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**BARCLAYS**

**Barclays Bank PLC**

*(incorporated with limited liability in England)*

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**£150,000,000**

**6.125 per cent Undated Subordinated Notes**

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The £150,000,000 6.125 per cent Undated Subordinated Notes (the “New Notes”) of Barclays Bank PLC (the “Bank”) shall rank *pari passu* in all respects with, and shall be consolidated and form a single series with, the outstanding £400,000,000 6.125 per cent Undated Subordinated Notes (the “Existing Notes”) of the Bank issued on 19th April, 2002 (the New Notes and the Existing Notes being together defined herein as the “Notes”). The New Notes will bear interest from (and including) 19th April, 2003 to (but excluding) 19th April, 2027 at a rate of 6.125 per cent per annum, payable annually in arrear on each 19th April, starting with 19th April, 2004. From (and including) 19th April, 2027, the New Notes will bear interest payable annually in arrear on each 19th April thereafter at a rate of 2.07 per cent per annum above the gross redemption yield of a prescribed benchmark gilt, all as more particularly described in “Conditions of the Notes — Interest”.

The issue price of the New Notes is 108.617 per cent of their principal amount plus an amount equal to 44 days’ accrued interest thereon.

The New Notes will have no final maturity date and will only be repayable as set forth under “Conditions of the Notes — Repayment and Purchase; and — Default and Enforcement”. In particular, the Bank may repay on 19th April, 2027 or on each Interest Payment Date falling at five yearly intervals thereafter all, but not some only, of the New Notes. Under existing Financial Services Authority (“FSA”) requirements, the Bank may not redeem or purchase any New Notes unless the FSA has given its prior written consent.

The New Notes will be unsecured obligations of the Bank and will be subordinated to the claims of Senior Creditors (as defined herein). No payment of principal or interest in respect of the New Notes may be made unless the Bank is able to make such payment and remain solvent immediately thereafter. In addition, interest on the New Notes need not be paid on any Interest Payment Date by the Bank if, in the six months immediately preceding such Interest Payment Date, no dividend has been declared or paid on any class of share capital of the Holding Company (as defined herein) or (if at the relevant time the Holding Company is a company other than the Bank itself) on any class of preference share capital of the Bank. See “Conditions of the Notes — Interest”. In the event of the winding up in England of the Bank, the holders of the New Notes will, for the purpose only of calculating the amounts payable in respect thereof, be treated as if they were the holders of preference shares in the capital of the Bank on the day immediately prior to the commencement of the winding up and thereafter. See “Conditions of the Notes — Status and Subordination”.

Applications have been made to the FSA in its capacity as competent authority (the “United Kingdom Listing Authority”) under the Financial Services and Markets Act 2000 (the “FSMA”) for the New Notes to be admitted to the official list of the United Kingdom Listing Authority (the “Official List”). Applications have also been made to London Stock Exchange plc (the “London Stock Exchange”) for the New 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 constitute official listing on a stock exchange. The Existing Notes are officially listed on the London Stock Exchange. A copy of this document, which comprises the listing particulars required by section 74 of the FSMA, has been delivered to the Registrar of Companies in England and Wales for registration as required by section 83 of the FSMA.

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**Citigroup**  
**JPMorgan**

**Barclays Capital**

**Goldman Sachs International**  
**Merrill Lynch International**

**Morgan Stanley**

29th May, 2003

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

In connection with the issue and sale of the New Notes, no person is authorised to give any information or to make any representation not contained in this document and neither the Bank nor the Managers (as defined in “Subscription and Sale” below) accepts responsibility for any such information or representation. This document does not constitute an offer of, or an invitation to subscribe for, the New Notes.

The distribution of this document and the offering or sale of the New Notes in certain jurisdictions may be restricted by law. See “Subscription and Sale” below for a description, *inter alia*, of certain restrictions on offers, sales and deliveries of the New Notes in the United States or to U.S. persons.

The New Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, and comprise New Notes in bearer form that are subject to United States tax law requirements.

The New Notes will be represented initially by a temporary global Note (the “Temporary Global Note”) which will be deposited outside the United States with a common depositary for Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) and Euroclear Bank S.A./N.V. as operator of the Euroclear System (“Euroclear”) on or about 2nd June, 2003. The Temporary Global Note will be exchangeable for interests in a permanent global Note (the “Permanent Global Note”) and, together with the Temporary Global Note, the “Global Notes” and each a “Global Note”) on or after a date which is expected to be 14th July, 2003 upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and as described in the Temporary Global Note. Save in limited circumstances, New Notes in definitive bearer form will not be issued in exchange for interests in the Permanent Global Note.

In this document all references to “£” are to pounds sterling, to “U.S. dollars” and “U.S.\$” are to United States dollars, to “¥” and “Yen” are to Japanese yen, to “€” and “euro” are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, to “FRF”, “ITL” and “DM” are to the euro legacy currencies of, respectively, French francs, Italian lire and Deutschmarks, to “BWP” are to Botswana Pula and to “ZMK” are to Zambian Kwacha.

**In connection with the issue and distribution of the New Notes, Barclays Bank PLC or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there may be no obligation on Barclays Bank PLC or any agent of it to do this. Such stabilising, if commenced, shall be conducted in accordance with all applicable laws and rules, may be discontinued at any time and must be brought to an end after a limited period.**

**TABLE OF CONTENTS**

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	<i>Page</i>
Conditions of the Notes.....	3
Use of Proceeds.....	14
Summary of Provisions Relating to the New Notes while in Global Form.....	15
The Bank and the Group .....	17
United Kingdom Taxation .....	25
Subscription and Sale.....	27
General Information.....	28

## CONDITIONS OF THE NOTES

*The following is the text of the Conditions of the Notes substantially in the form in which they will appear on the definitive Notes (if issued):*

The £550,000,000 6.125 per cent Undated Subordinated Notes of Barclays Bank PLC (the “Bank”) consisting of an issue in the aggregate principal amount of £400,000,000 and a further issue in the aggregate principal amount of £150,000,000 (the “Notes”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 12 and forming a single series with the Notes) are in bearer form with interest coupons and a talon for further interest coupons (together, where the context so permits, the “Coupons”) attached. The issue of the Notes was authorised by resolutions of a duly constituted Committee of the Board of Directors of the Bank passed on 19th September, 2002 and 27 May, 2003. The Notes are constituted by a Sixteenth Supplemental Trust Deed dated 19th April, 2002 (the “Sixteenth Supplemental Trust Deed”) and by a Nineteenth Supplemental Trust Deed dated 2nd June, 2003 (the “Nineteenth Supplemental Trust Deed”), both made between the Bank and Phoenix Assurance Public Limited Company (the “Trustee”) as trustee for the holders of the Notes (the “Noteholders”) and expressed to be supplemental to (i) the principal Trust Deed dated 2nd July, 1985 made between the Bank and the Trustee constituting the U.S.\$600,000,000 Undated Floating Rate Primary Capital Notes of the Bank (the “Series 1 Notes”), (ii) the First Supplemental Trust Deed dated 14th February, 1986 made between the Bank and the Trustee constituting the U.S.\$750,000,000 Undated Floating Rate Primary Capital Notes Series 2 of the Bank and the Second Supplemental Trust Deed dated 4th September, 1989 made between the Bank and the Trustee constituting up to U.S.\$450,000,000 Undated Floating Rate Primary Capital Notes Series 2 of the Bank (together, the “Series 2 Notes”), (iii) the Third Supplemental Trust Deed dated 16th October, 1989 made between the Bank and the Trustee constituting the £200,000,000 Undated Floating Rate Primary Capital Notes Series 3 of the Bank (the “Series 3 Notes”), (iv) the Fourth Supplemental Trust Deed dated 28th September, 1990 made between the Bank and the Trustee modifying the provisions of the said First Supplemental Trust Deed and Second Supplemental Trust Deed, (v) the Fifth Supplemental Trust Deed dated 12th May, 1993 and the Sixth Supplemental Trust Deed dated 25th June, 1993 both made between the Bank and the Trustee and together constituting the £300,000,000 9.875 per cent Undated Subordinated Notes of the Bank (the “9.875 per cent Notes”), (vi) the Seventh Supplemental Trust Deed dated 11th October, 1993 made between the Bank and the Trustee constituting the £100,000,000 9 per cent Permanent Interest Bearing Capital Bonds of the Bank (the “Permanent Capital Bonds”), (vii) the Eighth Supplemental Trust Deed dated 20th October, 1993 made between the Bank and the Trustee constituting the £100,000,000 7.875 per cent Undated Subordinated Notes of the Bank (the “7.875 per cent Notes”), (viii) the Ninth Supplemental Trust Deed dated 7th July, 1997 made between the Bank and the Trustee constituting the FRF1,000,000,000 6.5 per cent Undated Subordinated Notes of the Bank (the “6.5 per cent Notes”), (ix) the Tenth Supplemental Trust Deed dated 27th February, 1998 made between the Bank and the Trustee constituting the ¥8,000,000,000 5.03 per cent Reverse Dual Currency Undated Subordinated Notes of the Bank, (x) the Eleventh Supplemental Trust Deed dated 29th May, 1998 made between the Bank and the Trustee constituting the ¥12,000,000,000 5 per cent Reverse Dual Currency Undated Subordinated Notes of the Bank, (xi) the Twelfth Supplemental Trust Deed dated 24th October, 2000 and the Fourteenth Supplemental Trust Deed dated 21st May, 2001 both made between the Bank and the Trustee and together constituting the £525,000,000 7.125 per cent Undated Subordinated Notes of the Bank (the “7.125 per cent Notes”), (xii) the Thirteenth Supplemental Trust Deed dated 27th November, 2000 and the Fifteenth Supplemental Trust Deed dated 21st May, 2001 both made between the Bank and the Trustee and together constituting the £650,000,000 6.875 per cent Undated Subordinated Notes of the Bank (the “6.875 per cent Notes”) and (xiii) in the case of the Nineteenth Supplemental Trust Deed, the Sixteenth Supplemental Trust Deed, the Seventeenth Supplemental Trust Deed dated 19th April, 2002 and the Eighteenth Supplemental Trust Deed dated 10th March, 2003, both made between the Bank and the Trustee and together constituting the £465,000,000 6.375 per cent Undated Subordinated Notes of the Bank (the “6.375 per cent Notes”). The said Supplemental Trust Deeds and principal Trust Deed are herein referred to collectively as the “Trust Deed”. The Bank of New York is the initial principal paying agent for the Notes (the “Principal Paying Agent”) and the initial agent bank (the “Agent Bank”). Copies of the Trust Deed, together with copies of the agency agreement dated 19th April, 2002 and the agency agreement dated 2nd June, 2003 (together, the “Agency Agreement”) both made between the Bank, the Trustee and the

