



BARCLAYS BANK PLC
(incorporated with limited liability in England)

€1,400,000,000

4.75 per cent. Non-Cumulative Callable Preference Shares
Issue Price: €9,911.80 per Preference Share

The €1,400,000,000 in aggregate value of 4.75 per cent. Non-cumulative Callable Preference Shares (the “**Preference Shares**”) of Barclays Bank PLC (the “**Issuer**”) will have a nominal value of €100 each and will be issued at the Issue Price of €9,911.80 per Preference Share fully paid for cash. Dividends will accrue on a principal amount equal to €10,000 per Preference Share at a rate of 4.75 per cent. per annum in respect of the period from (and including) 15th March, 2005 (the “**Issue Date**”) to (but excluding) 15th March, 2020, and at a rate reset quarterly equal to 0.71 per cent. per annum above the euro interbank offered rate for three-month euro deposits thereafter. Dividends will be paid annually in arrear on 15th March in each year in the period from (and including) the Issue Date to (but excluding) 15th March, 2020. From (and including) 15th March, 2020, dividends will be paid in quarterly instalments in arrear on 15th March, 15th June, 15th September and 15th December in each year, all as more particularly described under “Description of the Preference Shares”.

The Board of Directors of the Issuer may decide not to declare or pay dividends on the Preference Shares as described in “Description of the Preference Shares – 2. Dividends”, but in such event neither the Issuer nor Barclays PLC may declare or pay a dividend (other than a final dividend declared by Barclays PLC before the relevant Dividend Payment Date (as defined in “Description of the Preference Shares”) or an intra-group dividend) on any of their respective ordinary shares, other preference shares or other share capital or redeem, purchase, reduce or otherwise acquire any of their respective share capital, other than shares held intra-group, until the Issuer next makes a dividend payment in respect of the Preference Shares or all the Preference Shares are redeemed or purchased by the Issuer.

The Preference Shares are redeemable (at the option of the Issuer) in whole, but not in part only, on 15th March, 2020 and on each Dividend Payment Date thereafter. Under existing United Kingdom Financial Services Authority (“**FSA**”) requirements, the Issuer may not redeem or purchase any Preference Shares without the FSA’s prior consent.

The Preference Shares will rank equally among themselves and in priority to ordinary shares in the capital of the Issuer. A summary of the rights attaching to the Preference Shares is set out under “Description of the Preference Shares” on pages 10 to 16 of this Offering Circular.

For a description of certain matters that prospective investors should consider carefully prior to an investment in the Preference Shares, see “Investment Considerations” on pages 7 to 9 of this Offering Circular.

Application has been made to list the Preference Shares on the Luxembourg Stock Exchange.

Barclays Capital

Credit Suisse First Boston			JPMorgan Cazenove	
Citigroup	Goldman Sachs International	Merrill Lynch International	Morgan Stanley	UBS Investment Bank
Danske Bank	Deutsche Bank	Rabobank International	EFG Eurobank Ergasias S.A.	RZB–Austria Raiffeisen Zentralbank Österreich AG

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

In connection with the offering of the Preference Shares (the “**Offering**”), no person is authorised to give any information or to make any representation not contained in this document and neither the Issuer nor the Managers (as defined in “The Offering” on page 30) accept responsibility for any such information or representation. This document does not constitute an offer of, or an invitation to subscribe for, the Preference Shares.

The distribution of this document and the offering or sale of the Preference Shares in certain jurisdictions may be restricted by law. See “The Offering” on pages 30 to 32 for a description, *inter alia*, of certain restrictions on offers and sales of the Preference Shares in the United States or to U.S. persons.

The Preference Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended.

The Preference Shares will, following their initial issue, be in bearer form and will be represented by a single share warrant to bearer in respect of all the Preference Shares (the “**Temporary Global Preference Share**”) which will be held outside the United States by The Bank of New York, London branch as common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) as from the Issue Date. The Temporary Global Preference Share will be exchanged by the common depositary for definitive Preference Shares, each in the form of a share warrant to bearer representing one Preference Share with a nominal value of €100 and a principal amount of €10,000, on or after a date which is expected to be 16th May, 2005.

Investors should satisfy themselves that they understand all the risks associated with making investments in the nature of the Preference Shares. The Preference Shares are only suitable for financially sophisticated investors who are capable of evaluating the risks involved in investing in the Preference Shares.

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

The following documents (and any documents referred to therein) are hereby incorporated by reference into, and form part of, this Offering Circular:

- the Issuer’s Annual Report and Accounts for the year ended 31st December, 2004; and
- the interim report of Barclays PLC and the Issuer, as filed with the U.S. Securities and Exchange Commission on Form 6-K on 9th September, 2004.

TABLE OF CONTENTS

	<i>Page</i>
Summary of the Offering	4
Investment Considerations	7
Description of the Preference Shares.....	10
Use of Proceeds	17
The Issuer and the Group	18
United Kingdom Taxation.....	28
The Offering	30
Summary of Certain Provisions of the Articles of Association of the Issuer	33
Supplemental Information	37

SUMMARY OF THE OFFERING

The following summary is qualified by the more detailed information contained elsewhere in this document. Capitalised terms used in this section have the same meaning as set out in paragraph 13 of “Description of the Preference Shares”.

Issuer of the Preference Shares	Barclays Bank PLC.
The Offering	140,000 Preference Shares of the Issuer, each with a nominal value of €100.
Issue Price	€9,911.80 per Preference Share.
Preference Share Dividends	Non-cumulative preferential dividends will accrue on the Preference Shares at a rate of 4.75 per cent. per annum on a principal amount equal to €10,000 per Preference Share from (and including) the Issue Date to (but excluding) 15th March, 2020, and will be payable annually in arrear on 15th March in each year. From (and including) 15th March, 2020, non-cumulative preferential dividends will accrue on the Preference Shares at a rate, reset quarterly, of 0.71 per cent. per annum above the euro interbank offered rate for three-month euro deposits, and will be payable in quarterly instalments in arrear on 15th March, 15th June, 15th September and 15th December in each year. Dividends are payable at the discretion of the Board. Dividends will be paid only to the extent that payment of the same can be made out of profits of the Issuer available for distribution and permitted by law to be distributed as at each Dividend Payment Date. The Board may in its discretion decide that a dividend will not be declared at all or will be declared only in part even when distributable profits are available for distribution. If the Board decides not to declare a dividend payable on a Dividend Payment Date or declares that it shall be payable only in part, then the rights of holders of the Preference Shares to receive the dividend in respect of the preceding Dividend Period will be lost either entirely or as to the part not declared, as applicable, and the Issuer will have no obligation in respect of the amount of dividend not declared either to pay the dividend accrued for such period or to pay interest thereon, whether or not dividends on the Preference Shares are declared for any future Dividend Period. Holders of the Preference Shares will rank as regards participation in the profits of the Issuer <i>pari passu</i> with each other, in priority to holders of the ordinary shares of the Issuer and otherwise as provided in “Description of the Preference Shares – 2. Dividends” on page 10 below.
Dividend Restriction	If the dividend is not paid in full on any Preference Shares on any Dividend Payment Date, then the Dividend Restriction shall apply. This Dividend Restriction will mean that neither the Issuer nor Barclays PLC may (a) declare or pay a dividend (other than payment by Barclays PLC of a final dividend declared by its shareholders prior to the relevant Dividend Payment Date, or a dividend paid by the Issuer to Barclays PLC or to a wholly-owned Subsidiary) on any of their respective ordinary shares, other preference shares or other share capital or (b) redeem, purchase, reduce or otherwise acquire any of their respective share capital, other than shares of the Issuer held by Barclays PLC or a wholly-owned Subsidiary, until the earlier of (1) the date on which the Issuer next declares and pays in full a Preference Dividend and (2) the

date on or by which all the Preference Shares are redeemed in full or purchased by the Issuer.

Barclays PLC will enter into a deed of covenant on the date of issue of the Preference Shares for the benefit of the holders of the Preference Shares from time to time which will set out the terms of the Dividend Restriction as applicable to Barclays PLC. The Issuer is a wholly-owned subsidiary of Barclays PLC.

Redemption

The Preference Shares are perpetual securities and have no maturity date. However, the Preference Shares are redeemable in whole, but not in part only, at the option of the Issuer, subject to the prior consent of the FSA (if required), on 15th March, 2020 or any Dividend Payment Date thereafter at a price equal to the aggregate of €10,000 and any dividends accrued for the then current Dividend Period.

Winding-up

On a winding-up or other return of capital (other than a redemption or purchase of shares of the Issuer, or a reduction of share capital), a holder of Preference Shares will rank in the application of the assets of the Issuer available to shareholders (1) junior to the holder of any shares of the Issuer in issue ranking in priority to the Preference Shares, (2) equally in all respects with holders of other preference shares and any other shares of the Issuer in issue ranking *pari passu* with the Preference Shares and (3) in priority to the holders of ordinary shares and any other shares of the Issuer in issue ranking junior to the Preference Shares.

The holders of the £400 million 6% Callable Perpetual Core Tier One Notes and the U.S.\$1,000 million 6.86% Callable Perpetual Core Tier One Notes of the Issuer (together, the “TONs”) and the holders of the U.S.\$1,250 million 8.55% Step-up Callable Perpetual Reserve Capital Instruments, the U.S.\$750 million 7.375% Step-up Callable Perpetual Reserve Capital Instruments and the €850 million 7.50% Step-up Callable Perpetual Reserve Capital Instruments of the Issuer (together, the “RCIs”) would, for the purposes only of calculating the amounts payable in respect of such securities on a winding-up of the Issuer, subject to limited exceptions and to the extent that the TONs and the RCIs are then in issue, rank pari passu with the holders of the most senior class or classes of preference shares then in issue in the capital of the Issuer. Accordingly, the holders of the Preference Shares would rank equally with the holders of such TONs and RCIs on such a winding-up of the Issuer (unless one or more classes of shares of the Issuer ranking in priority to the Preference Shares are in issue at the time of such winding-up, in which event the holders of such TONs and RCIs would rank equally with the holders of such shares and in priority to the holders of the Preference Shares).

Subject to such ranking, in such event holders of the Preference Shares will be entitled to receive out of the assets of the Issuer available for distribution to shareholders, liquidating distributions in the amount of €10,000 per Preference Share plus an amount equal to the accrued dividend for the then current Dividend Period to the date of the commencement of the winding-up or other such return of capital.

Issue of Prior-ranking Shares

The Issuer is not permitted to create any class of shares ranking as regards participation in the profits or assets of the Issuer in priority to the Preference Shares, save with the sanction of a special resolution of a separate general meeting of the holders of the Preference Shares (requiring a majority of not less than three-fourths of the holders of the Preference Shares voting at the separate general meeting), or with the consent in writing of the holders of three-fourths of the Preference Shares.

