



**BARCLAYS BANK PLC**  
*(incorporated with limited liability in England)*  
as Issuer

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**£20,000,000,000**  
**Debt Issuance Programme**

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*This Information Memorandum is issued in respect of the renewal of the Debt Issuance Programme of Barclays Bank PLC. This Information Memorandum supersedes all previous information memoranda and addenda, amendments and supplements thereto in each case relating to the Debt Issuance Programme. Any Notes issued under the Debt Issuance Programme on or after the date of this Information Memorandum will be subject to the provisions set out herein.*

Application has been made to the United Kingdom Financial Services Authority (the "FSA") in its capacity as competent authority (the "UK Listing Authority") under the Financial Services and Markets Act 2000 (the "FSMA") for Notes (the "Notes") issued under the Debt Issuance Programme (the "Programme") during the period of 12 months from the date of this Information Memorandum to be admitted to the official list of the UK Listing Authority (the "Official List"). Application has also been made to London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's market for listed securities. Admission to the Official List together with admission to trading on the London Stock Exchange's market for listed securities constitutes official listing on a stock exchange. This Information Memorandum comprises listing particulars issued in compliance with the listing rules made under section 74 of the FSMA for the purpose of giving information about the issue of Notes during the above 12 month period and with regard to Barclays Bank PLC. A copy of this Information Memorandum, which constitutes listing particulars, has been delivered for registration to the Registrar of Companies in England and Wales in accordance with section 83 of the FSMA.

*Arranger*

**Barclays Capital**

*Dealers*

**Barclays Capital**  
**Citigroup**  
**Merrill Lynch International**

**UBS Investment Bank**

**BNP PARIBAS**  
**Goldman Sachs International**  
**Morgan Stanley**

24th May, 2005

Barclays Bank PLC (the "**Issuer**"), accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge and belief of the Issuer which has taken all reasonable care to ensure that such is the case, the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless the context otherwise requires, expressions defined under "*Conditions of the Notes*" below bear the same meanings when used elsewhere in this document.

This Information Memorandum should be read and construed with any amendment or supplement thereto and with any other documents incorporated by reference therein and, in relation to any Series of the Notes, should be read and construed together with the relevant Pricing Supplement(s) (the "**Pricing Supplement(s)**"). Any such amendment or supplement and any documents incorporated by reference do not form part of the listing particulars issued in compliance with the listing rules made under section 74 of the FSMA.

The dealers named under "*Plan of Distribution*" below (the "**Dealers**", which expression shall include any additional or other dealers appointed under the Programme from time to time) and the Trustee have not separately verified the information contained in this document. None of the Dealers or the Trustee makes any representation, express or implied, or accepts any responsibility as to the accuracy or completeness of this document or any documents incorporated by reference herein or any further information supplied in connection with any Notes or their distribution. The statements made in this paragraph are without prejudice to the responsibilities of the Issuer under or in connection with the Notes.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any documents incorporated by reference therein and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or Barclays Capital (the "**Arranger**") or any of the Dealers. Neither this Information Memorandum nor any documents incorporated by reference therein or any further information supplied in connection with the Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Trustee, the Arranger or any of the Dealers that any recipient of this Information Memorandum or any such documents or further information supplied in connection with the Notes should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its purchase of Notes should be based on such investigation as it deems necessary. Neither this Information Memorandum nor any documents incorporated by reference herein constitute an offer or invitation by or on behalf of the Issuer, the Arranger or the Dealers to any person to subscribe for or to purchase any of the Notes.

The delivery of this Information Memorandum or any documents incorporated by reference herein does not at any time imply that the information contained herein concerning the Issuer is correct as of any time subsequent to the date hereof or that any other written information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do

not undertake to review the financial condition or affairs of the Issuer during the life of the Programme 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 Trustee. Investors should review, *inter alia*, the most recent published financial statements of the Issuer when evaluating the Notes.

The distribution of this Information Memorandum or any Pricing Supplement and the offering, sale or delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum or any Pricing Supplement comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Information Memorandum and other offering material relating to Notes, see "*Plan of Distribution*" below. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and Notes in bearer form are subject to U.S. tax law requirements. Notes may be offered and sold (A) in bearer or registered form outside the United States to non-US persons in reliance on Regulation S under the Securities Act ("**Regulation S**") and (B) in registered form in the United States to qualified institutional buyers (as defined in Rule 144A under the Securities Act ("**Rule 144A**")) in reliance on Rule 144A. In addition, prospective purchasers of Notes are hereby notified that a seller of Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A. Neither this Information Memorandum nor any Pricing Supplement may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Issuer has not authorised any offer of Notes to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended) (the "**POS Regulations**"). Notes may not lawfully be offered or sold to persons in the United Kingdom except in circumstances which do not result in an offer to the public in the United Kingdom within the meaning of the POS Regulations or otherwise in compliance with all applicable provisions of the POS Regulations, see "*Plan of Distribution*" below.

In this Information Memorandum, references to "**euro**" and "€" are to the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Community as amended from time to time, references to "**U.S.\$**" and "**U.S. dollars**" are to United States dollars, references to "£" and "**sterling**" are to pounds sterling, references to "¥" and "**Yen**" are to Japanese Yen, references to "**FRF**" are to the euro legacy currency French francs, references to "**DM**" are to the euro legacy currency Deutschmarks, references to "**AU\$**" are to Australian dollars, references to "**BWP**" are to Botswana Pula and references to "**ZMK**" are to Zambia Kwacha.

In connection with the issue of any Tranche (as defined in "Summary of the Programme" below) of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement (the "**Stabilising Manager**") may over allot Notes or effect transactions

with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

To permit compliance with Rule 144A under the Securities Act in connection with resale of Notes that are "Restricted Securities" (as defined in Rule 144(a)(3) under the Securities Act), the Issuer will furnish upon the request of a holder of such Notes or of a beneficial owner of an interest therein, to such holder or beneficial owner or to a prospective purchaser designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act and will otherwise comply with the requirements of Rule 144A(d)(4) under the Securities Act, if at the time of such request, the Issuer is not a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS INFORMATION MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT NOR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421 B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE OR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421 B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

1. the most recent Annual Report of the Issuer, as filed with the U.S. Securities and Exchange Commission on Form 20-F and the most recent published Annual Report and Accounts of the Issuer;
2. the most recent Interim Report of the Issuer, as filed with the U.S. Securities and Exchange Commission on Form 6-K and the most recent published Interim Report of the Issuer; and
3. all amendments and supplements to this Information Memorandum prepared from time to time by the Issuer,

save that (a) any statement in this Information Memorandum or in any Annual Report and Accounts or Interim Report of the Issuer shall be deemed to be modified or superseded for the purposes of this Information Memorandum to the extent that a statement contained in any subsequently published Annual Report and Accounts or Interim Report expressly or impliedly modifies or supersedes such earlier statement, provided that any such modifying or superseding statement shall not form part of the listing particulars issued in compliance with the listing rules made under section 74 of the FSMA and (b) any documents incorporated by reference do not form part of the listing particulars issued in compliance with the listing rules made under section 74 of the FSMA.

Any reference in this Information Memorandum to listing particulars means this Information Memorandum excluding all information incorporated by reference. The Issuer has confirmed that any information incorporated by reference, including any such information to which readers of this Information Memorandum are expressly referred, has not been and does not need to be included in the listing particulars to satisfy the requirements of the FSMA, or the Listing Rules of the UK Listing Authority. The Issuer believes that none of the information incorporated in this Information Memorandum by reference conflicts in any material respect with the information included in the listing particulars.

## SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this document and, in relation to the terms and conditions of any particular Series of Notes, the relevant Pricing Supplement(s).

**Issuer:** Barclays Bank PLC.

**Arranger:** Barclays Bank PLC.

**Dealers:** Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Goldman Sachs International, Merrill Lynch International, Morgan Stanley & Co. International Limited and UBS Limited.

Under the Distribution Agreement (as defined under "*Plan of Distribution*" below), other institutions may be appointed Dealers either in relation to the Programme or in relation to specific Tranches of Notes.

Each issue of Notes denominated in a currency in respect of which particular laws, directives, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, directives, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Plan of Distribution*" below).

**Trustee:** The Bank of New York. The trustee for the Programme changed on 24th May, 2005 from Capita Trust Company Limited to the Bank of New York. The Bank of New York will, therefore, be the Trustee for all issues of Notes under the Programme issued on or after 24th May, 2005. Capita Trust Company Limited will remain the trustee in respect of Notes issued under the Programme prior to 24th May, 2005.

**Principal Paying Agent, Registrar, Agent Bank:** The Bank of New York.

**Distribution:** Notes may be distributed by way of private or public placement and, in each case, on a syndicated or non-syndicated basis.

- Programme Amount:** The total principal amount of Notes outstanding at any time under the Programme may not exceed £20,000,000,000 (or its equivalent in other currencies as at the issue date of the relevant Tranche and as more particularly described under "*Issue Procedure*" below), subject to any duly authorised increase.
- Issues in Series:** Notes will be issued in Series. Each Series may comprise one or more tranches (each a "**Tranche**") issued on different issue dates. The Notes of each Series will all be subject to identical terms except that the issue date and the amount of the first payment of interest (if any) may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms but a Tranche may comprise Notes of different denominations.
- Currencies:** Subject to all applicable legal and regulatory requirements, Notes may be denominated in euro, U.S. dollars, sterling, yen and such other currency or currencies as may be agreed. Subject as aforesaid, Notes may be issued as Dual Currency Notes.
- Maturities:** Subject to all applicable legal and regulatory requirements, Notes may have any maturity subject to a minimum maturity of three months. In addition, Undated Capital Notes may be issued under the Programme which will be undated and, accordingly, have no final maturity. Under current requirements in the case of Dated Capital Notes which qualify as Lower Tier 2 or Tier 3 capital in accordance with the requirements of the FSA, the minimum maturity will be five years and one day (Lower Tier 2 capital) or two years (Tier 3 capital). Such minimum maturities may be subject to increase or decrease from time to time as a result of changes in applicable legal or regulatory requirements.
- Status of Senior Notes:** The Notes of each Series issued on an unsubordinated basis ("**Senior Notes**") will constitute direct and unsecured obligations of the Issuer ranking *pari passu* with all other unsecured and unsubordinated obligations of the Issuer other



than obligations preferred by law.

**Status of Dated  
Capital Notes:**

The Notes of each Series of Dated Capital Notes issued by the Issuer on a subordinated basis ("**Dated Capital Notes**") will constitute direct and unsecured obligations of the Issuer. The rights of the holders of such Dated Capital Notes will, in the event of the winding up of the Issuer, be subordinated in right of payment to the claims of depositors and other unsecured and unsubordinated creditors of the Issuer, in the manner provided in the Trust Deed.

In certain circumstances, payment of principal and interest due in respect of Dated Capital Notes qualifying as Tier 3 capital in accordance with Financial Services Authority requirements may be deferred.

**Status of Undated  
Capital Notes:**

The Notes of each Series of Undated Capital Notes issued by the Issuer on a subordinated basis ("**Undated Capital Notes**") will constitute unsecured obligations of the Issuer and will rank *pari passu inter se* in point of subordination with each other Series of Undated Capital Notes. The rights of holders of such Undated Capital Notes are subordinated to the claims of Senior Creditors (as defined under "Conditions of the Notes" below) and, accordingly, payments of principal and interest are conditional upon the Issuer being solvent at the time of payment by the Issuer, and no principal or interest shall be payable in respect of such Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter.

If at any time the Issuer is in winding up in England there shall be payable in respect of the Notes such amounts (if any) as would have been payable in respect thereof as if, on the day immediately prior to the commencement of the winding up and thereafter, the Noteholders were the holders of a class of preference shares in the capital of the Issuer having a preferential right to a return of assets in the winding up over the holders of all other classes of shares for the time being in the capital of the Issuer, all as more particularly described under "Conditions of the Notes" below and the provisions of the Trust

Deed.

**Issue Price:** Notes may be issued at their principal amount or at a discount to, or premium over, their principal amount. Notes may be issued on terms that the issue price is payable in instalments.

**Interest:** Notes may bear interest on a fixed rate basis or a floating rate basis or may be non-interest bearing.

**Fixed Rate Notes:** Interest on Fixed Rate Notes will be payable on the date or dates specified in the relevant Pricing Supplement. Interest will be calculated on the basis of the day count fraction specified in the relevant Pricing Supplement.

**Floating Rate Notes:** Floating Rate Notes will bear interest calculated by reference to the rate or as otherwise specified in the relevant Pricing Supplement plus or minus the Relevant Margin (if any) also so specified. The aforementioned reference rate may, *inter alia*, be a rate determined on a screen rate basis or on the same basis as the floating rate under a notional interest rate swap transaction in the relevant currency governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series). Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest Periods will be as specified In the relevant Pricing Supplement.

Interest on Floating Rate Notes will be payable on interest payment dates as specified in the relevant Pricing Supplement and will be calculated on the basis of the day count fraction specified in the relevant Pricing Supplement.

**Deferral Option:** In the case of Undated Capital Notes, the Issuer shall have the right to elect not to pay interest on any Interest Payment Date by providing notice of such election to the Noteholders.

<b>Dividend Restriction:</b>	In the event that the Issuer exercises its right to elect not to pay interest on any Interest Payment Date on any of the Undated Capital Notes then the Dividend Restriction shall apply from such Interest Payment Date until such time as no Arrears of Interest (as defined in the conditions) remains unpaid with respect to the relevant Undated Capital Notes. The Dividend Restriction means that neither the Issuer nor the Holding Company may declare or pay a dividend (other than payment by the Holding Company of a final dividend declared by its shareholders prior to the Interest Payment Date on which the relevant Stopped Period commences, or a dividend paid by the Issuer to the Holding Company or to another wholly-owned subsidiary) on any of their respective ordinary shares, preference shares or other share capital or satisfy any payments of interest or coupons on any other Junior Obligations.
<b>Zero Coupon Notes:</b>	Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest (other than in the case of late payment).
<b>Dual Currency Notes:</b>	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as are specified in the relevant Pricing Supplement.
<b>Index Linked Notes:</b>	Payments (whether in respect of principal or Interest and whether at maturity or otherwise) in respect of Index Linked Notes will be calculated by reference to such index and/or formula as is specified in, or on such other terms as are specified in, the relevant Pricing Supplement.
<b>Final Redemption:</b>	Notes (other than Undated Capital Notes) will mature for redemption at par or at such other amount (calculated in accordance with a formula or otherwise) and on such date as are specified in the relevant Pricing Supplement. The relevant Pricing Supplement may provide that Notes will be redeemed in two or more instalments of such amounts and on such dates as are so specified.
<b>Early</b>	There will be no optional right to redeem Notes of

**Redemption:** any Series prior (in the case of Notes other than Undated Capital Notes) to their stated maturity, except for taxation reasons or where the relevant Pricing Supplement provides for early redemption at the option of the Issuer and/or the relevant Noteholders.

The early redemption of Dated Capital Notes and Undated Capital Notes at any time requires the prior written consent of the FSA.

**Denominations:** Such denomination in such currency as may be specified in the relevant Pricing Supplement.

**Form of Notes:** Notes may be issued in bearer form ("**Bearer Notes**") or registered form ("**Registered Notes**"), as specified in the relevant Pricing Supplement. Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single Series or Tranche may comprise both Bearer and Registered Notes.

*Bearer Notes*

Unless otherwise specified in the relevant Pricing Supplement, each Series of Bearer Notes with an original maturity of more than 365 days will initially be represented by one or more Temporary Global Bearer Notes in bearer form (each a "**Temporary Global Bearer Note**") and each Series of Notes with an original maturity of 365 days or less will initially be represented by one or more Permanent Global Bearer Notes in bearer form (each a "**Permanent Global Bearer Note**" and, together with a Temporary Global Bearer Note, a "**Global Bearer Note**"), which will be deposited with the common depository for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") and/or Euroclear Bank S.A./N.V. as operator of the Euroclear system ("**Euroclear**") and/or any other relevant clearing system or depository specified in the relevant Pricing Supplement on or about the date of issue of the relevant Tranche. Interests in a Temporary Global Bearer Note will be exchangeable, in the circumstances set out under "*Summary of Provisions Relating to Bearer Notes*"

*while in Global Form*" below, either for interests in a Permanent Global Bearer Note or, if so specified in the relevant Pricing Supplement, for Bearer Notes in definitive bearer form "**Definitive Bearer Notes**". If United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") is specified in the relevant Pricing Supplement as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Bearer Note or receipt of any payment of interest in respect of a Temporary Global Bearer Note. Interests in a Permanent Global Bearer Note will only be exchangeable for Definitive Bearer Notes in limited circumstances.

#### *Registered Notes*

Registered Notes which are offered and sold outside the United States to non-U.S. persons in reliance on Regulation S will be represented by interests in a Global Registered Note Certificate (the "**Unrestricted Global Registered Note Certificate**"), registered in the name of and deposited with the common depository for Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system or depository specified in the relevant Pricing Supplement on or about the date of issue of the relevant Tranche. Up to and including the fortieth day after the later of the commencement of the offering and relevant issue date of the Notes, beneficial interests in the Unrestricted Global Registered Note Certificate may be held only through depositaries of Euroclear or Clearstream, Luxembourg.

Notes which are offered and sold in the United States in reliance on Rule 144A will be represented by interests in a Global Registered Note Certificate, (the "**Restricted Global Registered Note Certificate**" and together with the Unrestricted Global Registered Note Certificate, the "**Global Registered Note Certificates**") deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company ("**DTC**") on or about the date of issue of the

relevant Tranche. Interests in the Global Registered Note Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including depositaries for Euroclear and Clearstream Luxembourg.

In certain limited circumstances, interests in an Unrestricted Global Registered Note Certificate will be exchangeable for Notes in individual form (each, an "**Unrestricted Individual Registered Note Certificate**") and interests in a Restricted Global Registered Note Certificate will be exchangeable for Notes in individual form (each, a "**Restricted Individual Registered Note Certificate**" and together with Unrestricted Individual Registered Note Certificates, the "**Individual Registered Note Certificates**"). See "Summary of Provisions Relating to Registered Notes while in Global Form".

**Taxation:** All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the United Kingdom, subject as mentioned under "*Conditions of the Notes*" below.

**Cross Default:** None.

**Negative Pledge:** None.

**Listing:** Application has been made to list the Notes issued under the Programme on the Official List and to admit them to trading on the London Stock Exchange's market for listed securities or otherwise as specified in the relevant Pricing Supplement. The Issuer may issue unlisted Notes as part of the Programme.

**Governing Law:** The Trust Deed, the Notes, the Coupons (if any), the Talons (if any) and all related contractual documentation will be governed by, and construed in accordance with, English law.

**Selling Restrictions:** Restrictions on the sale of Notes and the distribution of offering material are set out under "*Plan of Distribution*" below.

## ISSUE PROCEDURE

Notes may be issued from time to time if so agreed between the Issuer and any of the Dealers or any third party subscriber of such Notes from the Issuer (any such Dealer or third party being referred to herein as a "**Purchaser**"). The terms and conditions of each Series of Notes or a Tranche thereof as agreed between the Issuer and the Purchaser(s) will be recorded in a Pricing Supplement prepared or caused to be prepared by the Issuer at or prior to the issue date of the Series or Tranche together with such other information relating to the Issuer (including, where applicable, supplementary listing particulars required under section 81 of the FSMA) as may be agreed between the Issuer and the Purchaser(s) or as may be required by any relevant supervisory authority or stock exchange. The terms and conditions applicable to each Series or Tranche thereof will, accordingly, be those set out or referred to in this document as supplemented, modified or replaced by the relevant Pricing Supplement. A copy of each relevant Pricing Supplement, in the case of a Series to be listed on the Official List, will be lodged by or on behalf of the Issuer with the UK Listing Authority.

Notes may not be issued under the Programme in an amount which would result in the aggregate principal amount of Notes outstanding on the date of issue of the Notes so issued (and immediately after the issue thereof) exceeding £20,000,000,000 or its equivalent in other currencies (subject to increase in accordance with the provisions of the Distribution Agreement). For this purpose the sterling equivalent of Notes denominated in a currency other than sterling shall be determined on the basis of the spot rate for the sale of sterling against the purchase of such other currency in the London foreign exchange market quoted by the Issuer (or, if the Issuer is not quoting such rates, such other financial institution as may be agreed between the Issuer and the Trustee) at or about 11.00 a.m. (London time) on the second London business day prior to the relevant date of issue, and so that (a) in the case of Dual Currency Notes, Index Linked Notes and Partly Paid Notes, the sterling equivalent shall be determined by reference to the original principal amount of such Notes in the currency in which they are denominated (with regard to Partly Paid Notes, regardless of the amount of the issue price payable on issue) and (b) in the case of Zero Coupon Notes and other Notes issued at a discount or premium, the sterling equivalent shall be determined by reference to the issue price thereof. In this paragraph "**London business day**" means a day on which banks and foreign exchange markets are open for business in London.

