorandum and Articles of Association of the Issuer;
  - (iv) the published annual report and audited consolidated annual accounts of the Issuer and the Group for the two financial years ended 31 December 2012 and 31 December 2013;
  - (v) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity);
  - (vi) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus; and
  - (vii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Base Prospectus.

The Base Prospectus, the Final Terms for Notes that are listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

- (12) Copies of the latest annual report and consolidated accounts of the Issuer and copies of the Agency Agreement and the Deed of Covenant will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
- (13) KPMG Statsautoriseret Revisionspartnerselskab of Osvald Helmuths Vej 4, 2000 Frederiksberg, Denmark and a member of the Danish Association of State Authorised Public Accountants (FSR) have audited, and issued unqualified audit reports on, the Financial Statements of the Issuer for the two years ended 31 December 2012 and 31 December 2013.
- (14) Financial information that has previously been published for any financial years or interim periods can differ from subsequently published financial information due to retrospective implementation of subsequent changes in accounting policies and other prospective adjustments made in accordance with IFRS. Any such retrospective changes in respect of financial statements will be disclosed in the notes to the subsequently published financial statements to which reference is made.

### **Yield**

The yield for any particular Series of Notes will be specified in the applicable Final Terms and will be calculated on the basis of the compound annual rate of return if the relevant Notes were to be purchased at the Issue Price on the Issue Date and held to maturity. Set out below is an example formula for the purposes of calculating the yield of Fixed Rate Notes or Zero Coupon Notes. The Final Terms in respect of any Floating Rate Notes will not include any indication of yield.

$$\text{Issue Price} = \text{Rate of Interest} \times \frac{1 - \left( \frac{1}{(1 + \text{Yield})^n} \right)}{\text{Yield}} + \left[ \text{Final Redemption Amount} \times \frac{1}{(1 + \text{Yield})^n} \right]$$

Where:

"Rate of Interest" means the Rate of Interest expressed as a percentage as specified in the applicable Final Terms and adjusted according to the frequency (and in the case of Zero Coupon Notes, means "0") i.e. for a semi-annual paying Note, the rate of interest is half the stated annualised rate of interest in the Final Terms;

"Yield" means the yield to maturity calculated on a frequency commensurate with the frequency of interest payments as specified in the applicable Final Terms (and in the case of Zero Coupon Notes, means Amortisation Yield as specified in the applicable Final Terms); and

"n" means the number of interest payments to maturity.

Set out below is a worked example illustrating how the yield on a Series of Fixed Rate Notes could be calculated on the basis of the above formula. It is provided for purposes of illustration only and should not be taken as an indication or prediction of the yield for any Series of Notes; it is intended merely to illustrate the way which the above formula could be applied.

Where:

n = 6

Rate of Interest = 3.875%

Issue Price = 99.392%

Final Redemption Amount = 100%

$$99.392 = 3.875 \frac{1 - \left( \frac{1}{(1 + \text{Yield})^6} \right)}{\text{Yield}} + \left[ 100 \times \frac{1}{(1 + \text{Yield})^6} \right]$$

Yield = 3.99% (calculated by iteration)

The yield specified in the applicable Final Terms in respect of a Series of Notes will not be an indication of future yield.

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