Meetings of Preference Shareholders	Any separate general meeting of Preference Shareholders shall be convened and conducted in all respects as nearly as possible in the same way as an extraordinary general meeting of the Issuer, except as specifically provided by the Articles. The quorum at any such meeting shall be persons holding or representing by proxy at least one-third of the issued Preference Shares then outstanding but so that if at any adjourned meeting a quorum as so defined is not present, any two holders of the Preference Shares present in person or by proxy shall be a quorum.
Voting Rights	Holders of Preference Shares will not be entitled to vote at general meetings of the Issuer.
Form and Settlement	The Preference Shares will, following their initial issue, be represented by the Temporary Global Preference Share which will be deposited with and held by The Bank of New York, London branch, as common depositary for Euroclear and Clearstream, Luxembourg on or about the Issue Date. The Temporary Global Preference Share will be exchanged by the Common Depositary for definitive Preference Shares, each in the form of a share warrant to bearer representing one Preference Share with a nominal value of €100 and a principal amount of €10,000, on or after a date which is expected to be 16th May, 2005. The ISIN number for the Preference Shares is XS0214398199 and the Common Code is 021439819.
Listing	Luxembourg Stock Exchange.
Governing Law	English.
Principal Paying Agent and Paying Agent	The Bank of New York, London branch will be the Principal Paying Agent and The Bank of New York, Luxembourg branch will be the Paying Agent pursuant to an agreement to be dated the Issue Date between the Issuer, the Principal Paying Agent and the Paying Agent (the “Agency Agreement”).
Expected Ratings of the Preference Shares	The expected ratings of the Preference Shares are A+ (Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc.), Aa3 (Moody’s Investors Service, Inc.) and AA (Fitch Ratings). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revisions, suspension or withdrawal at any time by the relevant rating organisation.

INVESTMENT CONSIDERATIONS

Prospective investors in the Preference Shares should carefully consider the following information in conjunction with the other information included in this document. Capitalised terms used in this section have the same meaning as set out in paragraph 13 of “Description of the Preference Shares”.

Deferral by the Issuer of coupon payments on certain other securities issued by it may prevent both the payment by the Issuer of dividends on, and the redemption or purchase by the Issuer of, the Preference Shares.

The terms of the TONs and the RCIs (each as described in “Summary of the Offering – Winding-up”) each contain provisions to the effect that the deferral of payment of a coupon on a TON or RCI will result in the Issuer being subject to a restriction so that, while the restriction is in effect, the Issuer may not pay dividends on or, in the case of the TONs, redeem or purchase any of the Preference Shares.

In the case of the TONs, the Issuer may defer a coupon payment if it is in non-compliance with FSA capital adequacy regulations and if it were to give notice to defer the Issuer would not be permitted to declare or pay dividends (other than intra-group dividends) on, or redeem, purchase, reduce or otherwise acquire any of, *inter alia*, the Preference Shares, until the Issuer next makes a coupon payment on the TONs.

In the case of the RCIs, the Issuer may defer any coupon payment in its discretion and if it were to give notice to defer the Issuer would not be permitted to declare or pay dividends (other than intra-group dividends) on any of the Preference Shares until the deferred coupon had been paid.

The non-payment of dividends on the Preference Shares does not restrict the payment by the Issuer of coupon payments on the RCIs or TONs.

The €1,000,000,000 4.875 per cent. Non-Cumulative Callable Preference Shares of the Issuer contain similar provisions to the effect that if a dividend is not declared or paid in full then the Issuer will be subject to a restriction such that while the restriction is in effect, the Issuer may not pay dividends on, or redeem or purchase any of the Preference Shares.

Future preference share issues may include terms restricting payments relating to the Preference Shares, including restrictions on the payment of dividends on, and on redemptions, purchases, reductions or other acquisitions of, Preference Shares, in circumstances such as a deferral or non-payment of a dividend on such preference shares.

The terms of preference shares issued from time to time in the future by the Issuer or Barclays PLC may include terms restricting payments relating to the Preference Shares, including restrictions on the payment of dividends on the Preference Shares, and on redemptions, purchases, reductions or other acquisitions of Preference Shares, in circumstances such as a deferral or non-payment of a dividend on such preference shares.

Dividends on the Preference Shares are discretionary and will not be declared or paid in full, or at all, if the Board so resolves in respect of the dividend for any Dividend Period.

The Board of the Issuer may resolve, in its absolute discretion, on or before any Dividend Payment Date not to pay in full, or at all, the dividend on the Preference Shares for the Dividend Period to which that Dividend Payment Date relates.

The Issuer in any event may under English company law pay dividends on the Preference Shares only if and to the extent that payment can be made out of the profits of the Issuer available for distribution and permitted to be distributed.

Dividends on the Preference Shares are non-cumulative.

The dividends on the Preference Shares are non-cumulative. Accordingly, to the extent that any dividend or part thereof is on any occasion not declared and paid for any reason, holders of Preference Shares will not have a claim in respect of the dividend accrued for the relevant Dividend Period or for interest on the dividend, whether or not dividends on the Preference Shares are declared for any future Dividend Period, though the Issuer and Barclays PLC will be subject to the Dividend Restriction until the Issuer next declares and pays in full a Preference Dividend or all the Preference

Shares are redeemed or purchased by the Issuer – see “Description of the Preference Shares – 2. (vii) Dividend Restriction”.

If the Issuer is wound up, distributions to holders of the Preference Shares will be subordinated to the claims of creditors, except that it is expected that the claims of holders of the Preference Shares will rank equally with the claims of holders of TONs and RCIs.

On a winding-up of the Issuer, whether voluntarily or involuntarily and whether in connection with insolvency proceedings or otherwise, holders of Preference Shares will be entitled to distributions in liquidation only after the claims of creditors, except as provided in the next paragraph, of the Issuer and its subsidiaries have been satisfied.

The holders of TONs and RCIs rank *pari passu* with the holders of the most senior class or classes of preference shares in the capital of the Issuer. Accordingly, the claims of holders of the Preference Shares would rank equally with the claims of holders of the TONs and RCIs in the event of such a winding-up (unless one or more classes of shares of the Issuer are in issue at the time of such winding-up ranking in priority to the Preference Shares).

No limitation on issuing senior debt securities or pari passu shares.

There is no restriction on the amount of debt which the Issuer may incur which ranks senior to the Preference Shares or on the amount or terms of securities which the Issuer may issue which rank *pari passu* with the Preference Shares. The issue of any such debt or securities may reduce the amount recoverable by holders of the Preference Shares on a winding-up or other return of capital of the Issuer or may increase the likelihood of a suspension of distributions in respect of the Preference Shares.

Absence of Voting Rights.

The holders of the Preference Shares will not be eligible to vote at general meetings of the Issuer.

Perpetual Securities.

The Issuer is under no obligation to redeem the Preference Shares at any time and the holders of the Preference Shares have no right to call for their redemption.

The Preference Shares may be redeemed at the option of the Issuer.

Subject to the prior consent of the FSA (if required) and to compliance with the United Kingdom company law requirements as to the manner of financing any redemption of redeemable shares, the Preference Shares may be redeemed at the option of the Issuer, in whole but not in part only, on any Dividend Payment Date falling on or after 15th March, 2020. The Issuer may redeem the Preference Shares at a price equal to the aggregate of €10,000 and any dividends accrued for the then current Dividend Period.

Liquidity.

Although application has been made for the Preference Shares to be admitted to trading on the Luxembourg Stock Exchange, there can be no assurance that an active public market for the Preference Shares will develop and, if such a market were to develop, the Managers are under no obligation to maintain such a market. The liquidity and the market prices for the Preference Shares can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer and other factors that generally influence the market prices of securities.

Stamp Duty Reserve Tax (“SDRT”) may be payable on acquisition of the Preference Shares in bearer form in certain limited circumstances.

SDRT may be payable on acquisition of the Preference Shares in bearer form in very limited circumstances where the acquiror is purchasing such Preference Shares in contemplation of, or as part of an arrangement for, the change of control of the Issuer (as more fully described under “United Kingdom Taxation – Stamp Duty and Stamp Duty Reserve Tax”).

Implications of holding Preference Shares in registered form.

Bearer Preference Shares in the form of share warrants to bearer each representing one Preference Share are capable of being surrendered in exchange for Preference Shares in registered form, though such exchanges are not anticipated. Prospective investors should note that, generally, a transfer of (or agreement to transfer) Preference Shares in registered form is subject to 0.5 per cent. UK stamp duty or SDRT payable by the transferee. There should be no such stamp duty/SDRT on a transfer of or agreement to transfer Preference Shares in bearer form other than in very limited circumstances (as more fully described under “United Kingdom Taxation – Stamp Duty and Stamp Duty Reserve Tax”). This different tax treatment may mean that Preference Shares in registered form trade separately from Preference Shares in bearer form and consequently there may be an increased risk of illiquidity in relation to any Preference Shares held in registered form.

DESCRIPTION OF THE PREFERENCE SHARES

The terms of, and rights attaching to, the Preference Shares are contained in the Issuer's Articles of Association (the "**Articles**") and in a special resolution of the members of the Issuer passed on 11th March, 2005 and are as summarised below. Defined terms used below are set out in paragraph 13.

1. General

The Preference Shares will have a nominal value of €100 each and will be issued fully paid for cash. The Preference Shares will rank *pari passu* and rateably without any preference or priority among themselves and will rank in priority to the Ordinary Shares of the Issuer. A fuller description of the ranking of the Preference Shares as regards participation in profits and on a return of capital is contained in paragraphs 2(i) and 3 below.

The Preference Shares will, following their initial issue, be represented by a share warrant to bearer, within the meaning of the Companies Act, in the form of a single global share warrant to bearer (the "**Temporary Global Preference Share**"). The Temporary Global Preference Share will be deposited with The Bank of New York of One Canada Square, London E14 5AL (the "**Common Depositary**") as common depositary for the Clearing Systems. The Temporary Global Preference Share will be exchanged by the Common Depositary for definitive Preference Shares, each in the form of a share warrant to bearer representing one Preference Share with a nominal value of €100 and a principal amount (as defined below) of €10,000, and in aggregate representing all the Preference Shares, on or after a date which is expected to be 16th May, 2005.

2. Dividends

- (i) Each Preference Share shall entitle the holder thereof to receive out of the profits of the Issuer available for distribution and permitted by law to be distributed a non-cumulative preferential dividend (the "**Preference Dividend**"), in priority to the payment of any dividend to the holders of Ordinary Shares and any other class of shares in the capital of the Issuer ranking junior to the Preference Shares as regards participation in profits of the Issuer and *pari passu* in such regard with the holders of any other class of shares in the capital of the Issuer, (other than any shares which may be issued by the Issuer and which by their terms rank in priority, with the consent or sanction of the holders of the Preference Shares given in accordance with the Articles, to the Preference Shares as regards participation in such profits).
- (ii) In respect of the period from (and including) 15th March, 2005 to (but excluding) 15th March, 2020 the Preference Dividend shall accrue at a rate of 4.75 per cent. per annum on the principal amount in respect of each Preference Share, which dividend will be payable, subject as provided below, annually in arrear in euro on 15th March in each year when, as and if declared by the Board. The first payment of the Preference Dividend will be made on 15th March, 2006 in respect of the period from (and including) 15th March, 2005 to (but excluding) 15th March, 2006. For the purposes of this paragraph (ii) and paragraph (iii) below, "**principal amount**" means, in relation to each Preference Share, an amount equal to €10,000. In respect of the period from (and including) 15th March, 2005 to (but excluding) 15th March, 2020, the amount of dividend accruing in respect of any period from (and including) the most recent Dividend Payment Date (or if none, 15th March, 2005) to (but excluding) the relevant payment date (the "**Fixed Rate Calculation Period**") will be calculated on the following basis. If the Fixed Rate Calculation Period is equal to or shorter than the Dividend Period during which the Fixed Rate Calculation Period ends, the amount of dividend will be calculated on the basis of the number of days in the Fixed Rate Calculation Period divided by the number of days in the Dividend Period. If the Fixed Rate Calculation Period is longer than the Dividend Period during which the Fixed Rate Calculation Period ends, the amount of dividend will be calculated on the basis of the sum of (a) the number of days in such Fixed Rate Calculation Period falling in the Dividend Period in which the Fixed Rate Calculation Period begins divided by the number of days in such Dividend Period; and (b) the number of days in such Fixed Rate Calculation Period falling in the next Dividend Period divided by the number of days in the next Dividend Period.