paying agents named therein, are available for inspection at the office for the time being of the Trustee (being at the date hereof c/o its attorney Capita Trust Company Limited, Guildhall House, 81/87 Gresham Street, London EC2V 7QE) and at the specified office(s) of the Principal Paying Agent and each of the other paying agents referred to in Condition 5 (all together, the "Paying Agents"). The statements set out in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed in relation to the Notes. The Noteholders and holders of the Coupons (the "Couponholders") are entitled to the benefit of, and are deemed to have notice of, all the provisions of the Trust Deed in relation to the Notes, the Agency Agreement and the Notes, all of which are binding on them.

*The obligations of the Bank in respect of the Notes and the Coupons are conditional upon the Bank being solvent at the time of payment by the Bank and immediately thereafter. Neither these Conditions nor the Trust Deed provide any remedy for non-payment of interest in respect of the Notes so long as in the six months immediately preceding the applicable Interest Payment Date no dividend has been paid or declared in respect of any class of share capital of the Holding Company (as defined in Condition 3) or (if at the relevant time the Holding Company is a company other than the Bank itself) the preference share capital of the Bank. In the event of a winding up of the Bank the right to recover interest (including Arrears of Interest (as defined in Condition 3)) may be limited by applicable insolvency laws.*

## **1. Title and Denomination**

Title to the Notes and the Coupons will pass by delivery. The Bank, the Trustee and any Paying Agent may treat the holder of any Note and the holder 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 any notice of previous loss or theft or of trust or other interest therein) for the purpose of making payment and for all other purposes.

The Notes, which are serially numbered, are issued in the denominations of £1,000, £10,000 and £100,000 each. Notes of one denomination may not be exchanged for Notes of any other denomination.

## **2. Status and Subordination**

(a) The Notes and the Coupons constitute unsecured obligations of the Bank ranking *pari passu* without any preference among themselves. The Notes, the Series 1 Notes, the Series 2 Notes, the Series 3 Notes, the 9.875 per cent Notes, the Permanent Capital Bonds, the 7.875 per cent Notes, the 6.5 per cent Notes, the 7.125 per cent Notes, the 6.875 per cent Notes, the 6.375 per cent Notes and the U.S.\$500,000,000 8 per cent Convertible Capital Notes, Series E, of the Bank, which are separate series of securities, rank *pari passu inter se* in point of subordination.

Subject to applicable law, no Noteholder or Couponholder may exercise or claim any right of set-off in respect of any amount owed to it by the Bank 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.

(b) The rights of the Noteholders and Couponholders are subordinated to the claims of Senior Creditors (as defined in paragraph (d) below) and, accordingly, payments of principal and interest are conditional upon the Bank being solvent at the time of payment by the Bank, and no principal or interest shall be payable in respect of the Notes except to the extent that the Bank could make such payment and still be solvent immediately thereafter. For the purposes of this paragraph (b) the Bank shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its Assets (as defined in paragraph (d) below) exceed its Liabilities (as defined in paragraph (d) below) (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 Bank to be made by two Directors of the Bank or, in certain circumstances as provided in the Trust Deed, the Auditors (as defined in the Trust Deed) or, if the Bank is in winding up in England, its liquidator prior to any payment of principal or interest and also prior to the purchase of any Notes beneficially by or for the account of the Bank or any of its Subsidiaries (as defined in the Trust Deed). Any such report shall, in the absence of proven error, be treated and accepted by the Bank, the Trustee and the Noteholders and Couponholders as correct and sufficient evidence of such solvency.

(c) If at any time the Bank is in winding up in England, there shall be payable in respect of the Notes (in lieu of any other payment but subject as provided in paragraph (b) above) 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 Bank 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 Bank 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 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 3(b)).

(d) As used in these Conditions:

“Senior Creditors” means creditors of the Bank (i) who are depositors and/or other unsubordinated creditors of the Bank or (ii) whose claims are, or are expressed to be, subordinated to the claims of depositors and other unsubordinated creditors of the Bank (whether only in the event of a winding up of the Bank or otherwise) but not further or otherwise or (iii) who are subordinated creditors of the Bank (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 Bank, and “Liabilities” means the total amount of the unconsolidated gross liabilities of the Bank, in each case as shown by the latest published audited balance sheet of the Bank, but adjusted, if the aggregate amount included in such balance sheet in respect of the Bank’s investment in all Subsidiaries and Associated Companies (as defined in the Trust Deed) of the Bank exceeds the aggregate of the net tangible assets of such Subsidiaries and Associated Companies attributable to the Bank (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 Directors, the Auditors or the liquidator (as the case may be) may determine.

*N.B. If the Bank 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 Notes will be available to meet the losses of the Bank.*

### 3. Interest

#### (a) Initial Rate and Accrual of Interest

The Notes bear interest from (and including) 19th April, 2003 (the “Issue Date”) to (but excluding) 19th April, 2027 at the rate of 6.125 per cent per annum. Unless the Notes are redeemed on 19th April, 2027, from (and including) 19th April, 2027, the Notes will bear interest at the Reset Rate (as defined in paragraph (c) below). Interest on the Notes is payable, subject as provided in these Conditions, in arrear on each Interest Payment Date (as defined below), the first such payment to be made on 19th April, 2004. Interest in respect of each Note will accrue from day to day and will cease to accrue from the due date for repayment thereof unless, upon due presentation, payment of principal is improperly withheld or refused or is not made by reason of Condition 2(b). The amount of interest payable in respect of any period which is not an Interest Period (as defined below) shall be calculated on the basis of the number of days in the relevant period from (and including) the date from which interest begins to accrue to (but excluding) the date on which it falls due divided by the number of days in the Interest Period in which the relevant period falls.

#### (b) Interest Payment Dates, Interest Periods and Arrears of Interest

Interest in respect of the Notes is (subject to Condition 2(b)) payable on each Compulsory Interest Payment Date (as defined below) in respect of the Interest Period (as defined below) ending on the day immediately preceding such date. On any Optional Interest Payment Date (as defined below), there may be paid (if the

Bank so elects but subject to Condition 2(b)) the interest in respect of the Notes accrued in the Interest Period ending on the day immediately preceding such date, but the Bank shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Bank for any purpose. Any interest in respect of the Notes not paid on an Interest Payment Date, together with any other interest in respect thereof 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 Bank, 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 Trustee and to the Noteholders in accordance with Condition 13, but all Arrears of Interest in respect of all Notes for the time being outstanding (as defined in the Trust Deed) shall (subject to Condition 2(b)) become due in full on whichever is the earliest of (i) the date upon which a dividend is next paid on any class of share capital of the Holding Company (as defined below) or (if at the relevant time the Holding Company is a company other than the Bank itself) on any class of preference share capital of the Bank, (ii) the date fixed for any repayment pursuant to Condition 4(a) or (b) or (iii) the commencement of a winding up in England of the Bank. If notice is given by the Bank of its intention to pay the whole or any part of Arrears of Interest, the Bank shall be obliged (subject to Condition 2(b)) to do so upon the expiration of such notice. Where Arrears of Interest are paid in part, each part payment shall be in respect of the full amount of the Arrears of Interest accrued due to the relative Interest Payment Date or consecutive Interest Payment Dates furthest from the date of payment. Arrears of Interest shall not themselves bear interest.