## SUMMARY OF PROVISIONS RELATING TO BEARER NOTES WHILE IN GLOBAL FORM

Unless otherwise specified in the relevant Pricing Supplement, each Series of Bearer Notes having an original maturity of more than one year will initially be represented by one or more Temporary Global Bearer Notes and each Series of Bearer Notes having an original maturity of one year or less will initially be represented by one or more Permanent Global Bearer Notes, in each case in bearer form, without Coupons or Talons, which will be deposited on or about the issue date of the relevant Notes with a common depository for Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system or depository specified in the relevant Pricing Supplement.

Upon deposit of the Global Bearer Note(s) with the common depository, Clearstream, Luxembourg or Euroclear will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Each of the persons shown in the records of Clearstream, Luxembourg or Euroclear as the holder of a Note represented by a Global Bearer Note must look solely to Clearstream, Luxembourg or Euroclear (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Bearer Note, and in relation to all other rights arising under the Global Bearer Notes, subject to and in accordance with the respective rules and procedures of Clearstream, Luxembourg or Euroclear (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 Bearer Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Bearer Note, in respect of each amount so paid.

Interests in a Temporary Global Bearer Note will be exchangeable (free of charge to the holder) not earlier than 40 days after the date of issue of the Notes (the "**Exchange Date**") and upon certification as to non-U.S. beneficial ownership as referred to below either (i) for interests in a Permanent Global Bearer Note in bearer form and in substantially the form (subject to completion and amendment and as supplemented or varied in accordance with the relevant Pricing Supplement) scheduled to the Trust Deed or (ii) if so specified in the relevant Pricing Supplement, for Definitive Bearer Notes and in substantially the form (subject to completion and amendment and as supplemented or varied in accordance with the relevant Pricing Supplement) scheduled to the Trust Deed.

The Global Bearer Notes will contain provisions applicable to the Notes represented thereby, some of which may modify the effect of the Conditions of the Notes. Certain of these are summarised in this section.

For so long as any of the Notes are represented by a Global Bearer Note, each person who is for the time being shown in the records of Clearstream, Luxembourg and/or Euroclear as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Clearstream, Luxembourg and/or Euroclear as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Transfer and Paying Agents as a holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal and interest on such Notes, the right to which shall be vested, as against the Issuer, the Trustee and the Transfer and Paying Agents, solely in the bearer of the Global Bearer Note (in accordance with and subject to its terms and the Trust Deed) and the expressions "Noteholder", "holder of Notes" and related expressions shall be construed accordingly. Interests in Bearer Notes which are represented by a Global Bearer Note will only be transferable in accordance with the rules and procedures for the time being of Clearstream, Luxembourg and/or Euroclear, as the case may be.

Principal and interest (if any) payable with respect to a Temporary Global Bearer Note or a Permanent Global Bearer Note will be paid to Clearstream, Luxembourg and/or Euroclear with respect to that portion of such Global Bearer Note which is held for its account



(subject, in the case of a Temporary Global Bearer Note, to the certifications as provided therein). Each of Clearstream, Luxembourg and/or Euroclear will in such circumstances credit the principal or, as the case may be, interest in respect of such Global Bearer Note to the persons credited in its records with interests in such Global Bearer Note.

If any date on which a payment is due on the Notes of a Tranche occurs prior to the relevant Exchange Date, the relevant payment will be made on the Temporary Global Bearer Note only to the extent that certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Bearer Note or in such other form as is customarily issued in such circumstances by the relevant clearing system or depositary) has been received by Clearstream, Luxembourg or Euroclear. Payment of amounts due in respect of a Permanent Global Bearer Note will be made through Clearstream, Luxembourg or Euroclear without any requirement for certification.

An exchange of a Temporary Global Bearer Note for a Permanent Global Bearer Note or, where applicable, Definitive Bearer Notes will be made only on or after the Exchange Date (as set out in the relevant Pricing Supplement) and provided certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Bearer Note or in such other form as is customarily issued in such circumstances by the relevant clearing system or depositary) has been received.

The holder of any Temporary Global Bearer Note shall not (unless, upon due presentation of such Temporary Global Bearer Note for exchange (in whole or in part) for a Permanent Global Bearer Note or, where applicable, for delivery of Definitive Bearer Notes, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Notes represented by such Temporary Global Bearer Note which falls due on or after the Exchange Date or be entitled to exercise any option on a date on or after the Exchange Date.

Interests in a Permanent Global Bearer Note will be exchanged by the Issuer (free of charge to the holder) in whole (but not in part only) for Definitive Bearer Notes (a) if any Note of the relevant Series becomes immediately repayable in accordance with Condition 9 of the Conditions of the Notes; (b) if Clearstream, Luxembourg or Euroclear is closed for business for a continuous period of 14 days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so; or (c) if the Trustee is satisfied that, on the occasion of the next payment due in respect of the Notes of the relevant Series, the Issuer or any of the Transfer and Paying Agents would be required to make any deduction or withholding from any payment in respect of such Notes which would not be required were such Notes in definitive form. The cost of printing Definitive Bearer Notes will be borne by the Issuer.

For so long as a Series of Notes is represented in its entirety by one or more Global Bearer Note(s) and such Global Bearer Note(s) is/are held on behalf of Clearstream, Luxembourg and/or Euroclear, notices to Noteholders of that Series may be given by delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear for communication by them to entitled accountholders in substitution for publication as required by the Conditions of the Notes, subject to any applicable regulatory and stock exchange requirements in the case of

listed Notes. Unless otherwise specified in the relevant Pricing Supplement, any such notice shall be deemed to have been given to the relevant Noteholders on the seventh day after the day on which the said notice was given to Clearstream, Luxembourg and/or, as the case may be, Euroclear.

Any reference herein to Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to any such other clearing system or depository as is specified in the relevant Pricing Supplement.

The following legend will appear on all Permanent Global Bearer Notes with maturities of more than 365 days and on all Definitive Bearer Notes, Coupons and Talons: "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".

#### **SUMMARY OF PROVISIONS RELATING TO REGISTERED NOTES WHILE IN GLOBAL FORM**

Each Series of Registered Notes will be represented by:

- (i) interests in an Unrestricted Global Registered Note Certificate (in the case of Notes sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act) ("**Unrestricted Registered Notes**"); or
- (ii) interests in one or more Restricted Global Registered Note Certificates (in the case of Notes resold in the United States in reliance on Rule 144A under the Securities Act) ("**Restricted Registered Notes**").

Each Unrestricted Global Registered Note Certificate will be registered in the name of the common depository for Clearstream, Luxembourg and/or Euroclear and/or any other relevant clearing system or depository specified in the applicable Pricing Supplement.

Each Restricted Global Registered Note Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Pricing Supplement) as nominee for DTC and will be deposited on or about the issue date with the Custodian for DTC (the "**DTC Custodian**"). Beneficial interests in a Restricted Global Registered Note Certificate may only be held through DTC at any time. The Restricted Global Registered Note Certificate(s) (and any Individual Registered Note Certificates issued in exchange therefor) will be subject to certain restrictions on transfer and will bear a legend applicable to purchasers who purchase the Registered Notes pursuant to Rule 144A as described under "Transfer Restrictions".

#### **Transfer Restrictions**

#### **Regulation S Notes**

Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution

compliance period, by accepting delivery of this Information Memorandum and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.
- (ii) It understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer within the meaning of Rule 144A ("QIB") purchasing for its own account or the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) to the Issuer, in each case in accordance with any applicable securities laws of any State of the United States.
- (iii) It understands that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

On or prior to the fortieth day after the relevant issue date, Notes represented by an interest in an Unrestricted Global Registered Note Certificate may be transferred to a person who wishes to hold such Notes in the form of an interest in a Restricted Global Registered Note Certificate only upon receipt by the Registrar of a written certification from the transferor (in the form set out in Schedule 3 (*Form of Transfer Certificate*) to the Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. After such fortieth day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Global Registered Note Certificate, as described below under "Exchange of Interests in Global Registered Note Certificates for Individual Registered Note Certificates".

Notes represented by an interest in a Restricted Global Registered Note Certificate may also be transferred to a person who wishes to hold such Notes in the form of an interest in an Unrestricted Global Registered Note Certificate, but only upon receipt by the Registrar of a written certification from the transferor (in the form set out in Schedule 3 (*Form of Transfer Certificate*) to the Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any interest in an Unrestricted Global Registered Note Certificate that is transferred to a person who takes delivery in the form of an interest in a Restricted Global Registered Note Certificate will, upon transfer, cease to be an interest in an Unrestricted Global Registered Note Certificate and become an interest in a Restricted Global Registered Note Certificate

and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in a Restricted Global Registered Note Certificate.

The Notes are being offered and sold in the United States only to QIBs within the meaning of and in reliance on Rule 144A.

#### **Rule 144A Notes**

Each purchaser of Notes within the United States pursuant to Rule 144A, by accepting delivery of this Information Memorandum, will be deemed to have represented, agreed and acknowledged as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

- (i) the purchaser (i) is a QIB, (ii) is acquiring the Notes for its own account or for the account of a QIB and (iii) is aware, and each Beneficial Owner of such Notes has been advised that the sale of the Notes to it is being made in reliance on Rule 144A;
- (ii) the purchaser understands that the Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that the Notes have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below; and
- (iii) the purchaser understands that the Restricted Global Registered Note Certificate and any Individual Restricted Registered Note Certificates (as defined below) will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN

EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR (4) TO THE ISSUER. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.

It understands that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Upon the transfer, exchange or replacement of a Restricted Global Registered Note Certificate or an Individual Restricted Registered Note Certificate bearing the above legend, or upon specific request for removal of the legend, the Issuer will deliver only a Restricted Global Registered Note Certificate or one or more Restricted Individual Registered Note Certificates that bear such legend or will refuse to remove such legend, unless there is delivered to the Issuer and the Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Any interest in a Restricted Global Registered Note Certificate that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note Certificate will, upon transfer, cease to be an interest in a Restricted Global Registered Note Certificate and become an interest in an Unrestricted Global Registered Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in an Unrestricted Global Registered Note Certificate.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

**Exchange of Interests in Global Registered Note Certificates for Individual Registered Note Certificates**

Each Global Registered Note Certificate will be exchangeable, free of charge to the holder, in whole but not in part, for Individual Registered Note Certificates only if

- (i) a Restricted Global Registered Note is held by or on behalf of (A) DTC, and DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Restricted Global Registered Note or ceases to be a “clearing agency” registered under the Exchange Act or if at any time it is no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC or (B) Euroclear or Clearstream, Luxembourg, and Euroclear or

Clearstream, Luxembourg, as the case may be, 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) any of the circumstances described in Condition 9 occurs.

In such circumstances, the Issuer shall procure the delivery of Individual Registered Note Certificates in exchange for the Unrestricted Global Registered Note Certificate and/or the Restricted Global Registered Note Certificate. A person having an interest in a Global Registered Note Certificate must provide the Registrar (through DTC, Euroclear and/or Clearstream Luxembourg) with (a) such information as the Issuer and the Registrar may require to complete and deliver Individual Registered Note Certificates (including the name and address of each person in which the Individual Registered Note Certificates are to be registered and the principal amount of each such person's holding) and (b) (in the case of the Restricted Global Registered Note Certificate only) a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Registered Note Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Registered Note Certificates issued in exchange for interests in the Restricted Global Registered Note Certificate will bear the legends and be subject to the transfer restrictions set out under "Transfer Restrictions".

Whenever a Global Registered Note Certificate is to be exchanged for Individual Registered Note Certificates, such Individual Registered Note Certificates will be issued within five business days of the delivery to the Registrar of the information and any required certification described in the preceding paragraph against the surrender of the relevant Global Registered Note Certificate at the specified office of the Registrar. Such exchange shall be effected in accordance with the regulations concerning the transfer and registration from time to time relating to the Notes and shall be effected without charge, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

The Registrar will not register the transfer of or exchange of interests in a Global Registered Note Certificate for Individual Registered Note Certificates for a period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

#### **DTC Book Entry Ownership of Global Registered Note Certificates**

The Issuer will apply to DTC in order to have each Tranche of Restricted Notes accepted in its book-entry settlement system. Upon the issue of any Restricted Global Notes, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Restricted Registered Global Notes to the account of DTC participants. Ownership of beneficial interests in a Restricted Registered Global Note will be held through participants of DTC, including the respective

depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Restricted Registered Global Note will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee.

Payments in U.S. dollars of principal and interest in respect of a Restricted Registered Global Note registered in the name of DTC's nominee will be made to the order of such nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made by the Issuer and all or a portion of such payment will be remitted for credit directly to the beneficial holders of interests in the Restricted Registered Global Notes in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable participants' account.

#### **Transfers of Interests in Global Registered Note Certificates**

Transfers of interests in Global Registered Note Certificates within DTC, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Registered Note Certificate to such persons will be limited. Because DTC only acts on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Registered Note Certificate to pledge such interest to persons or entities which do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of an Individual Registered Note Certificate representing such interest.

Cross market transactions will require delivery of instructions to Clearstream, Luxembourg or (as the case may be) Euroclear by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Clearstream, Luxembourg or (as the case may be) Euroclear will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving beneficial interests in the relevant Global Registered Note Certificate in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream, Luxembourg account holders and Euroclear account holders may not deliver instructions directly to the depositories for Clearstream, Luxembourg or Euroclear.

Because of time zone differences, credits of Notes received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a DTC participant will be made during the securities settlement processing day following the DTC settlement date and such credits of any transactions in such securities settled during such processing will be reported to the relevant Clearstream, Luxembourg or Euroclear account holder on such business day. Cash received in Clearstream, Luxembourg or Euroclear as a result of sales of Notes by or through a Clearstream, Luxembourg account holder or a Euroclear account holder to a DTC participant will be received for value on the DTC settlement date but will be available in the

relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in DTC. Settlement between Euroclear or Clearstream, Luxembourg account holders and DTC participants cannot be made on a delivery versus payment basis. The arrangements for transfer of payments must be established separately from the arrangements for transfer of Notes, the latter being effected on a free delivery basis. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg account holders or between DTC participants are not affected.

For a further description of restrictions on the transfer of Notes, see "Plan of Distribution".

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Restricted Registered Notes (including, without limitation, the presentation of Restricted Global Registered Note Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Registered Note Certificates are credited, and only in respect of such portion of the aggregate principal amount of the Restricted Global Registered Note Certificates as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the Restricted Global Registered Note Certificates for Restricted Individual Registered Note Certificates (which will, in the case of Restricted Notes, bear the legend set out above under "Transfer Restrictions").

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Registered Note Certificates among participants and account holders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Principal Paying Agent, the Registrar, the Trustee, and Transfer and Paying Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

While a Global Registered Note Certificate is lodged with DTC or the custodian, Restricted Individual Registered Note Certificates will not be eligible for clearing and settlement through DTC, Clearstream, Luxembourg or Euroclear.



**FORM OF PRICING SUPPLEMENT**

[LOGO, if document is printed]

**BARCLAYS BANK PLC**

**£20,000,000,000**

**Debt Issuance Programme**

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**PRICING SUPPLEMENT**

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Series no: [            ]

Tranche no: [           ]

[Brief description and amount of Notes]

Issue Price: [           ] per cent.

[Dealer(s)]

The date of this Pricing Supplement is [            ].

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 24th May, 2005. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Information Memorandum dated 24th May, 2005 and the Supplemental Information Memorandum dated [●].

This Pricing Supplement does not constitute, and may not be used for the purpose of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]*

1. Issuer: Barclays Bank PLC.
2. [(i)] Series Number: [            ]  
 [(ii)] Tranche Number: [            ]  
 (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)
3. Specified Currency or Currencies: [            ]
4. Aggregate Principal Amount:  
 [(i)] Series: [            ]  
 [(ii)] Tranche: [            ]
5. [(i)] Issue Price: [            ] per cent. of the Aggregate Principal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]  
 [(ii)] Net proceeds: [            ] (Required only for listed issues)
6. Specified Denomination[s]: [            ]
7. [(i)] Issue Date: [            ]  
 [(ii)] Interest Commencement Date (if different from the Issue Date): [            ]
8. Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year or (for Undated Capital Notes) undated]*
9. Interest Basis: [[•]% Fixed Rate]  
 [[specify reference rate] +/- [•]% Floating Rate]  
 [Zero Coupon]  
 [Index Linked Interest]  
 [Other (specify)]  
 (further particulars specified below)

10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (*specify*)]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. [(i)] Status of the Notes: [Senior/Dated Capital Notes/Undated Capital Notes]  
[(ii) Condition 4(4) - Deferral of payments to apply (Dated Capital Notes): [Yes/No]]
14. Listing: [London/other (*specify*)/None]
15. Method of distribution: [Syndicated/Non-syndicated]

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

16. **Fixed Rate Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually/ semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date[(s)]: [ ] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [ ] per [ ] in Principal Amount
- (iv) Broken Amount(s): [*Insert particulars of any initial or final broken interest amounts which do not correspond with*]

*the Fixed Coupon Amount(s)]]*

- (v) Day Count Fraction: [30/360/Actual/Actual(ISMA/ISDA/Other]
- (vi) Other terms relating to the method of calculating interest: [Not Applicable/*give details*]  
For Fixed Rate Notes:
17. **Floating Rate Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*)
- (i) Specified Period(s): [ ]
- (ii) Specified Interest Payment Dates: [ ]
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ other (*give details*)]
- (iv) Business Centre(s): [ ]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/ other (*give details*)]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent Bank): [ ]
- (vii) Screen Rate Determination:
- Reference Rate: [ ]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
- (viii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]

- (ix) Margin(s): [ +/- ] per cent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [ ]
- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
18. **Zero Coupon Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) [Amortisation/Accrual] Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [ ]
19. **Index Linked Interest Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [ ]
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [ ]
- (iv) Specified Period(s): [ ]
- (v) Specified Interest Payment Dates: [ ]

- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Convention/Preceding Business Day Convention/other (*give details*)]
- (vii) Additional Business Centre(s): [ ]
- (viii) Minimum Rate of Interest: [ ] per cent. per annum
- (ix) Maximum Rate of Interest: [ ] per cent. per annum
- (x) Day Count Fraction: [ ]
20. **Dual Currency Note Provisions** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate of Exchange/ method of calculating Rate of Exchange: [*give details*]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [ ]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [ ]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

## PROVISIONS RELATING TO REDEMPTION

21. **Call Option** [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such [ ] per Note of [ ] specified denomination

amount(s):

(iii) If redeemable in part:

(a) Minimum Redemption Amount: [ ]

(b) Maximum Redemption Amount: [ ]

(iv) Notice period (if other than as set out in the Conditions): [ ]

22. **Put Option** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Optional Redemption Date(s): [ ]

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Note of [ ] specified denomination

(iii) Notice period (if other than as set out in the Conditions): [ ]

23. **Final Redemption Amount** [[ ] per Note of [ ] specified denomination/other/see Appendix]

24. **Early Redemption Amount**

Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [ ]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes:

**Bearer Notes:**

[Temporary Global Bearer Note exchangeable for a Permanent Global Bearer Note [which is exchangeable for Definitive Bearer Notes on [ ]



days' notice/at any time/in the limited circumstances specified in the Permanent Global Bearer Note]

**Registered Notes:**

[Unrestricted Global Registered Note Certificate/Restricted Global Registered Note Certificate/Individual Registered Note Certificates]

26. Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which item 16(ii), 17(iv) and 19(vi) relates*]
27. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
30. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
31. Consolidation provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
32. Other terms or special conditions: [Not Applicable/*give details*]

**DISTRIBUTION**

33. (i) If syndicated, names of Managers: [Not Applicable/*give names*]

- (ii) Stabilising Manager (if any): [Not Applicable/give name]
34. If non-syndicated, name of Dealer: [Not Applicable/give name]
35. Rule 144A eligible (Registered Notes only): [Yes / No]
36. Additional selling restrictions: [Not Applicable/give details]

#### OPERATIONAL INFORMATION

37. ISIN Code: [ ]
38. Common Code: [ ]
39. CUSIP no.: [ ]
40. CINS Code: [ ]
41. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
42. Delivery: Delivery [against/free of] payment
43. Additional Paying Agent(s) (if any): [ ]

#### [STABILISATION

In connection with this issue, [name of Stabilising Manager] (the "**Stabilising Manager**") or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a higher level than that which might otherwise prevail for a limited period after the Issue Date. However, there may be no obligation on the Stabilising Manager or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.]