- (iii) From (and including) 15th March, 2020 and thereafter the Preference Dividend shall accrue at a rate, reset quarterly, equal to the aggregate of 0.71 per cent. per annum and EURIBOR in respect of the relevant Dividend Period on the principal amount in respect of each Preference Share, which dividend will be payable in quarterly instalments in arrear in euro on, subject to adjustment in accordance with the Modified Following Business Day Convention (as defined below), 15th March, 15th June, 15th September and 15th December in each year (each, as adjusted in accordance with the Modified Following Business Day Convention, together with the payment dates specified in paragraph (ii) above, a “**Dividend Payment Date**”) when, as and if declared by the Board. The amount of dividend accruing in respect of any period commencing on or after 15th March, 2020 other than a full year will be calculated on the basis of the actual number of days elapsed in the relevant period divided by 360. The “**Modified Following Business Day Convention**” means that if any date which is subject to adjustment in accordance with such convention would fall on a day which is not a euro business day, such date shall be postponed to the next day which is a euro business day, unless it shall thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding euro business day. The Issuer shall, upon determining the rate at which the Preference Dividend will accrue pursuant to this paragraph (iii), cause such rate and the amount payable in respect of the relevant Dividend Period on each Preference Share to be notified to the Principal Paying Agent, to the Clearing Systems and (for so long as the Preference Shares are listed on such exchange) to the Luxembourg Stock Exchange as soon as possible after determination of the rate, but in no event later than the fourth euro business day thereafter. In the event all of the Preference Shares are not then held in the Clearing Systems, notice of such rate and such amount shall be given to holders of the Preference Shares in accordance with paragraph 11 and the Articles.
- (iv) Subject to paragraph (v) below, the Preference Dividend for each Dividend Period shall be paid to the extent that payment can be made out of the profits of the Issuer available for distribution and permitted by law to be distributed. If a dividend is to be paid but the distributable profits of the Issuer available for distribution are insufficient (after payment in full, or the setting aside of a sum to enable the payment in full, of dividends expressed to be payable on the relevant Dividend Payment Date on any class of shares in the capital of the Issuer ranking in priority to the Preference Shares as regards participation in the profits of the Issuer, and after payment in full, or the setting aside of a sum to enable the payment in full, of all dividends expressed to be payable on a date earlier than the relevant Dividend Payment Date on any class of shares in the capital of the Issuer that ranks in priority to the Preference Shares in such regard and carries cumulative rights to dividends) to enable payment in full of dividends on the Preference Shares on any Dividend Payment Date and also (1) the payment in full of all other dividends expressed to be payable on such date on any other preference shares and any other class of shares in the capital of the Issuer ranking *pari passu* therewith as regards participation in profits, and (2) the payment in full, or the setting aside of a sum to enable the payment in full, of all dividends expressed to be payable before such date on any other class of shares in the capital of the Issuer that ranks *pari passu* with the Preference Shares in such regard and carries cumulative rights to dividends, then the Board shall (subject to paragraph (v) below) declare and pay dividends to the extent of the distributable profits on a *pro rata* basis so that (i) the aggregate amount of dividends declared on the Preference Shares and (ii) the aggregate amount of dividends declared on each other class of shares on which dividends are expressed to be payable on such date and ranking *pari passu* with the Preference Shares as regards participation in profits and (iii) the aggregate amount of dividends paid or set aside for payment on such date on each other class of shares ranking *pari passu* with the Preference Shares in such regard and carrying cumulative rights to dividends, on which dividends were expressed to be payable before such date, will bear to each other the same ratio as the full amounts of dividends (1) expressed to be payable in aggregate on the Preference Shares on such date, (2) expressed to be payable in aggregate on each such other *pari passu* ranking class of shares on which dividends are expressed to be payable on such date and (3) paid or provided for in aggregate on each such other *pari passu* ranking class of shares carrying cumulative rights to dividends in respect of dividends expressed to be payable before such date, bear to each other.

- (v) Notwithstanding paragraph (iv) above, if on or prior to any Dividend Payment Date the Board determines in its absolute discretion that the Preference Dividend which would otherwise be declared and payable on a Dividend Payment Date (the “**Relevant Dividend**”) should not be paid, or should be paid only in part, then the Relevant Dividend shall in accordance with such determination either not be declared and payable at all or only be declared and payable in part.
- (vi) If a dividend on the Preference Shares is not paid, or is paid only in part, pursuant to subparagraph (iv) or (v) above, the holders of the Preference Shares shall have no claim in respect of such non-payment or non-payment in part, as applicable. The Issuer shall have no obligation to pay the Preference Dividend accrued for the relevant Dividend Period or to pay interest thereon, whether or not Preference Dividends are declared for any future Dividend Period.
- (vii) If any dividend on the Preference Shares is not declared and paid in full on a Dividend Payment Date (the “**Relevant Dividend Payment Date**”) (or is declared but not paid in full nor a sum set aside to provide for its payment in full), the Dividend Restriction shall apply. The “**Dividend Restriction**” means that neither the Issuer nor the Holding Company may (a) declare or pay a dividend (other than payment by the Holding Company of a final dividend declared by its shareholders prior to the Relevant Dividend Payment Date, or a dividend paid by the Issuer to the Holding Company or to another wholly-owned Subsidiary) on any of their respective ordinary shares, other preference shares or other share capital or (b) redeem, purchase, reduce or otherwise acquire any of their respective share capital, other than shares of the Issuer held by the Holding Company or a wholly-owned Subsidiary (or set aside any sum or establish any sinking fund for the redemption, purchase or other acquisition thereof), until the earlier of (1) the date on which the Issuer next declares and pays (or sets aside a sum to provide for payment of) in full a Preference Dividend and (2) the date on or by which all of the Preference Shares are either redeemed in full or purchased by or for the account of the Issuer, in each case in accordance with the Articles and the terms of the Preference Shares.
- (viii) Any dividend unclaimed after a period of 12 years from the date when it became due for payment shall be forfeited and shall revert to the Issuer and the payment by the Board of any unclaimed dividend or other sum payable on or in respect of a share into a separate account shall not constitute the Issuer a trustee in respect of it.
- (ix) No dividend or other moneys payable on or in respect of the Preference Shares shall bear interest as against the Issuer.

3. Capital

On a winding-up or other return of capital (other than a redemption or purchase by the Issuer of any of its issued shares, or a reduction of share capital, permitted by the Articles and under applicable law), the assets of the Issuer available to shareholders shall be applied in priority to any payment to the holders of Ordinary Shares and any other class of shares in the capital of the Issuer then in issue ranking junior to the Preference Shares on such a return of capital and *pari passu* on such a return of capital with the holders of any other class of shares in the capital of the Issuer then in issue (other than any class of shares in the capital of the Issuer then in issue ranking in priority, with the consent or sanction of the holders of the Preference Shares given in accordance with the Articles, to the Preference Shares on a winding-up or other such return of capital), in payment to the holders of the Preference Shares of an amount per Preference Share equal to the aggregate of:

- (i) an amount equal to dividends accrued thereon for the then current Dividend Period to the date of the commencement of the winding-up or other such return of capital; and
- (ii) an amount equal to €10,000 per Preference Share.

After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the Preference Shares will have no right or claim to any of the remaining assets of the Issuer and will not be entitled to any further participation in such return of capital. In the event of the sale of all or substantially all of the assets of the Issuer, the distribution to the shareholders of the Issuer of all or substantially all of the consideration for such sale, unless such consideration (apart from assumption of liabilities) or the net proceeds thereof consists entirely of cash, will not be deemed to be a return of capital in respect of the winding-up of the Issuer.

4. Redemption

The Issuer may, subject to the Companies Act, to the Articles and to the prior consent of the FSA (if required), upon not less than 30 nor more than 60 days' notice, redeem the Preference Shares in whole, but not only part, on 15th March, 2020 and on any Dividend Payment Date thereafter. Redemption will be effected in the manner provided in the Articles. There shall be paid on each Preference Share so redeemed the aggregate of:

- (i) an amount equal to €10,000; and
- (ii) the dividend accrued thereon for the then current Dividend Period to the date fixed for redemption.

In the event that payment of the redemption price in respect of any Preference Share is improperly withheld or refused, the dividend on such Preference Share shall continue to accrue, at the then applicable rate, from the date fixed for redemption to the date of payment of such redemption price. If the due date for payment of any amount of redemption moneys is not a euro business day, then payment of such amount will be made on the next succeeding euro business day, without any interest or payment in respect of such delay.

5. Purchases

The Issuer may at any time purchase, or cause to be purchased for its account, all or any of the Preference Shares, subject to the provisions of the Companies Act, the Articles and the applicable rules of any stock exchange or exchanges on which any of its shares are listed from time to time, at any price. The Issuer shall not be required to select the shares to be purchased rateably or in any other particular manner as between the holders of Preference Shares or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares. No purchase of Preference Shares will be made by or on behalf of the Issuer without the prior consent of the FSA (if required).

6. Form and Transfer

Title to Preference Shares represented by a share warrant to bearer will pass by delivery of the relevant bearer share warrants. Title to Preference Shares in registered form will pass by transfer and registration on the register for the Preference Shares.

The bearer of any share warrant for the Preference Shares and the persons (if any) in whose names Preference Shares are for the time being registered, shall (to the fullest extent permitted by applicable law) be deemed to be, and shall be treated as, the holders and absolute owners of the relevant Preference Shares for the purpose of receiving payment in respect thereof and for all other purposes (notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof or any trust or other interest therein), whether or not any payment in respect of the Preference Shares shall be overdue.

Each exchange or registration of transfer of Preference Shares in registered form will, subject to and in accordance with the Articles, be effected by entry on the register for the Preference Shares kept by the Issuer's registrar at its office in the United Kingdom. No fee shall be charged on the registration of any instrument of transfer or other instrument relating to or affecting the title to the Preference Shares, but the person requesting such registration will be required to pay any related taxes, stamp duties or other governmental charges.

Upon presentation to the Issuer's registrar at its office in the United Kingdom, a share warrant to bearer may be exchanged for the relevant Preference Shares in registered form, in which event the holder of the share warrant to bearer will be registered as a holder of the Preference Shares in the register of members of the Issuer and will receive a certificate made out in such holder's name. The exchange of Preference Shares represented by a share warrant to bearer for Preference Shares in registered form will also be subject to applicable UK tax laws and regulations in effect at the time of the exchange. No exchange will be made unless any resulting taxes, stamp duties or other governmental charges have been paid to the Issuer. Preference Shares in registered form will not be exchangeable, in whole or in part, for Preference Shares represented by a share warrant to bearer.