As used herein:

"Business Day" means a day on which banks and foreign exchange markets are open for business in London.

"Compulsory Interest Payment Date" means any Interest Payment Date if, in the six months immediately preceding such Interest Payment Date, any dividend has been declared or paid on any class of share capital of the Holding Company or (if at the relevant time the Holding Company is a company other than the Bank itself) on any class of preference share capital of the Bank.

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

"Interest Payment Date" means 19th April in each year commencing in 2004.

"Interest Period" means the period from (and including) one Interest Payment Date (or, in the case of the first Interest Period, the Issue Date) up to (but excluding) the next (or first) Interest Payment Date.

"Optional Interest Payment Date" means any Interest Payment Date other than a Compulsory Interest Payment Date.

*N.B. In the event that the latest dividend declared or paid on any class of share capital of the Holding Company or (if at the relevant time the Holding Company is a company other than the Bank itself) on any class of preference share capital of the Bank is so declared or paid more than six months prior to an Interest Payment Date, such Interest Payment Date will not be a Compulsory Interest Payment Date.*

*(c) Interest Rate Reset*

On each Interest Determination Date (as defined below), unless the Bank shall have given notice to redeem the Notes under Condition 4(a) or (b) on or prior to the Interest Payment Date next following such Interest Determination Date, the Agent Bank shall determine the annual rate of interest (the "Reset Rate") in respect of the Notes for each of the next five Interest Periods at the rate per annum which is the aggregate of 2.07 per cent and the Gross Redemption Yield (as defined below), such aggregate being converted to an annualised yield and expressed as a percentage (rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards).

As used herein:

“Interest Determination Date” means the fifth London business day (being a day, other than a Saturday or Sunday, on which commercial banks are open for business in London) prior to (i) 19th April, 2027 and (ii) each fifth anniversary thereafter, provided that if on any such day it is not possible for any reason to determine the rate of interest in this paragraph (c), the Interest Determination Date shall be postponed to the next London business day on which it is possible to determine such rate.

“Gross Redemption Yield” means the gross redemption yield (as calculated on the basis set out by the United Kingdom Debt Management Office in the paper entitled “Formulae for Calculating Gilt Prices from Yields”, page 4, Section One: Price/Yield Formulae “Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published on 8th June, 1998) on a semi-annual compounding basis (converted on an annualised yield and rounded, if necessary, to the fourth decimal place, with 0.00005 being rounded upwards)) of the Benchmark Gilt, with the price of the Benchmark Gilt for this purpose being the arithmetic mean (rounded, if necessary, as aforesaid) of the bid and offered prices of the Benchmark Gilt quoted by the Reference Market Makers at or about 3.00 p.m. (London time) on the relevant Interest Determination Date on a dealing basis for settlement on the next following dealing day in London.

“Benchmark Gilt” means such United Kingdom government security having a final maturity date on or about the next Interest Determination Date as the Agent Bank, with the advice of the Reference Market Makers, may determine to be appropriate.

“Reference Market Makers” means three brokers and/or gilt-edged market makers selected by the Agent Bank (with the prior approval of the Trustee) or such other three persons operating in the gilt-edged market as are selected by the Agent Bank (with the prior approval of the Trustee).

*(d) Notification of Rate of Interest*

The Bank shall cause notice of each Reset Rate to be given to the Trustee, the Paying Agents, Clearstream Banking, société anonyme (“Clearstream, Luxembourg”), Euroclear Bank S.A./N.V. as operator of the Euroclear System (“Euroclear”), the Financial Services Authority as the competent authority for listing in the United Kingdom (the “United Kingdom Listing Authority”) and London Stock Exchange plc (the “London Stock Exchange”) as soon as practicable after their determination.

*(e) Determination of Reset Rate by the Trustee*

The Trustee shall, if the Agent Bank does not or is unable to at any material time for any reason determine the Reset Rate in accordance with paragraph (c) above, determine the Reset Rate at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in paragraph (c) above), it shall deem fair and reasonable in all the circumstances, and such determination shall be deemed to be a determination thereof by the Agent Bank.

*(f) Agent Bank*

The Bank may, with the prior written approval of the Trustee, from time to time replace the Agent Bank by another leading bank or investment bank in London. In the event of the appointed office of the Agent Bank being unable or unwilling to continue to act as the Agent Bank or (without prejudice to paragraph (e) above) failing duly to determine the Reset Rate in accordance with paragraph (c) above, the Bank shall forthwith appoint the London office of such other leading bank or investment bank as may be approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

*(g) Notifications, etc. to be Final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 3, whether by the Agent Bank or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Bank, the Agent Bank, the Trustee, the Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Noteholders or Couponholders shall attach to the Agent Bank or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions.

#### 4. Repayment and Purchase

The Notes are undated and, accordingly, have no final maturity date and may not be repaid except in accordance with the provisions of this Condition 4 or Condition 7.

##### *(a) Repayment for Taxation Reasons*

If the Bank satisfies the Trustee immediately prior to the giving of the notice referred to below that on the next Interest Payment Date:

- (i) the Bank would be compelled by law for reasons outside its control to pay any additional amounts in accordance with Condition 6, 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),

the Bank 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 13, repay all, but not some only, of the Notes at their principal amount. Upon the expiration of such notice, the Bank shall (subject to Condition 2(b)) be bound to repay all the Notes at their principal amount together with accrued interest and all Arrears of Interest.

It shall be sufficient to establish the circumstances required to be established under this Condition 4(a) if the Bank shall deliver to the Trustee a certificate of a major 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.

##### *(b) Optional Repayment*

The Bank may, having given not less than 45 nor more than 60 days’ notice to the Trustee and to the Noteholders in accordance with Condition 13, repay on 19th April, 2027 or on each Interest Payment Date falling at five-yearly intervals thereafter all, but not some only, of the Notes at their principal amount. Upon the expiration of such notice, the Bank shall (subject to Condition 2(b)) be bound to repay all the Notes at their principal amount together with accrued interest and all Arrears of Interest.

*No optional repayment of the Notes will be made by the Bank without the prior consent of the Financial Services Authority.*

##### *(c) Optional Purchase*

Subject to Condition 2(b), the Bank or any of its Subsidiaries may at any time purchase beneficially or procure others to purchase beneficially for its account Notes in the open market or otherwise at any price. Any purchase by tender shall be made available to all Noteholders alike. Each such purchase of Notes shall include all unmatured Coupons and talons appertaining thereto.

The requirements of this paragraph (c) and of paragraph (d) below as to the purchase of Notes shall not apply in regard to the purchase of Notes in the ordinary course of a business of dealing in securities.

*No optional purchase of the Notes will be made by the Bank without the prior consent of the Financial Services Authority.*

##### *(d) Cancellation and Resale*

All Notes (i) repaid or (ii) purchased beneficially by or for the account of the Bank will be cancelled together with all unmatured Coupons and talons attached thereto or surrendered therewith and accordingly will not be available for reissue or resale.



## 5. Payments and Exchange of Talons

- (a) The names of the initial Paying Agents (which have been appointed by the Bank under the Agency Agreement) and their specified offices are set out below.
- (b) Payments of principal and interest in respect of the Notes will (subject to Condition 2(b)) only be made against presentation and surrender of Notes or, as the case may be, Coupons at any specified office of any of the initial Paying Agents or of any such additional and/or other Paying Agent(s) outside the United States (subject as provided below) as the Bank may appoint from time to time with the prior written approval of the Trustee, in each case subject to the laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 6. Payments in respect of Arrears of Interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of the appropriate Coupon at any specified office of any of the Paying Agents. Payments in respect of the Notes and Coupons will be made in the currency in which the payment is due either (i) by cheque or (ii) at the option of the payee, by transfer to a pounds sterling account maintained by the payee with a bank in London.

Payments of amounts due in respect of principal or interest (including Arrears of Interest) on Notes and exchanges of talons for Coupon sheets will not be made at the specified office of any Paying Agent in the United States (as defined in the United States Internal Revenue Code and Regulations thereunder), to an address in the United States (as so defined) or by transfer to an account maintained by the payee in the United States. Without prejudice to the generality of the foregoing, the Bank reserves the right to require a Noteholder or Couponholder to provide a Paying Agent with such certification or information as may be required to enable the Bank to comply with the requirements of the United States federal income tax laws.

- (c) Upon the due date for repayment of any Note, unmatured Coupons and talons appertaining to such Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons and no exchange shall be made in respect of such talons. If the date for repayment of a Note is not an Interest Payment Date, the interest accrued from the preceding Interest Payment Date (or the Issue Date, as the case may be) shall be payable only against presentation of such Note.
- (d) In the event of a winding up in England of the Bank, 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 6).

For the purpose of these Conditions, “unmatured Coupon” means a Coupon in respect of which the applicable Interest Payment Date falls 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 Bank 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 Bank commences (or is deemed to commence).