#### [LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the £20,000,000,000 Debt Issuance Programme of Barclays Bank PLC]

#### RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: .....

Duly authorised

## CONDITIONS OF THE NOTES

*The following is the text of the conditions applicable to the Notes which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement(s), will be incorporated by reference in each Note in global form and which will be attached to or endorsed on, in the case of Bearer Notes, the Bearer Notes in definitive form (if any) or, in the case of Registered Notes, the Note Certificates relating to such Registered Notes in definitive form (if any) issued in exchange for the Note in global form representing each Tranche, details of the relevant Tranche being as set out in the relevant Pricing Supplement. The Pricing Supplement in relation to any Tranche may specify other conditions which shall, to the extent so specified or to the extent inconsistent with such conditions, replace or modify the following conditions for the purpose of such Tranche.*

This Note is one of a Series (as defined below) issued pursuant to the Debt Issuance Programme (the "**Programme**") established by Barclays Bank PLC (the "**Issuer**"), Barclays Overseas Capital Corporation B.V. ("**BOCC**") and Barclays Overseas Investment Company B.V. ("**BOIC**") on 10th October, 1995 and is constituted by a Trust Deed dated 24th May, 2005 (as so amended, restated, modified and supplemented and as further amended, restated, modified and/or supplemented from time to time, the "**Trust Deed**") between, *inter alios*, the Issuer and The Bank of New York (the "**Trustee**" which expression shall wherever the context so admits include its successors) and has the benefit of an Agency Agreement dated 10th October, 1995, as most recently amended and restated on 24th May, 2005 (as amended or supplemented from time to time, the "**Agency Agreement**") made between, *inter alios*, the Issuer, the Registrar (the "**Registrar**" which expression shall wherever the context so admits include any successor or other person appointed as such in respect of any Notes), the Principal Paying Agent (the "**Principal Paying Agent**" which expression shall wherever the context so admits include its successors as such, and, together with any successor and the other transfer and paying agent(s) appointed in respect of any Notes, the "**Transfer and Paying Agents**"), the Agent Bank (the "**Agent Bank**" which expression shall wherever the context so admits include any successor or other person appointed as such in respect of any Notes), the Foreign Exchange Agent (the "**Foreign Exchange Agent**" which expression shall wherever the context so admits include any successor or other person appointed as such in respect of any Notes), each named therein and the Trustee. The initial Transfer and Paying Agents and the initial Agent Bank are named below. The Trustee shall exercise the duties, powers, trusts, authorities and discretions vested in it by the Trust Deed separately in relation to each Series of Notes in accordance with the provisions of the Trust Deed. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the office for the time being of the Trustee (being at 24th May, 2005 One Canada Square, London E14 5AL) and at the specified office of each of the Transfer and Paying Agents appointed from time to time pursuant to the terms of the Agency Agreement. The holders for the time being of Notes (the "**Noteholders**") and, in relation to any Series of Bearer Notes (as defined below), of any coupons ("**Coupons**") or talons for further Coupons ("**Talons**") appertaining thereto (together, the "**Couponholders**") are entitled to the benefit of, are bound by, and will be deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

The term "Notes" means debt instruments, by whatever name called, issued under the Programme. The term "**Bearer Note**" means a Note in bearer form and the term "**Registered Note**" means a Note in registered form. All Notes will be issued in series (each, a "**Series**") and each Series may comprise one or more tranches (each, a "**Tranche**") of Notes. Each Tranche will be the subject of a pricing supplement (each, a "**Pricing Supplement**"), a copy of which will be attached to or endorsed on each Note of such Tranche. The Pricing Supplement applicable to this Note supplements these Conditions and may specify other conditions which shall, to the extent so specified or to the extent not consistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References herein to the "**relevant Pricing Supplement**" are to the Pricing Supplement attached hereto or endorsed hereon. Subject as set out in the relevant Pricing Supplement, all Notes issued on the same date, denominated in the same currency, having the same maturity date, bearing interest, if any, on the same basis and otherwise issued on identical terms will constitute one Tranche of Notes.

1. **Form, Denomination and Title**

(1) *Form*

The Notes of this Series are either in bearer form or in registered form, serially numbered, as specified in the relevant Pricing Supplement.

The Notes are either senior Notes ("**Senior Notes**"), dated capital Notes ("**Dated Capital Notes**") or undated capital Notes ("**Undated Capital Notes**"), as specified in the relevant Pricing Supplement. In addition, the Notes are issued in any one or more of the following forms as specified in the relevant Pricing Supplement:

- (a) Notes bearing interest on a fixed rate basis ("**Fixed Rate Notes**");
- (b) Notes bearing interest on a floating or variable rate basis ("**Floating Rate Notes**");
- (c) Notes issued on a non-interest bearing basis ("**Zero Coupon Notes**");
- (d) Notes in respect of which principal and/or interest is or may be payable in one or more currencies other than the currency in which they are denominated ("**Dual Currency Notes**");
- (e) Notes in respect of which principal and/or interest is calculated by reference to an index and/or a formula or such other terms as are specified in the relevant Pricing Supplement ("**Index Linked Notes**");
- (f) Notes the principal amount of which is repayable by instalments ("**Instalment Notes**"); and
- (g) Notes which are issued on a partly paid basis ("**Partly Paid Notes**"). The appropriate provisions of these Conditions shall apply accordingly in relation to the Notes of this Series.

Interest-bearing Bearer Notes, if so specified in the relevant Pricing Supplement, have attached thereto at the time of their initial delivery Coupons and, if so specified, also have attached thereto at the time of their initial delivery a Talon, and the expression "**Coupons**" shall, where the context so permits, include Talons.

Instalment Notes have endorsed thereon a grid for recording the repayment of principal or, if so specified in the relevant Pricing Supplement, have attached thereto at the time of their initial delivery payment receipts ("**Receipts**") in respect of the instalments of principal (other than the final instalment) and the expression "**Notes**" shall, where the context so permits, include Receipts.

Registered Notes are represented by registered note certificates ("**Note Certificates**"). A Note Certificate will be issued to each person in whose name a Registered Note is for the time being registered in the Register (as defined in Condition 1), or, in the case of a joint holding, the first named thereof (the "**Registered Holder**"), in respect of its holding. The serial number of each Note Certificate will be recorded in the Register.

(2) *Denomination*

The Notes of this Series are issued in the denomination(s) specified in the relevant Pricing Supplement. Notes of one denomination will not be exchangeable for Notes of any other denomination.

(3) *Title*

Title to the Bearer Notes and Coupons 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**").

To the extent permitted by law, the Issuer, each Transfer and Paying Agent, the Agent Bank, the Trustee, the Principal Paying Agent and the Registrar may deem and treat the holder of any Note or of any Coupon as the absolute owner thereof (whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or on the Note Certificate representing it or notice of any trust or previous loss or theft thereof or that of the related Note Certificate) for the purpose of making payment and for all other purposes.

2. **Transfers of Registered Notes**

(1) *Transfers*

Subject to Conditions 2 (4) and 2 (5) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed (or another form of transfer in substantially the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), at the specified office of the Registrar or any Transfer and Paying Agent, together with such evidence as the Registrar or (as the case may be) such Transfer and Paying Agent may

reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

(2) *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 Note Certificate, a new Note 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 Note Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Note Certificates shall only be issued against surrender of the existing Note Certificates to the Registrar or any Transfer and Paying Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Note Certificate representing the enlarged holding shall only be issued against surrender of the Note Certificate representing the existing holding.

(3) *Registration and delivery of Note Certificates*

Within five business days of the surrender of a Note Certificate and receipt of the form of transfer or Exercise Notice (as defined in Condition 6(f) below) in accordance with Conditions 2(1) and (2) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each Registered Holder at its specified office or (as the case may be) the specified office of any Transfer and Paying Agent or (at the request and risk of any such relevant Registered Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such Registered Holder. In this paragraph, "**Business Day**" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer and Paying Agent has its specified office.

(4) *No charge*

The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer and Paying Agent but against such indemnity as the Registrar or (as the case may be) such Transfer and Paying Agent may require in respect of any tax or other governmental charges of whatsoever nature which may be levied or imposed in connection with such transfer.

(5) *Closed periods*

Registered Holders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(6) *Regulations concerning transfers and registration*

All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Registered Holder who requests in writing a copy of such regulations.

3. **Currency**

The Notes of this Series are denominated in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**") (being euro, U.S. dollars, pounds sterling, Japanese Yen or such other currency as is so specified).

4. **Status and Subordination**

(1) **No Set Off**

Subject to applicable law and unless the Dated Capital Notes or the Undated Capital Notes provide otherwise no Dated Capital Note or Undated Capital Note Noteholder or Couponholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Notes or the Coupons and each Noteholder and Couponholder shall, by virtue of being the holder of any Note or Coupon, as the case may be, be deemed to have waived all such rights of set-off.

(2) **Senior Notes**

Senior Notes and the Coupons (if any) appertaining thereto constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, except such obligations as are preferred by operation of law.

(3) **Dated Capital Notes**

Dated Capital Notes and the Coupons (if any) appertaining thereto constitute direct and unsecured obligations of the Issuer ranking *pari passu* without any preference among themselves. In the event of the winding up or administration of the Issuer, the claims of the Trustee, the Noteholders and the Couponholders (if any) against the Issuer in respect of such Notes and Coupons will be subordinated, in the manner provided in the Trust Deed, to the claims of all other creditors of the Issuer (including depositors) except for the claims of holders of unsecured rights against the Issuer being rights which are subordinated so as to



rank either (i) *pari passu* with such Notes and Coupons, with all of which excepted claims such Notes and Coupons shall rank *pari passu*, or (ii) junior to such Notes and Coupons.

(4) **Dated Capital Notes: Deferral of Payments**

In the case of Dated Capital Notes in relation to which this Condition 4(4) is specified in the relevant Pricing Supplement as applying, the Issuer shall be entitled, by notice in writing to the Trustee (a "**Deferral Notice**"), to defer the due date for payment of any principal or interest in respect of such Notes, and, accordingly, on the giving of such notice the due date for payment of such principal or interest (the "**Deferred Payment**") shall be so deferred and the Issuer shall not be obliged to make payment thereof on the date the same would otherwise have become due and payable, and such deferral of payment shall not constitute a default by the Issuer for any purpose. Accordingly, the applicable provisions of these Conditions in relation to such Notes shall in all respects have effect subject to this Condition 4(4). The Issuer may not give a Deferral Notice except in circumstances where the United Kingdom Financial Services Authority (the "**Financial Services Authority**") has required or requested the Issuer to defer payment of the relevant Deferred Payment. Interest will accrue on principal deferred as aforesaid in accordance with the provisions of these Conditions and the Trust Deed, save that such interest shall only become due and payable at such time as the principal in respect of which it has accrued becomes due and payable under the following sentence. Promptly upon being satisfied that the Financial Services Authority will not object to the payment of the whole or any part of any Deferred Payment, the Issuer shall give to the Trustee written notice thereof (a "**Payment Notice**") and the relevant Deferred Payment (or the appropriate part of it) and any accrued interest as aforesaid shall become due and payable on the seventh day after the date of such Payment Notice. In addition, all Deferred Payments which remain unpaid shall become due and payable in full on the commencement (as defined in the Trust Deed) of a winding up of the Issuer. Where more than one Deferred Payment remains unpaid, payment of part thereof shall be made *pro rata* according to the amounts of such Deferred Payments remaining unpaid and of any accrued interest as aforesaid remaining unpaid. The Issuer shall promptly give notice to the holders of the relevant Series of Notes in accordance with Condition 15 of any Deferral Notice or Payment Notice.

*NB: In the case of Dated Capital Notes which constitute Tier 3 capital, the Financial Services Authority requires to be notified by a bank if its total eligible capital falls below its target capital requirement and the Financial Services Authority may require deferral of payments of principal and interest in respect of such Notes in such circumstances.*

(5) **Undated Capital Notes**

(a) Undated Capital Notes and the Coupons (if any) appertaining thereto constitute unsecured obligations of the Issuer ranking *pari passu* without any preference among themselves.

(b) The rights of the Noteholders and Couponholders in respect of Undated Capital Notes and the Coupons (if any) appertaining thereto are subordinated to the claims of Senior Creditors (as defined in Condition 4(5)(d)) and, accordingly, payments of principal,

premium and interest are conditional upon the Issuer being solvent at the time of payment by the Issuer, and no principal, premium or interest shall be payable in respect of such Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For the purposes of this Condition 4(5)(b), the Issuer shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its Assets (as defined in Condition 4(5)(d)) exceed its Liabilities (as defined in Condition 4(5)(d)) (other than, except in the circumstances provided in the Trust Deed, its Liabilities to persons who are not Senior Creditors). The Trust Deed contains provisions requiring a report as to the solvency of the Issuer to be made by one Director or senior executive officer of the Issuer or, in certain circumstances as provided in the Trust Deed, the Auditors (as defined in the Trust Deed) or, if the Issuer is in winding up in England, its liquidator prior to any payment or principal or interest and also prior to the purchase of any Undated Capital Notes beneficially by or for the account of the Issuer or any of its Subsidiaries (as defined in the Trust Deed). Any such report shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee and the Noteholders and Couponholders as correct and sufficient evidence of such solvency.

(c) If at any time the Issuer is in winding up in England, there shall be payable in respect of the Undated Capital Notes (in lieu of any other payment) but subject as provided in Condition 4(5)(b) such amounts (if any) as would have been payable in respect thereof as if, on the day immediately prior to the commencement (as defined in the Trust Deed) of the winding up and thereafter, the Noteholders were the holders of a class of preference shares in the capital of the Issuer having a preferential right to a return of assets in the winding up over the holders of all other classes of shares for the time being in the capital of the Issuer on the assumption that such preference shares were entitled (to the exclusion of any other rights or privileges) to receive on a return of capital in such winding up an amount equal to the principal amount of the Undated Capital Notes together with interest accrued to the date of repayment (as provided in the Trust Deed) and any Arrears of Interest (as defined in Condition 5(2)).

(d) As used in these Conditions:

"**Senior Creditors**" means creditors of the Issuer (i) who are depositors and/or other unsubordinated creditors of the Issuer or (ii) whose claims are, or are expressed to be, subordinated to the claims of depositors and other unsubordinated creditors of the Issuer (whether only in the event of a winding up of the Issuer or otherwise) but not further or otherwise or (iii) who are subordinated creditors of the Issuer (whether as aforesaid or otherwise) other than those whose claims are expressed to rank *pari passu* with or junior to the claims of the Noteholders and Couponholders and any claims ranking *pari passu* with such last mentioned claims.

"**Assets**" means the total amount of the unconsolidated gross tangible assets of the Issuer, and "**Liabilities**" means the total amount of the unconsolidated gross liabilities of the Issuer, in each case as shown by the latest published audited balance sheet of the Issuer, but adjusted, if the aggregate amount included in such balance sheet in respect of the Issuer's investment in all Subsidiaries and Associated Companies (as defined in the Trust Deed) of the Issuer exceeds the aggregate of the net tangible assets of such Subsidiaries and Associated

Companies attributable to the Issuer (calculated on a consolidated basis where any of such Subsidiaries and Associated Companies itself has subsidiaries) as shown by their latest relevant audited balance sheets, by deducting from the total amount of such assets an amount equal to such excess and adjusted also for contingencies and subsequent events in such manner as the above-mentioned Director or senior executive officer, the Auditors or the liquidator (as the case may be) may determine.

*N.B if the Issuer would not otherwise be solvent (having taken into account liabilities to both Senior Creditors and creditors other than Senior Creditors), the amount of principal and of sums which would otherwise be payable as interest in respect of the Undated Capital Notes will be available to meet the losses of the Issuer.*

5. **Interest**

(1) **Certain Defined Terms**

As used in these Conditions:

"**Holding Company**" means Barclays PLC or otherwise the ultimate holding company for the time being of the Issuer or, if at any relevant time there shall be no such holding company, then "Holding Company" shall mean the Issuer itself;

"**Interest Commencement Date**" means the date specified as such in the relevant Pricing Supplement;

"**Interest Payment Date**" means a Fixed Interest Payment Date or a Floating Interest Payment Date (as the case maybe);

"**Interest Period**" means (i) in the case of Fixed Rate Notes, the period from (and including) a Fixed Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Fixed Interest Payment Date or (ii) in the case of Floating Rate Notes, the period from (and including) a Floating Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Floating Interest Payment Date.

"**Maturity Date**" means, in relation to any Series of Notes other than Undated Capital Notes, the date on which a Note is to be redeemed (or, in the case of an Instalment Note, finally redeemed), as specified in the relevant Pricing Supplement.

"**Rate of Interest**" means the rate, or each rate, of interest in respect of each interest bearing Note determined in accordance with the applicable provisions of this Condition 5 and/or as specified in the relevant Pricing Supplement;

(2) **Interest on Undated Capital Notes**

On an Interest Payment Date there may be paid the interest accrued in the Interest Period ending on the day immediately preceding such date, but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose. If the Issuer elects not to pay interest on an Interest Payment Date, it shall give not less than 30 days' notice of such election to the holders of the Undated Capital Notes in accordance with Condition 15. Any interest not paid on an Interest Payment Date together with any other interest not paid on any other Interest Payment Date shall, so long as the same remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest may, at the option of the Issuer, be paid in whole or in part at any time upon the expiration of not less than 14 days' notice to such effect given to the holders of the Undated Capital Notes in accordance with Condition 15, but all Arrears of Interest on all Undated Capital Notes outstanding shall (subject to Condition 4(5)(b)) become due in full on whichever is the earliest of (i) the date set for any redemption pursuant to Condition 6(d) or 6(e) or (ii) the commencement of winding-up in England of the Issuer or (iii) the date on which any payment is made in contravention of the Dividend Restriction (as defined below). Notwithstanding the

foregoing, if notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall be obliged (subject to Condition 4(5)(b)) to do so upon the expiration of such notice. Arrears of Interest shall not themselves bear interest.

If, on an Interest Payment Date, interest in respect of any series of Undated Capital Notes shall not have been paid as a result of the exercise by the Issuer of its option pursuant to this Condition 5(2), then from the date of such Interest Payment Date until such time as the full amount of such Arrears of Interest has been received by the Principal Paying Agent or the Trustee and no other Arrears of Interest remains unpaid with respect to the Undated Capital Notes of the relevant Series (such period the "**Stopped Period**"), the Dividend Restriction shall apply.

The "**Dividend Restriction**" means that neither the Issuer nor the Holding Company may declare or pay a dividend (other than payment by the Holding Company of a final dividend declared by its shareholders prior to the Interest Payment Date on which the relevant Stopped Period commences, or a dividend paid by the Issuer to the Holding Company or to another wholly-owned subsidiary) on any of their respective ordinary shares, preference shares or other share capital or satisfy any payments of interest or coupons on any other Junior Obligations.

"**Junior Obligations**" means obligations of the Issuer which rank or are expressed to rank junior to the Undated Capital Notes but in any such case excluding any obligation the initial tranche of which was issued before the Issue Date and the terms of which do not enable the issuer thereof to defer, pass on or eliminate a coupon, dividend or distribution during the relevant Stopped Period.

(3) **Interest on Fixed Rate Notes**

Unless otherwise provided in the relevant Pricing Supplement, each Fixed Rate Note shall bear interest in accordance with the provisions of this Condition 5(3) provided, however, that interest on Undated Capital Notes shall (subject to Condition 4(5)(b)) be payable only at the option of the Issuer.

- (a) Each Fixed Rate Note bears interest on the outstanding principal amount of such Note (or, in the case of any Partly Paid Note unless otherwise specified in the relevant Pricing Supplement, the principal amount for the time being paid up thereon) at the fixed rate or rates per annum specified in the relevant Pricing Supplement as the Rate(s) of Interest from (and including) the Interest Commencement Date for such Note. Interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement (each, a "**Fixed Interest Payment Date**") and on the Maturity Date of such Note if other than a Fixed Interest Payment Date (subject in the case of Undated Capital Notes to the provisions of Conditions 4(5)(b) and 5(2)). The first payment of interest will be made on the first Fixed Interest Payment Date following the Interest Commencement Date.

- (b) Interest will cease to accrue on each Fixed Rate Note from (and including) its due date for redemption (or, in the case of an Instalment Note, in respect of each instalment of principal, from (and including) the due date for payment of the relevant Instalment Amount, as defined in Condition 6) unless, upon due presentation, payment of principal is improperly withheld or refused or is not made by reason of Condition 4(5)(b). In such event, interest will continue to accrue (as well after as before any judgment) up to and including the date on which, upon further presentation, payment in full of the principal amount due in respect of such Fixed Rate Note, together with accrued interest, is made or (if earlier) the date upon which notice is duly given to the holder of such Note that sufficient funds for payment of the principal amount due in respect of it, together with accrued interest, have been received by the Principal Paying Agent or the Trustee.
- (c) If interest falls to be calculated for a period which is not a full year, such interest will be calculated on the basis of the Day Count Fraction as specified in the relevant Pricing Supplement.

(4) **Interest on Floating Rate Notes**

Unless otherwise provided in the relevant Pricing Supplement, each Floating Rate Note shall bear interest in accordance with the applicable provisions of this Condition 5(4) provided, however, that interest on Undated Capital Notes may (subject to Condition 4(5)(b)) be payable only at the option of the Issuer.

(a) *Accrual of Interest*

Each Floating Rate Note bears interest on the outstanding principal amount of such Note (or, in the case of any Partly Paid Note unless otherwise specified in the relevant Pricing Supplement, the principal amount for the time being paid up thereon) from (and including) the Interest Commencement Date for such Note.

Interest will cease to accrue on each Floating Rate Note from (and including) its due date for redemption (or, in the case of an Instalment Note, in respect of each instalment of principal, from (and including) the due date for payment of the relevant Instalment Amount) unless, upon due presentation, payment of principal is improperly withheld or refused or is not made by reason of Condition 4(5)(b). In such event, interest will continue to accrue (as well after as before any judgment) up to (and including) the date on which, upon further presentation, payment in full of the principal amount due in respect of such Note, together with accrued interest, is made or (if earlier) the date upon which notice is duly given to the holder of such Note that sufficient funds for payment of the principal amount due in respect of it, together with accrued interest, have been received by the Principal Paying Agent or the Trustee.

(b) *Interest Payment Dates and Interest Periods*

Interest on each Floating Rate Note will, subject, in the case of Undated Capital Notes, to the provisions of Condition 5(2), be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) as is/are specified in the relevant Pricing Supplement for such purpose (each, a "**Floating Interest Payment Date**"); or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the relevant Pricing Supplement for such purpose, each date (each, a "**Floating Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the relevant Pricing Supplement after the preceding Floating Interest Payment Date or, in the case of the first Floating Interest Payment Date, after the Interest Commencement Date.

Such interest will, subject, in the case of Undated Capital Notes to the provisions of Conditions 4(5)(b) and 5(2), be payable in respect of each Interest Period.

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

- (1) in any case where Specified Periods are specified in accordance with Condition 5(4)(b)(ii) above, the Floating Rate Convention, such Floating Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Floating Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Floating Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Floating Interest Payment occurred; or
- (2) the Following Business Day Convention, such Floating Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Floating Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Floating Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Floating Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition, "**Business Day**" means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign

exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Pricing Supplement; and

- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is Australian or New Zealand dollars, shall be Sydney and Auckland, respectively), or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real Time Cross Settlement Express Transfer (TARGET) system (the "**TARGET System**") is operating.

(c) *Rate of Interest*

The Rate of Interest payable from time to time on each Floating Rate Note will be determined in the manner provided in the relevant Pricing Supplement.

(d) *Rate of Interest: Screen Rate Basis*

Where so specified in the relevant Pricing Supplement, the Rate of Interest applicable to each Floating Rate Note for each Interest Period shall be determined by the Agent Bank on the following basis:

- (i) the Agent Bank will determine the rate for deposits (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest one-hundred thousandth of a percentage point) of the rates for deposits (excluding, if all the rates are not the same where there are four or more such rates, the highest and lowest rates and, if there is more than one highest or lowest rate, excluding one such rate)) in the relevant currency for a period of the duration of the relevant Interest Period on the Relevant Screen Page as at either 11.00 a.m. (London time) in the case of the London interbank offered rate ("**LIBOR**") or 11.00 a.m. (Brussels time), in the case of the Euro interbank offered rate ("**EURIBOR**") on the applicable Interest Determination Date (as indicated in the relevant Pricing Supplement) (the "**Interest Determination Date**");
- (ii) if, on any Interest Determination Date, no such rate for deposits so appears (or, as the case may require, if fewer than two such rates for deposits so appear), the Agent Bank will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which deposits in the relevant currency are offered by, if the reference rate is LIBOR, four major banks in the London interbank market, selected by the Agent Bank, at approximately 11.00 a.m. (London time) on the Interest Determination Date to leading banks in the London interbank market or, if the reference rate is EURIBOR, the principal Euro-zone office of four major



banks in the Euro-zone, selected by the Agent Bank, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date to leading banks in the Euro-zone interbank market, in each case for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;

- (iii) if, on any Interest Determination Date, only two or three rates are so quoted, the Agent Bank will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted; and
- (iv) if fewer than two rates are so quoted, the Agent Bank will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in the Relevant Financial Centre (as defined below) (or, in the case of Notes denominated in euro, in such financial centre or centres as the Agent Bank may select), selected by the Agent Bank, at approximately 11.00 a.m. (Relevant Financial Centre (or other financial centre or centres as aforesaid) time) on the Interest Determination Date for loans in the relevant currency to leading European banks for a period of the duration of the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time,

and the Rate of Interest applicable to such Note during each Interest Period will be the rate (or, as the case may be, the arithmetic mean) so determined plus or minus (as specified in the relevant Pricing Supplement) the relevant margin (if any) so specified (the "**Relevant Margin**") provided that if the Agent Bank is unable to determine a rate (or, as the case may be, an arithmetic mean) in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to such Note during such Interest Period will be the rate (or, as the case may be, the arithmetic mean) last determined in relation to such Note in respect of a preceding Interest Period plus or minus, as the case may be, the Relevant Margin (but substituting, where a different Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to the relevant Interest Period).

As used herein, "**Relevant Screen Page**" means such page as is specified in the relevant Pricing Supplement on Reuters Markets 3000 or Bridge/Telerate (or such other service or services as may be nominated as the information vendor for the purpose of displaying comparable rates in succession thereto) or such other equivalent information vending service as is so specified, "**Euro-zone**" means the region comprised of member states of the European Union that have adopted the euro as the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union and "**Relevant Financial Centre**" means such financial centre or centres as may be specified in relation to the relevant currency for the purposes of the definition of "Business Day" in the ISDA Definitions (as defined below), as the same may be modified by the relevant Pricing Supplement.

If the reference rate from time to time in respect of this Note is specified in the relevant Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of this Note will be determined as provided in the relevant Pricing Supplement.

(e) *Rate of Interest: ISDA Basis*

Where so specified in the relevant Pricing Supplement, the Rate of Interest in respect of each Floating Rate Note for each Interest Period will be the applicable ISDA Rate plus or minus (as specified in the relevant Pricing Supplement) the Relevant Margin (if any). For this purpose, "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate which would be determined by the Agent Bank under an interest rate swap transaction if the Agent Bank were acting as Calculation Agent for that swap transaction pursuant to the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option is as specified in the relevant Pricing Supplement;
- (ii) the relevant Interest Commencement Date is the Effective Date;
- (iii) the Designated Maturity is a period equal to the applicable Interest Period;
- (iv) the relevant Reset Date is either (A) if the applicable Floating Rate Option is based on either LIBOR or EURIBOR for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement; and
- (v) all other terms are as specified in the relevant Pricing Supplement.

"**ISDA Definitions**" means the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (unless otherwise specified in the relevant Pricing Supplement, as amended and updated as at the date of issue of such Note or, if the Series of which such Note forms a part consists of more than one Tranche, the date of issue of the first Tranche). The expressions "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Effective Date**", "**Designated Maturity**" and "**Reset Date**" have the respective meanings given to them in the ISDA Definitions.

When this Condition 5(4)(e) applies, the Agent Bank shall determine the Rate of Interest for each Interest Period in accordance with this Condition 5(4)(e).

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

If the relevant Pricing Supplement specifies a Minimum Rate of Interest and/or a Maximum Rate of Interest for any one or more Interest Periods then the Rate of Interest for any such Interest Period shall in no event be less than or, as the case may be, greater than it.

(g) *Determination of Rate of Interest and calculation of Interest Amount*

The Agent Bank will, as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the amount of interest payable, subject, in the case of Undated Capital Notes, to the provisions of Conditions 4(5)(b)

and 5(2), in respect of each denomination of the relevant Floating Rate Notes (the "**Interest Amount**") for the relevant Interest Period.

The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the outstanding principal amount (or, in the case of a Partly Paid Note unless otherwise specified in the relevant Pricing Supplement, the principal amount for the time being paid up thereon) of the relevant Note of each denomination, multiplying the product by the Day Count Fraction specified in the relevant Pricing Supplement and rounding the resulting figure to the nearest applicable subunit of the currency in which such Note is denominated or, as the case may be, in which such interest is payable (such subunit being the smallest size customarily used in the settlement of interbank payments of such currency and one half of any such subunit being rounded upwards). The determination of the Rate of Interest and the Interest Amount by the Agent Bank shall (in the absence of manifest error) be final and binding on all parties.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest for 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, the "**Calculation Period**") unless otherwise specified in the relevant Pricing Supplement:

- (i) if "Actual/365" or "Actual/Actual - ISDA" is specified in the relevant Pricing Supplement, 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 in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (iii) if "Actual/360" is specified in the relevant Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (iv) if "30/360", "360/360" or "Bond Basis" is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (v) if "30E/360" or "Eurobond Basis" is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-

day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on (but excluding) the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

- (vi) if "Sterling/FRN" is specified in the relevant Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366; and
- (vii) if "Actual/Actual - ISMA" is specified in the relevant Pricing Supplement:
  - (1) 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 (A) the number of days in such Determination Period and (B) the number of Determination Periods normally ending in any year; and
  - (2) if the Calculation Period is longer than one Determination Period, the sum of:
    - (a) 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 one year; and
    - (b) 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 one year.

In these conditions:

**"Determination Period"** means the period from and including an Interest Payment Date to but excluding the next Floating Interest Payment Date.

(h) *Notification of Rate of Interest and Interest Amount*

The Agent Bank will cause the Rate of Interest and the Interest Amount for each Interest Period, the relevant Floating Interest Payment Date and any other item determined or calculated by it in accordance with the relevant Pricing Supplement to be notified to the Issuer, the Trustee, the Principal Paying Agent and (in the case of listed Notes) the stock exchange or other relevant authority on which such Notes are for the time being listed or by which they have been admitted to listing as soon as possible after the determination or calculation thereof but in any event not later than the fourth day thereafter on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London (each such day being a "**London Banking Day**"). The Agent Bank will give notice to the relevant Noteholders of the Rate of Interest, the Interest Amount

and the relevant Floating Interest Payment Date in accordance with Condition 15 as soon as possible after the determination or calculation thereof. The Interest Amount and the Floating Interest Payment Date so notified in respect of any Notes may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which such Notes are for the time being listed or by which they have been admitted to listing.

(i) *Determination or calculation by the Trustee*

If the Agent Bank does not at any time for any reason determine the Rate of Interest or calculate the Interest Amount or any other item required to be determined or calculated by it under the relevant Pricing Supplement, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Agent Bank. In doing so, the Trustee shall apply the foregoing provisions of this Condition 5(4) and, where applicable, the relevant Pricing Supplement, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances (subject always to Condition 5(4)(f)).

(j) *Certificates, etc. to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5 whether by the Agent Bank or the Trustee shall (in the absence of manifest error) be final and binding on the Issuer, the Trustee, the Transfer and Paying Agents and the holders of Notes and of the Coupons appertaining thereto. No holder of Notes or of the Coupons appertaining thereto shall be entitled to proceed against the Agent Bank, the Trustee, the Transfer and Paying Agents or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions hereunder.

(5) **Index Linked Notes and Dual Currency Notes**

In the case of Index Linked Notes or Dual Currency Notes, if the Rate of Interest and/or amount of interest falls to be determined by reference to an index and/or formula or, as the case may be, an exchange rate then the Rate of Interest and/or amount of interest shall be determined in the manner specified in the relevant Pricing Supplement.

Such interest will cease to accrue on an Index Linked Note or Dual Currency Note from (and including) its due date for redemption (or, in the case of an Instalment Note, in respect of each instalment of principal, from (and including) the due date for payment of the relevant Instalment Amount) unless, upon due presentation, payment of the amount due on redemption is improperly withheld or refused. In such event, interest will continue to accrue (as well after as before any judgment) up to and including the date on which, upon further presentation, payment in full of the redemption amount due in respect of such Note, together with accrued interest, is made or (if earlier) the date on which notice is given to the holder of such Note that sufficient funds for payment of the redemption amount due in respect of it,

together with accrued interest, have been received by the Principal Paying Agent or the Trustee.

(6) **Zero Coupon Notes**

Unless otherwise specified in the relevant Pricing Supplement, if any Zero Coupon Note is not duly redeemed on its due date for redemption then the applicable redemption amount shall bear interest at a rate determined in accordance with the relevant Pricing Supplement. Such interest will accrue (as well after as before any judgment) up to and including the date on which, upon due presentation, payment in full of such redemption amount, together with accrued interest, is made or (if earlier) the date on which notice is given to the holder of such Note that sufficient funds for payment of such redemption amount, together with accrued interest, have been received by the Principal Paying Agent or the Trustee.

6. **Redemption and Purchase**

(a) *Redemption at Maturity*

The provisions of this Condition 6(a) shall have effect in relation to any Series of Notes other than Undated Capital Notes. Unless previously redeemed or purchased and cancelled and subject as otherwise specified in the relevant Pricing Supplement, the Notes of this Series will be redeemed at their outstanding principal amount (or at such other redemption amount as may be specified in or determined in accordance with the relevant Pricing Supplement) on their Maturity Date.

(b) *No Fixed Maturity*

The provisions of this Condition 6(b) shall have effect in relation to any Series of Undated Capital Notes. The Notes are undated and, accordingly, have no final maturity date and may not be repaid except in accordance with this Condition 6 and Condition 8.

(c) *Redemption for Taxation Reasons*

The provisions of this Condition 6(c) shall have effect in relation to any Series of Notes other than Undated Capital Notes. Subject to paragraph (k) of this Condition 6, if immediately prior to the giving of the notice referred to below, the Issuer satisfies the Trustee that on the occasion of the next payment due in respect of the Notes of this Series the Issuer would, for reasons outside its control, (after using reasonable endeavours) be unable to make such payment without being required to pay additional amounts as provided in Condition 7 then the Issuer may, at its option, having given not less than 30 nor more than 60 days' notice (ending, in the case of Floating Rate Notes, on an Interest Payment Date) to the holders of such Notes in accordance with Condition 15 (such notice being irrevocable) redeem all (but not some only) of such Notes at their outstanding principal amount (or at such other redemption amount as may be specified in or determined in accordance with the relevant Pricing Supplement) together with, in the case of Notes which bear interest, accrued interest thereon to the date fixed for redemption. Provided, however, that no such notice of redemption may 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 such Notes then due. Upon the expiry of such notice of redemption, the Issuer shall be bound to redeem such Notes accordingly.

Subject only to the obligation of the Issuer to use reasonable endeavours as aforesaid, it shall be sufficient to establish the circumstances required to be established under this Condition 6(c) if the Issuer shall deliver to the Trustee a certificate of a firm of independent legal advisers or accountants to the effect either that such a circumstance does exist or that, upon a change in or amendment to the laws (including any regulations thereunder) or in the interpretation or administration thereof, of the United Kingdom (including any authority or political subdivision therein or thereof having power to tax) which at the date of such certificate is proposed to be made and in the opinion of such firm is reasonably expected to become effective on or prior to the date when the relevant payment in respect of such Notes would otherwise be made, becoming so effective, such circumstances would exist.

(d) *Undated Capital Notes: Redemption for Taxation Reasons*

The provisions of this Condition 6(d) shall have effect in relation to any Series of Undated Capital Notes. If the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that on the occasion of the next payment due in respect of the Notes of this Series:

(i) the Issuer would be compelled by law for reasons outside its control to pay any additional amounts in accordance with Condition 7; or

(ii) any payment of interest in respect of the Notes would be treated as a "distribution" within the meaning of the Tax Acts (as defined in section 831 of the Income and Corporation Taxes Act 1988); or

(iii) the Issuer would not otherwise be entitled to claim a deduction in respect of such interest payment in computing its liability to United Kingdom taxation or the value of the deduction to it would be materially reduced;

the Issuer may at its option, at any time, having given not less than 45 nor more than 60 days' notice to the Trustee and to the Noteholders in accordance with Condition 15, redeem all, but not some only, of the Notes at their outstanding principal amount (or at such other redemption amount as may be specified in or determined in accordance with the relevant Pricing Supplement). Upon the expiration of such notice, the Issuer shall be bound to repay all the Notes at their principal amount (or such other amount as aforesaid) together with accrued interest and all Arrears of Interest.

It shall be sufficient to establish the circumstances required to be established under this Condition 6(d) if the Issuer shall deliver to the Trustee a certificate of a firm of independent legal advisers or accountants to the effect either that such a circumstance does exist or that, upon a change in or amendment to the laws (including any regulations thereunder) or in the interpretation or administration thereof, of the United Kingdom (including any authority or political subdivision therein or thereof having power to tax) which at the date of such certificate is proposed to be made and in the opinion of such firm is reasonably expected to

become effective on or prior to the date when the relevant payment in respect of such Notes would otherwise be made, becoming so effective, such circumstances would exist.

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

Where so specified in the relevant Pricing Supplement and subject to paragraph (k) of this Condition 6, Notes of this Series are redeemable at the option of the Issuer (a "**Call Option**"). In such case, the Issuer may at any time (in the case of Fixed Rate Notes or Zero Coupon Notes), on any Interest Payment Date (in the case of Floating Rate Notes) or otherwise as specified in the relevant Pricing Supplement, on giving (in accordance with Condition 15) not less than 45 nor more than 60 days' notice (or such other period as is specified in the relevant Pricing Supplement) to the relevant Noteholders (such notice being irrevocable) specifying the date fixed for such redemption, redeem all of such Notes (or if so specified in the relevant Pricing Supplement and subject as therein specified, some only of the Notes) at their outstanding principal amount (or at such other redemption amount as may be specified in or determined in accordance with the relevant Pricing Supplement) together with, in the case of Notes bearing interest, interest accrued thereon to the date fixed for redemption and, in the case of Undated Capital Notes, all Arrears of Interest. Upon the expiry of such notice of redemption, the Issuer shall be bound to redeem such Notes accordingly.

If Bearer Notes are to be redeemed in part only on any date in accordance with this paragraph (e), the Bearer Notes to be redeemed shall be drawn by lot in London, or identified in such other manner or in such other place as the Principal Paying Agent and the Trustee may approve and deem appropriate and fair, subject always to compliance with all applicable laws and the requirements of any stock exchange on which such Notes may be listed.

If Registered Notes are to be redeemed in part only on any date in accordance with this paragraph (e), then:

(1) if the Registered Notes are listed on any securities exchange, each Registered Note shall be redeemed in part in compliance with the requirements of the principal securities or investment exchange on which the Registered Notes are so listed; or

(2) if the Registered Notes are not listed on any securities exchange or if the relevant securities or investment exchange has no requirement in that regard each Registered Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Registered Notes to be redeemed on the date fixed for such redemption bears to the aggregate principal amount of outstanding Registered Notes on such date.

(f) *Redemption at the Option of Noteholders*

Where so specified in the relevant Pricing Supplement, Notes of this Series are redeemable at the option of Noteholders (a "**Put Option**"). In such case, upon any Noteholder giving to the Issuer notice of redemption (such notice being irrevocable) the Issuer will, in accordance with the provisions specified in the relevant Pricing Supplement, redeem in whole (but not in part) the Note(s) specified in such notice at their outstanding principal amount (or at such other redemption amount as may be specified in or determined in accordance with the



relevant Pricing Supplement) together with, in the case of Notes bearing interest, interest accrued thereon to the date fixed for redemption.

In order to give such notice, a Noteholder must, not less than 45 days before the date for redemption as specified in the relevant Pricing Supplement (or such other period as may be so specified), deposit the relevant Note (together with, in the case of an interest-bearing Note, any unmatured Coupons and unexchanged Talon appertaining thereto) with the Registrar (in the case of Registered Notes) or any Transfer and Paying Agent (in the case of Bearer Notes) together with a duly completed exercise notice (the "**Exercise Notice**") in the form which is available from the specified office of the Registrar or any of the Transfer and Paying Agents. The holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under paragraph (c), (d) or (e) of this Condition 6 and any exercise of the first-mentioned option in such circumstances shall have no effect.

(g) *Redemption by Instalments*

If the Notes of this Series are Instalment Notes they will be redeemed in such number of instalments, in such amounts ("**Instalment Amounts**") and on such dates as may be specified in or determined in accordance with the relevant Pricing Supplement and upon each partial redemption as required by this paragraph the outstanding principal amount of each such Note shall be reduced by the relevant Instalment Amount for all purposes.

(h) *Zero Coupon Notes, Index Linked Notes and Partly Paid Notes*

If the Notes of this Series are Zero Coupon Notes, Index Linked Notes or Partly Paid Notes and they are redeemed by the Issuer prior to their Maturity Date, they shall be redeemed at a redemption amount specified in or determined in accordance with, and subject to, the provisions set out in the relevant Pricing Supplement.

(i) *Purchases*

Subject to paragraph (k) of this Condition 6, the provisions of Condition 4(5)(b) (in relation to any Series of Undated Capital Notes) and to the requirements (if any) of any securities exchange on which the Notes of this Series may for the time being be listed, the Issuer or any of its subsidiaries may at any time purchase any such Notes at any price in the open market or otherwise and may resell the same. In the case of a purchase by tender, such tender must be made available to all holders of the Notes of this Series alike.