7. Payments

Payments in respect of any amount payable by way of dividend or on redemption in respect of the Preference Shares in bearer form will be made against presentation and, where applicable on redemption, surrender of the relevant share warrant to bearer at the specified office of the Principal

Paying Agent or the Paying Agent. Each such payment will be made, at the option of the payee, by a euro cheque drawn on, or by transfer to a euro account maintained by the payee with, a branch of a bank in London.

In the case of payments in respect of Preference Shares in bearer form represented by a share warrant, if the due date for payment or any later date upon which the share warrant is presented for payment is not a Payment Business Day, then the holder shall not be entitled to payment at such place of the amount due until the next following Payment Business Day and shall not be entitled to further interest or other payment in respect of such delay.

Payments in respect of any amount payable by way of dividend or on redemption in respect of the Preference Shares in registered form will be made by cheque or warrant sent by post to the registered address of the holder, or in the case of joint holders, to any one of them, or, upon request of the holder or joint holders not later than the date specified for such purpose in the notice of redemption, by bank transfer to a euro account maintained by the holder, details of which are notified by the holder in writing to the Issuer.

A record of each payment made on a share warrant to bearer will be made on or in relation to such share warrant to bearer by the Principal Paying Agent or the Paying Agent to which the share warrant to bearer is presented for the purposes of making such payment and such record shall be *prima facie* evidence that the payment in question has been made.

Payments in respect of amounts payable by way of dividend and on redemption on the Preference Shares will be subject in all cases to any applicable fiscal or other laws and other regulations.

8. Voting

The holders of Preference Shares shall not be entitled to receive notice of, or to attend or vote at, any general meeting of the Issuer.

9. Variations of Rights and Further Issues

- (i) Save with the sanction of a special resolution passed at a separate general meeting of the holders of Preference Shares then in issue or with the consent in writing of the holders of three-fourths of the issued Preference Shares, the Board shall not authorise or create, or increase the amount of, any shares of any class, or any security convertible into shares of any class, ranking as regards participation in the profits or assets of the Issuer (other than on a redemption or purchase by the Issuer of any such share, or a reduction of share capital, permitted by the Articles and under applicable law) in priority to the Preference Shares. Any such separate general meeting shall be convened and conducted in all respects as nearly as possible in the same way as an extraordinary general meeting of the Issuer and rights to be given notice thereof and to attend and vote thereat shall be as provided in the Articles. The quorum at any such meeting shall be persons holding or representing by proxy at least one-third of the issued Preference Shares then in issue but so that if at any adjourned meeting a quorum as so defined is not present, any two holders of the Preference Shares present in person or by proxy shall be a quorum. In relation to any such special resolution, on a show of hands every such holder who is present in person or by proxy shall have one vote and on a poll every such member who is present in person or by proxy shall have one vote in respect of each Preference Share held by him.
- (ii) The Issuer shall be entitled at any time and from time to time and without any consent or sanction of the holders of the Preference Shares to create and/or issue further preference or other share capital ranking as regards participation in the profits and assets of the Issuer *pari passu* with or junior to the Preference Shares. Such creation and/or issue shall be deemed not to alter, vary, affect, modify or abrogate any of the rights attaching to the Preference Shares and for the avoidance of doubt such rights shall not be deemed to be varied by the alteration of any of the provisions, other than an alteration which would result in any such shares ranking as regards participation in the profits or assets of the Issuer in priority to the Preference Shares, set out in the Articles in respect of any such unissued shares. Any further series of shares ranking, as regards participation in profits or assets of the Issuer, *pari passu* with or junior to the Preference Shares may, without their creation or issue being deemed to vary the special rights attaching to the Preference Shares, either carry identical rights in all respects with the Preference Shares (except as regards the date from which such shares

rank for dividend) or carry rights differing therefrom in any respect including, but without prejudice to the foregoing, in that:

- (a) the rate and/or basis of calculating dividends may differ and the dividend may be cumulative or non-cumulative;
- (b) such shares may rank for dividends as from such date as may be provided by the terms of issue thereof and the dates for payment of dividend may differ;
- (c) such shares may be denominated in any currency or, if permitted by law, any basket of currencies;
- (d) a premium may be payable on return of capital or there may be no such premium;
- (e) such shares may be redeemable at the option of the Issuer or may be non-redeemable;
- (f) different or no restrictions may apply in the event a dividend is not paid on such shares on a scheduled dividend payment date therefor; and
- (g) such shares may be convertible into Ordinary Shares or any other class of shares ranking as regards participation in the profits and assets of the Issuer *pari passu* with or junior to the Preference Shares,

in each case on such terms and conditions as may be prescribed by the terms of issue thereof.

10. Principal Paying Agent and Paying Agent

The Bank of New York, London branch, will act as the initial Principal Paying Agent for the Preference Shares and The Bank of New York, Luxembourg branch will act as the initial Paying Agent for the Preference Shares.

The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent and any Paying Agent and to appoint additional or other Paying Agents provided that it will at all times maintain (a) a Paying Agent having a specified office outside the United Kingdom and (b) for so long as the Preference Shares are listed on the Luxembourg Stock Exchange and such is required by the rules of that Stock Exchange, a Paying Agent having a specified office in Luxembourg. Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to Preference Shareholders in accordance with paragraph 11 below.

11. Notices

Further to the provisions for giving notices to members contained in the Articles, notices to holders of Preference Shares represented by one or more share warrants to bearer will be valid if published in a leading daily newspaper in London (which is expected to be the *Financial Times*) and (so long as the Preference Shares are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require) in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication shall not be practicable, in an English language newspaper of general circulation in Europe. In addition, while the Preference Shares are represented by the Temporary Global Preference Share held by the Common Depositary for the Clearing Systems, notices to holders of Preference Shares will be published in accordance with the operating procedures of the Clearing Systems. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

12. Governing Law

The creation and issue of the Preference Shares and the rights attached to them are governed by, and shall be construed in accordance with, English Law.

13. Additional Definitions

“**Articles**” means the Articles of Association of the Issuer, as in effect from time to time.

“**Board**” means the board of directors of the Issuer, and includes any sub-committee thereof or person or persons to whom the Board has delegated authority in accordance with the Articles.

“**Clearing Systems**” means, initially, Euroclear Bank S.A./N.V. as operator of the Euroclear System and Clearstream Banking, société anonyme, and includes any other appropriate international clearing system approved by the Issuer through which from time to time the Preference Shares may be traded.

“Common Depositary” means The Bank of New York, London branch as common depositary for the Clearing Systems and includes its successor(s).

“Companies Act” means the Companies Act 1985.

“Dividend Determination Date” means in relation to each Dividend Period commencing on or after 15th March, 2020 the second TARGET Business Day prior to the commencement of such Dividend Period.

“Dividend Payment Date” means has the meaning set out in paragraph 2(iii) above.

“Dividend Period” means the period from and including a Dividend Payment Date (or the Issue Date) to but not including the next succeeding Dividend Payment Date.

“Dividend Restriction” has the meaning set out in paragraph 2(vii) above.

“EURIBOR” means, in relation to a Dividend Period, the offered rate for three month deposits in euro as at 11.00 a.m. Brussels time on the related Dividend Determination Date appearing on the display designated as page 248 on the Telerate Service (or such other page or service as may replace it for the purpose of displaying such information) as determined by the Issuer.

“euro business day” means a day (other than a Saturday or Sunday) on which (1) banks in London are open for business (2) foreign exchange dealings may be conducted in euro and (3) the Trans-European Automated Real Time Gross Settlement (“TARGET”) system (or any successor thereto determined by the Issuer) is operating.

“Fixed Rate Calculation Period” has the meaning set out in paragraph 2(ii) above.

“FSA” means the Financial Services Authority and, if any successor governmental authority succeeds to the bank regulatory functions of the Financial Services Authority in the United Kingdom, such successor governmental authority; provided, however, that if the Issuer becomes domiciled in a jurisdiction other than the United Kingdom, then each reference herein to the Financial Services Authority shall be deemed instead to refer to the governmental authority having primary regulatory authority with respect to the Issuer’s capital adequacy in such other jurisdiction.

“Holding Company” means Barclays PLC.

“Issuer” means Barclays Bank PLC.

“Issue Date” means 15th March, 2005, the date on which the Preference Shares are first issued.

“Modified Following Business Day Convention” has the meaning set out in paragraph 2(iii) above.

“Ordinary Shares” means ordinary shares in the capital of the Issuer.

“Paying Agent” means the Principal Paying Agent or any Paying Agent appointed from time to time by the Issuer in respect of the Preference Shares.

“Payment Business Day” means a day (other than a Saturday or Sunday) on which commercial banks are open for business in London and, in the case of a presentation or surrender of a Preference Share, in the place of the specified office of the relevant Paying Agent to whom the same is presented or surrendered and, in the case of payment by transfer to a euro account, a day on which the TARGET system is operating.

“Preference Dividend” has the meaning set out in paragraph 2(i) above.

“principal amount” has the meaning set out in paragraph 2(ii) above.

“Relevant Dividend” has the meaning set out in paragraph 2(v) above.

“Relevant Dividend Payment Date” has the meaning set out in paragraph 2(vii) above.

“Subsidiary” means each subsidiary for the time being of the Holding Company within the meaning of Section 736 of the Companies Act 1985.

“subsidiary” and **“holding company”** have the meanings given to them under Section 736 of the Companies Act 1985.

“TARGET Business Day” means a day on which the TARGET system is operating.

“Temporary Global Preference Share” means a single global share warrant to bearer representing all the Preference Shares.

USE OF PROCEEDS

The net proceeds of the issue of the Offering are estimated to amount to €1,371,902,000 and will be used for the development and expansion of the business of the Issuer and its subsidiaries and further to strengthen the capital base of the Issuer.

THE ISSUER AND THE GROUP

Business

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

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

The short term unsecured obligations of the Issuer are rated A-1+ by S&P, P-1 by Moody’s and F1+ by Fitch Ratings Limited and the long term obligations of the Issuer are rated AA by S&P, Aa1 by Moody’s and AA+ by Fitch Ratings Limited.

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

Results Announcement

The following are extracts from the 2004 Annual Report of Barclays PLC and its subsidiaries (including the Issuer):

Barclays had a record year in 2004, demonstrating the strength and flexibility of its strategy. A combination of good returns from prior investment and the continued strong pace of investment during 2004 means that we are in good shape to deliver profitable growth in the future.

Profit before tax increased by 20%. Our return on equity was 19%. Asset quality remained strong. We maintained our strong capital position, with a Tier one capital ratio of 7.6%. We increased the dividend 17%.

The task of every generation of leadership is to take performance to the next level and that is what we are determined to do. I want the new era of leadership, building on the profound transformation of the last years, to be characterised by growth. Looking back at it, growth was what 2004 was all about.

Our financial performance is built on a clear and simple understanding of what Barclays exists to do: we move, lend, invest and protect money, for customers and clients of all kinds. By doing this we achieve our overall business purpose: this is to help our customers and clients achieve their goals. We hope thereby to create value for them and earn their loyalty. If we do this well we will deliver consistently good returns to shareholders.

Our business model is that of a universal bank comprising businesses that create additional value for shareholders beyond the sum of the parts by virtue of the synergies inherent in the business mix.