- (e) If the due date for payment in respect of any Note or Coupon is not, at the place of payment, a working day then the holder thereof shall not be entitled to payment at the place of payment of the amount due until the following working day in such place, nor to any interest or other payment in respect of such delay. In this paragraph, a “working day” in relation to any place means a day (other than a Saturday or a Sunday) on which banks are open generally for business in such place and, in the case of payment by transfer as referred to in paragraph (b) above, in London.

- (f) The Bank may, with the prior written approval of the Trustee, vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office of any Paying Agent, provided that, so long as the Notes are admitted to the official list of the United Kingdom Listing Authority (the "Official List") and admitted to trading on the London Stock Exchange's market for listed securities, the Bank will maintain a Paying Agent with a specified office in London and, so long as any of the Notes remains outstanding and if the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 are implemented, the Bank will maintain a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any European Union directive on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such directive. In the event of any such variation, termination, appointment or change in specified office, notice thereof will be given by the Bank to the Noteholders in accordance with Condition 13.
- (g) On and after the Interest Payment Date specified in the final Coupon comprised in any Coupon sheet, the talon comprised in such Coupon sheet may be surrendered at the specified office of any of the Paying Agents outside the United States in exchange for a further Coupon sheet in respect of the 20 Interest Payment Dates immediately following such Interest Payment Date (including a further talon), subject to the provisions of Condition 8, provided that the Bank may, by notice to the Noteholders in accordance with Condition 13, at any time or from time to time require any such exchange to be effected at the specified office(s) of one or certain only of the Paying Agents so specified in such notice.

## 6. Taxation

All payments of principal and interest (including Arrears of Interest) will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatever nature imposed or levied by, or on behalf of, the United Kingdom or any authority in the United Kingdom having power to tax, unless the Bank is compelled by law to withhold or deduct such taxes, duties, assessments or charges. In any such case, the Bank will pay such additional amounts as will result in the receipt by the Noteholders and/or the Couponholders concerned of the sum which would in the absence of such withholding or deduction be payable on the Notes and/or the Coupons, provided that no such additional amount shall be payable in respect of any Note or Coupon presented for payment:

- (a) by or on behalf of a holder who is liable to such taxes, duties, assessments or charges in respect of such principal or interest by reason of his having some connection with the United Kingdom other than the mere holding of the Note or the Coupon (as the case may be); or
- (b) by or on behalf of a holder if a Paying Agent with a specified office outside the United Kingdom has been appointed at which payments in respect of the Notes or, as the case may be, Coupons can be made without any such withholding or deduction of United Kingdom tax; or
- (c) more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment at the close of such 30 day period (and for this purpose, the "Relevant Date" in relation to such payment means:
- (i) the date on which such payment first becomes due; or
  - (ii) (if the full amount of the moneys payable on such due date has not been received by the Principal Paying Agent or the Trustee on or prior to such due date) such later date on which notice is given to the Noteholders in accordance with Condition 13 that such moneys have been so received); or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such directive.

References herein to principal and/or interest shall be deemed also to refer to any additional amounts which may be payable under this Condition 6 or under the Trust Deed.

## 7. Default and Enforcement

- (a) If the Bank shall not make payment in respect of the Notes (in the case of any payment of principal) for a period of seven 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 a Compulsory Interest Payment Date or any other date upon which the payment of interest is compulsory, the Trustee may institute proceedings in England (but not elsewhere) for the winding up of the Bank, provided that it shall not have the right to institute such proceedings if and so long as the Bank withholds or refuses any such payment (i) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment, or (ii) (subject as provided in the Trust Deed), in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given as to such validity or applicability at any time during the said period of seven or 14 days, as the case may be, by independent legal advisers acceptable to the Trustee. For the purposes of this paragraph (a), a payment shall be deemed to be due or compulsory even if the condition set out in Condition 2(b) is not satisfied.
- (b) The Trustee may at its discretion and without further notice institute such proceedings against the Bank as it may think fit to enforce any obligation, condition or provision binding on the Bank 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 Bank shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.
- (c) The Trustee shall not be bound to take the action referred to in paragraph (a) or (b) above to enforce the obligations of the Bank in respect of the Trust Deed, the Notes or the Coupons unless (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or in writing by the holders of at least 25 per cent in principal amount of the Notes then outstanding and (ii) it shall have been indemnified to its satisfaction.
- (d) No Noteholder or Couponholder shall be entitled to institute any of the proceedings referred to in paragraph (a) or (b) above or to prove in the winding up of the Bank, except that if the Trustee, having become bound to proceed against the Bank 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 the winding up of the Bank to the same extent and in the same jurisdiction (but not further or otherwise) that the Trustee would have been entitled so to do in respect of his Notes and/or Coupons. No remedy against the Bank, other than the institution of the proceedings referred to in paragraph (a) or (b) above or proving in the winding up of the Bank, shall be available to the Trustee or the Noteholders or Couponholders whether for the recovery of amounts owing in respect of the Notes or the Coupons or under the Trust Deed or in respect of any breach by the Bank of any of its obligations under the Trust Deed, the Notes or the Coupons.

## 8. Prescription

Each Note and Coupon shall become void unless presented for payment within 12 years after the Relevant Date (as defined in Condition 6) in relation to payment thereof.

There shall not be included in any Coupon sheet issued on exchange of a talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 8 or Condition 5(c) or (d) or any talon which would be void pursuant to Condition 5(c) or (d).

## 9. Modification of Conditions, Waiver and Substitution

- (a) The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or the provisions of the Trust Deed, except that the provisions relating to subordination are not 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 the Notes, the rate of interest applicable thereto and the method of determining the Reset Rate) 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 principal amount of the Notes 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 principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented by them. Any resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not, and on all the Couponholders. The Trust Deed also provides for a resolution in writing signed by or on behalf of all the Noteholders to be as effective as if it were an Extraordinary Resolution duly passed at a meeting of the Noteholders.

- (b) The Trustee may agree, without the consent of the Noteholders or the Couponholders, to any modification of (subject to certain exceptions), or to any waiver or authorisation of any breach or proposed breach of any provision of, these Conditions or the Trust Deed which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or to any modification which is of a formal or technical nature or which is made to correct a manifest error.
- (c) The Trustee may also agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of a Subsidiary of the Bank in place of the Bank as principal debtor under the Trust Deed, the Notes and the Coupons, subject to the Notes and Coupons being, to the satisfaction of the Trustee, guaranteed by the Bank on a subordinated basis equivalent to that mentioned in Condition 2, and so that the claims of the Noteholders and the Couponholders may, in the case of the substitution of a banking Subsidiary of the Bank in place of the Bank, be subordinated to the rights of all or any other creditors of that Subsidiary. For this purpose, the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change in the law governing the Trust Deed and/or the Notes and/or the Coupons, provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders.

In connection with any proposed substitution as aforesaid, the Trustee shall not have regard to the consequences of such substitution for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.

- (d) Any such modification, waiver, authorisation or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

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

If a Note, Coupon or talon is mutilated, defaced, destroyed, stolen or lost it may, and shall, in the case of mutilation or defacement, upon the surrender of the mutilated or defaced Note, Coupon or talon, be replaced at the specified office of the Principal Paying Agent on payment of such costs as may be incurred in connection therewith and, in the case of destruction, theft or loss, on such terms as to evidence and indemnity as the Bank may reasonably require.

## **11. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Bank, the Holding Company or any other Subsidiary thereof without accounting for any profit resulting therefrom.

## **12. Further Issues**

The Bank is at liberty from time to time, without the consent of the Noteholders or the Couponholders, to create and issue further notes or bonds either ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the Notes or upon such terms as to interest, conversion, repayment and otherwise as the Bank may at the time of the issue thereof determine. Any further notes or bonds forming a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any Deed supplemental thereto shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a Deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

## **13. Notices**

All notices to the Noteholders will be valid if published in a leading national daily newspaper circulating in the United Kingdom (which is expected to be the *Financial Times*) and, if at any time such publication is not possible, in such other English language newspaper or newspapers circulating or published in Europe as the Bank, with the approval of the Trustee and the United Kingdom Listing Authority, shall determine. 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.

## **14. 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.

## **15. Governing Law**

Subject as mentioned in Condition 9, the Trust Deed, the Notes and the Coupons are governed by and will be construed in accordance with the law of England and the English courts have jurisdiction in connection with the Trust Deed, the Notes and the Coupons.

## USE OF PROCEEDS

The net proceeds of the issue of the New Notes are estimated to amount to £163,092,508.20 and will be used for the development and expansion of the business of the Bank and its subsidiaries and further to strengthen the capital base of the Bank.