(j) *Cancellation*

All Notes redeemed or, where applicable, finally redeemed pursuant to this Condition 6 shall, and all Notes purchased by the Issuer pursuant to this Condition 6 may, at the option of the Issuer, be cancelled forthwith (together with, in the case of interest-bearing Notes, all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith) by the Transfer and Paying Agent through which they are redeemed or, where applicable, finally redeemed or, in the case of Bearer Notes, by the Principal Paying Agent or, in the case of

Registered Notes, the Registrar to which they are surrendered for cancellation. All Notes redeemed or purchased and cancelled as aforesaid may not be re-issued or re-sold.

(k) *Restriction on Optional Redemption and Purchases*

In the case of Dated Capital Notes, such Notes may not be redeemed at the option of the Issuer nor may the Issuer or any of its subsidiaries purchase beneficially or procure others to purchase beneficially for its account any of such Notes unless an independent accountant selected by the Issuer and the Trustee shall have reported to the Trustee within six months before such redemption or purchase that, in their opinion, based on the most recent published consolidated balance sheet of the Issuer and its subsidiaries available at the date of such report, the aggregate book value of the tangible assets of the Issuer and its subsidiaries exceeds the aggregate book value of their liabilities but so that this provision shall not prejudice the right of the Trustee to take proceedings for the winding up of the Issuer in accordance with Condition 9.

In the case of Undated Capital Notes such Notes may only be redeemed and the Issuer or any of its subsidiaries may only purchase beneficially or procure others to purchase beneficially for its account any such Notes provided that such redemption or purchase is made in accordance with the provisions of Condition 4(5)(b).

*N.B. In the case of any Dated Capital Note or Undated Capital Note, under the practice of the Financial Services Authority prevailing as at 24th May, 2005, no redemption (prior to its stated maturity date, in the case of any Dated Capital Note) or purchase of any such Note pursuant to this Condition 6 may be made without the prior written consent of the Financial Services Authority.*

7. **Taxation**

Except as otherwise specified in the relevant Pricing Supplement, all payments of principal and interest (including Arrears of Interest) in respect of the Notes of this Series will be made without withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature, present or future, as are imposed or levied by or on behalf of the United Kingdom (or any authority or political subdivision therein or thereof having power to tax) unless the Issuer is required by law to withhold or deduct any such taxes, duties, assessments or governmental charges.

In such event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts receivable by the Noteholders or Couponholders, as the case may be, after such withholding or deduction shall equal the respective amounts of principal and interest (including any Arrears of Interest) which would have been receivable in respect of such Notes and/or, as the case may be, the Coupons appertaining thereto in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to the payment of accrued interest on any Withheld Amount (as defined in Condition 9(1)(a)(i) or Condition 9(2)(a)) or with respect to any Note or Coupon:

- (a) to, or to a third party on behalf of, a holder of a Note or Coupon 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 United Kingdom other than the mere holding of such Note or Coupon; or

- (b) unless it is proved, to the satisfaction of the Principal Paying Agent or the Transfer and Paying Agent to whom the same is presented, that the holder is unable to avoid such withholding or deduction by satisfying any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authorities; or
- (c) presented more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (d) 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 or any law implementing or complying with, or introduced in order to conform to, such directive; or
- (e) presented for payment by or on behalf of a holder of a Note or Coupon who would have been able to avoid such withholding or deduction by presenting the relevant Note or, as the case may be, Coupon to another Transfer and Paying Agent in a member state of the European Union.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due (or, in the case of any amount not paid in the circumstances set out in Condition 9(1)(a)(i) or Condition 9(2)(a), the date on which the relevant Withheld Amount falls due for payment under Condition 9(4)(c)) but if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, it means the date on which the full amount of such money has been so received and notice to that effect shall have been duly given to the relevant Noteholders in accordance with Condition 15.

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

- (i) any additional amounts which may be payable with respect to principal under this Condition 7 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;
- (ii) in the case of any Series of Notes other than Undated Capital Notes, the redemption amount payable on such Notes on their Maturity Date;
- (iii) in the case of any Series of Notes other than Undated Capital Notes, the redemption amount payable on redemption of such Notes prior to such Maturity Date;

- (iv) in the case of any Series of Undated Capital Notes, the redemption amount payable on redemption of such Notes; and
- (v) any premium and any other amounts which may be payable under or in respect of such Notes.

Any reference in these Conditions to interest (including Arrears of Interest) in respect of the Notes of any Series shall be deemed to include, as applicable, any amount of interest accrued on any Withheld Amount (as provided in Condition 9(4)(c)) and any additional amounts which may be payable with respect to interest (including Arrears of Interest) under this Condition 7 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

## 8. **Payments and Talons**

### (1) **Payments under Bearer Notes**

Payments of principal and interest (if any) (including Arrears of Interest) in respect of Bearer Notes will (subject as provided below and, in the case of Undated Capital Notes, to the provisions of Condition 4(5)(b)) be made against presentation and (save in the case of partial payment or payment of an Instalment Amount (other than the final Instalment Amount)) surrender of the relevant Bearer Note or, in the case of payments of interest (including Arrears of Interest), surrender of the relevant Coupon at the specified office of any Transfer and Paying Agent outside the United States (subject to the second following paragraph). Subject as otherwise specified in the relevant Pricing Supplement, such payments will be made in the currency in which the payment is due either:

- (i) in the case of any currency other than euro, at the option of the payee either by transfer to an account in the relevant currency (which, in the case of payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or by a cheque in the relevant currency drawn on, a bank in the principal financial centre of the country of such relevant currency (which, if the relevant currency is Australian or New Zealand dollars, shall be Sydney and Auckland, respectively); or
- (ii) in the case of euro, payments in respect of Definitive Bearer Notes in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro denominated cheque,

provided however, that, subject as provided below, no payments with respect to the Bearer Notes shall be made either by cheque or mailed to an address in the United States (which expression, as used herein, means the United States of America (including the States and District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) or by transfer to an account maintained in the United States.

Payments will be subject in all cases to any applicable laws and regulations, but without prejudice to Condition 7.

Payments of amounts due in respect of interest (including Arrears of Interest) on Notes and exchanges of Talons for Coupon sheets will not be made at the specified office of any Transfer and Paying Agent in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder) provided that, in the case of any such Bearer Notes and/or Coupons payable in U.S. dollars, if (i) payment in full of amounts in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Transfer and Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (ii) such payment or exchange is permitted by applicable United States law, then the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City for the purpose of making such payment or exchange.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Note will be made against presentation of the Note together with the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Note to which they appertain will not represent any obligation of the Issuer. The presentation of a Note without the relative Receipt or the presentation of a Receipt without the Note to which it appertains shall not entitle the holder to any payment in respect of the relevant Instalment Amount.

Upon the due date for redemption of any interest-bearing Note other than a Fixed Rate Note all unmatured Coupons and Talons (if any) relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons and no further Coupons shall be issued in respect of such Talons.

Subject, in the case of any series of Undated Capital Notes, to the provisions below, Fixed Rate Notes should be presented for payment with all unmatured Coupons appertaining thereto, failing which the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, that portion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon within a period of 10 years from the Relevant Date (as defined in Condition 7) for the payment of such principal, whether or not such Coupon has become void pursuant to Condition 10 or, if later, five years from the date on which such Coupon would have become due.

Notwithstanding the above, if any Fixed Rate Notes should be issued with a Maturity Date and an interest rate or rates such that, on the presentation for payment of any such Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required to be deducted would be greater than the amount otherwise due for payment, then, upon the due date for redemption, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that the amount required to be deducted would not be greater than the amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Note to become void, the relevant Transfer and Paying

Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

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

If (otherwise than by reason of the application of the above) the due date for redemption of any Note is not the due date for the payment of a Coupon appertaining thereto, interest accrued in respect of such Note from (and including) the last preceding due date for the payment of a Coupon (or from the Interest Commencement Date, as the case may be) will be paid only against surrender of such Note.

In relation to any Series of Undated Capital Notes, in the event of a winding up in England of the Issuer, all unmatured Coupons and talons shall become void and any payment of interest in respect of the Notes to which such Coupons appertain shall be made only against presentation of such Notes. In addition, in the event of such a winding up, each Note which is presented for payment must be presented together with all Coupons appertaining thereto (whether or not attached) in respect of Arrears of Interest, failing which the amount of Arrears of Interest due on any such missing Coupon will not be payable. Any such amount will only be payable in the manner mentioned above against presentation and surrender of any such missing Coupon within a period of 12 years from the Relevant Date (as defined in Condition 7). For the purposes of this paragraph only, "unmatured Coupon" means a Coupon in respect of which the applicable Interest Payment Date on and after which it may be exchanged falls on or after the date fixed for the repayment of the Note to which such Coupon appertains or, as the case may be, the date on which a winding up in England of the Issuer commences (or is deemed to commence) and "unmatured Talon" means a Talon in respect of which the Interest Payment Date on and after which it may be exchanged falls on or after the date fixed for repayment of the Note to which such talon appertains or, as the case may be, the date on which a winding up in England of the Issuer commences (or is deemed to commence).

In relation to Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Transfer and Paying Agent outside (save as provided above) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 10. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the due date for the payment of interest on which the final Coupon comprised in the relative Coupon sheet matures.

(2) Payments under Registered Notes

(a) *Principal:* Payments of principal (which for the purposes of this Condition 8 shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes (subject, in the case of Undated Capital Notes, to the provisions of Condition 4(5)(b)) shall be made by cheque drawn in the currency in which the

payment is due on or, upon application by a Registered Holder to the specified office of the Registrar or any Transfer and Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in such currency (which, in the case of payment in Yen to a non-resident of Japan, shall be a non-resident account), or, if that currency is euro, any other account to which euro may be credited or transferred, maintained by the payee with a bank in the principal financial centre of the country of such relevant currency (which, if the relevant currency is Australian or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of redemption) upon presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificate at the specified office of any Transfer and Paying Agent.

(b) *Interest:* Payments of interest (which for the purposes of this Condition 8 shall include all Instalment Amounts other than final Instalment Amounts), including Arrears of Interest, in respect of Registered Notes (subject, in the case of Undated Capital Notes, to the provisions of Condition 4(5)(b)) shall be made by cheque drawn in the currency in which the payment is due on or, upon application by a Registered Holder to the specified office of the Registrar not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in such currency (which, in the case of payment in Yen to a non-resident of Japan, shall be a non-resident account), or, if that currency is euro, any other account to which euro may be credited or transferred, maintained by the payee with a bank in the principal financial centre of the country of such relevant currency (which, if the relevant currency is Australian or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of interest payable on redemption) upon presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificate at the specified office of any Transfer and Paying Agent.

(c) *Record date:* Each payment in respect of a Registered Note will be made to the person shown as the Registered Holder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Registered Holder in the Register at the opening of business on the relevant Record Date.

(3) *Payments under all Notes subject to fiscal laws*

Payments will be subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to Condition 7.

(4) *Payments under all Notes on Payment Days*

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 10) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in:

- (1) the relevant place of presentation;
- (2) London;
- (3) any Additional Financial Centre specified in the applicable Pricing Supplement; and

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which the TARGET System is operating.

## 9. **Default and Enforcement**

(1) The provisions of this Condition 9(1) shall have effect in relation to any Series of Senior Notes:

(a) The Trustee may at its discretion declare the Notes of such Series to be due and repayable immediately (and such Notes shall thereby become so due and repayable) at their outstanding principal amount (or at such other repayment amount as may be specified in or determined in accordance with the relevant Pricing Supplement) together with accrued interest as provided in the Trust Deed, in the event that:

- (i) any principal or interest on such Notes has not been paid within 14 days from the due date for payment and such sum has not been duly paid within a further 14 days following written notice from the Trustee to the Issuer requiring the non-payment to be made good. The Issuer shall not, however, be in default if during the 14 days after the Trustee's notice it satisfies the Trustee that such sums ("**Withheld Amounts**") were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer will not be in default if it acts on the advice given to it during such 14 day period by independent legal advisers approved by the Trustee; or
- (ii) the Issuer breaches any provision of such Notes or the Trust Deed in relation to such Notes (other than as stated in (i) above) and that breach has not been remedied within 21 days of receipt of a written notice from the Trustee certifying that in its opinion the breach is materially prejudicial to the interests of the holders of such Notes and requiring the same to be remedied; or



- (iii) an order is made or an effective resolution is passed for the winding up of the Issuer (otherwise than in connection with a scheme of reconstruction, merger or amalgamation the terms of which shall previously have been approved by the Trustee in writing or by an Extraordinary Resolution of the holders of such Notes).
  - (b) At any time after any Series of Senior Notes shall have become due and repayable under paragraph (1)(a) above, the Trustee may at its discretion and without Further notice institute such proceedings as it may think fit against the Issuer to enforce payment.
- (2) The provisions of this Condition 9(2) shall have effect in relation to any Series of Dated Capital Notes:
  - (a) In the event that any principal or interest on such Notes has not been paid within 14 days from the due date for payment and such sum has not been duly paid within a further 14 days following written notice from the Trustee to the Issuer requiring the non-payment to be made good then, subject as provided below, the Trustee may at its discretion and without further notice, institute proceedings for the winding up of the Issuer, provided that the Issuer shall not be in default if during the 14 days after the Trustee's notice it satisfies the Trustee that such Withheld Amounts were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer will not be in default if it acts on the advice given to it during such 14 day period by independent legal advisers approved by the Trustee.
  - (b) The Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under such Notes or Coupons or the terms of the Trust Deed relating thereto (other than any obligation for the payment of any principal or interest in respect of the Notes or Coupons) provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums representing principal or interest in respect of such Notes or Coupons sooner than the same would otherwise have been payable by it.
  - (c) In the event of an order being made or an effective resolution being passed for the winding up of the Issuer (otherwise than in connection with a scheme of reconstruction, merger or amalgamation the terms of which shall previously have been approved by the Trustee in writing or by an Extraordinary Resolution of the holders of such Notes), the Trustee at its discretion may declare such Notes to be due and repayable immediately (and such Notes shall thereby become so due and repayable) at their outstanding principal amount (or at such other repayment amount as may be specified in or determined in

accordance with the relevant Pricing Supplement) together with accrued interest as provided in the Trust Deed.

(3) The provisions of this Condition 9(3) shall have effect in relation to any Series of Undated Capital Notes:

- (a) If the Issuer shall not make payment in respect of the Notes (in the case of any payment of principal) for a period of 7 days or more after the due date for the same or (in the case of any payment of interest) for a period of 14 days or more after an Interest Payment Date unless the Issuer has opted not to pay interest on such Interest Payment Date, the Trustee may at its discretion and without further notice institute proceedings in England for the winding up of the Issuer, provided the Trustee may at its discretion and without further notice, institute proceedings for the winding up of the Issuer, provided that the Issuer shall not be in default if during the 14 days after the Trustee's notice it satisfies the Trustee that such Withheld Amounts were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer will not be in default if it acts on the advice given to it during such 14 day period by independent legal advisers approved by the Trustee. For the purposes of this Condition 9(3)(a), a payment otherwise due (in the case of principal) or a payment on an Interest Payment Date (unless the Issuer has opted not to pay interest on such Interest Payment Date) shall be deemed to be due even if the condition set out in Condition 4(5)(b) is not satisfied.
- (b) The Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed, the Notes or the Coupons (other than any obligation for the payment of any principal or interest in respect of the Notes or Coupons) provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums representing principal or interest in respect of such Notes or Coupons sooner than the same would otherwise have been payable by it.

(4) The provisions of this Condition 9(4) shall have effect in relation to any Series of Senior Notes, Dated Capital Notes or Undated Capital Notes:

- (a) The Trustee shall not be obliged to take any of the actions referred to in Condition 9(1)(a) or (b) above or in Condition 9(2)(a), (b) or (c) above or in Condition 9(3)(a) or (b) above unless (i) it shall have been so requested in writing by the holders of at least 25 per cent, in outstanding principal amount of the relevant Series of Notes then outstanding or so directed by an Extraordinary Resolution of the holders of such Notes and (ii) it shall have been indemnified to its satisfaction.

- (b) No holder of any such Notes and no holder of the Coupons (if any) appertaining thereto shall be entitled to institute any of the proceedings referred to in Condition 9(1)(b) above or in Condition 9(2)(a) or (b) above or in Condition 9(3)(a) or (b) above or to prove in the winding up of the Issuer except that if the Trustee, having become bound to proceed against the Issuer as aforesaid, fails to do so or, being able to prove in such winding up, fails to do so, in each case within a reasonable period, and in each such case such failure shall be continuing, then any such holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute such proceedings and/or prove in such winding up to the same extent (but not further or otherwise) than the Trustee would have been entitled so to do in respect of his Notes and/or Coupons. In the case of Dated Capital Notes and Undated Capital Notes no remedy against the Issuer other than the institution of the proceedings referred to in Condition 9(2)(a) or, as the case may be, 9(2)(b) or Condition 9(3)(a) or, as the case may be, 9(3)(b) above or proving in the winding up of the Issuer, shall be available to the Trustee or the holders of such Notes or the Coupons (if any) appertaining thereto whether for the recovery of amounts owing in respect of such Notes or Coupons or under the Trust Deed in relation thereto or in respect of any breach by the Issuer of any of its other obligations under or in respect of such Notes or Coupons or under the Trust Deed in relation thereto.
- (c) If lawful, Withheld Amounts or a sum equal to Withheld Amounts shall be placed promptly on interest bearing deposit as described in the Trust Deed. The Issuer will give notice in accordance with Condition 15 if at any time it is lawful to pay any Withheld Amount to Noteholders or Couponholders or if such payment is possible as soon as any doubt as to the validity or applicability of any such law, regulation or order as is mentioned in Condition 9(1)(a)(i) above or Condition 9(2)(a) or Condition 9(3)(a) above is resolved. The notice will give the date on which such Withheld Amount and the interest accrued on it will be paid. This date will be the earliest day after the day on which it is decided Withheld Amounts can be paid on which such interest bearing deposit falls due for repayment or may be repaid without penalty. On such date, the Issuer shall be bound to pay such Withheld Amount together with interest accrued on it. For the purposes of Condition 9(1)(a)(i) above or, as the case may be, Condition 9(2)(a) or Condition 9(3)(a) above this date shall be the due date for such sums. The obligations of the Issuer under this Condition 9(4)(c) shall be in lieu of any other remedy against it in respect of Withheld Amounts. Payment will be subject to applicable laws, regulations or court orders, but, in the case of payment of any Withheld Amount, without prejudice to Condition 7. Interest accrued on any Withheld Amount shall be paid net of any taxes required by applicable law to be withheld or deducted and the Issuer shall not be obliged to pay any additional amount in respect of any such withholding or deduction.

#### 10. **Prescription**

Subject, in relation to any Series of Undated Capital Notes, to the provisions of Condition 8, Notes and Coupons will become void unless presented for payment within a period of 10 years and five years, respectively, from the Relevant Date (as defined in Condition 7) in respect thereof. Any monies paid by the Issuer to the Principal Paying Agent or the Trustee for the payment of the principal or interest in respect of any Notes or Coupons and remaining unclaimed when such Notes or Coupons become void will then revert to the Issuer and all liability of the Principal Paying Agent and Trustee with respect thereto will thereupon cease.

There shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 10 or Condition 8 or any Talon which would be void pursuant to Condition 8.

#### 11. **Transfer and Paying Agents and Agent Bank**

The Agency Agreement contains provisions indemnifying the Transfer and Paying Agents and the Agent Bank and absolving them from responsibility in connection with certain matters. The Agency Agreement may be amended by the parties thereto in relation to any Series of Notes if in the opinion of the Trustee the amendment will not materially adversely affect the interests of the relevant Noteholders.

The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent or the Agent Bank and to appoint additional or other Transfer and Paying Agents or a substitute or other Agent Bank in respect of any one or more Series of Notes, provided that it will, so long as any Notes are outstanding, maintain (i) an Agent Bank; (ii) a Transfer and Paying Agent having a specified office in a city approved by the Trustee (such approval not to be unreasonably withheld or delayed) in Europe which, so long as any Notes are listed on the official list (the "**Official List**") of the Financial Services Authority in its capacity as the competent authority under the Financial Services and Markets Act 2000 for listing in the United Kingdom ("**UK Listing Authority**") and traded on London Stock Exchange plc's market for listed securities, shall be London and (iii) a Transfer and Paying Agent with a specified office in a European Union member state that is not obliged to withhold or deduct tax 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 or any law implementing or complying with, or introduced in order to conform to, such directive.

#### 12. **Replacement of Notes, Coupons and Talons**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes) and the Registrar (in the case of Registered Notes) or such other Paying Agent or office as the Trustee may approve upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may

reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

### 13. **Modification of Terms, Waiver and Substitution**

The Trust Deed contains provisions for convening meetings of the holders of the Notes of any Series to consider any matter affecting their interests, including, subject to the agreement of the Issuer, the modification by Extraordinary Resolution of the conditions of such Notes or the provisions of the Trust Deed with respect to such Notes except that the provisions relating to subordination of Dated Capital Notes or Undated Capital Notes shall not be so capable of modification. The quorum at any such meeting for passing an Extraordinary Resolution for modifying certain provisions (including, *inter alia*, those concerning the amount, currency and due dates of payment of principal and interest in respect of Notes and the determination thereof) will be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in outstanding principal amount of the Notes of such Series for the time being outstanding. In other cases, the quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than a clear majority in outstanding principal amount of the Notes of the relevant Series for the time being outstanding, or at any adjourned meeting one or more persons being or representing holders of such Notes whatever the outstanding principal amount of such Notes held or represented by that person or persons. Any resolution duly passed at any such meeting shall be binding on all the holders of such Notes, whether or not present, and on all the holders of the Coupons (if any) appertaining thereto. The Trust Deed also provides for a resolution in writing signed by or on behalf of all the holders of the Notes of any Series to be as valid and effective as if it were an Extraordinary Resolution duly passed at a meeting of Noteholders duly convened and held.

The Trust Deed contains provisions for convening a single meeting of the holders of Notes of more than one Series in certain circumstances where the Trustee so decides.

Subject to certain exceptions, the Trustee may agree, without the consent of the holders of Notes of any Series or holders of the Coupons (if any) appertaining thereto, to:

- (i) any modification of the conditions of such Notes or any of the provisions of the Trust Deed in relation to such Notes; and
- (ii) any waiver or authorisation of any breach or proposed breach of the conditions of such Notes or any of the provisions of the Trust Deed in relation to such Notes,

which, in either case, is not in the opinion of the Trustee materially prejudicial to the interests of the holders of Notes of that Series or to any modification which is of a formal or technical nature or which is made to correct a manifest error. In addition, the Trustee may determine (without the consent of the holders of Notes of any Series or holders of the Coupons (if any) appertaining thereto) that any Event of Default or Potential Event of Default (both as defined in the Trust Deed) shall not be treated as such for the purpose of the Trust Deed and such

Notes if, in the opinion of the Trustee, the interests of the relevant Noteholders would not be materially prejudiced thereby.

Subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the holders of Notes of any Series or the holders of the Coupons (if any) appertaining thereto, the Trustee may also agree, subject to such Notes and Coupons being or, where appropriate, remaining irrevocably guaranteed by the Issuer (on a subordinated basis in the case of Dated Capital Notes and Undated Capital Notes), to the substitution of any subsidiary of the Issuer in place of the Issuer as principal debtor under such Notes and in each case the Coupons (if any) appertaining thereto and the Trust Deed in so far as it relates to such Notes.

Any such modification, waiver, authorisation or substitution shall be binding on the holders of Notes of the relevant Series and the holders of the Coupons (if any) appertaining thereto and, unless the Trustee agrees otherwise, shall be notified to the holders of Notes of that Series as soon as practicable thereafter in accordance with Condition 15.

In connection with the exercise of its powers, trusts, authorities or discretions (including, but not limited to, those in relation to any such modification, waiver, authorisation or substitution as aforesaid) the Trustee shall have regard to the interests of the holders of the Notes of the relevant Series as a class and in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders resulting from the individual Noteholders or Couponholders being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders.

#### 14. **Further issues**

Subject to applicable law, the Issuer of any Series of Notes shall be at liberty from time to time without the consent of the holders of such Notes or holders of the Coupons (if any) appertaining thereto to create and issue further notes ranking equally in all respects (or in all respects save as specified in the Pricing Supplement relating thereto) with the Notes of such Series and so that the same shall be consolidated and form a single series with such Notes for the time being outstanding.

#### 15. **Notices**

##### (1) To holders of Bearer Notes

- (a) All notices to the holders of Bearer Notes will be valid if published in one leading national daily newspaper circulating in the United Kingdom (which is expected to be the *Financial Times*) or, if this is not possible and subject to any required listing authority approval, in one other leading English language daily 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, on the date of the

first such publication in such newspaper or, as the case may be, in both such newspapers.

If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve.

Holders of any Coupons appertaining to Notes will be deemed for all purposes to have notice of the contents of any notice given to the holders of such Notes in accordance herewith.

- (b) Notices given by any holder of Bearer Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent or any other Transfer and Paying Agent at its specified office.

(2) To holders of Registered Notes

- (a) Notices to the Registered Holders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. In addition, so long as the Notes are listed on the London Stock Exchange and the rules of that Exchange so require, notices to Registered Holders will be published on the date of such mailing in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe.
- (b) Notices given by any Registered Holder shall be in writing and given by lodging the same with the Registrar at its specified office.

16. **Trustee**

As more particularly described in the Trust Deed, the Trustee is entitled, *inter alia*, to enter into business transactions with the Issuer and/or any of the Issuer's subsidiaries and to act as trustee for the holders of any other securities issued by the Issuer or any of the Issuer's subsidiaries, in each case without accounting for any profit resulting therefrom.

17. **Contracts (Rights of Third Parties) Act 1999**

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

18. **Governing Law**

The Trust Deed, the Notes, the Coupons (if any) and the Talons (if any) are governed by, and shall be construed in accordance with, English law.

In the case of a substitution under Condition 13, the Trustee may agree, without the consent of the holders of the Notes of the relevant Series or of the Coupons (if any) appertaining thereto, to a change of the law governing such Notes and/or Coupons and/or the Trust Deed in so far as it relates to such Notes provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the holders of the Notes of such Series.



## **USE OF PROCEEDS**

The net proceeds of the issue of each Series of Senior Notes will be used in the conduct of the business of the Issuer and its subsidiaries.

The net proceeds of the issue of each Series of Dated Capital Notes and Undated Capital Notes will be used for the development and expansion of the business of the Issuer and its subsidiaries and to strengthen further the capital base of the Issuer.

## THE ISSUER AND THE GROUP

The Issuer is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Issuer is limited. It has its registered head office at 54 Lombard Street, London EC3P 3AH. The Issuer was incorporated on 7th August, 1925 under the Colonial Bank Act 1925 and on 4th October, 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1st January, 1985, the Issuer was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC".

As from 31st May, 2005, the registered head office of the Issuer will change to 1 Churchill Place, London E14 5HP.

The Issuer and its subsidiary undertakings (taken together, the "**Group**") is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The Group also operates in many other countries around the world. The whole of the issued ordinary share capital of the Issuer is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group and one of the largest financial services companies in the world by market capitalisation.

As at 31st December, 2004, the Group had total assets of £522,253 million (2003: £443,373 million), total net loans and advances of £330,077 million (2003: £288,743 million), total deposits of £328,742 million (2003: £278,960 million) and total shareholders' funds of £18,271 million (2003: £16,485 million), consisting of equity shareholders' funds of £17,581 million (2003: £16,485 million) and non-equity shareholders' funds of £690 million (2003: £ nil). The profit before taxation of the Group in respect of the year ended 31st December, 2004 was £4,612 million (2003: £3,845 million) after charging net provisions for bad and doubtful debts of £1,091 million (2003: £1,347 million). The financial information in this paragraph is extracted from the audited consolidated accounts of the Group for the year ended 31st December, 2004.

### Other Developments

On 20th January, 2005, the Issuer announced that it had made an offer to acquire the wealth business of ING Securities Bank (France), consisting of ING Ferri and ING Private Banking, subject to consultation with employee representative bodies and finalising terms.

On 3rd February, 2005, the Issuer announced its plans to consolidate its core general insurance business from two suppliers to one and that discussions are well advanced with Norwich Union to provide services across the home, motor and travel insurance portfolio. The Issuer also announced that it has agreed in principle to purchase 90% of Gresham Insurance from Legal & General. The Issuer currently owns the remaining 10%. At the same time negotiations are underway for the sale of Gresham Insurance to Norwich Union.

On 4th February, 2005, the Issuer announced it had signed an agreement with Forenings Sparbanken (also known as Swedbank) to form a joint venture to provide credit cards in the Nordic market, subject to confirmatory due diligence and regulatory approvals.

On 17th February, 2005, BSkyB and Barclaycard signed an agreement to launch a Sky-branded credit card which will be fully integrated with interactive television.

On 11th April, 2005, the Issuer announced that it had agreed to form a new company with Iveco SpA to provide commercial vehicle financing and leasing solutions to Iveco customers in Europe, initially in the United Kingdom, Italy, France, Germany and Switzerland, with a joint intention to commence business in other European countries.

On 9th May, 2005, the Issuer announced the terms of an intended recommended acquisition of a majority stake of up to 60 percent in Absa Group Limited ("**Absa**") for a total consideration of up to approximately Rand 33 billion (approximately £2.9 billion at an exchange rate of Rand 11.4258 to £1). The acquisition will comprise a scheme of arrangement and a partial offer to shareholders, which are interconditional. Conditions to the acquisition include, among others, the receipt of necessary shareholder acceptances of the partial offer, the passing of necessary Absa shareholder resolutions and the sanctioning of the scheme of arrangement by the High Court of South Africa. The Board of Directors of Absa has voted unanimously to recommend the acquisition to shareholders. The South African Minister of Finance has approved the Issuer's application to acquire a majority stake in Absa, and the acquisition has been endorsed by Absa's black economic empowerment partner.

The transaction is expected to be financed from a combination of available resources and preference share finance. The impact of the transaction and the associated financing is expected to result in a reduction in the Group's Tier 1 ratio of approximately 60 basis points. In addition, on 11th May, 2005, Barclays PLC announced its audited financial results under International Financial Reporting Standards from 1st January, 2004, which restated the Barclays PLC consolidated 2004 results under UK GAAP and provided the opening balance sheet at 1st January, 2005. The impact of the introduction of IFRS on the Group's Tier 1 Capital ratio as at 1st January, 2005 is a reduction of approximately 50 basis points from the ratio reported under UK GAAP. The impacts of the Absa transaction and the adoption of IFRS disclosed in this paragraph do not reflect the issuance of the EUR 1,400,000,000 4.75% Non-Cumulative Callable Preference Shares on 15th March, 2005.

## Capitalisation and Indebtedness

The following table sets out the authorised and issued share capital of the Issuer and the Group's shareholders' funds, indebtedness and contingent liabilities as at 31st December, 2004:

	<i>As at 31<sup>st</sup> December, 2004</i>
	'000
<b>Share capital of the Issuer</b>	
Authorised ordinary share capital – shares of £1 each	3,000,000
Authorised preference share capital – shares of U.S.\$0.01 each	150,000
Authorised preference share capital – shares of €100 each	400
Authorised preference share capital – shares of £1 each <sup>1</sup>	1
Ordinary shares – issued and fully paid shares of £1 each	2,309,361
Preference shares – issued and fully paid shares of U.S.\$0.01 each	—
Preference shares – issued and fully paid shares of €100 each	100
Preference shares – issued and fully paid shares of £1 each <sup>1</sup>	1
	<i>£ million</i>
<b>Group shareholders' funds</b>	
Called up share capital	2,316
Share premium	6,531
Revaluation reserve	24
Profit and loss account	9,400
<b>Total shareholders' funds – equity and non-equity</b>	<u><u>18,271</u></u>
<b>Group indebtedness</b>	
Loan capital	
Undated loan capital – non-convertible <sup>2</sup>	6,149
Dated loan capital – convertible to preference shares <sup>3</sup>	15
Dated loan capital – non-convertible <sup>3</sup>	6,113
Debt securities in issue	67,806
<b>Total indebtedness</b>	<u><u>80,083</u></u>
<b>Total capitalisation and indebtedness</b>	<u><u>98,354</u></u>
<b>Group contingent liabilities</b>	
Acceptances and endorsements	303
Guarantees and assets pledged as collateral security	30,011
Other contingent liabilities	8,245

Notes:

1 On 31st December, 2004, the Issuer issued 1,000 preference shares of £1 each to Barclays PLC.

2 See pages 77 to 79.

3 See pages 77 to 79.

## Undated loan capital at 31st December, 2004 (Notes a and b)

	£ million
The Issuer:	
6% Callable Perpetual Core Tier One Notes (Notes e and r)	400
6.86% Callable Perpetual Core Tier One Notes (U.S.\$1,000m) (Notes e and r)	520
8.55% Step-up Callable Perpetual Reserve Capital Instruments (U.S.\$1,250m) (Notes e and s)	646
7.375% Step-up Callable Perpetual Reserve Capital Instruments (U.S.\$750m) (Notes e and s)	386
7.50% Step-up Callable Perpetual Reserve Capital Instruments (€850m) (Notes e and t)	595
Junior Undated Floating Rate Notes (U.S.\$121m) (Notes c and g)	63
Undated Floating Rate Primary Capital Notes Series 1 (U.S.\$358m) (Notes d and g)	186
Undated Floating Rate Primary Capital Notes Series 2 (U.S.\$442m) (Notes d and g)	230
Undated Floating Rate Primary Capital Notes Series 3 (Notes d and g)	145
9.875% Undated Subordinated Notes (Notes d and u)	300
9.25% Perpetual Subordinated Bonds (Notes d and v)	180
9% Permanent Interest Bearing Capital Bonds (Note d)	100
7.125% Undated Subordinated Notes (Notes d and w)	525
6.875% Undated Subordinated Notes (Notes d and x)	650
6.375% Undated Subordinated Notes (Notes d and y)	465
6.125% Undated Subordinated Notes (Notes d and z)	550
6.5% Undated Subordinated Notes (FRF 1,000m) (Notes d and i)	108
5.03% Reverse Dual Currency Undated Subordinated Loan (¥ 8,000m) (Notes d and j)	40
5% Reverse Dual Currency Undated Subordinated Loan (¥12,000m) (Notes d and j)	60
	6,149

## Dated loan capital at 31st December, 2004 (Notes a, b and f)

	£ million
The Issuer:	
Floating Rate Subordinated Notes 2005 (€115m) (Notes g and ad)	81
Floating Rate Subordinated Notes 2005 (€300m) (Notes g and ae)	212
Floating Rate Unsecured Capital Loan Stock 2006 (Note g)	3
7.4% Subordinated Notes 2009 (U.S.\$400m)	208
Subordinated Fixed to CMS-Linked Notes 2009 (€31m) (Note g)	22
12% Unsecured Capital Loan Stock 2010	25
Floating Rate Subordinated Step-up Callable Notes 2011 (U.S.\$100m) (Note g)	52
Floating Rate Subordinated Step-up Callable Notes 2011 (U.S.\$125m) (Note g)	65
Floating Rate Subordinated Notes 2011 (U.S.\$400m) (Note g)	208
5.75% Subordinated Notes 2011 (€1,000m)	708
5.25% Subordinated Notes 2011 (€250m)	169
Fixed/Floating Rate Subordinated Notes 2011 (¥ 5,000m) (Note k)	25
Floating Rate Subordinated Notes 2012 (Note g)	300
Callable Subordinated Floating Rate Notes 2012 (Note g)	44
Step-up Callable Floating Rate Subordinated Bonds 2012 (Note g)	148
Callable Subordinated Floating Rate Notes 2012 (U.S.\$150m) (Note g)	78
Floating Rate Subordinated Notes 2012 (U.S.\$100m) (Note g)	52
Capped Floating Rate Subordinated Notes 2012 (U.S.\$100m) (Note g)	52
Floating Rate Subordinated Notes 2013 (U.S.\$1,000m) (Notes g and p)	551
5.015% Subordinated Notes 2013 (U.S.\$150m)	78
4.875% Subordinated Notes 2013 (€750m)	531
5.5% Subordinated Notes 2013 (DM 500m) (Note l)	181
Floating Rate Subordinated Step-up Callable Notes 2013 (¥ 5,500m) (Notes g and q)	30
Floating Rate Subordinated Notes 2013 (AU\$ 150m) (Note h)	61

5.93% Subordinated Notes 2013 (AU\$ 100m) (Note o)	40
10.125% Subordinated Notes 2017 (Note aa)	117
Floating Rate Subordinated Notes 2018 (€40m) (Note g)	28
Floating Rate Subordinated Notes 2019 (€50m) (Note g)	36
Callable Fixed/Floating Rate Subordinated Notes 2019 (€1,000m) (Note m)	708
9.5% Subordinated Bonds 2021	254
Subordinated Floating Rate Notes 2021 (€100m) (Note g)	71
Subordinated Floating Rate Notes 2022 (€50m) (Note g)	36
Subordinated Floating Rate Notes 2023 (€50m) (Note g)	36
5.75% Fixed Rate Subordinated Notes 2026	600
5.4% Reverse Dual Currency Subordinated Loan 2027 (¥ 15,000m) (Note n)	75
6.33% Subordinated Notes 2032	50
Subordinated Floating Rate Notes 2040 (€100m) (Note g)	71
Barclays Bank SA, Spain ("Barclays Spain"):	
Subordinated Floating Rate Capital Notes 2007 (€60m) (Note g)	42
Subordinated Floating Rate Capital Notes 2009 (€42m) (Note g)	30
Subordinated Floating Rate Capital Notes 2011 (€50m) (Note g)	35
Barclays Bank of Botswana Limited ("BBB"):	
Subordinated Unsecured Floating Rate Capital Notes 2014 (BWP 100m) (Note ab)	12
Barclays Bank Zambia PLC ("Barclays Zambia"):	
Subordinated Unsecured Floating Rate Capital Notes 2015 (ZMK 30,000m) (Note ac)	3
	6,128

Notes:

- (a) These figures take no account of liabilities between members of the Group. All loan capital is unsecured and unguaranteed. The majority of loan capital is prepayable at the option of the Issuer, BBB or Barclays Zambia, as appropriate, subject to, in the case of the Issuer, any necessary prior approval of the Financial Services Authority, in the case of BBB, the prior approval of the Bank of Botswana and, in the case of Barclays Zambia, the prior approval of the Bank of Zambia. The loan capital of Barclays Spain is not prepayable.
- (b) Loan capital in foreign currencies is expressed in sterling at the exchange rates per £1 prevailing on 30th December, 2004 being: U.S.\$1.9213; €1.4134 (the euro legacy currencies of French francs and Deutschmarks having been first converted to euro at the official respective legacy currency to euro exchange rate); Yen 199.2095; AU\$ 2.4744; BWP 8.2345; ZMK 9,045.8062.
- (c) These Notes (the "**Junior Notes**") rank behind the claims against the Issuer of depositors and other unsecured unsubordinated creditors and holders of dated loan capital.
- (d) These Notes and Loans (the "**Undated Notes and Loans**") rank behind the claims against the Issuer of the holders of the Junior Notes.
- (e) The Tier One Notes (the "**TONs**") and the Reserve Capital Instruments (the "**RCIs**") rank *pari passu* with each other and behind the claims against the Issuer of the holders of the Undated Notes and Loans.
- (f) The dated loan capital of the Issuer, Barclays Spain, BBB and Barclays Zambia has been issued on the basis that the claims thereunder are subordinated to the respective claims of their depositors and other unsecured unsubordinated creditors.
- (g) These Notes bear interest at rates fixed periodically in advance based on London or European interbank rates.
- (h) These Notes bear interest at rates fixed periodically in advance based on Sydney bill of exchange rates.
- (i) These Notes bear a fixed rate of interest until 2009. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on European interbank rates.
- (j) These Loans bear a fixed rate of interest until 2028 based on a U.S. dollar principal amount, but the interest payments have been swapped, resulting in a Yen interest rate payable which is fixed periodically in advance based on London interbank rates. After that date, in the event that the Loans are not redeemed, the Loans will bear Yen interest at rates fixed periodically in advance based on London interbank rates.
- (k) These Notes bear a fixed rate of interest until 2006. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on London interbank rates.

- (l) These Notes bear a fixed rate of interest until 2008. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on London interbank rates.
- (m) These Notes bear a fixed rate of interest until 2014. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on European interbank rates.
- (n) This Loan bears a fixed rate of interest based on a U.S. dollar principal amount, but the interest payments have been swapped, resulting in a Yen interest rate payable which is fixed periodically in advance based on London interbank rates.
- (o) These Notes bear a fixed rate of interest until 2008. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on Sydney bill of exchange rates.
- (p) The Issuer has swapped U.S.\$250m of the proceeds of these Notes for euro under a swap the duration of which matches the term of the Notes. The payment obligations of the Issuer under this swap are subordinated so that the claims against the Issuer in respect of this swap rank *pari passu* with claims against the Issuer in respect of its dated loan capital. The sterling value of these Notes in the figures set out above takes into account this subordinated swap.
- (q) The Issuer has swapped the proceeds of these Notes for euro under a swap the duration of which matches the term of the Notes. The payment obligations of the Issuer under this swap are subordinated so that the claims against the Issuer in respect of this swap rank *pari passu* with claims against the Issuer in respect of its dated loan capital. The sterling value of these Notes in the figures set out above takes into account this subordinated swap.
- (r) These TONs bear a fixed rate of interest until 2032. After that date, in the event that the TONs are not redeemed, the TONs will bear interest at rates fixed periodically in advance based on London interbank rates.
- (s) These RCIs bear a fixed rate of interest until 2011. After that date, in the event that the RCIs are not redeemed, the RCIs will bear interest at rates fixed periodically in advance based on London interbank rates.
- (t) These RCIs bear a fixed rate of interest until 2010. After that date, in the event that the RCIs are not redeemed, the RCIs will bear interest at rates fixed periodically in advance based on European interbank rates.
- (u) These Notes are redeemable at the option of the Issuer in 2008 and on every fifth anniversary thereafter. In the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (v) These Bonds are redeemable at the option of the Issuer in 2021 and on every fifth anniversary thereafter. In the event that the Bonds are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (w) These Notes are redeemable at the option of the Issuer in 2020 and on every fifth anniversary thereafter. In the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (x) These Notes are redeemable at the option of the Issuer in 2015 and on every fifth anniversary thereafter. In the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (y) These Notes are redeemable at the option of the Issuer in 2017 and on every fifth anniversary thereafter. In the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (z) These Notes are redeemable at the option of the Issuer in 2027 and on every fifth anniversary thereafter. In the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (aa) These Notes bear a fixed rate of interest until 2012. After that date, in the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (ab) These Notes bear interest at rates fixed periodically in advance based on the Bank of Botswana Certificate Rate. All of these Notes will be compulsorily converted to Preference Shares of BBB, having a total par value equal in sum to the principal amount of Notes outstanding at the time of conversion, should BBB experience pre-tax losses in excess of its retained earnings and other capital surplus accounts; at the date of this document no Notes have been so converted.
- (ac) These Notes bear interest at rates fixed periodically in advance based on the Bank of Zambia Treasury Bill rate. All of these Notes will be compulsorily converted to Preference Shares of Barclays Zambia, having a total par value equal in sum to the principal amount of Notes outstanding at the time of conversion, should Barclays Zambia experience pre-tax losses in excess of its retained earnings and other capital surplus accounts; at the date of this document no Notes have been so converted.
- (ad) These Notes matured on 15<sup>th</sup> April 2005.
- (ae) These Notes matured on 25<sup>th</sup> April 2005.

The numbers set out on pages 76 to 79 of this Information Memorandum are based on the Issuer's 2004 Annual Report, as prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP). The Issuer's 2005 Annual Report will be prepared in accordance with International Financial Reporting Standards (IFRS).

On 23rd February, 2005, the Issuer issued U.S.\$150,000,000 4.75% Fixed Rate Subordinated Notes due 2015. On 25th February, 2005, the Issuer issued U.S.\$1,500,000,000 Callable Floating Rate Subordinated Notes due 2015. On 15th March, 2005, the Issuer issued €1,400,000,000 4.75% Non-Cumulative Callable Preference Shares. As a result of this issue, the Issuer's share premium has increased by approximately £1 billion (as at the exchange rate prevailing at the date of issue). On the basis of the Issuer's own internal unaudited IFRS figures, the amount of debt securities in issue increased from £81 billion to approximately £92 billion during the period 1st January, 2005 to 30th April, 2005. This represents an increase of approximately 14%. Save as mentioned in Notes (ad) and (ae) above and this paragraph, there has been no material change in the undated loan capital and dated loan capital of the Group, or in the capitalisation and indebtedness of the Group, since 31st December, 2004.



## Directors

The Directors of the Issuer, each of whose business address is 54 Lombard Street, London EC3P 3AH, their functions in relation to the Group and their principal outside activities (if any) of significance to the Group are as follows:

<i>Name</i>	<i>Function(s) within the Group</i>	<i>Principal outside activity</i>
Matthew Barrett	Group Chairman	Member of International Advisory Committee, Federal Reserve Bank of New York
John Varley	Group Chief Executive	—
Naguib Kheraj	Group Finance Director	—
Roger Davis	Chief Executive, UK Banking	—
Gary Hoffman	Chief Executive, Barclaycard	—
David Roberts	Chief Executive, International Retail and Commercial Banking	—
Sir Nigel Rudd DL	Deputy Chairman, Non-Executive Director	Chairman, Pilkington PLC, Chairman, Pendragon PLC, Chairman, Boots Group PLC
David Arculus	Non-Executive Director	Chairman, O2 plc
Sir Richard Broadbent	Senior Independent Director	Chairman, Arriva plc
Leigh Clifford	Non-Executive Director	Chief Executive, Rio Tinto PLC
Professor Dame Sandra Dawson	Non-Executive Director KPMG	Professor of Management Studies at the University of Cambridge
Sir Andrew Likierman	Non-Executive Director	Professor of Management Practice in Accounting, London Business School, Non-Executive Director, Bank of England, Non-Executive Director, MORI Group Limited
Stephen Russell	Non-Executive Director	—

As from 31st May, 2005, the business address of the Directors of the Issuer will change to 1 Churchill Place, London E14 5HP.

## Employees

As at 31st December, 2004, the Group employed 78,400 staff worldwide.

## Financial Statements

The financial statements set out on this page and pages 83 and 84 have been extracted without material adjustment from the audited consolidated accounts of the Group for the two years ended 31st December, 2004. The annual accounts of the Issuer for the last three years have been audited.

### Consolidated Profit and Loss Account

	<i>Year ended</i>	
	<i>31.12.04</i>	<i>31.12.03</i>
	<i>(audited)</i>	
	<i>£m</i>	<i>£m</i>
Interest receivable:		
Interest receivable and similar income arising from debt securities	2,414	2,384
Other interest receivable and similar income	11,251	10,043
	13,665	12,427
Interest payable	(6,823)	(5,823)
Net interest income	6,842	6,604
Fees and commissions receivable	5,672	4,896
Less: fees and commissions payable	(706)	(633)
Dealing profits	1,493	1,054
Other operating income	653	490
<b>Operating income</b>	<b>13,954</b>	<b>12,411</b>
Administration expenses – staff costs	(4,998)	(4,295)
Administration expenses – other	(2,758)	(2,404)
Depreciation	(295)	(289)
Goodwill amortisation	(299)	(265)
<b>Operating expenses</b>	<b>(8,350)</b>	<b>(7,253)</b>
<b>Operating profit before provisions</b>	<b>5,604</b>	<b>5,158</b>
Provisions for bad and doubtful debts	(1,091)	(1,347)
Provisions for contingent liabilities and commitments	(2)	1
Provisions	(1,093)	(1,346)
<b>Operating profit</b>	<b>4,511</b>	<b>3,812</b>
(Loss)/profit from joint ventures	(3)	1
Profit from associated undertakings	59	28
Exceptional items	45	4
<b>Profit on ordinary activities before tax</b>	<b>4,612</b>	<b>3,845</b>
Tax on profit on ordinary activities	(1,289)	(1,076)
<b>Profit on ordinary activities after tax.</b>	<b>3,323</b>	<b>2,769</b>
Minority interests – equity	(44)	(25)
<b>Profit attributable to the members of Barclays Bank Plc</b>	<b>3,279</b>	<b>2,744</b>
Profit attributable to non-equity shareholders	(2)	—
Dividends payable to Barclays PLC	(2,247)	(1,580)
<b>Profit retained for the financial year</b>	<b>1,030</b>	<b>1,164</b>

## Consolidated Balance Sheet

	<i>Year ended</i>	
	<i>31.12.04</i>	<i>31.12.03</i>
	<i>(audited)</i>	
	<i>£m</i>	<i>£m</i>
<b>Assets:</b>		
Cash and balances at central banks	1,753	1,726
Items in course of collection from other banks	1,722	2,006
Treasury bills and other eligible bills	6,658	7,177
Loans and advances to banks – banking	24,986	17,254
– trading	50,145	44,670
	75,131	61,924
Loans and advances to customers – banking	189,847	167,858
– trading	65,099	58,961
	254,946	226,819
Debt securities	127,428	97,393
Equity shares	12,177	7,871
Interests in joint ventures – share of gross assets	147	266
– share of gross liabilities	(119)	(208)
	28	58
Interests in associated undertakings	381	370
Intangible fixed assets	4,295	4,406
Tangible fixed assets	1,921	1,790
Other assets	22,307	19,835
Prepayments and accrued income	5,078	3,921
	513,875	435,296
Retail life-fund assets attributable to policyholders	8,378	8,077
<b>Total assets</b>	<b>522,253</b>	<b>443,373</b>
<b>Liabilities:</b>		
Deposits by banks – banking	74,211	57,641
– trading	36,813	36,451
	111,024	94,092
Customer accounts – banking	171,963	155,814
– trading	45,755	29,054
	217,718	184,868
Debt securities in issue	67,806	49,569
Items in course of collection due to other banks	1,205	1,286
Other liabilities	76,550	69,497
Balances due to Barclays PLC	49	10
Accruals and deferred income	6,582	4,983
Provisions for liabilities and charges – deferred tax	738	646
Provisions for liabilities and charges – other	467	369
Dividend payable to Barclays PLC	977	869
Subordinated liabilities:		
Undated loan capital – non-convertible	6,149	6,310
Dated loan capital – convertible to preference shares	15	17
Dated loan capital – non-convertible	6,113	6,012
	495,393	418,528

**Shareholders' funds and minority interests**

Called up share capital	2,316	2,302
Share premium account	6,531	5,743
Revaluation reserve	24	24
Profit and loss account	9,400	8,416
	<u>18,271</u>	<u>16,485</u>
Shareholders' funds – equity	17,581	16,485
Shareholders' funds – non-equity	690	—
Minority interests – equity	211	283
	<u>18,482</u>	<u>16,768</u>
	<u>513,875</u>	<u>435,296</u>
Retail life-fund liabilities to policyholders	8,378	8,077
<b>Total liabilities and shareholders' funds</b>	<u><u>522,253</u></u>	<u><u>443,373</u></u>
<b>Memorandum items</b>		
Contingent liabilities:		
Acceptances and endorsements	303	671
Guarantees and assets pledged as collateral security	30,011	24,596
Other contingent liabilities	8,245	8,427
	<u>38,559</u>	<u>33,694</u>
Commitments – standby facilities, credit lines and other	<u><u>134,051</u></u>	<u><u>114,847</u></u>

## UNITED KINGDOM TAXATION

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Pricing Supplement may affect the tax treatment of that and other series of Notes. The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

### **UK Withholding Tax on UK Source Interest**

#### 1. Notes listed on a recognised stock exchange

The Notes which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. On the basis of Her Majesty's Revenue and Customs' published interpretation of the relevant legislation, securities which are to be listed on a stock exchange in a country which is a member state of the European Union or which is part of the European Economic Area will satisfy this requirement if they are listed by a competent authority in that country and are admitted to trading on a recognised stock exchange in that country; securities which are to be listed on a stock exchange in any other country will satisfy this requirement if they are admitted to trading on a recognised stock exchange in that country. The London Stock Exchange is a recognised stock exchange for these purposes. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

#### 2. All Notes

In addition to the exemption set out in 1 above, interest on the Notes may be paid without withholding or deduction for or on account of United Kingdom income tax so long as the Issuer is a "bank" for the purposes of section 349 of the Income and Corporation Taxes Act 1988 and so long as such payments are made by the Issuer in the ordinary course of its business. In accordance with the published practice of Her Majesty's Revenue and Customs, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:

- (i) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the Financial Services Authority whether or not it actually counts towards tier 1, 2 or 3 capital for regulatory purposes; or
  - (ii) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.
- 3. Interest on the Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax so long as the Issuer is authorised for the purposes of the Financial Services and Markets Act 2000 and its business consists wholly or mainly of dealing in financial instruments (as defined by section 349(5) of the Income and Corporation Taxes Act 1988) as principal and so long as such payments are made by the Issuer in the ordinary course of its business.
- 4. In all cases falling outside the exemptions described in 1, 2 and 3 above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the lower rate (currently 20%) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid on Notes with a maturity of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more.

#### **Provision of Information**

- 5. Noteholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a "paying agent"), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (other than solely by clearing or arranging the clearing of a cheque) (a "collecting agent"), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to Her Majesty's Revenue and Customs details of the payment and certain details relating to the Noteholder (including the Noteholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. Where the Noteholder is not so resident, the details provided to Her Majesty's Revenue and Customs may, in certain cases, be passed by Her Majesty's Revenue and Customs to the tax authorities of the jurisdiction in which the Noteholder is resident for taxation purposes.

With effect from 6th April, 2006 the provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes where the amount payable on redemption is greater than the issue price of the Notes.

6. EU Savings Directive

On 3rd June, 2003 the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by Member States from 1st July, 2005, provided that certain non-EU countries (including Switzerland) adopt similar measures from the same date. Under the directive each Member State will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to commence on the date from which the directive is to be applied by Member States and to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

**Other Rules Relating to United Kingdom Withholding Tax**

7. Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
8. The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.
9. The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer pursuant to Condition 13 of the Notes or otherwise and does not consider the tax consequences of any such substitution.

## UNITED STATES TAXATION

*The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the relevant Pricing Supplement will contain additional or modified disclosure concerning the material U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with purchasers of Notes that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not address tax considerations applicable to investors that own or are treated as owning (directly or indirectly) 10 per cent. or more of the voting stock of the Issuer, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar). Moreover, the summary does not address the U.S. federal income tax treatment of any Notes for which payments of principal or interest are denominated in, or determined by reference to, more than one currency. The U.S. federal income tax consequences of owning any such Notes will be discussed in the applicable Pricing Supplement.*

*As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.*

*The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax adviser concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.*

*The summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.*



*Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including limitations provided in sections 165(j) and 1287(a) of the United States Internal Revenue Code.*

**THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

### *Characterization of the Notes*

The determination whether an obligation represents a debt or equity interest is based on all the relevant facts and circumstances, and courts at times have held that obligations purporting to be debt constituted equity for U.S. federal income tax purposes. There are no regulations, published rulings or judicial decisions addressing the characterisation for U.S. federal income tax purposes of securities with terms substantially the same as the Dated Capital Notes and Undated Capital Notes. The Issuer expects to treat any Undated Capital Notes as equity for U.S. federal income tax purposes, and the applicable Pricing Supplement will indicate whether the Issuer intends to treat a particular series of Dated Capital Notes as equity for U.S. federal income tax purposes.

Prospective purchasers should consult their tax advisers regarding the appropriate characterisation of any Dated Capital Notes or Undated Capital Notes.

### *Notes Treated as Debt of the Issuer*

The following discussion applies to Notes that are properly treated as debt obligations of the Issuer.

### *Payments of Interest*

#### *General*

Interest on a Note, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a "foreign currency"), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "Original Issue Discount — General"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. Interest paid by the Issuer on the Notes and OID, if any, accrued with respect to the Notes (as described below under "Original Issue Discount") generally will constitute income from sources outside the United States.

### *Effect of United Kingdom Withholding Taxes*

As discussed in "United Kingdom Taxation," under current law payments of interest in respect of certain Notes may be subject to United Kingdom withholding taxes. As discussed

under "Terms and Conditions of the Notes - Taxation", the Issuer may become liable for the payment of additional amounts to U.S. Holders so that U.S. Holders receive the same amounts they would have received had no United Kingdom withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders would be treated as having actually received the amount of United Kingdom taxes withheld by the Issuer with respect to a Note, and as then having actually paid over the withheld taxes to the United Kingdom taxing authorities. As a result of this rule, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Issuer with respect to the payment.

Subject to certain limitations, a U.S. Holder will generally be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for United Kingdom income taxes withheld by the Issuer. For purposes of the foreign tax credit limitation, foreign source income until 31st December, 2006 is classified in one of several "baskets", and the credit for foreign taxes on income in any basket is limited to U.S. federal income tax allocable to that income. Interest and OID (defined below) generally will constitute foreign source income in the "high withholding tax interest" basket if the Notes are subject to United Kingdom withholding tax at a rate of 5 per cent. or higher. If the Notes are not subject to such a withholding tax, interest and OID generally will be in the "passive income" basket. Since a U.S. Holder may be required to include OID on the Notes in its gross income in advance of any withholding of United Kingdom income taxes from payments attributable to the OID (which would generally occur when the Note is repaid or redeemed), a U.S. Holder may not be entitled to a credit or deduction for these United Kingdom income taxes in the year the OID is included in the U.S. Holder's gross income, and may be limited in its ability to credit or deduct in full the United Kingdom taxes in the year those taxes are actually withheld by the Issuer. Recently enacted legislation effective after 31st December, 2006 will limit the foreign tax credit limitation categories to "passive category income" and "general category income." Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of these United Kingdom taxes.

### ***Original Issue Discount***

#### ***General***

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with original issue discount ("**OID**"). The following summary does not discuss Notes that are characterized as contingent payment debt instruments for U.S. federal income tax purposes. In the event the Issuer issues contingent payment debt instruments the applicable Pricing Supplement will describe the material U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), will be treated as issued with OID (a "**Discount Note**") if the excess of the Note's "stated redemption price at maturity" over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of

amounts other than qualified stated interest before maturity (an "**instalment obligation**") will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest." A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "Variable Interest Rate Notes"), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note ("**accrued OID**"). The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

#### *Acquisition Premium*

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "acquisition premium") and that does not make the election described below under "Election to Treat All Interest as Original Issue Discount", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Because the Issuer is entitled to defer interest payments on Dated Capital Notes, interest payable on those Notes (including any interest on accrued but unpaid interest) will not be considered to be "unconditionally payable", and thus will not be treated as a payment of "qualified stated interest" as described above, if there is more than a remote likelihood that the payment will be deferred. There is no authority addressing when the likelihood of a contingency such as the deferral of interest payments should be considered "remote" for this purpose. If the IRS successfully contended that the deferral of interest payments on any Dated Capital Notes was not remote, then the Dated Capital Notes would be treated as issued with OID as of the date of issue. If the likelihood of deferral on any Dated Capital Note was remote, but the Issuer did in fact defer interest payments, then, for purposes of calculating OID, the Dated Capital Note would be treated as retired on the date the deferral occurred, and then reissued for an amount equal to the Dated Capital Note's adjusted issue price on that date. In either case, OID on the Dated Capital Note would be calculated by treating all remaining stated interest payments on the Dated Capital Note as part of the Dated Capital Note's stated redemption price at maturity and not as payments of qualified stated interest. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences of the potential or actual deferral of interest payments on any Dated Capital Notes. This paragraph only applies to Dated Capital Notes on which payments of deferred interest also accrue interest. Any other Dated Capital Notes may be treated as contingent payment debt instruments for U.S. federal income tax purposes. As noted above, the U.S. federal income tax treatment of any Notes that are treated as contingent payment debt instruments will be described in the applicable Pricing Supplement.

#### *Market Discount*

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "Market Discount Note") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount". For this purpose, the "revised issue price" of a Note generally equals its issue price, increased

by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Under current law, any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election shall apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the Internal Revenue Service (the "IRS"). A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Under current law, market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

#### *Election to Treat All Interest as Original Issue Discount*

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "Original Issue Discount — General," with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described below under "Notes Purchased at a Premium") or acquisition premium. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under "Market Discount" to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

#### *Variable Interest Rate Notes*

Notes that provide for interest at variable rates ("**Variable Interest Rate Notes**") generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total noncontingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount and (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed

rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A "qualified floating rate" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate unless the cap or floor is fixed throughout the term of the Note.

An "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A "qualified inverse floating rate" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "current value" of a rate is the

value of the rate on any day that is no earlier than 3 months prior to the first day on which that value is in effect and no later than 1 year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (i.e., at a price below the Note's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from "true" discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general

OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt obligations will be more fully described in the applicable Pricing Supplement.

#### *Short-Term Notes*

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election shall apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

#### *Fungible Issue*

The Issuer may, without the consent of the Holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These



differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

### ***Notes Purchased at a Premium***

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note's yield to maturity) to that year. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "Original Issue Discount — Election to Treat All Interest as Original Issue Discount".

### ***Purchase, Sale and Retirement of Notes***

A U.S. Holder's tax basis in a Note will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note.

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under "Original Issue Discount — Market Discount" or "Original Issue Discount — Short Term Notes" or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year.

Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. Therefore, a U.S. Holder may have insufficient foreign source income to utilise foreign tax credits attributable to any United Kingdom withholding tax imposed on a sale or disposition. Prospective purchasers should consult their tax advisers as to the availability of and limitations on any foreign tax credit attributable to this United Kingdom withholding tax.

### ***Foreign Currency Notes***

#### ***Interest***

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S.

dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### *OID*

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

#### *Market Discount*

Market Discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount,

the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

#### *Bond Premium*

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

#### *Sale or Retirement*

As discussed above under "Purchase, Sale and Retirement of Notes", a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note. A U.S. Holder's tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement.

#### *Disposition of Foreign Currency*

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or retirement. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

### **Reportable Transactions**

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose this participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. In the event the acquisition, holding or disposition of Notes constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. Pursuant to U.S. tax legislation enacted in 2004, a penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Accordingly, if a U.S. Holder realizes a loss on any Note (or, possibly, aggregate losses from the Notes) satisfying the monetary thresholds discussed above, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. Holder to the penalties described above. In addition, the Issuer and its advisers may also be required to disclose the transaction to the IRS and maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Notes.

### ***Notes Treated as Equity in the Issuer***

The applicable Pricing Supplement will indicate whether any particular Notes should properly be treated as equity interests in the Issuer for U.S. federal income tax purposes. The following discussion applies to any such Notes.