We have a global perspective in developing our business. We are seeking to produce a blend of earnings drawn from our businesses in the UK and from high growth global product businesses and selected retail and commercial banking businesses outside the UK.

You can see our approach at work in how we performed during 2004. We saw earnings surge in businesses with strong overseas exposure such as Barclays Capital and Barclays Global Investors, and in the Private Clients and International businesses.

You can also see it in our strategic decisions during the year. We acquired Juniper Financial Corporation to create a US arm for our international credit card strategy; and we are in negotiations to acquire a controlling stake in Absa, one of the leading banks in the Republic of South Africa.

Our efforts in 2004 were directed at advancing our four strategic priorities. These are: building the best bank in the UK; growing our global product business (credit cards, investment banking, institutional money management and wealth management); extending our presence in selected retail and commercial banking markets outside the UK (Spain and Africa are good examples of this); and creating operational excellence. At the heart of all four priorities is our commitment to strengthen franchise health, by which we mean our relationships with customers and clients, the engagement of our colleagues, and our contribution to the communities in which we live and work.

We formed UK Banking, which is run by Roger Davis, a year ago by combining Business Banking with most of what was then Personal Financial Services. In UK Banking we saw the strong profit growth generated by UK Business Banking somewhat diluted by broadly flat earnings in the UK Retail Banking business. Although it is clear that we must lift our performance in UK Retail Banking, the headline profit figure here masks better underlying performance year on year. We have been investing heavily in front-line people, in infrastructure, and in branch-based technology. We are looking for these investments to bear fruit during 2005. The best fruit, of course, will be rising customer satisfaction among retail customers driving further growth in business flows.

All our global product businesses delivered good results. Partly this is the consequence of very strong organic performance — I am referring here in particular to Barclays Capital and Barclays Global Investors where the results were sparkling. In Private Clients, the sharp lift in profits was attributable to acquisitions made in 2003 as well as to good organic performance.

It gives me considerable satisfaction to be able to report another record year at Barclays Capital, which is run by Bob Diamond. Investors look for consistency and sustainability: the compound annual growth rate in economic profit at Barclays Capital over the last three years has been 26%. The record achievement of 2004 was in an environment where corporate issuance volumes in the US and Europe were down, where interest rates were rising, and where volatility, on which investment banks generally thrive, was quite low.

At Barclays Global Investors, chaired by Bob Diamond, profit before tax has more than quadrupled in the last three years; this speaks of satisfied clients. Our investment track record in Barclays Global Investors, across all asset classes and durations, singles us out as a harbour of dependability in a very turbulent sea. You can see this in the net new asset flow, which amounted to \$118bn during the year. Financial performance has partly been driven by successful innovation: we have continued to see very substantial demand for exchange traded funds — which we call iShares — which are the fastest growing new fund complex in US history. We now have around \$130bn assets in iShares as part of total assets under management of \$1.36 trillion.

Profit growth at Barclaycard, which is run by Gary Hoffman, was more muted this year, partly because the interest rate environment was tougher and partly because we continued to invest heavily in growing our customer base in the UK and in developing Barclaycard International. The UK regulatory and consumer environment continues to be challenging. The international business performed well in core markets — Spain and Germany — and the Juniper acquisition in the United States, although small, is strategically significant.

Private Clients — our wealth management business — staged a strong recovery in 2004. The acquisition of Gerrard (completed at the end of 2003) has given a boost to the business, as has Charles Schwab Europe, which we acquired at the beginning of 2003. From 1st January, 2005, Bob Diamond took on responsibility for our Private Client businesses. I look to Private Clients to be one of our growth engines for the future.

International Retail and Commercial Banking, which is run by David Roberts, delivered good growth during the year. The strong performance was broadly based, but was driven primarily by progress in our businesses in the Iberian peninsula, Africa, the Middle East and our joint venture in the Caribbean. The Spanish business is doing well; we are pleased with our acquisition of Banco Zaragozano and the merging of our two businesses in Spain is stimulating strong new business flows. For example, lending is up 13% and Openplan mortgage balances are up 63%.

The fourth component of our Group Strategy is operational excellence. We regard strong franchise health with customers, employees and communities as a proxy for future growth. So we attach great importance to this strategic priority.

In 2004, we received widespread recognition for our policies in a range of areas, including financial inclusion, community involvement, staff pensions, outsourcing, partnership with our trade union partner, Amicus, and disability. This recognition is important because it demonstrates that we take seriously the issues that concern our customers, our employees, and society at large and that we are taking positive action.

The outlook for 2005 is good as a result of balance sheet growth and investments made in 2004. We are targeting double digit income growth and will continue to invest in the organic development of the business. We intend that cost growth should be broadly in line with income growth and we will manage costs carefully in response to actual income through the year. Asset quality is strong, and the risk dials are stable. But we must acknowledge that 2004 was a very benign year for provisions where we benefited from a charge lower than it would be reasonable to expect in 2005. Overall, we take nothing for granted, but 2005 should be a year in which we can move forward confidently.

We are in business to help our customers achieve their goals. Our ability to earn our customers' loyalty, to win more of their business, and our success in recruiting new customers, depends entirely on the quality of our people. We have great people in Barclays and my thanks go to all of them, throughout the world, who have coped well with continuing change and with the demands placed upon them. That Barclays delivered the best year in its long history in 2004 is, more than anything else, a tribute to them.

Other Developments

As announced on 23rd September, 2004, Barclays is in discussion with Absa Group Limited ("Absa"), a leading South African bank, in connection with a possible partial offer for a majority stake in Absa. A due diligence exercise has been completed and Barclays has submitted applications to the South African regulators to approve the possible transaction. It is not known how long the approval process will take. The discussions may or may not lead to an offer being made.

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

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

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

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

Capitalisation and Indebtedness

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

	<i>As at 31st December, 2004</i>	<i>Adjusted for the issue of the Preference Shares</i>
	<i>'000</i>	<i>'000</i>
Share capital of the Issuer		
Authorised ordinary share capital – shares of £1 each.....	3,000,000	3,000,000
Authorised preference share capital – shares of U.S.\$0.01 each	150,000	150,000
Authorised preference share capital – shares of €100 each.....	400	400
Authorised preference share capital – shares of £1 each ¹	1	1
Ordinary shares – issued and fully paid shares of £1 each.....	2,309,361	2,309,361
Preference shares – issued and fully paid shares of U.S.\$0.01 each.....	—	—
Preference shares – issued and fully paid shares of €100 each	100	240
Preference shares – issued and fully paid shares of £1 each ¹	1	1
	<i>£ million</i>	<i>£ million</i>
Group shareholders' funds		
Called up share capital.....	2,316	2,326
Share premium	6,531	7,500
Revaluation reserve	24	24
Profit and loss account	9,400	9,400
Total shareholders' funds – equity and non-equity	18,271	19,250
Group indebtedness		
<i>Loan capital</i>		
Undated loan capital – non-convertible ²	6,149	6,149
Dated loan capital – convertible to preference shares ³	15	15
Dated loan capital – non-convertible ³	6,113	6,113
Debt securities in issue.....	67,806	67,806
Total indebtedness	80,083	80,083
Total capitalisation and indebtedness.....	98,354	99,333
Group contingent liabilities		
Acceptances and endorsements	303	303
Guarantees and assets pledged as collateral security	30,011	30,011
Other contingent liabilities	8,245	8,245

Notes:

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

2 See pages 22 to 24.

3 See pages 22 to 24.

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

£ million

The Issuer:

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

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

£ million

The Issuer:

Floating Rate Subordinated Notes 2005 (€115m) (Note g)	81
Floating Rate Subordinated Notes 2005 (€300m) (Note g)	212
Floating Rate Unsecured Capital Loan Stock 2006 (Note g)	3
7.4% Subordinated Notes 2009 (U.S.\$400m)	208
Subordinated Fixed to CMS-Linked Notes 2009 (€31m) (Note g)	22
12% Unsecured Capital Loan Stock 2010	25
Floating Rate Subordinated Step-up Callable Notes 2011 (U.S.\$100m) (Note g)	52
Floating Rate Subordinated Step-up Callable Notes 2011 (U.S.\$125m) (Note g)	65
Floating Rate Subordinated Notes 2011 (U.S.\$400m) (Note g)	208
5.75% Subordinated Notes 2011 (€1,000m)	708
5.25% Subordinated Notes 2011 (€250m)	169
Fixed/Floating Rate Subordinated Notes 2011 (¥5,000m) (Note k)	25
Floating Rate Subordinated Notes 2012 (Note g)	300
Callable Subordinated Floating Rate Notes 2012 (Note g)	44
Step-up Callable Floating Rate Subordinated Bonds 2012 (Note g)	148
Callable Subordinated Floating Rate Notes 2012 (U.S.\$150m) (Note g)	78
Floating Rate Subordinated Notes 2012 (U.S.\$100m) (Note g)	52
Capped Floating Rate Subordinated Notes 2012 (U.S.\$100m) (Note g)	52
Floating Rate Subordinated Notes 2013 (U.S.\$1,000m) (Notes g and p)	551
5.015% Subordinated Notes 2013 (U.S.\$150m)	78
4.875% Subordinated Notes 2013 (€750m)	531
5.5% Subordinated Notes 2013 (DM 500m) (Note l)	181
Floating Rate Subordinated Step-up Callable Notes 2013 (¥5,500m) (Notes g and q) ...	30
Floating Rate Subordinated Notes 2013 (AU\$ 150m) (Note h)	61
5.93% Subordinated Notes 2013 (AU\$ 100m) (Note o)	40
10.125% Subordinated Notes 2017 (Note aa)	117
Floating Rate Subordinated Notes 2018 (€40m) (Note g)	28
Floating Rate Subordinated Notes 2019 (€50m) (Note g)	36
Callable Fixed/Floating Rate Subordinated Notes 2019 (€1,000m) (Note m)	708

	<i>£ million</i>
9.5% Subordinated Bonds 2021	254
Subordinated Floating Rate Notes 2021 (€100m) (Note g)	71
Subordinated Floating Rate Notes 2022 (€50m) (Note g).....	36
Subordinated Floating Rate Notes 2023 (€50m) (Note g).....	36
5.75% Fixed Rate Subordinated Notes 2026.....	600
5.4% Reverse Dual Currency Subordinated Loan 2027 (¥15,000m) (Note n).....	75
6.33% Subordinated Notes 2032	50
Subordinated Floating Rate Notes 2040 (€100m) (Note g)	71
Barclays Bank SA, Spain ("Barclays Spain"):	
Subordinated Floating Rate Capital Notes 2007 (€60m) (Note g).....	42
Subordinated Floating Rate Capital Notes 2009 (€42m) (Note g).....	30
Subordinated Floating Rate Capital Notes 2011 (€50m) (Note g).....	35
Barclays Bank of Botswana Limited ("BBB"):	
Subordinated Unsecured Floating Rate Capital Notes 2014 (BWP 100m) (Note ab)	12
Barclays Bank Zambia PLC ("Barclays Zambia"):	
Subordinated Unsecured Floating Rate Capital Notes 2015 (ZMK 30,000m) (Note ac) ..	3
	6,128

Notes:

- (a) These figures take no account of liabilities between members of the Group. All loan capital is unsecured and unguaranteed. The majority of loan capital is prepayable at the option of the Issuer, BBB or Barclays Zambia, as appropriate, subject to, in the case of the Issuer, any necessary prior approval of the Financial Services Authority, in the case of BBB, the prior approval of the Bank of Botswana and, in the case of Barclays Zambia, the prior approval of the Bank of Zambia. The loan capital of Barclays Spain is not prepayable.
- (b) Loan capital in foreign currencies is expressed in sterling at the exchange rates per £1 prevailing on 30th December, 2004 being: U.S.\$1.9213; €1.4134 (the euro legacy currencies of French francs and Deutschmarks having been first converted to euro at the official respective legacy currency to euro exchange rate); Yen 199.2095; AU\$ 2.4744; BWP 8.2345; ZMK 9,045.8062.
- (c) These Notes (the "Junior Notes") rank behind the claims against the Issuer of depositors and other unsecured unsubordinated creditors and holders of dated loan capital.
- (d) These Notes and Loans (the "Undated Notes and Loans") rank behind the claims against the Issuer of the holders of the Junior Notes.
- (e) The Tier One Notes (the "TONs") and the Reserve Capital Instruments (the "RCIs") rank *pari passu* with each other and behind the claims against the Issuer of the holders of the Undated Notes and Loans.
- (f) The dated loan capital of the Issuer, Barclays Spain, BBB and Barclays Zambia has been issued on the basis that the claims thereunder are subordinated to the respective claims of their depositors and other unsecured unsubordinated creditors.
- (g) These Notes bear interest at rates fixed periodically in advance based on London or European interbank rates.
- (h) These Notes bear interest at rates fixed periodically in advance based on Sydney bill of exchange rates.
- (i) These Notes bear a fixed rate of interest until 2009. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on European interbank rates.
- (j) These Loans bear a fixed rate of interest until 2028 based on a U.S. dollar principal amount, but the interest payments have been swapped, resulting in a Yen interest rate payable which is fixed periodically in advance based on London interbank rates. After that date, in the event that the Loans are not redeemed, the Loans will bear Yen interest at rates fixed periodically in advance based on London interbank rates.
- (k) These Notes bear a fixed rate of interest until 2006. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on London interbank rates.
- (l) These Notes bear a fixed rate of interest until 2008. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on London interbank rates.
- (m) These Notes bear a fixed rate of interest until 2014. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on European interbank rates.
- (n) This Loan bears a fixed rate of interest based on a U.S. dollar principal amount, but the interest payments have been swapped, resulting in a Yen interest rate payable which is fixed periodically in advance based on London interbank rates.
- (o) These Notes bear a fixed rate of interest until 2008. After that date, in the event that the Notes are not redeemed, the Notes will bear interest at rates fixed periodically in advance based on Sydney bill of exchange rates.
- (p) The Issuer has swapped U.S.\$250m of the proceeds of these Notes for euro under a swap the duration of which matches the term of the Notes. The payment obligations of the Issuer under this swap are subordinated so that the claims against the Issuer in respect of this swap rank *pari passu* with claims against the Issuer in respect of its dated loan capital. The sterling value of these Notes in the figures set out above takes into account this subordinated swap.
- (q) The Issuer has swapped the proceeds of these Notes for euro under a swap the duration of which matches the term of the Notes. The payment obligations of the Issuer under this swap are subordinated so that the claims against the Issuer in respect of this swap rank *pari passu* with claims against the Issuer in respect of its dated loan capital. The sterling value of these Notes in the figures set out above takes into account this subordinated swap.
- (r) These TONs bear a fixed rate of interest until 2032. After that date, in the event that the TONs are not redeemed, the TONs will bear interest at rates fixed periodically in advance based on London interbank rates.

- (s) These RCIs bear a fixed rate of interest until 2011. After that date, in the event that the RCIs are not redeemed, the RCIs will bear interest at rates fixed periodically in advance based on London interbank rates.
- (t) These RCIs bear a fixed rate of interest until 2010. After that date, in the event that the RCIs are not redeemed, the RCIs will bear interest at rates fixed periodically in advance based on European interbank rates.
- (u) These Notes are redeemable at the option of the Issuer in 2008 and on every fifth anniversary thereafter. In the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (v) These Bonds are redeemable at the option of the Issuer in 2021 and on every fifth anniversary thereafter. In the event that the Bonds are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (w) These Notes are redeemable at the option of the Issuer in 2020 and on every fifth anniversary thereafter. In the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (x) These Notes are redeemable at the option of the Issuer in 2015 and on every fifth anniversary thereafter. In the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (y) These Notes are redeemable at the option of the Issuer in 2017 and on every fifth anniversary thereafter. In the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (z) These Notes are redeemable at the option of the Issuer in 2027 and on every fifth anniversary thereafter. In the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (aa) These Notes bear a fixed rate of interest until 2012. After that date, in the event that the Notes are not redeemed, the coupon will be reset to a fixed margin over a reference gilt rate for a further period of 5 years.
- (ab) These Notes bear interest at rates fixed periodically in advance based on the Bank of Botswana Certificate Rate. All of these Notes will be compulsorily converted to Preference Shares of BBB, having a total par value equal in sum to the principal amount of Notes outstanding at the time of conversion, should BBB experience pre-tax losses in excess of its retained earnings and other capital surplus accounts; at the date of this document no Notes have been so converted.
- (ac) These Notes bear interest at rates fixed periodically in advance based on the Bank of Zambia Treasury Bill rate. All of these Notes will be compulsorily converted to Preference Shares of Barclays Zambia, having a total par value equal in sum to the principal amount of Notes outstanding at the time of conversion, should Barclays Zambia experience pre-tax losses in excess of its retained earnings and other capital surplus accounts; at the date of this document no Notes have been so converted.

The numbers set out on pages 21 to 24 of this Offering Circular are based on the Issuer's 2004 Annual Report, as prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP). The Issuer's 2005 Annual Report will be prepared in accordance with International Financial Reporting Standards (IFRS).

On 23rd February, 2005, the Issuer issued U.S.\$150,000,000 4.75% Fixed Rate Subordinated Notes due 2015. On 25th February, 2005, the Issuer issued U.S.\$1,500,000,000 Callable Floating Rate Subordinated Notes due 2015. Save as mentioned in this paragraph and in the paragraph above, there has been no material change in the undated loan capital and dated loan capital of the Group, or in the capitalisation and indebtedness of the Group, since 31st December, 2004.

Directors

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

<i>Name</i>	<i>Function(s) within the Group</i>	<i>Principal outside activity</i>
Matthew Barrett	Group Chairman	Member of Advisory Committee, Federal Reserve, Bank of New York
John Varley	Group Chief Executive	—
Naguib Kheraj	Group Finance Director	—
Roger Davis	Chief Executive, UK Banking	—
Gary Hoffman	Chief Executive, Barclaycard	—
David Roberts	Chief Executive, International Retail and Commercial Banking	—
Sir Nigel Rudd DL	Deputy Chairman, Non-Executive Director	Chairman, Pilkington PLC, Chairman, Pendragon PLC, Chairman, Boots Group PLC
David Arculus	Non-Executive Director	Chairman, O ₂ plc
Sir Richard Broadbent	Senior Independent Director	Chairman, Arriva plc
Leigh Clifford	Non-Executive Director	Chief Executive, Rio Tinto PLC
Professor Dame Sandra Dawson	Non-Executive Director	KPMG Professor of Management Studies at the University of Cambridge
Sir Andrew Likierman	Non-Executive Director	Professor of Management Practice in Accounting, London Business School, Non-Executive Director, Bank of England
Stephen Russell	Non-Executive Director	—
Dr Jürgen Zech	Non-Executive Director	Chairman, Denkwert GmbH

Employees

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

Financial Statements

The financial statements set out on this page and page 27 have been extracted without material adjustment from the audited consolidated accounts of the Group for the two years ended 31st December, 2004.

Consolidated Profit and Loss Account

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

Consolidated Balance Sheet

	Year ended	
	31.12.04	31.12.03
	(audited)	(audited)
	£m	£m
Assets:		
Cash and balances at central banks	1,753	1,726
Items in course of collection from other banks	1,722	2,006
Treasury bills and other eligible bills	6,658	7,177
Loans and advances to banks – banking	24,986	17,254
– trading	50,145	44,670
	75,131	61,924
Loans and advances to customers – banking	189,847	167,858
– trading	65,099	58,961
	254,946	226,819
Debt securities	127,428	97,393
Equity shares	12,177	7,871
Interests in joint ventures – share of gross assets	147	266
– share of gross liabilities	(119)	(208)
	28	58
Interests in associated undertakings	381	370
Intangible fixed assets	4,295	4,406
Tangible fixed assets	1,921	1,790
Other assets	22,307	19,835
Prepayments and accrued income	5,078	3,921
	513,875	435,296
Retail life-fund assets attributable to policyholders	8,378	8,077
Total assets	522,253	443,373
Liabilities:		
Deposits by banks – banking	74,211	57,641
– trading	36,813	36,451
	111,024	94,092
Customer accounts – banking	171,963	155,814
– trading	45,755	29,054
	217,718	184,868
Debt securities in issue	67,806	49,569
Items in course of collection due to other banks	1,205	1,286
Other liabilities	76,550	69,497
Balances due to Barclays PLC	49	10
Accruals and deferred income	6,582	4,983
Provisions for liabilities and charges – deferred tax	738	646
Provisions for liabilities and charges – other	467	369
Dividend payable to Barclays PLC	977	869
Subordinated liabilities:		
Undated loan capital – non-convertible	6,149	6,310
Dated loan capital – convertible to preference shares	15	17
Dated loan capital – non-convertible	6,113	6,012
	495,393	418,528
Shareholders' funds and minority interests		
Called up share capital	2,316	2,302
Share premium account	6,531	5,743
Revaluation reserve	24	24
Profit and loss account	9,400	8,416
	18,271	16,485
Shareholders' funds – equity	17,581	16,485
– non-equity	690	—
Minority interests – equity	211	283
	18,482	16,768
	513,875	435,296
Retail life-fund liabilities to policyholders	8,378	8,077
Total liabilities and shareholders' funds	522,253	443,373
Memorandum items		
Contingent liabilities:		
Acceptances and endorsements	303	671
Guarantees and assets pledged as collateral security	30,011	24,596
Other contingent liabilities	8,245	8,427
	38,559	33,694
Commitments – standby facilities, credit lines and other	134,051	114,847

UNITED KINGDOM TAXATION

The following is a summary of the current United Kingdom taxation treatment of the Preference Shares. It is not exhaustive. It relates only to the position of persons who are the absolute beneficial owners of the Preference Shares and may not apply to certain classes of holders, such as dealers in securities. Holders 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.

Taxation of Dividends

The Issuer will not be required to withhold tax at source when paying a dividend.

Holders of Preference Shares who are resident in the UK for tax purposes and who receive a dividend from the Issuer, will generally be entitled to a tax credit (the "Tax Credit") (which may be set off against a holder's total income tax liability on the dividend) equal to 1/9th of the amount of the cash dividend (or 1/10th of the aggregate of the cash dividend and the Tax Credit (the "Gross Dividend")).