## SUMMARY OF PROVISIONS RELATING TO THE NEW NOTES WHILE IN GLOBAL FORM

The New Notes will be represented initially by a Temporary Global Note in bearer form without Coupons or talons which will be deposited outside the United States with a common depository for Clearstream, Luxembourg and Euroclear on or about 2nd June, 2003. The Temporary Global Note will be exchangeable for interests in a Permanent Global Note in bearer form without Coupons or talons on or after a date which is expected to be 14th July, 2003 (the "Exchange Date") upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and as described in such Temporary Global Note. Upon deposit of a Global Note with a common depository for Clearstream, Luxembourg and Euroclear, Clearstream, Luxembourg and Euroclear will credit each subscriber with a principal amount of New 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 New Note represented by a Global Note must look solely to Clearstream, Luxembourg or Euroclear (as the case may be) for his share of each payment made by the Bank to the bearer of such Global Note, subject to and in accordance with the respective rules and procedures of Clearstream, Luxembourg or Euroclear (as the case may be).

The Global Notes will contain provisions applicable to the New 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 New Notes are represented by a Global 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 New Notes (in which regard any certificate or other document issued by Clearstream, Luxembourg and/or Euroclear as to the principal amount of such New 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 Bank, the Trustee and the Paying Agents as the holder of such principal amount of such New Notes for all purposes other than with respect to the payment of principal and interest on such principal amount of such New Notes, the right to which shall be vested, as against the Bank, the Trustee and the Paying Agents, solely in the bearer of the relevant Global 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 New Notes which are represented by a Global 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 Note or a Permanent Global Note will be paid to Clearstream, Luxembourg and/or Euroclear with respect to that portion of such Global Note which is held for its account (subject, in the case of a Temporary Global Note, to the certifications referred to 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 Note to the persons credited in its records with interests in such Global Note.

If any date on which a payment is due on the New Notes occurs prior to the Exchange Date, the relevant payment will be made on the relevant Temporary Global 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 referred to in the relevant Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system or depository) has been received by Clearstream, Luxembourg or Euroclear. Payment of amounts due in respect of the Permanent Global Note will be made through Clearstream, Luxembourg or Euroclear without any requirement for certification.

The holder of the Temporary Global Note shall not (unless, upon due presentation of such Temporary Global Note for exchange (in whole or in part) for interests in the relevant Permanent Global Note, 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 New Notes represented by such Temporary Global Note which falls due on or after the Exchange Date.

Interests in the Permanent Global Note will be exchangeable by the Bank (free of charge) in whole (but not in part only) for definitive bearer New Notes (a) 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 and no alternative clearing system satisfactory to the Trustee is available; or (b) if the Trustee is satisfied that, on the occasion of the next payment due in respect of the New Notes, the Bank or any of the Paying Agents would be required to make any deduction or withholding from any payment in respect of such New Notes which would not be required were such New Notes in definitive form. Thereupon (in the case of (a) above) the holder of the relevant Permanent Global Note (acting on the instructions of (a) holder(s) of an interest in the relevant Permanent Global Note) may give notice to the Bank, and (in the case of (b) above) the Bank may give notice to the Trustee and the Noteholders, of its intention to exchange the relevant Permanent Global Note for definitive New Notes on or after the Permanent Global Exchange Date (as defined below).

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

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

The cost of printing definitive New Notes will be borne by the Bank.

So long as the New Notes are represented in their entirety by one or more Global Notes and such Global Notes(s) is/are held on behalf of Clearstream, Luxembourg and/or Euroclear, notices to the Noteholders may be given by delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear, as appropriate, for communication by it/them to the Noteholders in substitution for publication as required by the Conditions of the Notes, subject to any applicable regulatory and stock exchange requirements. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after that on which the notice is given to Clearstream, Luxembourg and/or Euroclear.



## THE BANK AND THE GROUP

### **Business**

The Bank and its subsidiary undertakings (taken together, the “Group”) is an international financial services group engaged primarily in banking, investment banking and asset management. In terms of assets employed, it is one of the largest financial services groups in the United Kingdom. The Group also operates in many other countries around the world and is a leading provider of co-ordinated global services to multinational corporations and financial institutions in the world’s main financial centres. At 31st December, 2002, the total consolidated assets of the Group were £403,066 million, based on the audited balance sheet at that date. The whole of the issued ordinary share capital of the Bank is owned by Barclays PLC (“Barclays”) which is the ultimate holding company of the Group.

The profit before taxation of the Group in respect of the year ended 31st December, 2002 was £3,203 million after charging net provisions for bad and doubtful debts of £1,484 million. In 2001, the Group made a profit before taxation of £3,423 million after charging net provisions for bad and doubtful debts of £1,149 million.

### **Recent Development**

The Competition Commission published its report into the provision of banking services to small and medium sized enterprises (SMEs) on 14th March, 2002. The Bank and certain other banks have given undertakings to the Secretary of State for Trade and Industry and the Chancellor of the Exchequer regarding the implementation of the transitional pricing remedy contained in the Report. As a result, from 1st January, 2003 the Bank now offers each of its SME customers either interest on current accounts or free money transmission services or a choice between the two in accordance with the terms of such undertakings. Also, in October, 2002, the Bank agreed certain behavioural remedies with the Secretary of State and the Chancellor and is taking the necessary measures forward.

## Capitalisation and Indebtedness

The following table sets out the authorised and issued share capital of the Bank and the Group shareholders' funds and indebtedness and contingent liabilities as at 31st December, 2002:

	<i>As at 31st December, 2002 million</i>
<b>Share capital of the Bank</b>	
Authorised ordinary share capital – shares of £1 each	3,000
Authorised preference share capital – shares of U.S.\$0.01 each <sup>1</sup>	150
Ordinary shares – issued and fully paid	2,293
Preference shares – issued and fully paid <sup>1</sup>	0
	<i>£ million</i>
<b>Group shareholders' funds</b>	
<i>Equity</i>	
Issued and fully paid ordinary share capital	2,293
Share premium	5,603
Revaluation reserve	24
Profit and loss account	7,285
<b>Total shareholders' funds</b>	<b>15,205</b>
<b>Group indebtedness</b>	
<i>Loan capital</i>	
Undated loan capital – convertible to preference shares <sup>2</sup>	310
Undated loan capital – non-convertible <sup>2</sup>	6,368
Dated loan capital – non-convertible <sup>3</sup>	4,848
Dated loan capital – convertible to preference shares <sup>3</sup>	11
	11,537
<i>Debt securities in issue<sup>4</sup></i>	
Bonds and Medium Term Notes	45,885
<b>Total indebtedness</b>	<b>57,422</b>
<b>Total capitalisation and indebtedness</b>	<b>72,627</b>
<b>Contingent liabilities</b>	
Acceptances and endorsements	2,589
Guarantees and assets pledged as collateral security	16,043
Other contingent liabilities	7,914
	26,546

1 At 31st December, 2002, the Bank had U.S.\$1,500,000 of authorised preference share capital comprising 150 million preference shares of U.S.\$0.01 each. There were no preference shares in issue at 31st December, 2002.

2 See pages 19 and 21-22.

3 See pages 20-22.

4 £3,268 million was guaranteed but not secured, £3,741 million was secured but not guaranteed and the remainder was unguaranteed and unsecured.

Undated loan capital at 31st December, 2002 (Notes a and b)

£ million

The Bank:

6% Callable Perpetual Core Tier One Notes (Notes e and w)	400
6.86% Callable Perpetual Core Tier One Notes (U.S.\$1,000m) Notes e and w)	619
8.55% Step-up Callable Perpetual Reserve Capital Instruments (U.S.\$1,250m) (Notes e and x)	767
7.375% Step-up Callable Perpetual Reserve Capital Instruments (U.S.\$750m) (Notes e and x)	459
7.50% Step-up Callable Perpetual Reserve Capital Instruments (€850m) (Notes e and y)	545
Junior Undated Floating Rate Notes (U.S.\$121m) (Notes c and h)	75
Undated Floating Rate Primary Capital Notes Series 1 (U.S.\$358m) (Notes d and h)	222
Undated Floating Rate Primary Capital Notes Series 2 (U.S.\$442m) (Notes d and h)	274
Undated Floating Rate Primary Capital Notes Series 3 (Notes d and h)	145
8% Convertible Capital Notes, Series E (U.S.\$500m) (Notes d and p)	310
9.875% Undated Subordinated Notes (Notes d and q)	300
9% Permanent Interest Bearing Capital Bonds (Note d)	100
7.875% Undated Subordinated Notes (Notes d and r)	100
7.125% Undated Subordinated Notes (Notes d and s)	525
6.875% Undated Subordinated Notes (Notes d and t)	650
6.375% Undated Subordinated Notes (Notes d and u)	400
6.125% Undated Subordinated Notes (Notes d and v)	400
6.5% Undated Subordinated Notes (FRF 1,000m) (Notes d and i)	99
5.03% Reverse Dual Currency Undated Subordinated Loan (¥8,000m) (Notes d and j)	42
5% Reverse Dual Currency Undated Subordinated Loan (¥12,000m) (Notes d and j)	63

Woolwich plc:

9.25% Perpetual Subordinated Bonds (Notes f and z)	183
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6,678

Dated loan capital at 31st December, 2002 (Notes a, b and g)

£ million

The Bank:

Floating Rate Subordinated Notes 2003 (€55m) (Note h)	36
Subordinated Floating Rate Notes 2003 (€200m) (Notes h and o)	125
Subordinated Floating Rate Notes 2003 (¥8,000m) (Note h)	42
Floating Rate Unsecured Capital Loan Stock 2006 (Note h)	3
4.875% Step-Up Callable Subordinated Notes 2008 (FRF 1,000m) (Notes k and ae)	99
Floating Rate Subordinated Notes 2008 (ITL 250,000m) (Notes h and ad)	84
Subordinated Floating Rate Notes 2008 (U.S.\$250m) (Note h, o and af)	171
Subordinated Floating Rate Notes 2009 (U.S.\$60m) (Notes h and o)	41
Floating Rate Subordinated Step-up Callable Notes 2009 (U.S.\$550m) (Notes h and ab)	355
Floating Rate Subordinated Step-up Callable Notes 2009 (U.S.\$115m) (Notes h and o)	79
7.4% Subordinated Notes 2009 (U.S.\$400m)	248
Subordinated Fixed to CMS-Linked Notes 2009 (€31m) (Note h)	20
Floating Rate Subordinated Step-up Callable Notes 2009 (€150m) (Note h)	98
Variable Floating Rate Subordinated Notes 2009 (¥5,000m) (Note h)	26
12% Unsecured Capital Loan Stock 2010	25
Floating Rate Subordinated Step-up Callable Notes 2011 (U.S.\$100m) (Note h)	62
Floating Rate Subordinated Step-up Callable Notes 2011 (U.S.\$125m) (Note h)	78
Floating Rate Subordinated Notes 2011 (U.S.\$400m) (Note h)	248
5.75% Subordinated Notes 2011 (€1,000m)	651
Fixed/Floating Rate Subordinated Notes 2011 (¥5,000m) (Note l)	26
Floating Rate Subordinated Notes 2012 (Note h)	299
Callable Subordinated Floating Rate Notes 2012 (Note h)	44
Callable Subordinated Floating Rate Notes 2012 (U.S.\$150m) (Note h)	93
Floating Rate Subordinated Notes 2012 (U.S.\$100m) (Note h)	62
Capped Floating Rate Subordinated Notes 2012 (U.S.\$100m) (Note h)	62
5.5% Subordinated Notes 2013 (DM 500m) (Note m)	166
Floating Rate Subordinated Notes 2019 (€50m) (Note h)	33
Subordinated Floating Rate Notes 2021 (€100m) (Note h)	65
Subordinated Floating Rate Notes 2022 (€50m) (Note h)	33
5.75% Fixed Rate Subordinated Notes 2026	600
5.4% Reverse Dual Currency Subordinated Loan 2027 (¥15,000m) (Note n)	78
6.33% Subordinated Notes 2032	50
Subordinated Floating Rate Notes 2040 (€100m) (Note h)	65
Woolwich plc:	
5.25% Subordinated Notes 2011 (€250m)	152
Step up Callable Floating Rate Subordinated Bonds 2012 (Note h)	147
10.125% Subordinated Notes 2017 (Note aa)	121
9.5% Subordinated Bonds 2021	261
Barclays Bank of Botswana Limited (“BBB”):	
Subordinated Unsecured Floating Rate Capital Notes 2014 (BWP100m) (Note ac)	11

4,859

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 Bank, Woolwich plc or BBB, as appropriate, subject to, in the case of the Bank or Woolwich plc, any necessary prior approval of the Financial Services Authority and, in the case of BBB, the prior approval of the Bank of Botswana.
- (b) Loan capital in foreign currencies is expressed in sterling at the exchange rates per £1 prevailing on 31st December, 2002 being: U.S.\$1.6131; €1.5376 (the euro legacy currencies of French francs, Deutschmarks and Italian lire having been first converted to euro at the official respective legacy currency to euro exchange rate); Yen 191.5019; BWP 8.7899.
- (c) These Notes (the "Junior Notes") rank behind the claims against the Bank 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 Bank 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 Bank of the holders of the Undated Notes and Loans.
- (f) These Bonds rank behind the claims against Woolwich plc of its depositors and other unsecured unsubordinated creditors and holders of its dated loan capital.
- (g) The dated loan capital of the Bank, Woolwich plc and BBB has been issued on the basis that the claims thereunder are subordinated to the respective claims of their depositors and other unsecured unsubordinated creditors.
- (h) These Notes bear interest at rates fixed periodically in advance based on London or European interbank 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 2003. 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.
- (l) 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.
- (m) 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.
- (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) The Bank has swapped the proceeds of these Notes for sterling under swaps the durations of which will match the respective terms of the Notes. The payment obligations of the Bank under these swaps are subordinated so that the claims against the Bank in respect of the swaps rank *pari passu* with claims against the Bank in respect of its dated loan capital. The sterling values of these Notes in the figures set out above take into account these subordinated swaps.
- (p) These Notes are convertible, at the option of the Bank, into 40,000,000 Non-cumulative Dollar-denominated Preference Shares, Series E of the Bank; at the date of this document no Series E Notes have been so converted.
- (q) These Notes are redeemable at the option of the Bank 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.
- (r) These Notes are redeemable at the option of the Bank up to and including October, 2003 and on every tenth anniversary thereafter. In the event that the Notes are not redeemed by October, 2003, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 10 years.
- (s) These Notes are redeemable at the option of the Bank 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.
- (t) These Notes are redeemable at the option of the Bank 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.
- (u) These Notes are redeemable at the option of the Bank in 2017 and on every fifth anniversary thereafter. In the event that the Notes are not redeemed, the coupon will reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (v) These Notes are redeemable at the option of the Bank in 2027 and on every fifth anniversary thereafter. In the event that the Notes are not redeemed, the coupon will reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (w) 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.
- (x) 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.
- (y) 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.
- (z) These Bonds are redeemable at the option of Woolwich plc 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.
- (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) The Bank has swapped U.S.\$200 million of the proceeds of these Notes for sterling under a swap the duration of which matches the term of the Notes. The payment obligations of the Bank under this swap are subordinated so that the claims against the Bank in respect of this swap rank *pari passu* with claims against the Bank 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.
- (ac) 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.
- (ad) These Notes were redeemed on 25th March, 2003.
- (ae) These Notes were redeemed on 1st April, 2003.
- (af) These Notes were redeemed on 23rd May, 2003.

On 10th March, 2003, the Bank issued £65,000,000 6.375% Undated Subordinated Notes. On 11th March, 2003 the Bank issued U.S.\$750,000,000 Floating Rate Subordinated Notes due 2013. On 26th March, 2003 the Bank swapped U.S.\$350 million of the proceeds of its issue of U.S.\$550 million Floating Rate Subordinated Step-Up Callable Notes 2009 for sterling (£222 million) under a swap, the duration of which will match the term of the Notes. The payment obligations of the Bank under this swap are subordinated so that the claims against the Bank in respect of this swap rank *pari passu* with claims against the Bank in respect of its dated loan capital. On 31st March, 2003 the Bank issued €750,000,000 4.875% Subordinated Notes due 2013. On 15th April, 2003 the Bank issued €115,500,000 Floating Rate Subordinated Notes due 2005. On 23rd April, 2003 the Bank issued €300,000,000 Floating Rate Subordinated Notes due 2005. On 30th April, 2003 the Bank announced it is giving notice to redeem all of its outstanding U.S.\$500,000,000 8% Convertible Capital Notes, Series E on 1st June, 2003. On 9th May, 2003 Barclays Bank Zambia PLC issued ZMK 30,000,000,000 Subordinated Unsecured Floating Rate Notes due 2015. Save as mentioned in this paragraph and in Notes (ad) to (af) above, there has been no material change in the undated loan capital and dated loan capital of the Group since 31st December, 2002.

## Directors

The Directors of the Bank, each of whose business address is 54 Lombard Street, London EC3P 3AH, their function(s) 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>
Sir Peter Middleton GCB	Chairman	Deputy Chairman, United Utilities PLC
Matthew Barrett	Group Chief Executive	—
Christopher Lendrum	Group Executive Director	—
John Varley	Group Finance Director	—
Sir Brian Jenkins GBE	Deputy Chairman, Non-Executive Director	Chairman, Charities Aid Foundation
David Arculus	Non-Executive Director	Chairman, Severn Trent plc
Hilary Cropper CBE	Non-Executive Director	Chairman, Xansa PLC
Professor Sandra Dawson	Non-Executive Director	KPMG Professor of Management Studies at the University of Cambridge
Sir Nigel Rudd DL	Non-Executive Director	Chairman, Kidde PLC, Chairman, Pilkington PLC, Chairman, Pendragon PLC, Deputy Chairman, Boots Group PLC
Stephen Russell	Non-Executive Director	Chief Executive, Boots Group PLC
Dr Jürgen Zech	Non-Executive Director	—

Stephen Russell will relinquish his role as Chief Executive and leave the Board of Boots Group PLC on 31st May, 2003 and Sir Nigel Rudd will be appointed as Chairman of Boots Group PLC, effective from 15th September, 2003.