### ***Payments of interest***

*General.* Subject to the PFIC rules discussed below, payments of interest paid by the Issuer out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes), before reduction for any United Kingdom withholding tax paid by the Issuer with respect thereto, will generally be taxable to a U.S. Holder as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Payments of interest in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Notes and thereafter as capital gain. However, the Issuer does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S.

Holders should therefore assume that any payments of interest by the Issuer with respect to Notes will constitute ordinary dividend income. U.S. Holders should consult their own tax advisors with respect to the appropriate U.S. federal income tax treatment of any payments of interest received from the Issuer.

For taxable years that begin before 2009, payments of interest that are treated as dividends paid by the Issuer will be taxable to a non-corporate U.S. Holder at the special reduced rate normally applicable to capital gains, provided the Issuer qualifies for the benefits of the income tax treaty between the United States and the United Kingdom. A U.S. Holder will be eligible for this reduced rate only if it satisfies certain holding period requirements. A U.S. Holder will not be able to claim the reduced rate for any year in which the Issuer is treated as a PFIC. See “Passive Foreign Investment Company Considerations” below.

*Foreign Currency Interest.* Interest paid in a foreign currency will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the payment is received by the U.S. Holder, regardless of whether the foreign currency is converted into U.S. dollars at that time. If interest received in a foreign currency is converted into U.S. dollars on the day it is received, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the interest income.

*Effect of United Kingdom Withholding Taxes.* As discussed in “United Kingdom Taxation”, under current law payments of interest in respect of certain Notes may be subject to United Kingdom withholding taxes. As discussed under “Terms and Conditions of the Notes—Taxation”, the Issuer may become liable for the payment of additional amounts to U.S. Holders so that U.S. Holders receive the same amounts they would have received had no United Kingdom withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of United Kingdom taxes withheld by the Issuer, and as then having paid over the withheld taxes to the United Kingdom taxing authorities. As a result of this rule, the amount of income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Issuer with respect to the payment.

A U.S. Holder will generally be entitled, subject to certain limitations, to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for United Kingdom income taxes withheld by the Issuer. For purposes of the foreign tax credit limitation, foreign source income until 31st December, 2006 is classified in one of several “baskets”, and the credit for foreign taxes on income in any basket is limited to U.S. federal income tax allocable to that income. Interest paid by the Issuer generally will constitute foreign source income in the “passive income” basket. If a U.S. Holder receives a payment of interest from the Issuer that is treated as a dividend that qualifies for the reduced rate described above under “Payments of Interest—General”, the amount of the payment taken into account in calculating the foreign tax credit limitation will in general be limited to the gross amount of the interest payment, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. In certain circumstances, a U.S. Holder may be unable to claim foreign tax credits (and may instead be allowed deductions) for foreign taxes

imposed on a payment of interest if the U.S. Holder does not satisfy certain holding period requirements. Recently enacted legislation effective after 31st December, 2006 will limit the foreign tax credit limitation categories to "passive category income" and "general category income". Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of these United Kingdom taxes.

For taxable years beginning before 2005, U.S. Holders that are accrual basis taxpayers must translate United Kingdom taxes into U.S. dollars at a rate equal to the average exchange rate for the taxable year in which the taxes accrue, while all U.S. Holders must translate interest income that is treated as a payment of dividends into U.S. dollars at the spot rate on the date received. This difference in exchange rates may reduce the U.S. dollar value of the credits for United Kingdom taxes relative to the U.S. Holder's U.S. federal income tax liability attributable to a payment of interest. However, for taxable years beginning after 2004, U.S. Holders that are accrual basis taxpayers may elect to translate United Kingdom taxes into U.S. dollars using the exchange rate in effect on the day the taxes were paid. Any such election will apply for the taxable year in which it is made and all subsequent taxable years, unless revoked with the consent of the IRS.

Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of United Kingdom taxes, and of receiving a payment of interest from the Issuer that is treated as a dividend eligible for the special reduced rate described above under "*Payments of Interest-General*".

#### ***Sale or other Disposition***

A U.S. Holder's tax basis in a Note will generally be its U.S. dollar cost. The U.S. dollar cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

Subject to the PFIC rules discussed below, upon a sale or other disposition of Notes, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the U.S. Holder's adjusted tax basis in the Notes. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. However, regardless of a U.S. Holder's actual holding period, in certain circumstances any loss may be long-term capital loss to the extent the U.S. Holder receives a payment of interest treated as a dividend that qualifies for the reduced rate described above under "*Payments of Interest-General*". Any gain or loss will generally be U.S. source.

The amount realised on a sale or other disposition of Notes for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or disposition. On the settlement date, the U.S. Holder will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar

value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of Notes traded on an established securities market that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time.

### ***Disposition of Foreign Currency***

Foreign currency received on the sale or other disposition of a Note will have a tax basis equal to its U.S. dollar value on the settlement date. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

### ***Passive Foreign Investment Company Considerations***

A foreign corporation will be a "passive foreign investment company" (a "PFIC") in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules," either (i) at least 75 per cent. of its gross income is "passive income" or (ii) at least 50 per cent. of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. The Issuer does not believe that it should be treated as a PFIC. Although interest income is generally passive income, a special rule allows banks to treat their banking business income as non-passive. To qualify for this rule, a bank must satisfy certain requirements regarding its licensing and activities. The Issuer believes that it currently meets these requirements. The Issuer's possible status as a PFIC must be determined annually, however, and may be subject to change if the Issuer fails to qualify under this special rule for any year in which a U.S. Holder holds Notes. If the Issuer were to be treated as a PFIC in any year, U.S. Holders of Notes would be required (i) to pay a special U.S. addition to tax on certain payments of interest and gains on sale and (ii) to pay tax on any gain from the sale of Notes at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. Additionally, payments of interest treated as dividends paid by the Issuer would not be eligible for the special reduced rate of tax described above under "Payments of Interest--General". Prospective purchasers should consult their tax advisers regarding the potential application of the PFIC regime.

### ***Substitution of Issuer***

The terms of the Notes provide that, in certain circumstances, the obligations of the issuer under the Notes may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of Notes by a U.S. Holder in exchange for new notes issued by the new obligor. As a result of this deemed disposition, a U.S. Holder could be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the fair market value at that time of the U.S. Holder's Notes, and the U.S. Holder's tax basis in those Notes. U.S. Holders

should consult their tax advisors concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Notes.

### **Backup Withholding and Information Reporting**

In general, payments of interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments and to accruals of OID if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.



## PLAN OF DISTRIBUTION

Subject to the terms and conditions set out in the Distribution Agreement dated 10th October, 1995, as most recently amended and restated on 24th May, 2005 (as amended or restated from time to time, the "**Distribution Agreement**"), the Notes may be offered from time to time on a continuing basis by the Issuer to all or any of Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Goldman Sachs International, Merrill Lynch International, Morgan Stanley & Co. International Limited and UBS Limited (the "**Dealers**"). The Issuer has reserved the right, however, to issue Notes directly on its own behalf to Purchasers which are not Dealers, provided that any such issues are made upon the terms of the Distribution Agreement. Notes so subscribed under the Distribution Agreement may be re-sold at prevailing market prices, or at prices related thereto, at the time of such re-sale, as determined by the relevant Dealer. The Notes may also be issued by the Issuer through all or any of the Dealers acting as agents. In addition, the Distribution Agreement provides for Notes to be issued in syndicated Tranches which are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission, to be agreed from time to time and depending on maturity, in respect of Notes issued to or through it.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Distribution Agreement may be terminated in relation to all or any of the Dealers by the Issuer or, in relation to itself and the Issuer only, by any Dealer, at any time on giving not less than 10 business days' notice.

### **United States of America**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from, or not subject to, 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.

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

Each Dealer has represented and agreed (and each additional Dealer named in a Pricing Supplement will be required to represent and agree) that in addition to the relevant U.S. Selling Restrictions set forth below:

- (a) except to the extent permitted under U.S. Treasury Regulations section 1.163-5(c)(2)(i)(D) (the "**D Rules**"), it has not offered or sold, and during the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a U.S. person;

- (b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that Notes in bearer form may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a U.S. person (except to the extent permitted under the D Rules);
- (c) if it is a U.S. person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance, and if it retains Notes in bearer form for its own account, it will do so in accordance with the requirements of the D Rules; and
- (d) with respect to each affiliate or distributor that acquires Notes in bearer form from the Dealer for the purpose of offering or selling such Notes during the restricted period, the Dealer either repeats and confirms the representations and agreements contained in sub-clauses (a), (b) and (c) above on such affiliate's or distributor's behalf or agrees that it will obtain from such distributor for the benefit of the Issuer the representations and agreements contained in such sub-clauses.

Terms used in this section shall have the meanings given to them by the Internal Revenue Code and the regulations thereunder, including the D Rules.

Each Dealer has represented and agreed that and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Distribution 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 the completion of the distribution of such Tranche, as determined and certified to the Principal Paying Agent or the Issuer by the relevant Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period other than pursuant to Rule 144A relating thereto 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 a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such sale is made otherwise than in accordance with Rule 144A. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer represents, warrants and undertakes that neither it nor any of its affiliates, nor any person acting on its or their behalf has engaged or will engage in any form of "general solicitation" or "general advertising" (within the meaning of Regulation D) in connection with any offer and sale of Notes in the United States.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. Notwithstanding the foregoing, Dealers nominated by the Issuer may arrange, through their U.S.-registered broker-dealer affiliates, for the offer and resale of Registered Notes to QIBs in the United States pursuant to Rule 144A under the Securities Act. Each purchaser of such Notes is hereby notified that the offer and sale of such Notes may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

In addition, certain Series of Notes in respect of which any payment is determined by reference to an index or formula, or to changes in prices of securities or commodities, or certain other Notes will be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealers may agree, as indicated in the relevant Pricing Supplement. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Each issuance of index, commodity or currency-linked Notes, including the Index Linked Notes, shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer or Dealers may agree in connection with the issue and purchase of such Notes. Each Dealer has agreed that it will offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

This Information Memorandum has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Information Memorandum does not constitute an offer to any person in the United States or to any U.S. person, other than any qualified institutional buyer within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Information Memorandum by any non-U.S. person outside the United States or by any qualified institutional buyer in the United States to any U.S. person or to any other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer, is prohibited.

### **United Kingdom**

Each Dealer has represented and agreed that:

- (a) in relation to Notes which have a maturity of one year or more which are to be admitted to the Official List, it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to admission of such Notes to listing in accordance with Part VI of the FSMA except 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 otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the POS Regulations or the FSMA;

- (b) in relation to Notes which have a maturity of one year or more which are not to be admitted to the Official List, it has not offered or sold and, prior to the expiry of the period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except 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 otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the POS Regulations;
- (c) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (d) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **Federal Republic of Germany**

The Notes have not been and will not be publicly offered in the Federal Republic of Germany and, accordingly, no German sales prospectus (*Verkauf-sprospekt*) for a public offering of the Notes in Germany within the meaning of the Securities Sales Prospectus Act, as amended (*Wertpapier-Verkaufsprospektgesetz*, the "Act") of the Federal Republic of Germany has been or will be published or circulated in the Federal Republic of Germany with respect to the Notes.

Each Dealer has represented and agreed that it has only offered and sold and will only offer and sell the Notes in the Federal Republic of Germany in accordance with the provisions of the Act and any other laws and legal and regulatory requirements applicable in the Federal Republic of Germany governing the issue, sale and offering of the Notes. In particular, each of the Dealers has represented that any resale of the Notes in the Federal Republic of Germany may only be made in accordance with the provisions of the Act and any other laws and legal and regulatory requirements applicable in the Federal Republic of Germany governing the sale and offering of the Notes.

### **The Republic of France**

The Information Memorandum has not been submitted for approval by the *Autorité des marchés financiers* (formerly the *Commission des Opérations de Bourse*). Accordingly, the

Issuer and 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 or sell, directly or indirectly, any Notes to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France, the Information Memorandum or any other material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to qualified investors (*investisseurs qualifiés*) as defined in and in accordance with Articles L.411-1 and L.411-2 of the French Financial and Monetary Code and *décret* no. 98-880 dated 1st October, 1998.

Investors in the Republic of France may only participate in the issue of the Notes for their own account in accordance with the conditions set out in *décret* no. 98-880 dated 1st October, 1998. Notes may only be issued, directly or indirectly, to the public in the Republic of France in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 of the French Financial and Monetary Code.

### **Japan**

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "**Securities and Exchange Law**"). Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that in connection with the issue of each Tranche of Notes, 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 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 Securities and Exchange Law and other applicable laws and regulations in Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **General**

Other than with respect to the listing of Notes on the relevant stock exchange, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Information Memorandum or any Pricing Supplement comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) in official interpretation, after the date hereof, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the preceding paragraph.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Pricing Supplement (in the case of a supplement or modification relevant only to a particular Series of Notes) or (in any other case) in a supplement to the Information Memorandum.

The Issuer has given an undertaking to the Dealers in connection with the listing of any of the Notes on the Official List to the effect that if after preparation of the listing particulars for submission to the UK Listing Authority and at any time during the duration of the Programme the Issuer becomes aware that:

- (a) there has been a significant change affecting any matter contained in the listing particulars published in connection with the listing of any of the Notes whose inclusion was required by section 80 of the FSMA or by the listing rules made by the UK Listing Authority or otherwise; or
- (b) a significant new matter has arisen the inclusion of information in respect of which would have been so required if it had arisen when the listing particulars were prepared,

the Issuer shall give to each Dealer full information about such change or matter and shall publish supplementary listing particulars as may be required by the UK Listing Authority, and shall otherwise comply with sections 81 and 83 of the FSMA and the listing rules in that regard and shall supply to each Dealer such number of copies of the supplementary listing particulars as it may reasonably request.

## GENERAL INFORMATION

1. The establishment of the Programme was authorised by resolutions of a duly constituted Committee of the Board of Directors of the Issuer on 21st September, 1995. The renewal of the Programme on or around 24th May, 2005 was authorised pursuant to resolutions passed by the Fund Raising Committee of the Board of Directors of the Issuer passed on 20th May, 2005.

2. The listing of a Series of Notes on the Official List will be expressed as a percentage of their principal amount (exclusive of accrued interest, if any). The admission of the Notes to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's market for listed securities is expected to be granted on or around 25th May, 2005 for a period of 12 months. Any Series of Notes intended to be listed will be admitted to the Official List upon submission to the UK Listing Authority of the relevant Pricing Supplement and any other information required by the UK Listing Authority, subject to the issue of the Global Note representing Notes of that Series. If such Global Note is not issued, the issue of such Notes may be cancelled. Prior to official listing and admission to trading dealings in the Notes of the relevant Series will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction.

Notes may, however, be issued under the Programme which are not listed or which will be listed on one or more other stock exchanges.

3. Proceedings have been brought in the United States against a number of defendants including the Issuer following the collapse of Enron. In each case the claims are against groups of defendants. The Issuer considers that the claims against it are without merit and is defending them vigorously. A court ordered mediation commenced in September 2003 but no material progress has been made towards a resolution of the litigation. In addition, in respect of investigations relating to Enron, the Issuer is continuing to provide information in response to enquiries by regulatory and governmental authorities in the United States and elsewhere. It is not possible to estimate the Issuer's possible loss in relation to these matters, nor the effect that it might have upon operating results in any particular financial period.

The Issuer is currently in negotiations with the staff of the U.S. Securities and Exchange Commission with respect to a settlement of the Commission's investigation of transactions between the Issuer and Enron and the Issuer does not expect that the amount of any settlement would have a significant adverse effect on the financial position or operating results of the Group.

The Issuer is engaged in various other litigation proceedings both in the United Kingdom and a number of overseas jurisdictions, including the United States, involving claims by and against it, which arise in the ordinary course of business. The Issuer does not expect the ultimate resolution of any of the proceedings to which the Issuer is party to have a significant adverse effect on the financial position of the Group.

Save as disclosed in the first two paragraphs above, no member of the Group is or has been involved in any legal or arbitration proceedings which may have, or have had during the twelve month preceding the date of this document, a significant effect on the Group's financial position nor, so far as the Issuer is aware, are any such proceedings pending or threatened.

4. Save as otherwise disclosed herein, there has been no significant change in the financial or trading position of the Issuer or the Group since 31st December, 2004 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31st December, 2004.

5. The annual consolidated accounts of the Issuer and its subsidiaries for the two years ended 31st December, 2004 and 31st December, 2003 have been audited without qualification by PricewaterhouseCoopers LLP, chartered accountants and registered auditors, and the year ended 31st December, 2002 has been audited without qualification by PricewaterhouseCoopers, chartered accountants and registered auditors.

The financial statements contained in this document in relation to the Group do not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985. The statutory accounts of the Issuer for the three years ended 31st December, 2004, which contain unqualified audit reports without any statement under section 237(2) or (3) of that Act, have been delivered to the Registrar of Companies in England and Wales in accordance with section 242 of the Act. The report of the auditors of the Issuer contained the following statement: "This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or to whose hands it may come save where expressly agreed by our prior consent in writing".

6. The Trust Deed provides that the Trustee may rely on any certificate or report by the auditors of the Issuer or any other expert called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with the provisions of the Trust Deed as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the auditors of the Issuer or such other expert in respect thereof.

7. The Notes may be accepted for clearance through the Clearstream, Luxembourg and Euroclear systems and DTC. The common code and/or CINS or CUSIP number for each Series of Notes allocated by Clearstream, Luxembourg and Euroclear or DTC will be contained in the relevant Pricing Supplement, along with the International Securities Identification Number for that Series. Transactions will normally be effected for settlement not earlier than three days after the date of the transaction. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

8. For so long as any of the Notes are listed on the London Stock Exchange and the rules of the UK Listing Authority so require, copies of the following documents may be



inspected during usual business hours on any weekday (Saturdays and public holidays excepted) at Barclays, Treasury, 10 The South Colonnade, Canary Wharf, London E14 4PU and at the specified office of the Principal Paying Agent, currently located at One Canada Square, London E14 SAL:

- (i) the Memorandum and Articles of Association of the Issuer;
- (ii) the Annual Report and Accounts containing the audited consolidated accounts of the Issuer for the financial years ended 31st December, 2003 and 2004, respectively, together with any subsequently published year end and interim financial statements;
- (iii) the Distribution Agreement;
- (iv) the Trust Deed;
- (v) the Agency Agreement;
- (vi) the current listing particulars in respect of the Programme;
- (vii) any supplementary listing particulars published since the most recent listing particulars were published;
- (viii) each Pricing Supplement issued in respect of listed Notes since the most recent listing particulars were published; and
- (ix) in the case of a syndicated issue of listed Notes, the syndication agreement (or equivalent document).

9. The following legend will appear on all Permanent Global Bearer Notes with maturities of more than 365 days and on all Definitive Bearer Notes, Coupons and Talons: "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".

**JOINT SECRETARIES AND REGISTERED OFFICE OF THE ISSUER**

L.C. Dickinson and P.A. Gonsalves  
54 Lombard Street  
London EC3P 3AH

*As of 31st May, 2005:*  
1 Churchill Place  
London E14 5HP

**TRUSTEE FOR THE NOTEHOLDERS**

The Bank of New York  
One Canada Square  
London E14 5AL

**AUDITORS**

*To the Issuer*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

**LEGAL ADVISERS**

*To the Issuer:*  
Clifford Chance Limited Liability  
Partnership  
10 Upper Bank Street  
London E14 5JJ

*To the Dealers and the Trustee:*  
Linklaters  
One Silk Street  
London EC2Y 8HQ

**ARRANGER AND AUTHORISED ADVISER**

Barclays Bank PLC  
5 The North Colonnade  
Canary Wharf  
London E14 4BB

**PRINCIPAL PAYING AGENT, REGISTRAR, FOREIGN EXCHANGE AGENT AND  
AGENT BANK**

The Bank of New York  
One Canada Square  
London E14 5AL

**TRANSFER AND PAYING AGENTS**

Dexia Banque Internationale à Luxembourg,  
69, route d'Esch  
L-2953 Luxembourg

BNP PARIBAS Securities Services S.A.  
Les Collines de L'Arche  
92057 Paris la Defense  
Paris  
France

Credit Suisse First Boston  
Uetlibergstrasse 231  
P.O. Box 900  
8070 Zurich  
Switzerland

Dresdner Bank Aktiengesellschaft  
Jürgen-Ponto-Platz 1  
60301 Frankfurt am Main  
Germany

## **DEALERS**

Barclays Bank PLC  
5 The North Colonnade  
Canary Wharf  
London E14 4BB

BNP PARIBAS  
10, Harewood Avenue  
London NW1 6AA

Goldman Sachs International  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB

Citigroup Global Markets Limited  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

Morgan Stanley & Co. International Limited  
25 Cabot Square  
Canary Wharf  
London E14 4QA

Merrill Lynch International  
Merrill Lynch Financial Centre  
2 King Edward Street  
London EC1A 1HQ

UBS Limited  
1 Finsbury Avenue  
London EC2M 2PP