Individual holders of Preference Shares who are liable to UK income tax, other than at the higher rate, will be liable to tax on the Gross Dividend at the rate of 10 per cent. The Tax Credit will satisfy the whole of such holders' income tax liability in respect of the dividend. Individual holders of Preference Shares who are not liable to income tax in the UK in respect of the Gross Dividend will not be entitled to repayment of the Tax Credit.

Individual holders of Preference Shares who are liable to UK income tax at the higher rate, will be liable to tax on the Gross Dividend at the rate of 32.5 per cent. After taking into account the 10 per cent. Tax Credit, such individuals will be liable to pay additional UK income tax at the rate of 22.5 per cent. of the Gross Dividend. Individuals who are higher rate taxpayers will therefore pay UK income tax at an effective tax rate of 25 per cent. of the cash dividend received.

Corporate holders of Preference Shares (other than share dealers) will not normally be liable to UK corporation tax on any dividend received from the Issuer.

Holders of Preference Shares who are resident outside the UK for tax purposes will not generally be able to claim repayment of any part of the Tax Credit attaching to dividends paid by the Issuer, although this will depend on the existence and terms of any double tax treaty between the UK and the country in which the holder of Preference Shares is resident for tax purposes.

Taxation of Capital Gains

The sale, or other disposal, of Preference Shares may give rise to the realisation of a gain for the purposes of UK taxation of chargeable gains.

An individual holder of Preference Shares who is resident or ordinarily resident in the UK for tax purposes and who realises such a gain, may be liable to UK capital gains tax, depending on the holder's circumstances and subject to any available exemption or relief.

A corporate holder of Preference Shares who is resident in the UK for tax purposes and who realises such a gain, may be liable to UK corporation tax on chargeable gains, depending on the holder's circumstances and subject to any available exemption or relief.

A holder of Preference Shares who is not resident in the UK for tax purposes and who carries on a trade in the UK through a branch or agency, or, in the case of a company, a permanent establishment, may be subject to UK capital gains tax or corporation tax on a disposal of Preference Shares which are used, held, or acquired for the purposes of the branch, agency, or permanent establishment, subject to any available exemption or relief. Special rules apply to individuals who are temporarily not resident or ordinarily resident in the UK.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The Preference Shares in bearer form have been accepted for clearance and settlement through Euroclear and Clearstream, Luxembourg. Each of Euroclear and Clearstream, Luxembourg has made an election under section 97A Finance Act 1986 which applies to the Preference Shares and which means that no SDRT is payable on the issue of the Preference Shares to Euroclear or Clearstream, Luxembourg or their nominees. Neither is stamp duty payable on the issue of the Preference Shares.

Subject to special rules which would apply on agreements to transfer Preference Shares in connection with depository receipt arrangements or into clearance systems other than Euroclear and Clearstream, Luxembourg, no SDRT will be payable on an agreement to transfer Preference Shares in bearer form unless the agreement is in contemplation of, or as part of an arrangement for, a “takeover” of the Issuer.

For these purposes, there is a “takeover” of the Issuer if a person on his own, or together with connected persons, loses or acquires control of the Issuer. “Control” has the meaning in section 416 Income and Corporation Taxes Act 1988 and includes control over the company’s affairs and, in particular, entitlement to more than half of any of the votes, the share capital, the dividend rights or the assets on a winding up of the company. Persons are connected for those purposes if they are connected under section 286 Taxation of Chargeable Gains Act 1992. Persons who are connected include persons who are certain close relatives and companies under common control.

Any liability for SDRT in such circumstances is payable by the transferee at a rate of 0.5 per cent. of the consideration given.

While the Preference Shares are traded in Euroclear or Clearstream, Luxembourg, an account holder in Euroclear or Clearstream, Luxembourg will be or will become obliged by the terms of his agreement with Euroclear or Clearstream, Luxembourg, as the case may be:

- a. to account to the Inland Revenue or to Euroclear or Clearstream, Luxembourg, as the case may be, for any SDRT which becomes payable by him on an agreement to transfer Preference Shares in the “takeover” circumstances described above;
- b. to inform Euroclear or Clearstream, Luxembourg, as the case may be, if he is aware of an agreement to transfer Preference Shares to which he is a party falling within such circumstances; and
- c. to provide, on receipt of a request from Euroclear or Clearstream, Luxembourg, as the case may be, certification if applicable that no agreement to transfer Preference Shares to which he has been a party has been made, so far as he is aware, in such circumstances.

No stamp duty is payable on the transfer of the Preference Shares in bearer form provided that no instrument of transfer is executed.

THE OFFERING

Capitalised terms used in this section have the same meaning as set out in paragraph 13 of “Description of the Preference Shares”

Subscription Agreement

Under a Subscription Agreement entered into with the Issuer on 14th March, 2005, Barclays Capital Securities Limited, Credit Suisse First Boston (Europe) Limited, JPMorgan Cazenove Limited, Citigroup Global Markets Limited, Goldman Sachs International, Merrill Lynch International, Morgan Stanley & Co. International Limited, UBS Limited, Danske Bank A/S, Deutsche Bank AG London, Coöperative Centrale Raiffeisen-Boerenleenbank B.A., EFG Eurobank Ergasias S.A. and Raiffeisen Zentralbank Österreich Aktiengesellschaft (each a “**Manager**” and together the “**Managers**”) have agreed to subscribe for the Preference Shares at the issue price of €9,911.80 per Preference Share. The Subscription Agreement is subject to termination in certain circumstances prior to payment to the Issuer.

Settlement and Clearing

The Preference Shares have been accepted for clearance through the facilities of Euroclear and Clearstream, Luxembourg and will initially be represented by a single share warrant to bearer in the form of a Temporary Global Preference Share. The ISIN for the Preference Shares is XS0214398199 and the Common Code is 021439819. The Temporary Global Preference Share will be deposited with the Common Depositary for Euroclear and Clearstream, Luxembourg on the Issue Date. The Temporary Global Preference Share will be exchanged by the Common Depositary for definitive Preference Shares, each in the form of a share warrant to bearer representing one Preference Share with a nominal value of €100 and a principal amount of €10,000, and in aggregate representing all the Preference Shares, on or after a date which is expected to be 16th May, 2005.

Cash dividends received in respect of the Preference Shares that are deposited with the Common Depositary for Euroclear and Clearstream, Luxembourg will be credited to the cash accounts maintained at Euroclear and Clearstream, Luxembourg on behalf of the investors having accounts at Euroclear and Clearstream, Luxembourg after deduction of any withholding taxes in accordance with the applicable regulations and procedures of Euroclear and Clearstream, Luxembourg.

Each of Euroclear and Clearstream, Luxembourg may at its discretion take such action as it shall deem appropriate in order to assist investors having accounts at Euroclear and Clearstream, Luxembourg in the exercise of voting rights in respect of the Preference Shares. Such action may include (a) acceptance of instructions from investors having accounts at Euroclear and Clearstream, Luxembourg to execute, or to arrange the execution of, proxies, powers of attorney or other similar certificates for delivery to the Issuer or its agent or (b) voting of such Preference Shares by Euroclear, Clearstream, Luxembourg or their respective nominees in accordance with the instructions of investors having accounts at Euroclear or Clearstream, Luxembourg.

Upon presentation to the Issuer’s registrar at its office in the United Kingdom, a share warrant to bearer may be exchanged for the relevant Preference Shares in registered form, in which event the holder of the share warrant to bearer will be registered as a holder of the Preference Shares in the register of members of the Issuer and will receive a certificate made out in such holder’s name. The exchange of Preference Shares represented by a share warrant to bearer for Preference Shares in registered form will also be subject to applicable UK tax laws and regulations in effect at the time of the exchange.

Selling Restrictions

United States of America

The Preference Shares 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.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver Preference Shares (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 Preference Shares during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of Preference Shares 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 Preference Shares 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, prior to the expiry of a period of six months from the date of issue of the Preference Shares, will not offer or sell any Preference Shares to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, as amended, or the Financial Services and Markets Act 2000 (the “FSMA”);
- (2) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Preference Shares in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (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 Preference Shares in, from or otherwise involving the United Kingdom.

Italy

Each Manager has represented and agreed in the Subscription Agreement that:

- (1) no application has been made by any person to obtain an authorisation from CONSOB (the Italian Commission for Companies and the Stock Exchange) for the public offering of the Preference Shares in the Republic of Italy;
- (2) no action has or will be taken by it which would allow a public offer (“*sollecitazione all’investimento*”) of the Preference Shares in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations. Accordingly, each Manager has agreed in the Subscription Agreement that the Preference Shares may not be offered, sold or delivered by it and neither this document nor any other offering material relating to the Preference Shares will be distributed or made available by it to the public in the Republic of Italy. Individual sales of the Preference Shares to any person in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations.
- (3) it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available in the Republic of Italy any Preference Shares, this Offering Circular nor any other offering material relating to Preference Shares other than:
 - (a) to professional investors (“*investitori professionali*”/“*operatori qualificati*”) as defined in article 31, paragraph 2, of CONSOB Regulation No. 11522 of 1st July, 1998, as amended (“Regulation No. 11522”) pursuant to Article 100, paragraph 1, letter a) and Article 30, paragraph 2 of Legislative Decree No. 58 of 24th February, 1998, as amended (the “Financial Laws Consolidation Act”); or
 - (b) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of the Financial Laws Consolidation Act and Article 33.1 of CONSOB Regulation No. 11971 of 14th May, 1999, as amended; or

(c) if an Italian resident submits an unsolicited offer to purchase the Preference Shares.

Any offer, sale or delivery of any Preference Shares or distribution of copies of this Offering Circular or any other document relating to any Preference Shares in the circumstances described in the preceding paragraphs (a) and (b) must be made by a bank, investment firm or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1st September, 1993 (the “Banking Act”), the Financial Laws Consolidation Act and Regulation No. 11522.

The offering of the Preference Shares shall be made (i) in compliance with Article 129 of the Banking Act and the relevant regulations of the Bank of Italy, pursuant to which the offer of equity securities in the Republic of Italy may need to be followed by a notice to the Bank of Italy reporting the results of the offer and of the placement and (ii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

General

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

SUMMARY OF CERTAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE ISSUER

The following is a summary of certain provisions of the Articles of Association of the Issuer (the “Articles”) which may be material to Preference Shareholders. The Articles are available for inspection as provided in paragraph 7 of “Supplemental Information”. Capitalised terms used in this section have the same meaning as set out in paragraph 13 of “Description of the Preference Shares”.

1. Share capital

At the date of this document, the authorised share capital of the Issuer consists of £3,000,001,000 divided into 3,000,000,000 ordinary shares of £1 each and 1,000 sterling preference shares of £1 each, U.S.\$1,500,000 divided into 150,000,000 U.S. dollar preference shares of U.S.\$0.01 each, and €40,000,000 divided into 400,000 euro preference shares of €100 each. At the date of this document there were no U.S. dollar preference shares of the Issuer in issue.

2. Issue and allotment

Subject to applicable law and to the Board being duly authorised, all unissued shares for the time being in the capital of the Issuer shall be at the disposal of the Board which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms as the Board may decide. By an ordinary or special resolution, the Directors may be authorised under section 80 of the Companies Act 1985 to allot any of the unissued shares of the Issuer (including rights to subscribe for or to convert any security into shares of the Issuer).

3. Issues of separate classes of share

Without prejudice to the rights for the time being conferred on the holders of any shares or class of shares (which rights may be varied only as set out in the next paragraph), any share in the Issuer may be allotted and issued with such preferred, deferred or other rights, or such restrictions, whether in regard to dividend, return of capital, voting, conversion or otherwise as the Issuer may from time to time by ordinary or special resolution determine (or, failing such determination, as the Board may determine), provided that no share may be issued carrying the right of conversion into ordinary shares of the Issuer without the sanction of a special resolution.

The special rights attached to any class of shares may, subject to the Companies Act, be varied or abrogated either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class, but not otherwise.

4. Trusts in relation to shares not recognised

Except as required by law, no person shall be recognised by the Issuer as holding any share upon trust and the Issuer shall not be bound by or recognise (even with notice thereof) any interest in a share or fractional part of a share except an absolute right to the entirety thereof in the holder.

5. Share warrants to bearer

The Issuer may, with respect to fully paid shares, issue share warrants stating that the bearer is entitled to the shares specified in such warrant. A share warrant shall entitle the bearer thereof to the shares included in it and the shares may be transferred by delivery of the share warrant so that the provisions of the Articles with respect to transfer of shares in registered form shall not apply.

The Board may accept a certificate to the effect that a specified person is shown in the records of the person issuing the certificate as being entitled to the shares comprised in a specified share warrant as sufficient evidence of the facts stated in such certificate. The Board may treat the deposit of such certificate at such place as the Board may specify as equivalent to the deposit of the share warrant at such place and may allot to the person named in such certificate any shares to which the bearer of the share warrant specified in such certificate may be entitled. The right of the allottee to the allotment shall not thereafter be questioned by any person.

The Board may determine from time to time the conditions upon which share warrants will be issued, upon which a new share warrant will be issued in the place of one worn out, defaced, lost or destroyed, upon which the bearer of a share warrant may attend and vote at general meetings of the Issuer, upon which the bearer of a share warrant may present it for payment by the Issuer of any sums due in respect of such warrant, and upon which a share warrant may be surrendered and the name of

the holder entered in the register in respect of the shares therein specified. The bearer of a share warrant shall be subject to the conditions for the time being in force relating to share warrants, whether made before or after the issue of such share warrant.

Subject to the Articles and the conditions for the time being in force relating to share warrants, the bearer of a share warrant may deposit the share warrant at such place as the Board may appoint and so long as the share warrant remains so deposited, the depositor shall have the same right of attending and voting, appointing a proxy and exercising the other privileges of a member at any meeting held after the expiry of 48 hours from the time of deposit, as if his or her name were inserted in the register as the holder of the shares included in the deposited share warrant. Every share warrant so deposited shall remain so deposited until after the closing of the meeting at which the depositor desires to attend or be represented.

6. Dividends, Unclaimed Dividends and Scrip Dividends

Subject to applicable law, the Issuer in general meeting may by ordinary resolution declare dividends to be paid to the members according to their rights and interests in the profits, but no dividend shall exceed the amount recommended by the Board. If and so far as in the opinion of the Board the distributable reserves of the Issuer justify such payments, the Board may pay dividends (whether as final or interim dividends and whether at a fixed rate or calculated by reference to a formula) on any class of shares carrying such dividend on such dates as are prescribed for payment thereof. Dividends may be declared or paid in any currency.

Any dividend may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, to any one of such holders, or at such address as the holder or joint holders otherwise direct in writing. Every such cheque shall be crossed and bear across its face the words “account payee” and made payable to the person to whom it is sent or to such other person as the holder shall direct and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Issuer. Any such dividend may also be paid by any other usual or common banking method (including direct debit, bank transfer and electronic funds transfer) and the Issuer shall have no responsibility for any sums lost or delayed in the course of any such transfer or where it has acted on any such directions.

Payments in respect of any amount payable by way of dividend in respect of a share represented by a share warrant shall be paid by the Issuer or by its agent only upon presentation of the relevant share warrant at the place or places designated by the Issuer for such purposes from time to time. Each such payment shall be made at the option of the payee by a cheque drawn on, or by transfer to an account maintained by the payee with, a bank in the relevant financial centre designated by the Issuer in respect of the relevant shares.

Any dividend unclaimed after a period of 12 years from the date when it became due for payment shall be forfeited and shall revert to the Issuer.

A general meeting may, upon the recommendation of the Board direct payment of a dividend wholly or in part by the distribution of specific assets, and in particular paid up share or debentures or other securities of any other company, and the Board shall give effect to such resolution, making such arrangements for the distribution of such non-cash assets as it thinks fit.

7. Voting

Subject to any special terms as to voting attached to any shares by or in accordance with the Articles or upon which any shares may be issued, on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative at any meeting of the Issuer and entitled to vote shall have one vote, and on a poll one vote for every £1 of nominal capital which he holds.

An annual general meeting or an extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 clear days' notice in writing. All other extraordinary general meetings shall be called by not less than 14 clear days' notice in writing. A general meeting may be called on shorter notice than as specified above provided that (in the case of an annual general meeting) all the members entitled to attend and vote at that meeting so agree and (in the case of an extraordinary general meeting) a majority in number of the members having a right to attend and vote at that meeting (being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right) so agree.

Unless otherwise required by law or by the Articles, voting in general meetings is by ordinary resolution (requiring the affirmative vote of a simple majority of the votes cast). A special resolution (requiring an affirmative vote of at least 75 per cent. of the votes cast) is necessary for certain matters, such as any alteration to the Articles, a change of the Issuer's name or a disapplication of shareholders' pre-emption rights under section 89 of the Companies Act.

8. Notices

Any notice to be given pursuant to the Articles shall be in writing. A notice may be delivered to any member of the Issuer either personally, or by leaving it at, or by delivering it to, or by sending it through the post in a pre-paid cover to, or by facsimile transmission addressed to such member at, his or her registered address, if any, within the United Kingdom or (if he or she has no registered address within the United Kingdom) the address supplied by such member in writing to the Issuer as the address for the service of notices. Any such notice may be delivered by the Issuer by reference to the register as it stands at any time not more than 15 days before the date of delivery. Where a notice is sent by post, delivery shall be deemed to be effected at the expiration of 24 hours after the time when the cover containing the notice is posted (irrespective of the type of post used) and in proving such delivery, it shall be sufficient to prove that such cover was properly addressed and posted.

Any notice required to be given by the Issuer to members (including holders of share warrants) and not expressly provided for by the Articles shall be sufficiently given by advertisement. Any such notice shall be advertised in a leading daily newspaper in London and in such other place, if any, as the Board may determine, and shall be deemed to have been duly given on the date of publication, or if published more than once, on the first date of publication. The holder of a share warrant shall be entitled to notice in respect thereof only by such advertisement as provided in the Articles.

9. Winding Up

If the Issuer is wound up the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by the Companies Act, divide among the members *in specie* the whole or any part of the assets of the Issuer and may, for that purpose, set such value as the liquidator deems fair upon any one or more classes of property, and may determine how a division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the members.

10. Alteration of capital and purchase of own shares

The Issuer may by ordinary resolution:

- (i) increase its share capital by such sum to be divided into shares of such amount and denominated in such currencies as the resolution shall prescribe; and/or
- (ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares: and/or
- (iii) subject to applicable law, sub-divide its shares or any of them into shares of smaller nominal amount, and so that the resolution may determine that, as between the holders of the shares resulting from the sub-division, any of them may have any preferred or special rights over, or be subject to any restriction as compared with the others; and
- (iv) cancel any shares which, at the date of the passing of the resolution, have not been subscribed or agreed to be subscribed by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Subject to applicable law, the Issuer may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

Subject to applicable law, the Issuer may purchase all or any of its shares of any class, including any redeemable shares. Purchases shall be authorised by such resolution of the Issuer as may be required by applicable law and, if there is in issue any class of convertible shares for the time being forming part of the share capital of the Issuer, by an extraordinary resolution passed at a separate general meeting of the holders of such convertible shares.

11. Transfers of shares in registered form

Any member may transfer all or any of his shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer of a share shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect of it. The Board may decline to register any transfer unless the instrument of transfer:

- (i) is duly stamped (if required by law) and is deposited at the transfer office or such other place as the Board may prescribe and is accompanied by the certificate for the shares to which it relates and/or such other evidence (if any) as the Board may reasonably require to show the right of the transferor to make the transfer;
- (ii) is in respect of only one class of share; and
- (iii) is in favour of no more than four transferees.

The Articles contain no other restriction on the transferability of shares which are fully paid. Any member may transfer shares represented for the time being by a share warrant by delivery thereof.

SUPPLEMENTAL INFORMATION

1. The issue of the Preference Shares has been authorised pursuant to resolutions passed by the Fund Raising Committee of the Board of Directors of the Issuer on 11th March, 2005.
2. The Preference Shares have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The ISIN code for the Preference Shares is XS0214398199. The Common Code for the Preference Shares is 021439819.
3. 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. Barclays considers that the claims against it are without merit and is defending them vigorously. A court ordered mediation commenced in September 2003 but no material progress has been made towards a resolution of the litigation. In addition, in respect of investigations relating to Enron, Barclays is continuing to provide information in response to enquiries by regulatory and governmental authorities in the U.S. and elsewhere including subpoenas from the U.S. Securities and Exchange Commission. It is not possible to estimate Barclay's possible loss in relation to these matters, nor the effect that it might have upon operating results in any particular financial period.

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

Save as disclosed in the foregoing two paragraphs, 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 Issuer is aware, are any such proceedings pending or threatened.

4. Save as otherwise disclosed herein, there has been no significant change in the financial or trading position of the Issuer or the Group since 31st December, 2004 and there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31st December, 2004.
5. No optional redemption or purchase by the Issuer or any of its subsidiaries for cancellation of the Preference Shares will be made by the Issuer without the prior consent of the Financial Services Authority (if required).
6. In connection with the application to list the Preference Shares on the Luxembourg Stock Exchange, copies of the constitutional documents of the Issuer and a legal notice relating to the issue of the Preference Shares will be deposited prior to listing with the Trade and Companies Register (*Registre de Commerce et des Sociétés*) in Luxembourg where such documents may be examined and copies obtained upon request.
7. For so long as the Preference Shares are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the annual and semi-annual financial statements of the Issuer will be made available free of charge as soon as they are published from the office of the Listing and Paying Agent located in Luxembourg during normal business hours on any day (except Saturdays, Sundays and legal holidays).

For so long as the Preference Shares are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, copies of the Memorandum and Articles of Association of the Issuer and the Agency Agreement will be available for inspection at the office of the Listing and Paying Agent located in Luxembourg during normal business hours on any day (except Saturdays, Sundays and legal holidays).

8. For so long as any of the Preference Shares are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish any notices to holders of the Preference Shares in a Luxembourg daily newspaper, which is expected to be the *Luxemburger Wort*.

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

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

AUDITORS

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

LEGAL ADVISERS

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

To the Managers
Linklaters
One Silk Street
London EC2Y 8HQ

PRINCIPAL PAYING AGENT

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

PAYING AGENT

The Bank of New York (Luxembourg) S.A.
Aerogolf Centre
1A, Hoehenhof
L-1736 Senningerberg
Grand Duchy of Luxembourg

LUXEMBOURG LISTING AGENT

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