## Financial Statements

The financial statements set out on this page and page 24 have been extracted without material adjustment from the audited consolidated accounts of the Group for the year ended 31st December, 2002. The annual accounts of the Bank for the last three years have been audited.

### Consolidated Profit and Loss Accounts

	<i>Year ended</i>	
	<i>31st December,</i>	
	<i>2002</i>	<i>2001</i>
	<i>(audited)</i>	
	<i>£m</i>	<i>£m</i>
Interest receivable:		
Interest receivable and similar income arising from debt securities	2,030	2,383
Other interest receivable and similar income	10,014	11,075
	<u>12,044</u>	<u>13,458</u>
Interest payable	(5,839)	(7,492)
Net interest income	6,205	5,966
Fees and commissions receivable	4,454	4,202
Less: fees and commissions payable	(529)	(465)
Dealing profits	833	1,011
Other operating income	364	428
Operating income	<u>11,327</u>	<u>11,142</u>
Administration expenses – staff costs	(3,757)	(3,716)
Administration expenses – other	(2,312)	(2,303)
Depreciation and amortisation	(557)	(537)
Operating expenses	<u>(6,626)</u>	<u>(6,556)</u>
<b>Operating profit before provisions</b>	<u>4,701</u>	<u>4,586</u>
Provisions for bad and doubtful debts	(1,484)	(1,149)
Provisions for contingent liabilities and commitments	(1)	(1)
Provisions	<u>(1,485)</u>	<u>(1,150)</u>
<b>Operating profit</b>	3,216	3,436
Loss from joint ventures	(5)	(1)
Loss from associated undertakings	(5)	(8)
(Loss)/profit on disposal of other Group undertakings	(3)	(4)
<b>Profit on ordinary activities before tax</b>	3,203	3,423
Tax on profit on ordinary activities	(955)	(943)
<b>Profit on ordinary activities after tax</b>	2,248	2,480
Minority interests – equity	(20)	(31)
<b>Profit for the financial year attributable to the members of Barclays Bank PLC</b>	2,228	2,449
Dividends payable to Barclays PLC	(1,798)	(1,317)
Dividends payable to preference shareholders	—	(5)
<b>Profit retained for the financial year</b>	<u>430</u>	<u>1,127</u>

## Consolidated Balance Sheets

	<i>Year ended</i> <i>31st December,</i> <b>2002</b> <b>2001</b> <i>(audited)</i>	
	<i>£m</i>	<i>£m</i>
<b>Assets:</b>		
Cash and balances at central banks	2,032	1,281
Items in course of collection from other banks	2,335	2,444
Treasury bills and other eligible bills	7,645	7,417
Loans and advances to banks – banking	15,369	12,196
– trading	42,805	35,693
	58,174	47,889
Loans and advances to customers – banking	157,222	146,253
– trading	45,176	34,240
	202,398	180,493
Debt securities	94,229	78,924
Equity shares	3,133	3,118
Interests in joint ventures – share of gross assets	242	230
– share of gross liabilities	(184)	(174)
	58	56
Interests in associated undertakings	397	32
Intangible fixed assets	3,934	4,091
Tangible fixed assets	1,626	1,958
Other assets	16,839	18,186
Prepayments and accrued income	2,982	2,553
	395,782	348,442
Retail life-fund assets attributable to policyholders	7,284	8,170
<b>Total assets</b>	<b>403,066</b>	<b>356,612</b>
<b>Liabilities:</b>		
Deposits by banks – banking	48,751	45,837
– trading	38,683	21,543
	87,434	67,380
Customer accounts – banking	144,078	139,863
– trading	27,420	23,984
	171,498	163,847
Debt securities in issue	45,885	41,846
Items in course of collection due to other banks	1,416	1,550
Other liabilities	56,564	42,930
Balances due to Barclays PLC	104	46
Accruals and deferred income	4,352	4,377
Provisions for liabilities and charges – deferred tax	461	616
Provisions for liabilities and charges – other	486	562
Dividend payable to Barclays PLC	684	682
<b>Subordinated liabilities:</b>		
Undated loan capital: convertible to preference shares	310	345
Undated loan capital: non-convertible	6,368	4,709
Dated loan capital: non-convertible	4,848	4,933
Dated loan capital – convertible to preference shares	11	—
	380,421	333,823
<b>Minority interests and shareholders' funds:</b>		
Minority interests – equity	156	134
Called up share capital	2,293	2,286
Share premium account	5,603	5,475
Revaluation reserve	24	30
Profit and loss account	7,285	6,694
Shareholders' funds – equity and non-equity	15,205	14,485
	15,361	14,619
	395,782	348,442
Retail life-fund liabilities to policyholders	7,284	8,170
<b>Total liabilities and shareholders' funds</b>	<b>403,066</b>	<b>356,612</b>



## UNITED KINGDOM TAXATION

*The following is a summary of the current United Kingdom taxation treatment of the New Notes. It is not exhaustive. It relates only to the position of persons who are the absolute beneficial owners of the New Notes and may not apply to certain classes of Noteholders, such as dealers in securities. Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers.*

### **Withholding Tax**

1. All payments of interest on the New Notes can be paid gross provided that, at the time of the payment, the New Notes are listed on a recognised stock exchange, as defined in Section 841 of the Income and Corporation Taxes Act 1988 (“ICTA”). The London Stock Exchange is a recognised stock exchange for these purposes, and under an Inland Revenue published practice, securities will be treated as listed on the London Stock Exchange if they are admitted to the Official List by the United Kingdom Listing Authority and are admitted to trading on the London Stock Exchange. The United Kingdom Inland Revenue may obtain information about the identity of the payee or person entitled to the interest on the New Notes from persons in the United Kingdom paying such interest to or receiving such interest on behalf of another person and, in certain circumstances, may exchange taxpayer information with the tax authorities of other jurisdictions.
2. The interest on the New Notes will have a United Kingdom source and, accordingly, subject as set out below, may be chargeable to United Kingdom tax by direct assessment even if paid without withholding or deduction. However, such interest received without deduction or withholding is not chargeable to United Kingdom tax in the hands of a Noteholder who is not resident for tax purposes in the United Kingdom unless the Noteholder carries on a trade, profession or vocation in the United Kingdom through a branch or agency in the United Kingdom in connection with which the interest or profit is received or to which the New Notes are attributable. There are certain exceptions for income received by specified categories of agent (such as some brokers and investment managers).
3. If interest on the New Notes were to be paid under deduction of United Kingdom income tax (which would generally be the case (subject to any applicable exemptions or reliefs which might be obtained pursuant to an applicable double taxation treaty) if the New Notes were to cease to be listed on a recognised stock exchange), 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 an applicable double taxation treaty.
4. The provisions relating to additional payments referred to in Condition 6 of “Conditions of the Notes” would not apply if the Inland Revenue sought to assess the person entitled to the relevant interest on any New Note directly to United Kingdom income tax. However, exemption from or reduction of such United Kingdom tax liability might be available under an applicable double taxation treaty.

### **Holders within the Charge to United Kingdom Corporation Tax**

5. For corporate Noteholders within the charge to United Kingdom corporation tax, New Notes will constitute “qualifying corporate bonds” within section 117 of the Taxation of Chargeable Gains Act 1992. Such corporate Noteholders will normally recognise any gain or loss for corporation tax purposes under the “loan relationship” rules in the Finance Act 1996. Under these rules, all interest, profits, gains and losses, measured and recognised in accordance with an authorised accruals or mark to market basis of accounting method, are taxed or relieved as income.

### **Holders not within the Charge to United Kingdom Corporation Tax**

6. The New Notes are “qualifying corporate bonds”. Accordingly a disposal or redemption of New Notes by a Noteholder who is not within the charge to United Kingdom corporation tax and who is a United Kingdom taxpayer will not give rise to a chargeable gain or an allowable loss for United Kingdom capital gains tax purposes.
7. A transfer of New Notes by a non-corporate Noteholder who is resident or ordinarily resident in the United Kingdom or who carries on a trade in the United Kingdom through a branch or agency to which the New Notes are attributable may give rise to a charge to United Kingdom income tax in respect of an amount representing interest on the New Notes which has accrued since the preceding Interest

Payment Date under the provisions of the “accrued income scheme” (the “Scheme”). The New Notes will be variable rate securities within the meaning of section 717 of ICTA. Accordingly, on a transfer of a New Note, an amount of interest which is just and reasonable will be treated as accrued income under the Scheme. However, the transferee will not be entitled to any relief for that amount under the Scheme.

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

On 21st January, 2003, the European Council of Economics and Finance Ministers (**ECOFIN**) agreed, in implementation of the conclusions of the ECOFIN meeting of 26th-27th November, 2000, on proposals under which, with effect from 1st January, 2005, Member States will be required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within their respective jurisdictions to an individual resident in that other Member State, except that, for a transitional period only, Belgium, Luxembourg and Austria will instead be required to operate a withholding system in relation to such payments (the transitional period being related to the conclusion (on the basis of unanimity) of certain other agreements relating to information exchange with certain other countries). The rate of withholding will be 15 per cent for the first three years of the transitional period beginning on 1st January, 2005, 20 per cent as from 1st January, 2008 and 35 per cent as from 1st January, 2011. The final text of the Directive to implement the proposals has yet to be adopted, and so the above may be subject to change.

## SUBSCRIPTION AND SALE

Under a Subscription Agreement entered into with the Bank on 29th May, 2003 Barclays Bank PLC, Citigroup Global Markets Limited, Goldman Sachs International, J.P. Morgan Securities Ltd., Merrill Lynch International and Morgan Stanley & Co. International Limited (each a “Manager” and together the “Managers”) have agreed to subscribe for the New Notes at the issue price of 108.617 per cent of their principal amount plus an amount equal to 44 days’ accrued interest thereon. The Bank has agreed to pay to the Managers a combined management and underwriting commission of 0.625 per cent of such principal amounts and to reimburse the Managers for certain of their expenses. The Subscription Agreement is subject to termination in certain circumstances prior to payment to the Bank.

### *United States of America*

The New Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

New 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 U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver New Notes (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Subscription Agreement), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells New Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of New 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 New Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### *United Kingdom*

Each Manager has represented and agreed that:

- (1) it has not offered or sold and will not offer or sell any New Notes to persons in the United Kingdom prior to admission of such New 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 Public Offers of Securities Regulations 1995, as amended, or the FSMA;
- (2) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any New Notes in circumstances in which Section 21(1) of the FSMA would not, if the Bank was not an authorised person, apply to the Bank; and
- (3) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Notes in, from or otherwise involving the United Kingdom.

### *General*

Each Manager has represented and agreed that it will only sell New Notes in compliance with the laws and regulations in any jurisdiction applicable to such sale.

## GENERAL INFORMATION

1. The listing of the New Notes on the Official List will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that admission of the New Notes to the Official List and to trading on the London Stock Exchange's market for listed securities will be granted on 3rd June, 2003 subject only to the issue of the Temporary Global Note. If the Temporary Global Note is not issued as mentioned in this document, the issue of the New Notes may be cancelled. Prior to official listing, however, dealings in New Notes will be permitted by the London Stock Exchange in accordance with its rules.
2. The New Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems with a Common Code of 16875856. The ISIN code for the New Notes is XS0168758562. Pending delivery of the New Notes in a definitive form, a record of transactions in the New Notes will be kept by Clearstream, Luxembourg and/or Euroclear. From and including the Exchange Date, which is expected to be 14th July, 2003, the Notes will have a Common Code of 14587551 and an ISIN Code of XS0145875513.
3. All New Notes, Coupons and talons will carry a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code". The sections referred to in such legend provide that United States persons, with certain exceptions, will not be entitled to deduct any loss, and will not be entitled to capital gains treatment with respect to any gain, realised on any sale, exchange or redemption of a New Note, Coupon or talon.
4. Proceedings have been brought in the United States against a number of defendants including Barclays following the collapse of Enron. In each case the claims are against groups of defendants and it is not possible to estimate Barclays' possible loss, if any, in relation to them. Barclays considers the claims against it to be without merit and is defending them vigorously. Barclays does not expect the ultimate resolution of the Enron related claims to have a significant adverse effect on the financial position or profitability of the Group.

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 months preceding the date of this document, a significant effect on the Group's financial position nor, so far as the Bank is aware, are any such proceedings pending or threatened.

5. Save as otherwise disclosed herein, there has been no significant change in the financial or trading position of the Bank or the Group since 31st December, 2002 and there has been no material adverse change in the financial position or prospects of the Bank or the Group since 31st December, 2002.
6. No optional redemption or purchase by the Bank or any of its subsidiaries for cancellation of the New Notes will be made by the Bank without the prior consent of the Financial Services Authority.
7. The information contained in this document does not constitute statutory accounts (within the meaning of section 240 of the Companies Act 1985 (the "Companies Act")). The annual consolidated accounts of the Bank and its subsidiaries for the year ended 31st December, 2002 have been audited by PricewaterhouseCoopers LLP, chartered accountants and registered auditors, and the two years ended 31st December, 2001 and 31st December, 2000 have been audited by PricewaterhouseCoopers, chartered accountants and registered auditors. All three of these accounts contained unqualified audit reports under Section 235 of the Companies Act. Copies of such statutory accounts have been delivered to the Registrar of Companies in England and Wales in accordance with Section 242 of the Companies Act. The report of PricewaterhouseCoopers LLP dated 12th February, 2003 in respect of the Bank and its subsidiaries for the year ended 31st December, 2002 states that the report, including the opinion, has been prepared for and only for the members of the Bank, as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose, and that PricewaterhouseCoopers LLP did not, in giving their opinion, accept or assume responsibility for any other purpose or to any other person to whom the report is shown or into whose hands the report may come save where expressly agreed by PricewaterhouseCoopers LLP's prior consent in writing.

8. Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the office of the legal Adviser to the Bank, Lovells, currently at Atlantic House, Holborn Viaduct, London, EC1A 2FG and at the office of the Principal Paying Agent, currently at One Canada Square, London E14 5AL for a period of 14 days from the date hereof:
- (i) the Memorandum and Articles of Association of the Bank;
  - (ii) the Annual Report and Accounts of the Bank and its subsidiaries for the years ended 31st December, 2001 and 2002;
  - (iii) the Subscription Agreement;
  - (iv) the principal Trust Deed dated 2nd July, 1985 constituting the Series 1 Notes (as defined in the Conditions of the Notes), the First Supplemental Trust Deed dated 14th February, 1986 and the Second Supplemental Trust Deed dated 4th September, 1989 together constituting the Series 2 Notes (as defined in the Conditions of the Notes), the Third Supplemental Trust Deed dated 16th October, 1989 constituting the Series 3 Notes (as defined in the Conditions of the Notes), the Fourth Supplemental Trust Deed dated 28th September, 1990 modifying the provisions of the First Supplemental Trust Deed and the Second Supplemental Trust Deed, the Fifth Supplemental Trust Deed dated 12th May, 1993 and the Sixth Supplemental Trust Deed dated 25th June, 1993 together constituting the 9.875 per cent Notes (as defined in the Conditions of the Notes), the Seventh Supplemental Trust Deed dated 11th October, 1993 constituting the Permanent Capital Bonds (as defined in the Conditions of the Notes), the Eighth Supplemental Trust Deed dated 20th October, 1993 constituting the 7.875 per cent Notes (as defined in the Conditions of the Notes), the Ninth Supplemental Trust Deed dated 7th July, 1997 constituting the 6.5 per cent Notes (as defined in the Conditions of the Notes), the Tenth Supplemental Trust Deed dated 27th February, 1998 constituting the 5.03 per cent Notes (as defined in the Conditions of the Notes), the Eleventh Supplemental Trust Deed dated 29th May, 1998 constituting the 5 per cent Notes (as defined in the Conditions of the Notes), the Twelfth Supplemental Trust Deed dated 24th October, 2000 and the Fourteenth Supplemental Trust Deed dated 21st May, 2001 together constituting the 7.125 per cent Notes (as defined in the Conditions of the Notes), the Thirteenth Supplemental Trust Deed dated 27th November, 2000 and the Fifteenth Supplemental Trust Deed dated 21st May, 2001 together constituting the 6.875 per cent Notes (as defined in the Conditions of the Notes), the Sixteenth Supplemental Trust Deed dated 19th April, 2002 constituting the Existing Notes, the Seventeenth Supplemental Trust Deed dated 19th April, 2002 and the Eighteenth Supplemental Trust Deed dated 10th March, 2003 together constituting the 6.375 per cent Notes;
  - (v) a draft, subject to amendment, of the Nineteenth Supplemental Trust Deed to constitute the New Notes, including the forms of New Notes, Coupons and talons;
  - (vi) a draft, subject to amendment, of the agency agreement in relation to the New Notes; and
  - (vii) the agency agreement dated 19th April, 2002 in relation to the Existing Notes.

**SECRETARY AND REGISTERED  
OFFICE OF THE BANK**

**L. Dickinson**  
54 Lombard Street  
London EC3P 3AH

**TRUSTEE FOR THE NOTEHOLDERS**

**Phoenix Assurance Public Limited Company**  
c/o its attorney Capita Trust Company Limited  
Guildhall House  
81/87 Gresham Street  
London EC2V 7QE

**AUDITORS OF THE BANK**

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

**LEGAL ADVISERS**

*To the Bank*  
**Lovells**  
Atlantic House  
Holborn Viaduct  
London EC1A 2FG

*To the Managers*  
**Linklaters**  
One Silk Street  
London EC2Y 8HQ

*To the Trustee*  
**Allen & Overy**  
One New Change  
London EC4M 9QQ

**PRINCIPAL PAYING AGENT AND AGENT BANK**

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

**PAYING AGENT**

**The Bank of New York**  
Avenue des Arts, 35  
Kunstlaan  
B-1040 Brussels  
Belgium

**AUTHORISED ADVISER**

**Barclays Capital**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB



