

PROSPECTUS



BARCLAYS PLC

(incorporated with limited liability in England)

1,516,875,236 Warrants

Barclays PLC (the "**Warrant Issuer**") issued 1,516,875,236 warrants (the "**Warrants**") on 31 October 2008 (the "**Warrant Issue Date**"). The holder of each Warrant has the right to exercise such Warrant into the Gross Number of Ordinary Shares (as defined herein) at any time during the Exercise Period upon the payment of the Aggregate Warrant Exercise Consideration and the Exercise Expenses. Subject to Condition 6(d) (*Exercise - Mandatory Transfer of Warrants*), the Exercise Period in respect of the Warrants shall commence on the day on which the Warrant Issuer notifies the holders of the Warrants that (i) the Warrant Issuer has received the necessary corporate approval from its shareholders to enable, *inter alia*, the exercise of the Warrants in full into ordinary shares of the Warrant Issuer (the "**Corporate Approval Condition**") and (ii) the £3,000,000,000 14 per cent. Step-up Callable Perpetual Reserve Capital Instruments (the "**RCIs**") of Barclays Bank PLC (the "**Bank**") have been issued and the proceeds of such issue received by the Bank. The Warrants contain provisions for the adjustment of the Gross Number of Ordinary Shares in the event of the occurrence of certain dilutive events. For further details see "*Terms and Conditions of the Warrants*".

For a description of certain matters that prospective investors should consider, see "Risk Factors".

Applications have been made for the Warrants to be admitted to listing on the official list (the "**Official List**") maintained by the Financial Services Authority (the "**FSA**") (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the "**FSMA**"), the "**UK Listing Authority**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for the Warrants to be admitted to trading on the London Stock Exchange's regulated market. References in this Prospectus to Warrants being listed (and all related references) shall mean that such Warrants have been admitted to trading on the London Stock Exchange's regulated market and have been listed on the Official List maintained by the UK Listing Authority. The London Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Neither the Warrants nor the Ordinary Shares for which the Warrants are exercisable have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). The Warrants and such Ordinary Shares may not be offered, sold, transferred or delivered in the United States absent registration or an applicable exemption from registration requirements. The Warrants must not at any time be exercised in the United States.

The Prospectus has been approved by the UK Listing Authority (which is the competent authority in the United Kingdom for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom) as a prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purposes of giving information with regard to the listing of the Warrants.

Sponsor
JPMorgan Cazenove

Sole Placing Agent
BARCLAYS CAPITAL

25 November 2008

The directors of the Warrant Issuer (the "**Directors**"), whose names appear on pages 55 and 56 of this document, and the Warrant Issuer accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Warrant Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus 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 Warrants, no person is authorised to give any information or to make any representation not contained in this Prospectus and neither the Warrant Issuer, the Sponsor nor the Sole Placing Agent accepts responsibility for any such information or representation. This Prospectus does not constitute an offer of, or an invitation to subscribe for, the Warrants or the Ordinary Shares (as defined herein).

The distribution of this Prospectus and the offering, sale or delivery of the Warrants in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Warrant Issuer, the Sponsor and the Sole Placing Agent to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Warrants and on the distribution of this Prospectus and other offering material relating to Warrants, see "*Subscription and Sale*" below. In particular, the Warrants and the Ordinary Shares for which the Warrants are exercisable have not been, and will not be, registered under the Securities Act and may not be offered, sold, transferred or delivered in the United States absent registration or an applicable exemption from registration requirements. This Prospectus may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The Warrants must not at any time be exercised in the United States.

Warrants are represented by interests in a global Warrant certificate (the "**Global Warrant Certificate**"), registered in the name of a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") on or about the Warrant Issue Date. Individual Warrant certificates ("**Individual Warrant Certificates**") evidencing holdings of Warrants will only be available in certain limited circumstances. See further "*Summary of Provisions Relating to the Warrants While in Global Form*".

The Warrants are in registered form.

Investors should satisfy themselves that they understand all the risks associated with making investments in the nature of the Warrants. The Warrants are only suitable for financially sophisticated investors who are capable of evaluating the risks involved in investing in the Warrants. See "*Risk Factors*".

JPMorgan Cazenove Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting for the Warrant Issuer and for no-one else in connection with the Warrants, and will not be responsible to anyone other than the Warrant Issuer for providing the protections afforded to customers of JPMorgan Cazenove Limited nor for providing advice to any other person in relation to the Warrants or any other matter herein.

Barclays Capital, the investment banking division of Barclays Bank PLC, which is authorised and regulated in the United Kingdom by the FSA, is acting for the Warrant Issuer and for no-one else in connection with the Warrants, and will not be responsible to anyone other than the Warrant Issuer for providing the protections afforded to customers of Barclays Capital nor for providing advice to any other person in relation to the Warrants or any other matter herein.

In this Prospectus, all references to "**U.S.\$**" or "**U.S. dollars**" are to the lawful currency of the United States of America, references to "**£**", "**penny**", "**pence**" and "**Sterling**" are to the lawful currency of the United Kingdom and 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.

INFORMATION INCORPORATED BY REFERENCE

The following information has been filed with the FSA and shall be deemed to be incorporated in, and to form part of, this Prospectus:

- the joint Annual Report of the Warrant Issuer and the Bank, as filed with the U.S. Securities and Exchange Commission ("SEC") on Form 20-F in respect of the years ended 31 December 2006 and 31 December 2007 (the "**Joint Annual Report**"), with the exception of the information incorporated by reference in the Joint Annual Report referred to in the Exhibit Index of the Joint Annual Report, which shall not be deemed to be incorporated in this Prospectus;
- the Annual Reports of the Bank containing the audited consolidated accounts of the Bank in respect of the years ended 31 December 2006 (the "**2006 Bank Annual Report**") and 31 December 2007 (the "**2007 Bank Annual Report**"), respectively;
- the unaudited Interim Results Announcement of the Warrant Issuer as filed with the SEC on Form 6-K (File No.: 001-09246; Film No.: 08997427) on 7 August 2008 in respect of the six months ended 30 June 2008 (the "**Interim Results Announcement**") and the unaudited Interim Results Announcement of the Bank in respect of the six months ended 30 June 2008 (the "**Bank Interim Results Announcement**");
- the announcement of the Warrant Issuer issued on 13 October 2008 in relation to the Group's capital, dividend and current trading positions as filed with the SEC on Form 6-K on 14 October 2008 (the "**Announcement**");
- the capitalisation and indebtedness table of the Bank and the Group as at 30 June 2008 as filed with the SEC on Form 6-K on 17 October 2008 (the "**Bank Capitalisation and Indebtedness Table**"); and
- the capitalisation and indebtedness table of the Warrant Issuer as at 30 June 2008 as filed with the SEC on Form 6-K on 20 October 2008 (the "**Warrant Issuer Capitalisation and Indebtedness Table**").

The above documents may be inspected as described in paragraph 6 of "*General Information*".

Any information incorporated by reference into the documents set out above does not form part of this Prospectus.

The table below sets out the relevant page references for all of the information contained within the Joint Annual Report as filed on Form 20-F:

Section 1 - Business review	
Financial review	3
Corporate sustainability	58
Risk management	61
Section 2 - Governance	
Board and Executive Committee	112
Directors' report	114
Corporate governance report	117
Remuneration report	128
Accountability and audit	143
Section 3 - Financial statements	
Presentation of information	146
Independent Registered Public Accounting Firm's report - Barclays PLC	147
Independent Registered Public Accounting Firm's report - Barclays Bank PLC	148
Consolidated accounts Barclays PLC	149
Consolidated accounts Barclays Bank PLC	250
Section 4 - Shareholder information	267

Each of the Warrant Issuer and the Bank has applied International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union ("**IFRS**") in the financial statements incorporated by reference above. A summary of the significant accounting

policies for each of the Warrant Issuer and the Bank is included in each of the Joint Annual Report, the 2006 Bank Annual Report and the 2007 Bank Annual Report.

CONTENTS

	Page
SUMMARY OF THE WARRANTS	6
RISK FACTORS	10
TERMS AND CONDITIONS OF THE WARRANTS.....	18
SUMMARY OF PROVISIONS RELATING TO THE WARRANTS WHILE IN GLOBAL FORM.....	48
USE OF PROCEEDS	50
THE WARRANT ISSUER AND THE GROUP.....	51
DESCRIPTION OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION AND THE ORDINARY SHARES OF THE WARRANT ISSUER	57
INTERIM MANAGEMENT STATEMENT	63
UNAUDITED PRO FORMA FINANCIAL INFORMATION	74
UNITED KINGDOM TAXATION	76
SUBSCRIPTION AND SALE.....	78
GENERAL INFORMATION	81

SUMMARY OF THE WARRANTS

This summary must be read as an introduction to this Prospectus and any decision to invest in the Warrants should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area, no civil liability attaches to the Warrant Issuer solely on the basis of the summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated. Defined terms used below have the meaning given to them in "Terms and Conditions of the Warrants" or elsewhere in this Prospectus.

Issuer of the Warrants

Barclays PLC (the "**Warrant Issuer**")

The Warrant 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 whole of the issued ordinary share capital of Barclays Bank PLC (the "**Bank**") is beneficially owned by the Warrant Issuer, which is the ultimate holding company of the Group and is one of the largest financial services companies in the world by assets.

Based on the Group's unaudited financial information for the six months ended 30 June 2008, the Group had total assets of £1,365,654 million (June 2007: £1,158,262 million), total net loans and advances of £449,981 million (June 2007: £364,434 million), total deposits of £409,225 million (June 2007: £379,873 million), and total shareholders' equity of £32,822 million (June 2007: £28,721 million) (including minority interests of £10,533 million (June 2007: £7,748 million)). The profit before tax of the Group for the six months ended 30 June 2008 was £2,754 million (June 2007: £4,101 million) after impairment charges on loans and advances and other credit provisions of £2,448 million (June 2007: £959 million). The financial information in this paragraph is extracted from the unaudited Interim Results Announcement.

Based on the Group's audited financial information for the year ended 31 December 2007, the Group had total assets of £1,227,361 million (2006: £996,787 million), total net loans and advances¹ of £385,518 million (2006: £313,226 million), total deposits² of £385,533 million (2006: £336,316 million) and total shareholders' equity of £32,476 million (2006: £27,390 million) (including minority interests of £9,185 million (2006: £7,591 million)). The profit before tax of the Group for the year ended 31 December 2007 was £7,076 million (2006: £7,136 million) after impairment charges on loans and advances and other credit provisions of £2,795 million (2006: £2,154 million). The financial information in this paragraph is extracted from the Joint Annual Report.

The Issue

1,516,875,236 Warrants of the Warrant Issuer

Share Issuer

Barclays PLC

¹ Total net loans and advances include balances relating to both bank and customer accounts.

² Total deposits include deposits from bank and customer accounts.

Sponsor	JPMorgan Cazenove Limited
Sole Placing Agent	Barclays Capital, the investment banking division of Barclays Bank PLC
Ordinary Shares	Ordinary shares, currently of £0.25 par value, in the share capital of Barclays PLC.
Warrant Issue Price	0.01 pence per 100,000 Warrants (rounded, if necessary, up to the nearest penny)
Warrant Issue Date	31 October 2008
Gross Number of Ordinary Shares on the Warrant Issue Date	One Ordinary Share per Warrant
Aggregate Warrant Exercise Consideration	Subject to Condition 6(d) (<i>Exercise - Mandatory Transfer of Warrants</i>), 197.775 pence per Warrant
Form	The Warrants are in registered form. Warrants are represented by interests in a global Warrant certificate (the " Global Warrant Certificate "), registered in the name of a common depository for Euroclear Bank S.A./N.V. (" Euroclear ") and Clearstream Banking, société anonyme (" Clearstream, Luxembourg ") on or about the Warrant Issue Date. Individual Warrant certificates (" Individual Warrant Certificates ") evidencing holdings of Warrants will only be available in certain limited circumstances. See further " <i>Summary of Provisions Relating to the Warrants While in Global Form</i> ".
Status	The Warrants constitute direct, unsubordinated, general and unconditional obligations of the Warrant Issuer.
Exercise Right	The holder of each Warrant has the right to exercise such Warrant into the Gross Number of Ordinary Shares at any time during the Exercise Period upon the payment of the Aggregate Warrant Exercise Consideration and the relevant exercise expenses. The original subscribers for the Warrants are entitled to a reduction in the Aggregate Warrant Exercise Consideration in the event that the Warrant Issuer issues further Ordinary Shares by way of a rights issue between 1 July 2009 and 30 June 2011 and the price of an Ordinary Share at the time of the rights issue is less than 197.775 pence. Such right is solely granted to the original subscriber, is not transferable and is not a term of the Warrants.
Exercise Period	Subject to Condition 6(d) (<i>Exercise - Mandatory Transfer of Warrants</i>), the period beginning on and including the date on which the Warrant Issuer notifies the Warranholders that the Warrant Exercise Condition has been satisfied and ending on and including the close of business on 31 October 2013. " Warrant Exercise Condition " means, subject to Condition 6(d) (<i>Exercise - Mandatory Transfer of Warrants</i>); (a) the Warrant Issuer receiving the necessary corporate approval from its Shareholders at the first general meeting of Shareholders held after the Warrant Issue Date (or, if such meeting is adjourned, at any such adjourned meeting) in relation to: (i) an increase in the authorised ordinary share capital of the Warrant Issuer sufficient (a) to enable each

Warrantholder to exercise its Warrants in full, (b) to allow the conversion of the MCNs, and (c) to facilitate the application of the Alternative Coupon Satisfaction Mechanism pursuant to the terms and conditions of the RCIs;

(ii) granting the directors of the Warrant Issuer authority pursuant to section 80 of the Companies Act 1985 to allot new Ordinary Shares sufficient (a) to enable each Warrantholder to exercise its Warrants in full, (b) to allow the conversion of the MCNs and (c) to facilitate the application of the Alternative Coupon Satisfaction Mechanism pursuant to the terms and conditions of the RCIs;

(iii) granting the directors of the Warrant Issuer power pursuant to section 95 of the Companies Act 1985 to disapply pre-emption rights in respect of sufficient new Ordinary Shares (a) to enable each Warrantholder to exercise its Warrants in full and (b) to facilitate the application of the Alternative Coupon Satisfaction Mechanism pursuant to the terms and conditions of the RCIs; and

(iv) approval of the issue, upon conversion of the MCNs, of new Ordinary Shares at a price representing a discount of more than 10 per cent.; and

(b) Barclays Bank PLC issuing the RCIs and receiving full payment in respect thereof.

Other Anti-Dilution Provisions

The Warrants contain provisions for the adjustment of the Gross Number of Ordinary Shares in the event of the occurrence of certain dilutive events (subject to specified exceptions) including, amongst others, Extraordinary Dividends, bonus issues, alterations to the nominal value of the Ordinary Shares and rights issues. No adjustment will be made for a Corporate Event.

Risk Factors

There are certain factors which may affect the Warrant Issuer's ability to fulfil its obligations in respect of Warrants it has issued. Risk factors identified include business conditions and general economy which may affect the ability of the Warrant Issuer to fulfil its obligations under the Warrants issued. Some of these business conditions and general economy risk factors include (i) the profitability of the businesses of the Group being adversely affected by a worsening of general economic conditions in the United Kingdom or globally, (ii) current market volatility and recent market developments which revealed difficulties in the global financial system, (iii) soundness of other financial institutions, (iv) effect of governmental policy and regulation, (v) regulatory compliance risk, (vi) capital risk (vii) credit market exposures and (viii) assets originated for resale or securitisation. Other general business risk factors include (i) risks relating to the financial services industry including changes in interest rate levels, credit spreads, foreign exchange rates, commodity prices and equity prices, and (ii) operational risks and losses resulting from matters such as fraud or error. The Warrant Issuer is also subject to liquidity risks. Other risks identified by the Warrant Issuer are specific to the Warrants and include (i) there being no active trading market for the Warrants, (ii) that the Warrant Exercise Condition may not be satisfied, (iii) that

Holders of Warrants will bear the risk of fluctuation in the price of the Ordinary Shares and (iv) risks relating to hedging.

Governing law

The Warrants are governed by English law.

Manner of Offering

Neither the Warrants nor the Ordinary Shares for which the Warrants are exercisable have been, or will be, registered under the Securities Act. The Warrants and such Ordinary Shares may not be offered, sold, transferred or delivered in the United States absent registration or an applicable exemption from registration requirements. The Warrants must not at any time be exercised in the United States. For more information, see "*Subscription and Sale - Selling Restrictions - United States of America*" below.

Listing and admission to trading London

Applications have been made for the Warrants to be admitted to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange's regulated market.

RISK FACTORS

This section describes the principal risk factors associated with an investment in the Warrants. Prospective purchasers of Warrants should consider carefully all the information contained in this Prospectus, including the considerations set out below, before making any investment decision. Defined terms used herein have the meaning given to them in "Terms and Conditions of the Warrants" or elsewhere in this Prospectus.

Risks relating to the Warrants

Warrant Exercise Condition

The Exercise Period will not commence until the Warrant Exercise Condition is satisfied. If the Warrant Exercise Condition is not satisfied, the Exercise Period will not commence and the holder of a Warrant will have no right to exercise such Warrant at any time.

There is no active trading market for the Warrants

The Warrants are new securities which may not be widely distributed and for which there is currently no active trading market. If the Warrants are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon the market for similar securities, general economic conditions and the financial condition of the Warrant Issuer.

Although applications have been made to have the Warrants admitted to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange's regulated market, there can be no assurance that an active public market for the Warrants will develop and, if such a market were to develop, that it will be sustained throughout the life of the Warrants and neither the Warrant Issuer, the Sponsor nor the Sole Placing Agent are under any obligation to maintain such a market. The liquidity and the market prices for the Warrants can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Group and other factors that generally influence the market prices of securities. Also, to the extent Warrants are exercised, the number of Warrants outstanding will decrease, resulting in a lessening of the liquidity of the Warrants which may cause, in turn, an increase in the volatility associated with the price of the Warrants. To the extent that the secondary market in an issue of Warrants becomes illiquid, an investor may have to exercise such Warrants to realise any value thereof.

Holders of Warrants will bear the risk of fluctuation in the price of the Ordinary Shares

The market price of the Warrants is expected to be affected by fluctuations in the market price of the Ordinary Shares and it is impossible to predict whether the price of the Ordinary Shares will rise or fall. Trading prices of the Ordinary Shares will be influenced by, among other things, the financial position of the Warrant Issuer, the results of operations and political, economic, financial and other factors. Fluctuations in the market price of the Ordinary Shares will affect the value of the Warrants.

Future issues or sales of the Ordinary Shares may significantly affect the trading price of the Warrants or the Ordinary Shares. The future issue of Ordinary Shares by the Warrant Issuer or the disposal of Ordinary Shares by any of the major shareholders of the Warrant Issuer or the perception that such issues or sales may occur may significantly affect the trading price of the Warrants and the Ordinary Shares. There is no restriction on the Warrant Issuer's ability to issue Ordinary Shares, and there can be no assurance that the Warrant Issuer will not issue Ordinary Shares or that any such substantial shareholder will not dispose of, encumber, or pledge its Ordinary Shares or related securities.

Certain Considerations Regarding Hedging

Prospective purchasers intending to purchase Warrants to hedge against the market risk associated with investing in the Ordinary Shares should recognise the complexities of utilising Warrants in this manner. For example, the value of the Warrants may not exactly correlate with the value of the Ordinary Shares. Due to fluctuating supply and demand for the Warrants, there is no assurance that their value will correlate with movements of the Ordinary Shares.

Risks relating to the Warrant Issuer and the Group

Business Conditions and General Economy

The profitability of the Warrant Issuer's and the Group's businesses could be adversely affected by the worsening of general economic conditions in the United Kingdom, globally or in certain individual markets such as the United States or South Africa. Factors such as interest rates, inflation, investor sentiment, the availability and cost of credit, the liquidity of the global financial markets and the level and volatility of equity prices could significantly affect the Group's customers' activity levels and financial position. For example:

- the current economic downturn or significantly higher interest rates or continued lack of credit availability to the Group's customers could adversely affect the credit quality of the Group's on-balance sheet and off-balance sheet assets by increasing the risk that a greater number of the Group's customers would be unable to meet their obligations;
- a market downturn or worsening of the economy could cause the Group to incur further mark to market losses in its trading portfolios;
- a market downturn could reduce the fees the Group earns for managing assets. For example, a downturn in trading markets could affect the flows of assets under management; and
- a market downturn would be likely to lead to a decline in the volume of transactions that the Group executes for its customers and, therefore, lead to a decline in the income it receives from fees and commissions and interest.

Current Market Volatility and Recent Market Developments

The global financial system has been experiencing difficulties since August 2007 and the financial markets have deteriorated dramatically since the bankruptcy filing of Lehman Brothers in September 2008. Together with the significant declines in the housing markets in the UK, the US and other countries, these events over the past two years have contributed to significant write-downs of asset values by financial institutions, including government-sponsored entities and major commercial and investment banks. These write-downs have caused many financial institutions to seek additional capital, to merge with larger and stronger institutions and, in some cases, to fail. Reflecting concern about the stability of the financial markets generally and the strength of counterparties, many lenders and institutional investors have substantially reduced, and in some cases, halted their funding to borrowers, including other financial institutions.

While the capital and credit markets have been experiencing volatility and disruption for more than 12 months, the volatility and disruption has reached unprecedented levels in recent months and there has been increasing expectation in financial markets of a global recession. These conditions have produced downward pressure on stock prices and credit capacity for certain issuers.

The resulting lack of credit, lack of confidence in the financial sector, increased volatility in the financial markets and reduced business activity could materially and adversely affect the Group's business, financial condition and results of operations.

Soundness of other Financial Institutions

The Group is exposed to many different industries and counterparties in the normal course of its business, but its exposure to counterparties in the financial services industry is particularly significant. This exposure can arise through trading, lending, deposit-taking, clearance and settlement and many other activities and relationships. These counterparties include brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. Many of these relationships expose the Group to credit risk in the event of default of a counterparty or client. In addition, the Group's credit risk may be exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure it is due. Many of the hedging and other risk management strategies utilised by the Group also involve transactions with financial services counterparties. The failure of these counterparties to settle or the perceived weakness of these counterparties may impair the effectiveness of the Group's hedging and other risk management strategies.

Effect of Governmental Policy and Regulation

The Group's businesses and earnings can be affected by the fiscal or other policies and other actions of various governmental and regulatory authorities in the United Kingdom, the European Union ("EU"), the United States, South Africa and elsewhere. All these are subject to change, particularly in the current market environment where recent developments in the global markets have led to an increase in the involvement of various governmental and regulatory authorities in the financial sector and in the operations of financial institutions. In particular, governmental and regulatory authorities in the United Kingdom, the United States and elsewhere are implementing measures to increase regulatory control in their respective banking sectors including by imposing enhanced capital requirements or by imposing conditions on direct capital injections and funding. Any future regulatory changes may potentially restrict the Group's operations, mandate certain lending activity and impose other compliance costs. It is uncertain how the more rigorous regulatory climate will impact financial institutions including the Group.

Areas where changes could have an impact include:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which the Group operates;
- general changes in the regulatory requirements, for example, prudential rules relating to the capital adequacy framework and rules designed to promote financial stability and increase depositor protection;
- changes in competition and pricing environments including, for example, relating to the proposed acquisition of HBOS by Lloyds TSB;
- further developments in the financial reporting environment;
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership; and
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty which in turn may affect demand for the Group's products and services.

Regulatory Compliance Risk

Regulatory compliance risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial service industry. Non-compliance could lead to fines, public reprimands, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorisations to operate.

Details of the current regulatory proceedings in which the Group is involved are set out in "*The Warrant Issuer and the Group — Competition and regulatory matters*". It is not possible for the Group to predict what other similar regulatory proceedings may arise in the future.

Notwithstanding anything in this risk factor, this risk factor should not be taken to imply that any member of the Group will be unable to comply with its obligations as a supervised firm regulated by the FSA.

Banking (Special Provisions) Act 2008

Under the Banking (Special Provisions) Act 2008 the UK Treasury (the "**Treasury**") has been given certain powers in relation to authorised UK deposit takers (such as the Bank). These comprise entities incorporated in or formed under the laws of any part of the United Kingdom who have permission to accept deposits under Part 4 of FSMA 2000 (or their UK subsidiaries). These powers last until 21 February 2009 and are capable of having retrospective effect. They can be exercised in certain circumstances namely: (i) to maintain the stability of the UK financial system in circumstances where the Treasury considers that there would be a serious threat to its stability; or (ii) to protect the public interest in circumstances where financial assistance has been provided by the Treasury to the deposit taker for the purpose of maintaining the stability of the UK financial system.

The powers are wide ranging and may entail divesting the authorised UK deposit-taker of its assets or transferring ownership of any securities issued by the authorised UK deposit-taker irrespective of any encumbrance or trust over them. Accordingly the enforceability of the obligations of the Warrant Issuer could be affected if the Treasury were to exercise such powers.

If such powers were to be exercised, the Treasury is required to make provision for compensation or consideration (depending upon whether a public or private entity has acquired the asset) to be paid, in the case of securities, to the holder of the assets, which may not be the encumbrancer.

Banking Bill 2008

On 7 October 2008, the Banking Bill 2008 (the "**Bill**") was published which, if enacted, would in large part implement on a permanent basis the temporary powers granted to the Treasury under the Banking (Special Provisions) Act 2008. The Bill, if enacted, would provide the Bank of England with two stabilisation powers, in respect of UK-incorporated deposit-taking institutions, such as the Bank, which are (i) private sale and (ii) transfer to a government owned "**bridge bank**". In addition, the Treasury would be given the power to implement the nationalisation of such institutions. It is difficult to determine the full impact of the Bill and there can be no assurance that the Warrant holders will not be adversely affected by an action taken under it once it is finalised and implemented (assuming that should occur).

Financial Services Compensation Scheme

The Financial Services Compensation Scheme (the "**FSCS**") was created under the FSMA and is the UK's statutory fund of last resort for customers of authorised financial services firms. The FSCS can pay compensation to customers if a firm is unable, or likely to be unable, to pay claims against it. The FSCS is funded by levies on authorised UK deposit takers such as the Bank. In the event that the FSCS raises funds from the authorised firms, raises those funds more frequently or significantly increases the levies to be paid by such firms, the associated costs to the Bank may have a material impact on the Group's results of operations and financial condition.

Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk may also arise where the downgrading of an entity's credit rating causes the fair value of the Group's investment in that entity to fall. The credit risk that the Group faces arises mainly from commercial and consumer loans and advances, including credit card lending.

In a recessionary environment, such as that ongoing, credit risk increases. Credit risk may also be manifested as country risk where difficulties may arise in the country in which the exposure is domiciled, thus impeding or reducing the value of the assets, or where the counterparty may be the country itself. Another form of credit risk is settlement risk, which is the possibility that the Group may pay a counterparty — for example, a bank in a foreign exchange transaction — but fail to receive the corresponding settlement in return.

Market Risk

Market risk is the risk that the Group's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, credit spreads, commodity prices, equity prices and foreign exchange rates. Market risk has increased due to the volatility of the current financial markets. The main market risk arises from trading activities. The Group is also exposed to interest rate risk in the banking book and market risk in the pension fund.

Operational Risk

Operational risk is the risk of direct or indirect losses resulting from human factors, external events, and inadequate or failed internal processes and systems. Operational risks are inherent in the Group's operations and are typical of any large enterprise. Major sources of operational risk include operational process reliability, IT security, outsourcing of operations, dependence on key suppliers, implementation of strategic change, integration of acquisitions, fraud, human error, customer service quality, regulatory compliance, recruitment, training and retention of staff, and social and environmental impacts.

Notwithstanding anything in this risk factor, this risk factor should not be taken to imply that the Bank will be unable to comply with its obligations as a company with securities admitted to the Official List or that any member of the Group will be unable to comply with its obligations as a supervised firm regulated by the FSA.

Capital Risk

Capital risk is the risk that the Group has insufficient capital resources to:

- meet minimum regulatory capital requirements in the UK and in other jurisdictions such as the United States and South Africa where regulated activities are undertaken. The Group's authority to operate as a bank is dependent upon the maintenance of adequate capital resources;
- support its credit rating. In addition to capital resources, the Group's rating is supported by a diverse portfolio of activities, an increasingly international presence, consistent profit performance, prudent risk management and a focus on value creation. A weaker credit rating would increase the Group's cost of funds; and
- support its growth and strategic options.

During periods of market dislocation increasing the Group's capital resources may prove more difficult or costly. Regulators have also recently increased the Group's capital targets and amended the way in which capital targets are calculated and may further do so in future. This would constrain the Group's planned activities and contribute to adverse impacts on the Group's earnings.

Liquidity Risk

This is the risk that the Group is unable to meet its obligations when they fall due and to replace funds when they are withdrawn, with consequent failure to repay depositors and fulfil commitments to lend. The risk that it will be unable to do so is inherent in all banking operations and can be impacted by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

The Warrant Issuer's and the Group's liquidity risk management has several components:

- intra-day monitoring to maintain sufficient liquidity to meet all settlement obligations;
- mismatch limits to control expected cashflows and maturing liabilities;
- monitoring of undrawn lending commitments, overdrafts and contingent liabilities; and
- diversification of liquidity sources by geography and provider.

During periods of market dislocation, such as those currently ongoing, the Warrant Issuer's and the Group's ability to manage liquidity requirements may be impacted by a reduction in the availability of wholesale term funding for market participants, as well as an increase in the cost of raising wholesale funds.

Fair Value Accounting and Use of Estimates

Some of the Group's financial instruments are carried at fair value through profit or loss such as those held for trading, designated by management under the fair value option and non-cash flow hedging derivatives. To establish the fair value of these instruments, each of the Warrant Issuer and the Group relies on quoted market prices in active markets or, where the market for a financial instrument is not sufficiently active, valuation techniques that utilise, wherever possible, observable market inputs. Observable inputs for such valuation models may have become unavailable due to the disappearance over the past months of active markets for certain instruments.

To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be subjective, dependant on the significance of the unobservable input to the overall valuation. Unobservable inputs are determined based on the best information available, for example by reference to similar assets, similar maturities, appropriate proxies, or other analytical

techniques. The effect of changing the assumptions for those financial instruments for which the fair values are measured using valuation techniques that are determined in full or in part on assumptions that are not supported by observable inputs may have a material adverse effect on the Group's earnings.

Financial institutions may use different accounting categorisations for the same or similar financial assets due to their different intentions regarding those assets. In determining fair value of financial instruments, different financial institutions may use different valuation techniques, assumptions, judgements and estimates which may result in lower or higher fair values for such financial instruments.

Credit Market Exposures

The Warrant Issuer's and the Group's future earnings could be affected by depressed asset valuations resulting from a deterioration in market conditions. Financial markets are sometimes subject to stress conditions where steep falls in asset values can occur, as demonstrated by recent events affecting asset-backed CDOs and the US sub-prime residential mortgage market and which may occur in other asset classes during an economic downturn. Severe market events are difficult to predict and, if they continue to occur, could result in the Group incurring additional losses.

In 2007 and in 2008, the Group has recorded material net losses on certain credit market exposures, including ABS CDO Super Senior exposures. As market conditions change, the fair value of these exposures could fall further and result in additional losses or impairment charges, which could have a material adverse effect on the Group's earnings. Such losses or impairment charges could derive from: a decline in the value of exposures; a decline in the ability of counterparties, including monoline insurers, to meet their obligations as they fall due; or the ineffectiveness of hedging and other risk management strategies in circumstances of severe stress.

Any value ultimately realised by the Group on sale of an asset will depend on the prices achievable in the market following the decision to sell which may be higher or lower than the asset's current estimated value. If there is a shortfall between the proceeds obtained on disposal and the carrying value of the asset on the balance sheet there would be an adverse effect on the Group's earnings.

Assets Originated for Resale or Securitisation

In illiquid markets, the Group may decide to hold assets rather than securitising, syndicating or disposing of them. This could restrict the Group's ability to enter into subsequent lending or other transactions as a result of the effect on capital adequacy ratios, which could have an adverse effect on the Group's ability to expand its earnings and operations.

Business Risk

Business risk is the risk of adverse outcomes resulting from a weak competitive position or from poor choice of strategy, markets, products, activities or structures. Major potential sources of business risk include revenue volatility due to factors such as macroeconomic conditions, inflexible cost structures, uncompetitive products or pricing and structural inefficiencies.

Insurance Risk

Insurance risk is the risk that the Group will have to make higher than anticipated payments to settle claims arising from its long-term and short-term insurance businesses.

Legal Risk

The Group is subject to a comprehensive range of legal obligations in all countries in which it operates. As a result, the Group is exposed to many forms of legal risk, which may arise in a number of ways. Primarily:

- the Group's business may not be conducted in accordance with applicable laws around the world;
- contractual obligations may either not be enforceable as intended or may be enforced against the Group in an adverse way;

- the intellectual property of the Group (such as its trade names) may not be adequately protected; and
- the Group may be liable for damages to third parties harmed by the conduct of its business.

The Group faces risk where legal proceedings are brought against it. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered even if the Group is successful. Although the Group has processes and controls to manage legal risks, failure to manage these risks could impact the Group adversely, both financially and by reputation.

Tax Risk

The Group is subject to the tax laws in all countries in which it operates. A number of double taxation agreements entered between two countries also impact on the taxation of the Group. The Group is also subject to European Community tax law. Tax risk is the risk associated with changes in tax law or in the interpretation of tax law. It also includes the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risks could lead to an additional tax charge. It could also lead to a financial penalty for failure to comply with required tax procedures or other aspects of tax law.

If, as a result of a particular tax risk materialising, the tax costs associated with particular transactions are greater than anticipated, it could affect the profitability of those transactions.

The Group takes a responsible and transparent approach to the management and control of its tax affairs and related tax risk:

- tax risks are assessed as part of the Group's formal governance processes and are reviewed by the Executive Committee, Group Finance Director and the Board Risk Committee;
- the tax charge is also reviewed by the Board Audit Committee;
- the tax risks of proposed transactions or new areas of business are fully considered before proceeding;
- the Group takes appropriate advice from reputable professional firms;
- the Group employs high-quality tax professionals and provides ongoing technical training;
- the tax professionals understand and work closely with the different areas of the business;
- the Group uses effective, well-documented and controlled processes to ensure compliance with tax disclosure and filing obligations; and
- where disputes arise with tax authorities with regard to the interpretation and application of tax law, the Group is committed to addressing the matter promptly and resolving the matter with the tax authority in an open and constructive manner.

Impact of Strategic Decisions taken by the Group

The Group devotes substantial management and planning resources to the development of strategic plans for organic growth and identification of possible acquisitions, supported by substantial expenditure to generate growth in customer business. If these strategic plans do not deliver as anticipated, the Group's earnings could grow more slowly or decline.

Competition

The global financial services markets in which the Group operates are highly competitive. Innovative competition for corporate, institutional and retail clients and customers comes both from incumbent players and a steady stream of new market entrants, as well as recent consolidation among banking institutions in the United Kingdom, the United States and throughout Europe. The landscape is expected

to remain highly competitive in all areas, which could adversely affect the Group's profitability if the Group fails to retain and attract clients and customers.

TERMS AND CONDITIONS OF THE WARRANTS

The following is the text of the terms and conditions applicable to the Warrants which is included in the Warrant Deed Poll.

1. Introduction

The expression the "**Warrants**" refers to warrants of Barclays PLC (the "**Warrant Issuer**") with the terms and conditions set out herein. The Warrants will be created by a resolution of the Board of the Warrant Issuer and constituted by the Warrant Deed Poll. Warrantholders will be entitled to the benefits of, and bound by and be deemed to have notice of, all the provisions of the Warrant Deed Poll.

The Warrants are the subject of a registrar agreement dated 31 October 2008 (as amended or supplemented from time to time, the "**Registrar Agreement**") between the Warrant Issuer, The Bank of New York Mellon, acting through its London Branch, as registrar (the "**Warrant Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Warrants), The Bank of New York Mellon, acting through its London Branch, as transfer agent (the "**Warrant Transfer Agent**", which expression includes any successor transfer agent appointed from time to time in connection with the Warrants) and The Bank of New York Mellon, acting through its London Branch, as exercise agent (the "**Warrant Exercise Agent**", which expression includes any successor exercise agent appointed from time to time in connection with the Warrants). References herein to the "**Agents**" are to the Warrant Registrar, the Warrant Transfer Agent and the Warrant Exercise Agent and any reference to an "**Agent**" is to any one of them. Certain provisions of these Conditions are summaries of the Registrar Agreement and subject to its detailed provisions. The Warrantholders are bound by, and are deemed to have notice of, all the provisions of the Registrar Agreement applicable to them. Copies of the Registrar Agreement are available for inspection by Warrantholders during normal business hours at the Specified Office of the Registrar.

2. Form

The Warrants are in registered form.

3. Register, Title and Transfers

(a) *Warrant Register*

The Warrant Registrar will maintain a register (the "**Warrant Register**") in respect of the Warrants. A certificate (the "**Warrant Certificate**") will be issued to each Warrantholder in respect of its aggregate registered holding of Warrants. Warrant Certificates will be numbered serially with an identifying number which will be recorded in the Warrant Register.

(b) *Title*

The Holder of a Warrant shall (except as otherwise required by law) be treated as the absolute owner of such Warrant for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the related Warrant Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of the related Warrant Certificate) and no person shall be liable for so treating such Holder. The Warrant Issuer will cause to be kept at the specified offices of the Warrant Registrar and in accordance with the terms of the Registrar Agreement a Warrant Register on which shall be entered the names and addresses of the Warrantholders and the particulars of the Warrants held by them and of all transfers and redemptions of Warrants. Each Warrantholder shall be entitled to receive only one Warrant Certificate in respect of its entire holding. Each Warrant Certificate will be numbered serially with an identifying number which will be recorded in the Warrant Register.

(c) *Transfers*

Subject to paragraph (f) (*Regulations concerning transfers and registration*) below, a Warrant may be transferred upon surrender of the related Warrant Certificate, with the endorsed form of

transfer, the form of which will be set out in such Warrant Certificate, duly completed, at the Specified Office of the Warrant Transfer Agent, together with such evidence as the Warrant Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. In the case of a transfer where not all of the Warrants evidenced by the surrendered Warrant Certificate are the subject of the transfer, a new Warrant Certificate in respect of the balance not transferred will be issued to the transferor. No transfer of a Warrant will be valid unless and until entered on the Warrant Register.

(d) *Registration and delivery of Warrant Certificates*

Within five business days of the surrender of a Warrant Certificate in accordance with paragraph (c) (Transfers) above and subject to any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer having been paid, the Warrant Registrar will register the transfer in question and deliver a new Warrant Certificate to the Holder or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such Holder.

(e) *No charge*

Transfer of the Warrant will be effected without charge by or on behalf of the Warrant Transfer Agent. The Warrant Issuer shall not be responsible for the payment of tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Regulations concerning transfers and registration*

All transfers of Warrants and entries on the Warrant Register are subject to the detailed regulations concerning the transfer of Warrants set out in the Registrar Agreement.

4. **Status**

The Warrants constitute direct, unsubordinated, general and unconditional obligations of the Warrant Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured, unsubordinated obligations of the Warrant Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

5. **Meetings of Warranholders, Modification and Cancellation**

(a) *Meetings of Warranholders and Modification*

The Registrar Agreement contains provisions for convening meetings of Warranholders to consider matters relating to the Warrants, including the modification of any provision of these Terms and Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Warrant Issuer and shall be convened by the Warrant Issuer upon the request in writing of Warranholders holding not less than one-tenth of the aggregate principal amount of the outstanding Warrants.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a majority in nominal amount of the Warrants for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Warranholders whatever the nominal amount of the Warrants so held or represented.

An Extraordinary Resolution passed at any meeting of Warranholders will be binding on all Warranholders, whether or not they are present at the meeting. In addition, a resolution in writing signed by or on behalf of Warranholders who represent or hold at least 75 per cent. of the aggregate number of outstanding Warrants in issue and who for the time being are entitled to receive notice of a meeting of Warranholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Warranholders

(b) *Cancellation*

Once exercised in full, the Warrant shall be cancelled and may not be reissued or resold.

(c) *Application of Conditions*

For the avoidance of doubt, the terms and conditions set out in these Terms and Conditions (including, but not limited to, the adjustment provisions set out in Conditions 11 (Extraordinary Dividends) to 23 (Aggregate Consideration and Consideration per Ordinary Share)) shall apply from the Warrant Issue Date.

6. **Exercise**

(a) *Exercise Right*

Provided that the Warrant Exercise Condition is satisfied, the holder of a Warrant has the right to exercise such Warrant in whole (but not in part) into the Gross Number of Ordinary Shares at any time during the Exercise Period upon the payment of:

- (i) the Aggregate Warrant Exercise Consideration; and
- (ii) the Exercise Expenses.

(b) *Exercise Period*

Subject to Condition 6(d) below, the "**Exercise Period**" in respect of a Warrant shall be the period beginning on and including the Exercise Period Start Date and ending on and including the close of business (in the place where the Exercise Notice in respect of a Warrant is deposited) on 31 October 2013, provided, however, that if the last day of the Exercise Period would otherwise be a day which is not a business day in the place where the Exercise Notice in respect of a Warrant is deposited, the last day of the Exercise Period shall be the immediately preceding business day in such place.

(c) *Gross Number of Ordinary Shares*

The Gross Number of Ordinary Shares in respect of a Warrant shall be (x) on the Warrant Issue Date, one, or (y) on any subsequent date (whether before or during the Exercise Period), the Gross Number of Ordinary Shares in effect on the Warrant Issue Date subject to any adjustment in accordance with these Terms and Conditions (including but not limited to Conditions 11 (*Extraordinary Dividends*) to 23 (*Aggregate Consideration and Consideration per Ordinary Share*)) (such number to be endorsed upon any new Warrant Certificate delivered to the Holder following such adjustment).

(d) *Mandatory Transfer of Warrants*

In respect of any Warrant, in the event that

- (i) the Warrant Exercise Condition has not been satisfied by 30 April 2009; or
- (ii) the Warrant Exercise Condition has been satisfied but no Exercise Notice has been delivered to the Warrant Issuer by the end of the Exercise Period,

then the Warrant Issuer may, (x) in the case of (i) above, at any time after 30 April 2009, or (y) in the case of (ii) above at any time within six calendar months following the end of the Exercise Period, by notice in accordance with Condition 32 (*Notices*), effect the mandatory transfer of all outstanding or unexercised Warrants (as the case may be) by instructing the Warrant Registrar to substitute the names of the holders of all outstanding (or, as the case may be, unexercised) Warrants in the Warrant Register with the name of a person nominated by the Warrant Issuer for a total aggregate consideration of £1, which the Warrant holders are deemed to agree may be paid to a charity for homelessness in London. Upon the substitution of Warrant holders pursuant to this Condition 6(d) becoming effective, the terms of such Warrant shall be modified as follows:

(A) The definition of "**Exercise Period**" in Condition 6(b) shall be modified by the deletion of "**31 October 2013**" and its replacement with "**31 October 2023**";

(B) The definition of "**Aggregate Warrant Exercise Consideration**" shall be deleted and replaced with the following definition:

"**Aggregate Warrant Exercise Consideration**" means an amount in Sterling per Warrant equal to the market value (as determined by the Warrant Issuer on the Exercise Date) of the Gross Number of Ordinary Shares (as at the Exercise Date), as notified to the Warranholders on, or as soon as reasonably practicable after, the Exercise Date;

(C) The definition of "**Warrant Exercise Condition**" shall be deleted and replaced with the following definition:

"**Warrant Exercise Condition**" means the Warrant Issuer having all necessary corporate approvals sufficient to enable the person nominated by the Warrant Issuer pursuant to Condition 6(d) to exercise its Warrants in full.

(e) *No Ordinary Shares set aside*

The Warrants are not exercisable in respect of any specific Ordinary Shares and no Ordinary Shares have been or will be charged, placed in custody or otherwise set aside to secure or satisfy the obligations of the Warrant Issuer in respect of the issue and delivery of Ordinary Shares.

(f) *Fractions of an Ordinary Share*

Fractions of an Ordinary Share will not be issued on exercise of a Warrant. However, if more than one Warrant is to be exercised at any one time by the same Warranholder such that the Ordinary Shares to be issued upon exercise thereof are to be registered in the same name, the number of Ordinary Shares which shall be issued upon the exercise thereof shall be calculated on the basis of the aggregate number of Warrants to be exercised and a cash equivalent amount shall, subject to Condition 7(e)(ii), be payable in respect of any balance of such Ordinary Shares that represents a fraction of an Ordinary Share not issued.

7. **Procedure for Exercise**

(a) *Deposit of Warrant*

To exercise the Exercise Right attaching to a Warrant, the Warranholder must:

- (i) complete, execute and deposit at such Warranholder's own expense during normal business hours on any business day during the Exercise Period at the Specified Office of the Warrant Exercise Agent (or, if agreed between the relevant Warranholder and the Warrant Issuer, at the registered office of the Warrant Issuer) an Exercise Notice (in duplicate);
- (ii) at the same time as it delivers an Exercise Notice in accordance with (i) above, deposit the relevant Warrant Certificate at the Specified Office of the Warrant Exercise Agent (or, if agreed between the relevant Warranholder and the Warrant Issuer, at the registered office of the Warrant Issuer); and
- (iii) pay to the Warrant Exercise Agent (or, if agreed between the relevant Warranholder and the Warrant Issuer, to the Warrant Issuer) the Aggregate Warrant Exercise Consideration and any applicable Exercise Expenses.

An Exercise Notice once deposited may not be withdrawn without the consent in writing of the Warrant Issuer.

(b) *Expenses*

The Warrant Issuer will pay all stamp, issue, registration or other similar taxes and duties (if any) payable under the laws of the United Kingdom on the allotment, issue and delivery of Ordinary Shares (which have been issued, allotted or delivered in accordance with Condition 9(b)) to, or to the order of, the exercising Warrantholder following exercise of a Warrant, and (subject as provided in Condition 9 (*Settlement*)) any expenses of obtaining a listing for such Ordinary Shares on the Relevant Exchange. Subject thereto, as conditions precedent to exercise, the exercising Warrantholder must pay to the Warrant Exercise Agent (or, if agreed between the relevant Warrantholder and the Warrant Issuer, to the Warrant Issuer) all stamp, issue, registration or other similar taxes and duties (if any) ("**Exercise Expenses**") arising on exercise which may be payable under the laws of any country other than the United Kingdom as a result of the allotment and issue, transfer or delivery of Ordinary Shares or any other property or cash upon exercise to or to the order of the exercising Warrantholder.

(c) *U.S. certification*

Upon exercising the Exercise Right attaching to a Warrant, the exercising Warrantholder shall be required to represent and agree in the Exercise Notice, on its behalf and on behalf of any other person on whose behalf it is exercising such Warrant, that, at the time of execution and deposit of such Exercise Notice, it and any other person on whose behalf it is exercising such Warrant, is not in the United States (within the meaning of Regulation S) and it and such person, purchased such Warrant, or the beneficial interest therein, in a transaction made in accordance with Rule 903 or Rule 904 of Regulation S.

The exercising Warrantholder shall also be required to represent, agree and acknowledge in the Exercise Notice, on its behalf and on behalf of any other person on whose behalf it is exercising such Warrant, that neither the Warrants nor any Ordinary Shares issuable upon exercise of the Warrants have been, or will be, registered under the Securities Act and that the Ordinary Shares issuable upon exercise of the Warrants may not be offered or sold, directly or indirectly, in the United States, other than pursuant to an applicable exemption from, or subject to, registration under the Securities Act and in accordance with any applicable securities laws of any state of the United States. The exercising Warrantholder shall also be required to represent, agree and acknowledge in the Exercise Notice, on its behalf and on behalf of any other person on whose behalf it is exercising such Warrant, that, for so long as such Ordinary Shares issued upon the exercise of the Warrants are "**restricted securities**" within the meaning of U.S. federal securities laws, no such Ordinary Shares may be deposited into any American depository receipt facility established or maintained by a depository bank, other than a restricted depository receipt facility.

No Ordinary Share will be issued to the exercising Warrantholder unless such Warrantholder satisfies the foregoing conditions.

(d) *Exercise Date*

The date on which a Warrant is exercised (the "**Exercise Date**") shall be the London business day following the satisfaction of the conditions specified in Condition 7(a) (*Procedure for Exercise - Deposit of Warrant*).

(e) *Specified accounts*

(i) All amounts to be paid by a Warrantholder to the Warrant Exercise Agent upon the exercise of a Warrant shall be paid into the Warrant Issuer Specified Account (or otherwise as may be agreed between the relevant Warrantholder and the Warrant Issuer).

(ii) Upon exercise of the Exercise Right, a Warrantholder shall in the relevant Exercise Notice specify a Sterling account with a bank in London to which any cash amount payable on or in respect of the exercise of the Exercise Right by such Warrantholder shall be credited, and the Warrant Issuer shall, if such Sterling account has been so specified, pay such sum to such Warrantholder in accordance with any such directions.

8. **Rights Arising on Exercise**

(a) *Rights in respect of Ordinary Shares issued upon exercise*

Ordinary Shares issued on exercise of a Warrant will be fully paid, free from any liens, charges, encumbrances, pre-emptive rights or other third-party rights and, subject as provided in Conditions 8(b) (*Rights Arising on Exercise - Dividends and other distributions in respect of Ordinary Shares*) and 8(c) (*Rights Arising on Exercise - Voting rights in respect of Ordinary Shares*):

- (i) such Ordinary Shares will rank *pari passu* in all respects with all other Ordinary Shares in issue on the Exercise Date; and
- (ii) the holders of such Ordinary Shares will be treated by the Warrant Issuer as Shareholders for all purposes with effect from and including the Exercise Date.

(b) *Dividends and other distributions in respect of Ordinary Shares*

Ordinary Shares issued on exercise of a Warrant will rank *pari passu* in respect of Dividends and other distributions declared, paid or made, or rights granted, with all other Ordinary Shares in issue on the Exercise Date except that such Ordinary Shares will not rank for any Dividend or other distribution declared, paid or made on, or rights granted in respect of, the Ordinary Shares for which the Record Date precedes the Exercise Date.

(c) *Voting rights in respect of Ordinary Shares:*

Ordinary Shares issued on exercise will rank *pari passu* in respect of voting rights with all other Ordinary Shares in issue on the Exercise Date except that they will not rank for any voting rights where the entitlement to voting rights accrues to Shareholders by reference to a Record Date which precedes the Exercise Date.

9. **Settlement**

(a) *Delivery of Ordinary Shares*

Ordinary Shares to be issued on exercise of a Warrant including any additional Ordinary Shares to be issued pursuant to Condition 22 (*Adjustments for Exercise near a Record Date*) will be issued in uncertificated form through CREST, unless the relevant Warranholder elects to receive the Ordinary Shares in certificated registered form or, at the time of issue, the Ordinary Shares are not a participating security in CREST. Where Ordinary Shares are to be issued through CREST, they will be delivered to the account specified by the relevant Warranholder in the relevant Exercise Notice by a date not later than five London business days following the relevant Exercise Date (or, in the case of any issue of any additional Ordinary Shares pursuant to Condition 22 (*Adjustments for Exercise near a Record Date*), not later than five London business days following the later of the Record Date and the date on which the adjustment takes effect). Where Ordinary Shares are to be issued in certificated form, a certificate in respect thereof will be dispatched by mail free of charge (but uninsured and at the risk of the person entitled thereto) to the relevant Warranholder or as it may direct in the relevant Exercise Notice, within 28 days following the relevant Exercise Date or, as the case may be, the date the relevant retroactive adjustment takes effect.

(b) *No issue to a clearance service*

The Ordinary Shares will not be available for issue (i) to, or to a nominee or agent for, Euroclear, Clearstream, Luxembourg, The Bank One NA London Branch Depository and Lending System or any other person providing a clearance service within the meaning of Section 96 of the Finance Act 1986 or (ii) to a person, or nominee or agent for a person, whose business is or includes issuing depository receipts within the meaning of Section 93 of the Finance Act 1986, in each case at any time prior to the "**abolition day**" as defined in Section 111(1) of the Finance Act 1990.

ADJUSTMENTS TO THE GROSS NUMBER OF ORDINARY SHARES

10. **No Adjustments in certain circumstances**

Notwithstanding Conditions 11 (*Extraordinary Dividends*) to 23 (*Aggregate Consideration and Consideration per Ordinary Share*), the Gross Number of Ordinary Shares shall not be adjusted in connection with the issue of the MCBs or the issue of any Ordinary Share pursuant to the terms of the MCBs.

11. **Extraordinary Dividends**

(a) *Determination of Extraordinary Dividends*

Whether or not any event constitutes an extraordinary dividend (an "**Extraordinary Dividend**") will be determined as follows:

- (i) if a Dividend is expressed by the Warrant Issuer or declared by the board of directors of the Warrant Issuer to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend or special distribution or any analogous or similar term, then the relevant Dividend will constitute an Extraordinary Dividend, and the amount of such Extraordinary Dividend will be the Fair Market Value of the entire amount of the relevant Dividend;
- (ii) without prejudice to (i) above, a Dividend which does not cause both the Aggregate Distributable Earnings Threshold and the Reference Dividend Threshold to be exceeded will not constitute an Extraordinary Dividend; and
- (iii) without prejudice to (i) above, a Dividend which causes both the Aggregate Distributable Earnings Threshold and the Reference Dividend Threshold to be exceeded will constitute an Extraordinary Dividend, and the amount of such Extraordinary Dividend will be the smaller of:
 - (A) the amount (if any) by which the Fair Market Value of the relevant Dividend causes the Aggregate Distributable Earnings Threshold to be exceeded; and
 - (B) the amount (if any) by which the Fair Market Value of the relevant Dividend (on a per share basis) causes the Reference Dividend Threshold to be exceeded.

(b) *Aggregate Distributable Earnings Threshold*

A Dividend will cause the Aggregate Distributable Earnings Threshold to be exceeded if (and only if) the aggregate of the Fair Market Value of the relevant Dividend (on a per share basis) and all other Dividends (on a per share basis) (excluding for this purpose any other Dividend to the extent that such other Dividend was itself an Extraordinary Dividend) previously distributed in respect of all Financial Years of the Warrant Issuer ending after 31 December 2007 exceeds the Aggregate Distributable Earnings (on a per share basis) of the Warrant Issuer in respect of all Financial Years of the Warrant Issuer ending after 31 December 2007.

"**Aggregate Distributable Earnings Threshold**" means the threshold determined in accordance with this Condition 11(b).

(c) *Aggregate Distributable Earnings*

In these Terms and Conditions, "**Aggregate Distributable Earnings**" means, in respect of any number of Financial Years of the Warrant Issuer, an amount equal to the greater of:

- (1) zero; and
- (2) the aggregate of the consolidated cumulative net profits less the aggregate of any consolidated cumulative net losses (after taxation but including any net realised gains (less any realised losses) made on the disposal of investments and extraordinary items) attributable to the Shareholders for all Financial Years of the Warrant Issuer ending after

31 December 2007 as shown in the audited consolidated accounts of the Warrant Issuer for such Financial Years (*provided that* consolidated cumulative net profits shall exclude any amount arising as a result of any reduction of share capital, share premium account or capital redemption reserve but, subject thereto, shall include any profit transferred from any reserve).

(d) *Reference Dividend Threshold*

A Dividend will cause the Reference Dividend Threshold to be exceeded if (and only if) the aggregate of the Fair Market Value (on a per share basis) of:

- (i) the relevant Dividend; and
- (ii) all other Dividends (excluding for this purpose any other Dividend to the extent that such other Dividend was itself an Extraordinary Dividend) charged or provided for in the financial statements of the Warrant Issuer in respect of the same Financial Year of the Warrant Issuer as the relevant Dividend,

is more than twice the Fair Market Value of the Reference Dividend. For this purpose, if any relevant Financial Year is of any duration other than 12 months, the Fair Market Value of any Dividend in respect of such Financial Year shall be multiplied by a fraction of which the numerator is 12 and the denominator is the number of months in such Financial Year.

"Reference Dividend" means the aggregate value (on a per share basis) of Dividends distributed for the Financial Year of the Warrant Issuer which ended on 31 December 2007.

"Reference Dividend Threshold" means the threshold determined in accordance with this Condition 11(d).

(e) *Adjustment Event*

If and whenever the Warrant Issuer shall distribute any Extraordinary Dividend to the Shareholders, the Gross Number of Ordinary Shares shall be subject to adjustment in accordance with this Condition 11.

(f) *Effective Date*

For the purposes of this Condition 11, the **"Effective Date"** means the first date on which the Ordinary Shares are traded ex-the relevant Extraordinary Dividend on the Relevant Exchange or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares, the date on which such purchase, redemption or buy back is made or, in the case of a Spin-Off, the first date on which the Ordinary Shares are traded ex-the relevant Spin-Off on the Relevant Exchange.

(g) *Adjustment to the Gross Number of Ordinary Shares*

If and whenever (whether before or during the Exercise Period) the Warrant Issuer shall distribute any Extraordinary Dividend to the Shareholders, in relation to a Warrant for which the Exercise Date has not occurred prior to the Effective Date, the Gross Number of Ordinary Shares shall be adjusted by multiplying the Gross Number of Ordinary Shares in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A}{A - B}$$

where

A is the Current Market Price of one Ordinary Share (expressed in Sterling) on the Effective Date; and

B is the Fair Market Value on the Effective Date of the portion of the Extraordinary

Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Extraordinary Dividend by the number of Ordinary Shares entitled to receive the relevant Extraordinary Dividend (or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares by or on behalf of the Warrant Issuer or any Subsidiary of the Warrant Issuer, by the number of Ordinary Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Ordinary Shares, or any Ordinary Shares represented by depositary or other receipts or certificates, purchased, redeemed or bought back).

(h) *Effect of adjustment*

The Gross Number of Ordinary Shares as adjusted pursuant to this Condition 11 shall apply, with effect from the Effective Date, to a Warrant for which the Exercise Date has not occurred on the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Terms and Conditions.

12. **Bonus Issues**

(a) *Adjustment event*

If and whenever (whether before or during the Exercise Period) the Warrant Issuer shall make any Bonus Issue, the Gross Number of Ordinary Shares shall be subject to adjustment in accordance with this Condition 12.

(b) *Effective Date*

For the purposes of this Condition 12, the "**Effective Date**" means the date of issue of the relevant Ordinary Shares.

(c) *Adjustment to the Gross Number of Ordinary Shares*

In relation to a Warrant for which the Exercise Date has not occurred prior to the Effective Date, the Gross Number of Ordinary Shares shall be adjusted by multiplying the Gross Number of Ordinary Shares in effect immediately prior to the Effective Date by the following fraction:

$$\frac{B}{A}$$

where:

A = the aggregate number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares; and

B = the aggregate number of Ordinary Shares in issue immediately after the issue of such Ordinary Shares.

(d) *Effect of adjustment*

The Gross Number of Ordinary Shares as adjusted pursuant to this Condition 12 shall apply, with effect from and including the Effective Date, to a Warrant for which the Exercise Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Terms and Conditions.

13. **Alteration to Nominal Value**

(a) *Adjustment event*

If and whenever there shall be an alteration to the nominal value of the Ordinary Shares as a result of consolidation, reclassification or subdivision (whether before or during the Exercise

Period), the Gross Number of Ordinary Shares shall be subject to adjustment in accordance with this Condition 13.

(b) *Effective Date*

For the purposes of this Condition 13, the "**Effective Date**" means the date on which such alteration becomes effective.

(c) *Adjustment to the Gross Number of Ordinary Shares*

In relation to a Warrant for which the Exercise Date has not occurred prior to the Effective Date, the Gross Number of Ordinary Shares shall be adjusted by multiplying the Gross Number of Ordinary Shares in effect immediately prior to the Effective Date by the following fraction:

$$\frac{B}{A}$$

where:

A = the aggregate number of Ordinary Shares in issue immediately before such alteration; and

B = the aggregate number of Ordinary Shares in issue immediately after such alteration.

(d) *Effect of adjustment*

The Gross Number of Ordinary Shares as adjusted pursuant to this Condition 13 shall apply, with effect from and including the Effective Date, to a Warrant for which the Exercise Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Terms and Conditions.

14. **Ordinary Shares, Rights and Ordinary Share-Related Securities Issued to Shareholders**

(a) *Adjustment event*

If and whenever (whether before or during the Exercise Period) the Warrant Issuer or a Subsidiary shall issue, grant or offer Ordinary Shares, Ordinary Share-Related Securities, Rights in respect of Ordinary Shares or Rights in respect of Ordinary Share-Related Securities to all or substantially all of the Shareholders as a class by way of rights as a result of which, in each case, Shareholders have the right to acquire Ordinary Shares at a Consideration per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date, the Gross Number of Ordinary Shares shall be subject to adjustment in accordance with this Condition 14.

(b) *Effective Date*

For the purposes of this Condition 14, the "**Effective Date**" means the first date on which the Ordinary Shares are traded ex-rights, ex-warrants or ex-options on the Relevant Exchange.

(c) *Adjustment to the Gross Number of Ordinary Shares*

In relation to a Warrant for which the Exercise Date has not occurred prior to the Effective Date, the Gross Number of Ordinary Shares shall be adjusted by multiplying the Gross Number of Ordinary Shares in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A+C}{A+B}$$

where:

- A = the aggregate number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;
- B = the aggregate number of Ordinary Shares which the Aggregate Consideration (if any) would purchase at such Current Market Price per Ordinary Share; and
- C = (1) in the case of an issue, grant or offer of Ordinary Shares, the aggregate number of Ordinary Shares comprised in the issue grant or offer; or
 (2) in the case of an issue, grant or offer of Ordinary Share-Related Securities or Rights, the maximum aggregate number of Ordinary Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Ordinary Share-Related Securities or Rights calculated as at the date of issue of such options, warrants or rights.

(d) **Formula**

If on the date (the "**Specified Date**") of issue, grant or offer of the relevant Ordinary Share-Related Securities, Rights in respect of Ordinary Shares or Rights in respect of Share Related Securities the maximum aggregate number of Ordinary Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Ordinary Share Related Securities or Rights is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time then, for the purposes of this Condition 14, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such subscription, purchase or acquisition had taken place on the Specified Date.

(e) *Effect of adjustment*

The Gross Number of Ordinary Shares as adjusted pursuant to this Condition 14 shall apply, with effect from and including the Effective Date, to a Warrant for which the Exercise Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Terms and Conditions.

15. **Issue of Other Securities to Shareholders**

(a) *Adjustment event*

If and whenever (whether before or during the Exercise Period) the Warrant Issuer shall issue any securities (other than Ordinary Shares, Ordinary Share-Related Securities, Rights in respect of Ordinary Shares or Rights in respect of Ordinary Share-Related Securities or Spin-Off Securities) to all or substantially all of the Shareholders as a class by way of rights or the Warrant Issuer shall issue or grant any Rights in respect of any securities (other than Ordinary Shares, Ordinary Share-Related Securities, Rights in respect of Ordinary Shares or Rights in respect of Ordinary Share-Related Securities or Spin-Off Securities) or assets to all or substantially all of the Shareholders as a class, the Gross Number of Ordinary Shares shall be subject to adjustment in accordance with this Condition 15.

(b) *Effective Date*

For the purposes of this Condition 15, "**Effective Date**" means the first date on which the Ordinary Shares are traded ex-rights, ex-warrants or ex-options on the Relevant Exchange.

(c) *Adjustment to the Gross Number of Ordinary Shares*

In relation to a Warrant for which the Exercise Date has not occurred prior to the Effective Date, the Gross Number of Ordinary Shares shall be adjusted by multiplying the Gross Number of Ordinary Shares in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A}{A - B}$$

where:

- A = the Current Market Price of one Ordinary Share (expressed in Sterling) on the Effective Date; and
- B = the Fair Market Value on the Effective Date of the portion of the rights attributable to one Ordinary Share.

(d) *Effect of adjustment*

The Gross Number of Ordinary Shares as adjusted pursuant to this Condition 15 shall apply, with effect from and including the Effective Date, to a Warrant for which the Exercise Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Terms and Conditions.

16. **Issues of Ordinary Shares at below Current Market Price**

(a) *Adjustment event*

If and whenever (whether before or during the Exercise Period) the Warrant Issuer shall issue (other than as mentioned in Condition 14 (*Ordinary Shares, Rights and Ordinary Share-Related Securities Issued to Shareholders*)), wholly for cash, any Ordinary Shares or the Warrant Issuer shall issue or grant (other than as mentioned in Condition 14 (*Ordinary Shares, Rights and Ordinary Share-Related Securities Issued to Shareholders*)), wholly for cash or for no consideration, Rights in respect of Ordinary Shares or Rights in respect of Ordinary Share-Related Securities as a result of which, in each case, persons to whom the Ordinary Shares or Rights are issued or granted have the right to acquire Ordinary Shares at a Consideration per Ordinary Share which is less than 95 per cent. of the Current Market Price of the Ordinary Shares on the Exchange Business Day immediately preceding the date of the first public announcement of the terms of such issue or grant, the Gross Number of Ordinary Shares shall be subject to adjustment in accordance with this Condition 16. However, if any such issue or grant also falls within the terms of Condition 14 (*Ordinary Shares, Rights and Ordinary Share-Related Securities Issued to Shareholders*) or constitutes an issue of Ordinary Shares consequent upon the exercise of Exercise Rights or on the exercise of any other rights of exercise into, or exchange or subscription for, Ordinary Shares, the Gross Number of Ordinary Shares shall not be subject to adjustment in accordance with this Condition 16.

(b) *Effective Date*

For the purposes of this Condition 16, the "**Effective Date**" means the date of issue of such Ordinary Shares or, as the case may be, the issue or grant of such Rights.

(c) *Adjustment to the Gross Number of Ordinary Shares*

In relation to a Warrant for which the Exercise Date has not occurred prior to the Effective Date, the Gross Number of Ordinary Shares shall be adjusted by multiplying the Gross Number of Ordinary Shares in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A + C}{A + B}$$

where:

- A = the aggregate number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;

B = the aggregate number of Ordinary Shares which the Aggregate Consideration (if any) receivable for the Ordinary Shares issued or otherwise issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price; and

C = (1) in the case of an issue of Ordinary Shares, the aggregate number of Ordinary Shares issued; or

(2) in the case of an issue or grant of Rights, the aggregate maximum number of Ordinary Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares and, if applicable, Ordinary Share-Related Securities pursuant to the terms of such Rights and, if applicable, Ordinary Share-Related Securities calculated as at the date of issue of such options, warrants or rights.

(d) *Formula*

If on the date (the "**Specified Date**") of issue or grant of the relevant Rights in respect of Ordinary Shares or Rights in respect of Ordinary Share-Related Securities the maximum aggregate number of Ordinary Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares and, if applicable, Ordinary Share-Related Securities pursuant to the terms of such Rights and, if applicable, Ordinary Share-Related Securities is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time then, for the purposes of this Condition 16, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such subscription, purchase or acquisition had taken place on the Specified Date.

(e) *Effect of adjustment*

The Gross Number of Ordinary Shares as adjusted pursuant to this Condition 16 shall apply, with effect from and including the Effective Date, to a Warrant for which the Exercise Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Terms and Conditions.

17. **Ordinary Share-Related Securities issued other than to Shareholders**

(a) *Adjustment event*

If and whenever (whether before or during the Exercise Period) the Warrant Issuer or any Subsidiary of the Warrant Issuer or (pursuant to arrangements with the Warrant Issuer or any of its Subsidiaries) any other person or entity shall issue, wholly for cash or for no consideration, any Ordinary Share-Related Securities (other than the Warrants) or shall grant to any existing securities so issued such rights as to make such securities Ordinary Share-Related Securities as a result of which, in each case, persons to whom the Ordinary Share-Related Securities or such rights are issued or granted have the right to acquire Ordinary Shares at a Consideration per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the date (or, if that date is not an Exchange Business Day, the immediately preceding Exchange Business Day) of the first public announcement of the terms of issue of such Ordinary Share-Related Securities or the terms of such grant, the Gross Number of Ordinary Shares shall be subject to adjustment in accordance with this Condition 17. However, if any such issue or grant also falls within the terms of Condition 14 (Ordinary Shares, Rights and Ordinary Share-Related Securities Issued to Shareholders), Condition 15 (Issue of Other Securities to Shareholders) or Condition 16 (Issues of Ordinary Shares at Below Current Market Price), the Gross Number of Ordinary Shares shall not be subject to adjustment in accordance with this Condition 17.

(b) *Effective Date*

For the purposes of this Condition 17 the "**Effective Date**" means the date of issue of the Ordinary Share-Related Securities or the grant of the relevant rights.

(c) *Adjustment to the Gross Number of Ordinary Shares*

In relation to a Warrant for which the Exercise Date has not occurred prior to the Effective Date, the Gross Number of Ordinary Shares shall be adjusted by multiplying the Gross Number of Ordinary Shares in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A + C}{A + B}$$

where:

- A = the aggregate number of Ordinary Shares in issue immediately before such issue or grant (but where the relevant Ordinary Share-Related Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Warrant Issuer or any Subsidiary of the Warrant Issuer (or at the direction or request or pursuant to any arrangements with the Warrant Issuer or any Subsidiary of the Warrant Issuer) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);
- B = the aggregate number of Ordinary Shares which the Aggregate Consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Ordinary Share-Related Securities or, as the case may be, for the Ordinary Shares to be issued or to arise from any such redesignation would purchase at such Current Market Price per Ordinary Share; and
- C = the maximum aggregate number of Ordinary Shares which could be issued or otherwise made available upon conversion or exchange of such Ordinary Share-Related Securities or upon the exercise of such right of subscription attached thereto at the effective initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such redesignation.

(d) *Formula*

If on the date (the "**Specified Date**") of issue of the relevant Ordinary Share-Related Securities or date of grant of such rights the maximum aggregate number of Ordinary Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Ordinary Share-Related Securities is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time then, for the purposes of this Condition 17, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such subscription, purchase or acquisition had taken place on the Specified Date.

(e) *Effect of adjustment*

The Gross Number of Ordinary Shares as adjusted pursuant to this Condition 17 shall apply, with effect from and including the Effective Date, to a Warrant for which the Exercise Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Terms and Conditions.

18. **Amendment of Terms of Rights or Ordinary Share-Related Securities**

(a) *Adjustment event*

If and whenever (whether before or during the Exercise Period) the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of any Rights or Ordinary Share-Related Securities (other than the Warrants) are amended (other than in accordance with their terms of issue (including terms as to adjustment of such rights)) so that following such amendment the Consideration per Ordinary Share is reduced to less than 95 per cent. of the Current Market Price per Ordinary Share on the date (or, if that date is not an Exchange Business Day, the immediately preceding Exchange Business Day) of the first public announcement of the proposals for such amendment, the Gross Number of Ordinary Shares shall be subject to adjustment in accordance with this Condition 18.

(b) *Effective Date*

For the purposes of this Condition 18, "**Effective Date**" means the date of amendment of such rights.

(c) *Adjustment to the Gross Number of Ordinary Shares*

In relation to a Warrant for which the Exercise Date has not occurred prior to the Effective Date, the Gross Number of Ordinary Shares shall be adjusted by multiplying the Gross Number of Ordinary Shares in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A + C}{A + B}$$

where:

- A is the aggregate number of Ordinary Shares in issue immediately before such amendment (but where the relevant Rights and/or Ordinary Share-Related Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Warrant Issuer or any Subsidiary of the Warrant Issuer (or at the direction or request or pursuant to any arrangements with the Warrant Issuer or any Subsidiary of the Warrant Issuer) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the aggregate number of Ordinary Shares which the Aggregate Consideration (calculated taking account of the amended rights) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to the Rights or Ordinary Share-Related Securities so amended would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange or subscription price of such Rights or Ordinary Share-Related Securities; and
- C the maximum aggregate number of Ordinary Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Rights or Ordinary Share-Related Securities at the amended subscription, purchase or acquisition price or rate (but giving credit in such manner as shall be Determined by an Expert to be appropriate for any previous adjustment under Condition 14 (*Ordinary Share-Related Securities Issued Other than to Shareholders*) or this Condition 18).

(d) *Formula*

If on the date (the "**Specified Date**") of such amendment the maximum aggregate number of Ordinary Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Rights or Ordinary Share-Related Securities is to be determined by reference to the application of a formula or other

variable feature or the occurrence of any event at some subsequent time then, for the purposes of this Condition 18, "C" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Specified Date and as if such subscription, purchase or acquisition had taken place on the Specified Date.

(e) *Effect of adjustment*

The Gross Number of Ordinary Shares as adjusted pursuant to this Condition 18 shall apply, with effect from and including the Effective Date, to a Warrant for which the Exercise Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Terms and Conditions.

19. **Spin-off or Demerger**

(a) *Adjustment event*

If and whenever (whether before or during the Exercise Period) the Warrant Issuer or any of its Subsidiaries or (pursuant to arrangements with the Warrant Issuer or any of its Subsidiaries) any other person or entity shall offer any securities in connection with which offer Shareholders as a class are entitled to participate in arrangements whereby such securities may be acquired by them, the Gross Number of Ordinary Shares shall be subject to adjustment in accordance with this Condition 19. However, if any such offer also causes the Gross Number of Ordinary Shares to be adjusted within the terms of Condition 14 (Ordinary Shares, Rights and Ordinary Share-Related Securities Issued to Shareholders) or Condition 15 (Issue of Other Securities to Shareholders) (or would cause the Gross Number of Ordinary Shares to be so adjusted if the relevant Consideration per Ordinary Share was less than 95 per cent. of the Current Market Price per Ordinary Share on the relevant Exchange Business Day), the Gross Number of Ordinary Shares shall not be subject to adjustment in accordance with this Condition 19.

(b) *Effective Date*

For the purposes of this Condition 19, the "Effective Date" means the first date on which the Ordinary Shares are traded ex-rights on the Relevant Exchange.

(c) *Adjustment to the Gross Number of Ordinary Shares*

In relation to a Warrant for which the Exercise Date has not occurred prior to the Effective Date, the Gross Number of Ordinary Shares shall be adjusted by multiplying the Gross Number of Ordinary Shares in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A}{A - B}$$

where:

- A = the Current Market Price of one Ordinary Share on the Effective Date; and
B = the Fair Market Value on the Effective Date of the portion of the relevant offer attributable to one Ordinary Share.

(d) *Effect of adjustment*

The Gross Number of Ordinary Shares as adjusted pursuant to this Condition 19 shall apply, with effect from and including the Effective Date, to a Warrant for which the Exercise Date has not occurred prior to the Effective Date. Any such adjustment shall be subject to any subsequent adjustment pursuant to these Terms and Conditions.

20. **Other Events; Contemporaneous Events**

(a) *Adjustment event*

If (whether before or during the Exercise Period) the Warrant Issuer determines that:

- (i) an adjustment should be made to the Gross Number of Ordinary Shares as a result of one or more events or circumstances not referred to in Condition 11 (*Extraordinary Dividends*) to Condition 19 (*Spin-off or Demerger*) (even if the relevant event or circumstance is specifically excluded from the operation of Condition 11 (*Extraordinary Dividends*) to Condition 19 (*Spin-off or Demerger*));
- (ii) more than one event which gives rise or may give rise to an adjustment to the Gross Number of Ordinary Shares has occurred or will occur within such a short period of time that a modification to the operation of the adjustment provisions is required in order to give the intended result; or
- (iii) one event which gives rise or may give rise to more than one adjustment to the Gross Number of Ordinary Shares has occurred or will occur such that a modification to the operation of the adjustment provisions is required in order to give the intended result,

then the Warrant Issuer shall, at its own expense, use all reasonable endeavours to procure that such adjustment (if any) to the Gross Number of Ordinary Shares as is fair and reasonable to take account thereof and the date on which such adjustment should take effect shall be Determined by an Expert provided, however, that no adjustment shall be made pursuant to this Condition 20 which reduces the Gross Number of Ordinary Shares.

(b) *Effective Date*

Upon such determination, the Warrant Issuer shall procure that such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided, however, that an adjustment shall only be made pursuant to this Condition 20 if the relevant Expert is requested to make such a determination not more than 30 days after the date on which the relevant event occurs or circumstances exist.

(c) *Certificate of Expert*

If any doubt shall arise as to any appropriate adjustment to the Gross Number of Ordinary Shares, the Warrant Issuer shall use all reasonable endeavours to procure that the appropriate adjustment shall be Determined by an Expert and a certificate from the relevant Expert as to the appropriate adjustment to the Gross Number of Ordinary Shares shall, in the absence of manifest error, be conclusive and binding on the Warrant Issuer and the Warrantholders.

21. **Minor Adjustments and No Adjustments**

(a) *Rounding and adjustments of less than one per cent.*

No adjustment shall be made to the Gross Number of Ordinary Shares where such adjustment would be less than one per cent. of the Gross Number of Ordinary Shares then in effect. Any adjustment not required to be made shall be carried forward and included in any subsequent adjustment but such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time. For the avoidance of doubt, where any adjustment to the Gross Number of Ordinary Shares results in something other than an integral number, such number shall not be rounded upwards or downwards for the purposes of these Terms and Conditions.

(b) *Employee share schemes*

No adjustment shall be made to the Gross Number of Ordinary Shares where Ordinary Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of, or are subscribed, purchased or otherwise acquired by, employees or former employees (including directors holding or formerly

holding executive office) of the Warrant Issuer or any Subsidiary or any associated company of the Warrant Issuer pursuant to any employees' share scheme or plan (including a dividend reinvestment plan).

- (c) *Consolidation, mergers, etc.*

No adjustment shall be made to the Gross Number of Ordinary Shares where Ordinary Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted in relation to any Corporate Event.

22. **Adjustments for Exercise near a Record Date**

- (a) *Adjustment Event*

If and whenever the Gross Number of Ordinary Shares is to be adjusted pursuant to any of Condition 11 (*Extraordinary Dividends*) to Condition 19 (*Spin-off or Demerger*) and the Exercise Date in relation to a Warrant is after the Record Date for any such issue, distribution, grant or offer as is mentioned in the relevant Condition but before the relevant adjustment becomes effective under the relevant Condition the following provisions of this Condition 22 shall apply.

- (b) *Effect of Adjustment*

Upon the relevant adjustment becoming effective under the relevant Condition the Warrant Issuer shall procure that there shall be issued to the exercising Warrantholder or to another person in accordance with the instructions contained in the relevant Exercise Notice, (subject to any applicable exchange control or other laws or other regulations) such additional number of Ordinary Shares as, together with the Ordinary Shares issued or to be issued on exercise of the relevant Warrants, is equal to the number of Ordinary Shares which would have been required to be issued on exercise of the relevant Warrants if the relevant adjustment to the Gross Number of Ordinary Shares had in fact been made and become effective immediately before the relevant Exercise Date.

- (c) *Delivery of Ordinary Shares*

The relevant additional Ordinary Shares will be issued as provided in Condition 9(a) (*Settlement - Delivery of Ordinary Shares*).

23. **Aggregate Consideration and Consideration per Ordinary Share**

- (a) *Applicability of this Condition*

For the purpose of calculating any adjustment to the Gross Number of Ordinary Shares pursuant to these Terms and Conditions, in the case of any:

- (i) issue, grant or offer of Ordinary Shares, Ordinary Share-Related Securities, Rights in respect of Ordinary Shares or Rights in respect of Ordinary Share-Related Securities; or
- (ii) grant to any existing securities issued of such rights as to make such securities Ordinary Share-Related Securities; or
- (iii) amendment of the terms of any Rights or Ordinary Share-Related Securities (other than in accordance with their terms of issue),

the "**Aggregate Consideration**" and the "**Number of Ordinary Shares**" shall be calculated or determined (if necessary) in accordance with the following provisions of this Condition 23 and the "**Consideration per Ordinary Share**" shall, in each case, be the relevant Aggregate Consideration divided by the relevant Number of Ordinary Shares.

- (b) *Ordinary Shares for cash*

In the case of an issue, grant or offer of Ordinary Shares for cash:

- (i) the Aggregate Consideration shall be the amount of such cash, *provided that* in no such case shall any deduction be made for any commissions or any expenses paid or incurred by the Warrant Issuer for any underwriting of the issue or otherwise in connection therewith; and
 - (ii) the Number of Ordinary Shares shall be the number of Ordinary Shares so issued, granted or offered.
- (c) *Ordinary Shares not for cash*

In the case of the issue, grant or offer of Ordinary Shares for a consideration in whole (or part) other than in cash:

- (i) the Aggregate Consideration shall be the amount of such cash (if any) plus the consideration other than cash, which shall be deemed to be the Fair Market Value thereof or, if pursuant to applicable law such determination is to be made by application to a court of competent jurisdiction, the value thereof as determined by such court or an appraiser appointed by such court, irrespective of the accounting treatment thereof; and
 - (ii) the Number of Ordinary Shares shall be the number of Ordinary Shares so issued, granted or offered.
- (d) *Issue of Ordinary Share-Related Securities*

In the case of the issue, grant or offer of Ordinary Share-Related Securities or Rights in respect of Ordinary Share-Related Securities or the grant to any securities issued of such rights as to make such securities Ordinary Share-Related Securities:

- (i) the Aggregate Consideration shall be:
 - (A) the consideration (if any) received by the Warrant Issuer or any Subsidiary for such Ordinary Share-Related Securities and (if applicable) Rights or, as the case may be, such grant; *plus*
 - (B) the additional consideration (if any) to be received by the Warrant Issuer or any Subsidiary upon (and assuming) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Ordinary Share-Related Securities at the initial price or rate and (if applicable) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Share-Related Securities pursuant to the terms of such Rights at the initial price or rate,

the consideration in each case to be determined in the same manner as provided in paragraphs (b) (and (c)) of this Condition 23; and
 - (ii) the Number of Ordinary Shares shall be the number of Ordinary Shares to be issued upon (and assuming) such exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Ordinary Share-Related Securities at the initial price or rate and (if applicable) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Share-Related Securities pursuant to the terms of such Rights at the initial price or rate.
- (e) *Amendment of Ordinary Share-Related Securities/Rights in respect of Ordinary Share-Related Securities*

In the case of the amendment of the terms of any Ordinary Share-Related Securities and/or Rights in respect of Ordinary Share-Related Securities (in either case, other than in accordance with their terms of issue)

- (i) the Aggregate Consideration shall be:

- (A) the consideration (if any) received by the Warrant Issuer or any Subsidiary for such amendment; *plus*
- (B) the additional consideration (if any) to be received by the Warrant Issuer or any Subsidiary upon (and assuming) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Ordinary Share-Related Securities at the initial price or rate or (in the case of an amendment to the terms of such Ordinary Share-Related Securities) the amended price or rate and (if applicable) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Share-Related Securities pursuant to the terms of such Rights at the initial price or rate or (in the case of an amendment to the terms of such Rights) the amended price or rate,

the consideration in each case to be determined in the same manner as provided in paragraphs (b) and (c) of this Condition 23; and

- (ii) the Number of Ordinary Shares shall be the number of Ordinary Shares to be issued upon (and assuming) such exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Ordinary Share-Related Securities at the initial price or rate or (in the case of an amendment to the terms of such Ordinary Share-Related Securities) the amended price or rate and (if applicable) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Share-Related Securities pursuant to the terms of such Rights at the initial price or rate or (in the case of an amendment to the terms of such Rights) the amended price or rate.

(f) *Rights in respect of Ordinary Shares*

In the case of the issue, grant or offer of Rights in respect of Ordinary Shares or the amendment of the terms of any Rights in respect of Ordinary Shares (other than in accordance with their terms of issue):

- (i) the Aggregate Consideration shall be:
 - (A) the consideration received by the Warrant Issuer for any such Rights or, as the case may be, such amendment; plus
 - (B) the additional consideration to be received by the Warrant Issuer upon (and assuming) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Rights at the initial price or rate or (in the case of an amendment to the terms of such Rights) the amended price or rate,

the consideration in each case to be determined in the same manner as provided in paragraphs (b) and (c) of this Condition 23; and

- (ii) the Number of Ordinary Shares shall be the number of Ordinary Shares to be issued upon (and assuming) the exercise in full of the rights to subscribe for, purchase or otherwise acquire Ordinary Shares pursuant to the terms of such Rights at the initial price or rate or (in the case of an amendment to the terms of such Rights) the amended price or rate.

(g) *Currency translation*

If any of the consideration referred to in any of the preceding paragraphs of this Condition 23 is receivable in a currency other than Sterling, such consideration shall be translated into Sterling for the purposes of this Condition 23:

- (i) in any case where there is a fixed rate of exchange between Sterling and the relevant currency for the purposes of the issue, grant or offer of the Ordinary Shares, Ordinary Share-Related Securities or Rights, the exercise of the rights to subscribe for, purchase or otherwise acquire Ordinary Share-Related Securities pursuant to the terms of such Rights or the exercise of the rights to subscribe for, purchase or otherwise acquire

Ordinary Shares pursuant to the terms of such Rights or Ordinary Share-Related Securities, at such fixed rate of exchange; and

- (ii) in all other cases, at the Screen Rate on the date as of which the said consideration is required to be calculated.

24. **Notice of Adjustment of the Gross Number of Ordinary Shares**

The Warrant Issuer shall give notice to the Warrantheholders and the Warrant Registrar in accordance with Condition 32 (Notices) of any adjustment of the Gross Number of Ordinary Shares (whether before or during the Exercise Period) as soon as reasonably practicable following the determination thereof and following the receipt of such notice, any Warrantheholder may surrender its Warrant Certificate at the Specified Office of the Warrant Registrar, together with such evidence as the Warrant Registrar may reasonably require to prove the title to the relevant Warrants of the relevant Warrantheholder and, upon such surrender, the Warrant Registrar shall deliver to such Warrantheholder a new Warrant Certificate endorsed with the adjusted Gross Number of Ordinary Shares. For the avoidance of doubt, failure of a Warrantheholder to deliver the applicable Warrant Certificate to the Warrant Registrar for replacement in accordance with this Condition 24 will not prejudice the rights of such Warrantheholder to receive the adjusted Gross Number of Ordinary Shares on the exercise of the relevant Warrants.

COVENANTS RELATING TO THE EXERCISE RIGHT

25. **Ordinary Shares Available**

For so long as any Exercise Right remains exercisable, the Warrant Issuer shall keep available for issue free from pre-emptive or other similar rights out of its authorised but unissued share capital such number of Ordinary Shares as would enable the Warrant Issuer to issue Ordinary Shares pursuant to such Exercise Right and all other rights of subscription and exchange for and exercise into Ordinary Shares to be satisfied in full at the current subscription, purchase or other acquisition prices or rates.

26. **Listing of Ordinary Shares issued upon Exercise**

The Warrant Issuer shall use all reasonable endeavours to ensure that all Ordinary Shares issued on exercise of a Warrant will be admitted to listing and trading on the Relevant Exchange in accordance with its rules and will be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems by which the Ordinary Shares are then (following application by or on behalf of the Warrant Issuer) admitted to listing, trading and/or quotation in accordance with their respective rules.

27. **Corporate Reorganisation**

(a) *Merger; sale of assets*

If any of the following corporate events (each, a "**Corporate Event**") occurs:

- (i) a consolidation, amalgamation or merger of the Warrant Issuer with any other corporation (other than a consolidation, amalgamation or merger in which the Warrant Issuer is the continuing corporation);
- (ii) a takeover offer is made under the City Code on Take-overs and Mergers (or any equivalent or similar rules or regulations) or any scheme of arrangement is effected in respect of the whole of the issued Ordinary Shares of the Warrant Issuer, as a result of which (x) the whole of the issued Ordinary Shares of the Warrant Issuer are acquired by another entity, or (y) the holding company which, immediately prior to such event, was the ultimate holding company of the Warrant Issuer's group of companies, ceases to be such ultimate holding company;
- (iii) a scheme of arrangement or analogous arrangement is effected as a result of which a limited liability company ("**NewCo**") is interposed between Shareholders of the Warrant Issuer immediately prior to such scheme of arrangement or analogous arrangement

("Existing Shareholders"), and the Warrant Issuer (a "NewCo Scheme"), *provided, however, that* only ordinary shares of NewCo are issued to Existing Shareholders and that immediately after completion of the scheme of arrangement the only shareholders of NewCo are the Existing Shareholders and that all Subsidiaries of the Warrant Issuer immediately prior to the scheme of arrangement (other than NewCo, if NewCo is then a Subsidiary of the Warrant Issuer) are Subsidiaries of the Warrant Issuer (or of NewCo) immediately after the scheme of arrangement;

- (iv) an offer is made to all (or as near as practicable all) the Shareholders of the Warrant Issuer, the result of which offer is the exchange of all of the issued Ordinary Shares for shares of the offeror and/or any associates of the offeror (as defined in Section 988(1) of the Companies Act 2006 or any modification or re-enactment thereof); or
- (v) an event the effect of which is similar to any of the above and which event requires the approval of the Shareholders of the Warrant Issuer,

then the Warrant Issuer shall promptly notify the Warrantholders of such Corporate Event and (so far as legally possible) use all reasonable endeavours to cause the corporation resulting from such consolidation, amalgamation or merger or the offeror or the new holding company, as the case may be, to execute a deed poll providing that the Warrantholders shall have the right (during the period the Warrants are exercisable) to exercise the Warrants into the class and amount of shares and other securities and property receivable upon such Corporate Event by a holder of the number of Ordinary Shares as would have been issued on exercise of a Warrant had the relevant Exercise Date fallen immediately prior to such Corporate Event.

(b) *Other adjustments*

Any deed poll referred to in (a) above shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in these Terms and Conditions.

28. **Restrictions on Adjustments to Share Capital**

From the Warrant Issue Date until the expiry of the Exercise Period, the Warrant Issuer shall not:

- (a) *Reduction of share capital*: save for any court-sanctioned reduction of capital (not itself involving a return of capital to shareholders) which is carried out solely for the purpose of creating sufficient distributable reserves to meet future dividend payments in accordance with the then current dividend policy of the Warrant Issuer, reduce its issued share capital, share premium account or any uncalled liability in respect thereof or any non-distributable reserves except:
 - (i) pursuant to the terms of issue of the relevant share capital;
 - (ii) by means of a purchase or redemption of share capital;
 - (iii) in the context of a NewCo Scheme;
 - (iv) where such reduction has been Determined by an Expert to be not materially prejudicial to the interests of the Warrantholder; or
 - (v) where such reduction gives rise (or would, but for the provisions of Condition 21 (*Minor Adjustments and no Adjustments*), give rise) to an adjustment to the Gross Number of Ordinary Shares; or
- (b) *Capitalisation or profits or reserves*: issue or pay up any securities, in either case, by way of capitalisation of profits or reserves unless doing so:
 - (i) constitutes a Dividend which does not give rise to an adjustment to the Gross Number of Ordinary Shares;
 - (ii) in the context of a NewCo Scheme; or

- (iii) gives rise (or would, but for the provisions of Condition 21 (*Minor Adjustments and No Adjustments*), give rise) to an adjustment to the Gross Number of Ordinary Shares; or
- (c) *Rights attaching to Ordinary Shares*: in any way amend the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation, provided that nothing in this Condition 28(c) shall prevent:
 - (i) an issue of equity share capital to or for the benefit of employees or former employees (including directors holding or formerly holding executive office) of the Warrant Issuer or any Subsidiary or any associated company of the Warrant Issuer pursuant to any employees' share scheme or plan (including a dividend reinvestment plan); or
 - (ii) an issue or amendment which gives rise (or would, but for the provisions of Condition 21 (*Minor Adjustments and No Adjustments*), give rise) to an adjustment to the Gross Number of Ordinary Shares; or
 - (iii) an issue or amendment which would give rise to an adjustment to the Gross Number of Ordinary Shares but for the fact that the relevant Consideration per Ordinary Share is at least 95 per cent. of the relevant Current Market Price; or
 - (iv) an issue or amendment which has been Determined by an Expert to be not materially prejudicial to the interests of the Warrantholder; or
- (d) *Frustration of Exercise Right*: take any action if the effect would be that exercise of the Exercise Right would require Ordinary Shares to be issued in circumstances not permitted by applicable law.

MISCELLANEOUS PROVISIONS

29. **Determined by an Expert**

In relation to any matter required by these Terms and Conditions to be Determined by an Expert, the Warrant Issuer shall promptly appoint an Expert. If and when any matter is required by these Terms and Conditions to be Determined by an Expert, the Warrant Issuer shall within a reasonable time fail to appoint an Expert, the Warrantholders holding not less than 10 per cent. of the then outstanding Warrants shall be entitled (but not obliged) to make such appointment. In either case, the costs of any such appointment shall be for the account of the Warrant Issuer. Any determination made by an Expert shall, in the absence of manifest error, be conclusive and binding on all concerned.

30. **Replacement of Warrants**

If a Warrant Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Warrant Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Warrant Issuer may reasonably require. If a Warrant Certificate becomes mutilated or defaced, it must be surrendered before replacements will be issued.

31. **Further Issues**

The Warrant Issuer may from time to time, without the consent of the Warrantholders, create and issue further Warrants having the same terms and conditions as the Warrants in all respects (or in all respects except for the first payment of interest) so as to form a single series with the outstanding Warrants.

32. **Notices**

Notices to the Warrantholders will be sent to them by, at the option of the Warrant Issuer, (a) facsimile to the relevant facsimile number set out in the Warrant Register (if any), (b) (if posted

to an address in the United Kingdom) by first class mail (or its equivalent) at the relevant address set out in the Warrant Register, or (c) (if posted to an address outside the United Kingdom) by airmail at the relevant address set out in the Warrant Register. Any such notice by facsimile, mail or airmail shall be deemed to have been given, respectively, when received, on the fourth day after the date of mailing and the seventh day after the date of air mailing.

33. **Governing Law and Jurisdiction**

The Warrants and all non-contractual obligations arising out of or in connection with the Warrants are governed by English law.

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

No person shall have any right to enforce any term or condition of the Warrants under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is otherwise available apart from such Act.

35. **Interpretation**

(a) *Definitions*

In these Terms and Conditions:

"**Aggregate Consideration**" has the meaning given in Condition 23 (*Aggregate Consideration and Consideration per Ordinary Share*);

"**Aggregate Warrant Exercise Consideration**" means, in respect of a Warrant, 197.775 pence subject to Condition 6(d) (*Exercise - Mandatory Transfer of Warrants*);

"**Aggregate Distributable Earnings**" has the meaning given in Condition 11(c) (*Extraordinary Dividends - Aggregate Distributable Earnings*);

"**Aggregate Distributable Earnings Threshold**" means the threshold determined in accordance with Condition 11(b) (*Extraordinary Dividends - Aggregate Distributable Earnings Threshold*);

"**Articles of the Warrant Issuer**" means the articles of association of the Warrant Issuer;

"**Bonus Issue**" means any issue of Ordinary Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) which does not constitute a Dividend;

"**business day**" means a day other than a Saturday or Sunday, on which commercial banks and foreign exchange markets settle payments in London;

"**Consideration per Ordinary Share**" has the meaning given in Condition 23 (*Aggregate Consideration and Consideration per Ordinary Share*);

"**Corporate Event**" has the meaning given in Condition 27(a) (*Corporate Reorganisation - Merger; sale of assets*);

"**CREST**" means the real-time settlement system called CREST operated by Euroclear UK & Ireland Limited, a company incorporated in England and Wales No 2878738 whose registered office at the Warrant Issue Date is 33 Cannon Street, London EC4M 5SB;

"**Current Market Price**" means, in respect of an Ordinary Share at a particular date, the arithmetic average of the Volume-Weighted Average Price of an Ordinary Share for each of the five consecutive Exchange Business Days ending on the Exchange Business Day immediately preceding such date (the "**Relevant Period**"), *provided that*:

- (i) if on any Exchange Business Day in the Relevant Period the Volume-Weighted Average Price shall have been based on a price ex-Dividend (or ex-any other entitlement) and during some other part of that period the Volume-Weighted Average Price shall have been based on a price cum-Dividend (or cum-any other entitlement), then:

- (A) if the Ordinary Shares to be delivered do not rank for the Dividend (or entitlement) in question, the Volume-Weighted Average Price on the dates on which the Volume-Weighted Average Price shall have been based on a price cum-Dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be reduced by an amount equal to the Fair Market Value of that Dividend (or entitlement) per Ordinary Share as at the first date on which the Shares are traded ex-Dividend (excluding any associated tax credit and less the tax (if any) falling to be deducted on payment thereof to a resident of the United Kingdom); or
- (B) if the Ordinary Shares to be issued do rank for the Dividend (or entitlement) in question, the Volume-Weighted Average Price on the dates on which the Volume-Weighted Average Price shall have been based on a price ex-Dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to have been increased by an amount equal to the Fair Market Value of that Dividend (or entitlement) as at the first date on which the Ordinary Shares are traded ex-Dividend (excluding any associated tax credit and less the tax (if any) falling to be deducted on payment thereof to a resident of the United Kingdom);
- (ii) if on each of the five Exchange Business Days during the Relevant Period the Volume-Weighted Average Price shall have been based on a price cum-Dividend (or cum-any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be delivered do not rank for that Dividend (or other entitlement) the Volume-Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that Dividend (or other entitlement) per Ordinary Share (excluding any associated tax credit and less the tax (if any) falling to be deducted on payment thereof to a resident of the United Kingdom);
- (iii) if the Volume-Weighted Average Price is not available on one or more of the five Exchange Business Days during the Relevant Period, then the arithmetic average of the Volume-Weighted Average Prices which are available in the Relevant Period shall be used (subject to a minimum of two such closing prices); and
- (iv) if the Volume-Weighted Average Price is not available on any date, or is only available on one date, in the Relevant Period, then the Current Market Price shall be Determined by an Expert;

"Determined by an Expert" means determined in good faith by an Expert acting as an expert;

"Dividend" means any dividend or distribution (including a Spin-Off) whether of cash, assets or other property, and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to holders upon or in connection with a reduction of capital (and for these purposes a distribution of assets includes without limitation an issue of Ordinary Shares or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves), provided that:

- (a) where a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of cash, then, for the purposes of this definition, the Dividend in question shall be treated as a Dividend of the greater of (i) such cash amount and (ii) the Current Market Price of such Ordinary Shares or, as the case may be, Fair Market Value of such other property or assets (as at the first date on which the Ordinary Shares are traded ex-such Dividend or capitalisation (as the case may be) or if later, the date on which the number of Ordinary Shares (or amount of property or assets, as the case may be) which may be issued or transferred and delivered is determined);

- (b) any issue of Ordinary Shares falling within Condition 12 (*Bonus Issues*) shall be disregarded;
- (c) a purchase or redemption or buy back of share capital of the Warrant Issuer by or on behalf of the Warrant Issuer or any of its Subsidiaries shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Warrant Issuer or any of its Subsidiaries, the weighted average price per Ordinary Share (before expenses) on any one day (a "**Specified Ordinary Share Day**") in respect of such purchases or redemptions or buy backs (translated, if not in Sterling, into Sterling at the Screen Rate on such day exceeds by more than 5 per cent. the average of the closing prices of the Ordinary Shares on the Relevant Exchange (as published by or derived from the Relevant Exchange) on the five dealing days immediately preceding the Specified Ordinary Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price or where a tender offer is made, on the five dealing days immediately preceding the date of such announcement or the date of first public announcement of such tender offer (and regardless whether or not a price per Ordinary Share, a minimum price per Ordinary Share or a price range or a formula for the determination thereof is or is not announced at such time), as the case may be, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in Sterling to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by the Warrant Issuer or, as the case may be, any of its Subsidiaries (translated where appropriate into Sterling as provided above) exceeds the product of (i) 105 per cent. of the average closing price of the Ordinary Shares determined as aforesaid and (ii) the number of Ordinary Shares so purchased, redeemed or bought back; and
- (d) if the Warrant Issuer or any of its Subsidiaries shall purchase, redeem or buy back any depositary or other receipts or certificates representing Ordinary Shares, the provisions of paragraph (c) shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined by an Expert;

"**Effective Date**" has, for the purposes of any Condition in which such expression is used, the meaning given in the relevant Condition;

"**Exchange Business Day**" means any day that is a trading day on the Relevant Exchange and on which the Ordinary Shares, Ordinary Share-Related Securities or Spin-Off Securities, as the case may be, may be dealt in other than a day on which the Relevant Exchange is scheduled to or does close prior to its regular weekday closing time;

"**Exercise Date**" has the meaning given in Condition 7(d) (*Procedure for Exercise - Exercise Date*);

"**Exercise Expenses**" has the meaning given in Condition 7(b) (*Procedure for Exercise - Expenses*);

"**Exercise Notice**" means a notice of exercise in the form set out in the Registrar Agreement;

"**Exercise Period**" has the meaning given in Condition 6(b) (*Exercise - Exercise Period*), subject to Condition 6(d) (*Exercise - Mandatory Transfer of Warrants*);

"**Exercise Period Start Date**" means the date on which the Warrant Issuer notifies the Warrant holders that the Warrant Exercise Condition has been satisfied;

"**Exercise Right**" means, in respect of a Warrant, the right of the Warrant holder in respect of such Warrant to exercise such Warrant into Ordinary Shares in accordance with these Terms and Conditions;

"**Expert**" means, in relation to any matter to be Determined by an Expert, an independent investment bank and/or a firm of accountants which is, in either case, of international repute,

appointed to act as an expert for the purposes of such matter in accordance with these Terms and Conditions;

"Extraordinary Dividend" has the meaning given in Condition 11(a) (*Extraordinary Dividends - Determination of Extraordinary Dividends*);

"Extraordinary Resolution" means a resolution passed at a meeting of Warrantholders duly convened and held in accordance with Condition 5 (*Meetings of Warrantholders, Modification and Cancellation*) by a majority of not less than three quarters of the votes cast;

"Fair Market Value" means:

- (i) with respect to a cash Dividend or other cash amount, the amount of such cash; and
- (ii) with respect to any other property on any date, the fair market value of that property as of that date as Determined by an Expert on the basis of a commonly accepted market valuation method,

provided, however, that in any such case:

- (a) where Ordinary Share-Related Securities, Spin-Off Securities, options, warrants or other rights are publicly traded in a market which is Determined by an Expert to have adequate liquidity, the fair market value of such Ordinary Share-Related Securities, Spin-Off Securities, options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such Ordinary Share-Related Securities, Spin-Off Securities, options, warrants or other rights during the period of five trading days on the relevant market prior to such date (or, if later, the first such trading day such Ordinary Share-Related Securities, Spin-Off Securities, options, warrants or other rights are publicly traded) or such shorter period as such Ordinary Share-Related Securities, Spin-Off Securities, options, warrants or other rights are publicly traded;
- (b) any cash Dividend declared or paid in a currency other than Sterling shall be converted into Sterling at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid the cash Dividend in Sterling; and
- (c) any other amount or value in a currency other than Sterling shall be translated into Sterling at the Screen Rate on that date;

"Financial Year" means, in respect of the Warrant Issuer, any accounting period in respect of which audited financial statements of the Warrant Issuer have been published or are expected to be published;

"Gross Number of Ordinary Shares" has the meaning given to it in Condition 6(c)(Exercise - Gross Number of Ordinary Shares);

"Holder" and **"Warrantholder"** mean, in relation to a Warrant, the person in whose name such Warrant is for the time being registered in the Warrant Register (or, in the case of a joint holding, the first named thereof);

"MCBs" means the 9.75 per cent. Mandatory Convertible Notes issued on or around the issue date of the RCIs by Barclays Bank PLC and convertible into Ordinary Shares;

"NewCo" has the meaning given in Condition 27(a)(iii) (Corporate Reorganisation - Merger; Sale of assets);

"NewCo Scheme" has the meaning given in Condition 27(a)(iii) (Corporate Reorganisation - Merger; Sale of assets);

"Ordinary Shares" means ordinary shares of the Warrant Issuer, having on the Warrant Issue Date a par value of 25p each;

"Ordinary Share-Related Securities" means any securities (excluding the Warrants but including any further Warrants issued pursuant to Condition 31 (*Further Issues*)) which by their terms of issue:

- (i) carry a right to subscribe for, purchase or otherwise acquire Ordinary Shares or any securities which by their terms of issue might be redesignated as Ordinary Shares; or
- (ii) might be redesignated as Ordinary Shares or be redesignated so as to carry a right to subscribe for, purchase or otherwise acquire Ordinary Shares,

including, for the avoidance of doubt, depositary or other receipts or certificates representing Ordinary Shares;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, unincorporated association, limited liability company, state or agency of a state or other entity, whether or not having separate legal personality;

"RCIs" means £3,000,000,000 14 per cent. Step-up Callable Perpetual Reserve Capital Instruments issued by Barclays Bank PLC;

"Record Date" means, in respect of any entitlement to receive any dividend or other distribution declared, paid or made, or any rights granted, the record date or other due date for the establishment of the relevant entitlement;

"Reference Dividend" has the meaning given in Condition 11(d) (*Extraordinary Dividends - Reference Dividend Threshold*);

"Reference Dividend Threshold" has the meaning given in Condition 11(d) (*Extraordinary Dividends - Reference Dividend Threshold*);

"Regulation S" means Regulation S under the United States Securities Act of 1933, as amended;

"Relevant Exchange" means the Official List of the UK Listing Authority and/or, as the context requires, the regulated market for listed securities of the London Stock Exchange plc or, if the Ordinary Shares are no longer listed and traded on the Official List of the UK Listing Authority and the regulated market for listed securities of the London Stock Exchange plc, the principal stock exchange or securities market on which the Ordinary Shares are then listed and traded;

"Rights" means, in respect of any securities or assets, any options, warrants or other rights (other than Ordinary Share-Related Securities) which by their terms of issue carry a right to subscribe for, purchase or otherwise acquire such securities or assets;

"Screen Rate" means, on any day, and, in respect of the translation or conversion of one currency into another currency, the rate of exchange between such currencies appearing on Reuters page ECB 37 on that day, or, if that page is not available or that rate of exchange does not appear on that page on that day, the rate of exchange between such currencies appearing on such other screen or information service, or determined in such other manner, as the Warrant Issuer shall reasonably determine;

"Shareholder" means the person in whose name an Ordinary Share is for the time being registered in the register of Ordinary Share ownership maintained by or on behalf of the Warrant Issuer;

"Specified Office of the Warrant Exercise Agent" means One Canada Square, London E14 5AL;

"Specified Office of the Warrant Transfer Agent" means One Canada Square, London E14 5AL;

"Specified Office of the Warrant Registrar" means One Canada Square, London E14 5AL;

"Spin-Off" means:

- (a) a distribution of Spin-Off Securities or Rights in respect of Spin-Off Securities by the Warrant Issuer to Shareholders as a class; or
- (b) any issue, transfer or delivery of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Warrant Issuer) to its Shareholders as a class or, in the case of or in connection with a NewCo Scheme, Existing Shareholders as a class (but excluding the issue and allotment of ordinary shares by NewCo to Existing Shareholders as a class), pursuant in each case to any arrangements with the Warrant Issuer or any of its Subsidiaries;

"Spin-Off Securities" means equity share capital of an entity other than the Warrant Issuer or options, warrants or other rights to subscribe for or purchase equity share capital of an entity other than the Warrant Issuer;

"Sterling" means the lawful currency for the time being of United Kingdom;

"Subsidiary" means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"Volume Weighted Average Price" means, in respect of a Ordinary Share, security or, as the case may be, a Spin-Off Security on any dealing day, the order book volume-weighted average price of a Ordinary Share, security or, as the case may be, a Spin-Off Security published by or derived (in the case of a Ordinary Share) from Bloomberg page VAP or (in the case of a security (other than Ordinary Shares) or Spin-Off Security) from the principal stock exchange or securities market on which such securities or Spin-Off Securities are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined to be appropriate by an Expert on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Ordinary Share, security or a Spin-Off Security, as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined or as an Expert might otherwise determine in good faith to be appropriate;

"Warrant Deed Poll" means a deed poll dated 31 October 2008 made by the Warrant Issuer and relating to the Warrants;

"Warrant Exercise Condition" means, subject to Condition 6(d) (*Exercise - Mandatory Transfer of Warrants*);

- (a) the Warrant Issuer receiving the necessary corporate approval from its Shareholders at the first general meeting of Shareholders held after the Warrant Issue Date (or, if such meeting is adjourned, at any such adjourned meeting) in relation to:
 - (i) an increase in the authorised ordinary share capital of the Warrant Issuer sufficient (a) to enable each Warrantholder to exercise its Warrants in full, (b) to allow the conversion of the MCBs, and (c) to facilitate the application of the Alternative Coupon Satisfaction Mechanism pursuant to the terms and conditions of the RCIs;
 - (ii) granting the directors of the Warrant Issuer authority pursuant to section 80 of the Companies Act 1985 to allot new Ordinary Shares sufficient (a) to enable each Warrantholder to exercise its Warrants in full, (b) to allow the conversion

of the MCBs and (c) to facilitate the application of the Alternative Coupon Satisfaction Mechanism pursuant to the terms and conditions of the RCIs;

- (iii) granting the directors of the Warrant Issuer power pursuant to section 95 of the Companies Act 1985 to disapply pre-emption rights in respect of sufficient new Ordinary Shares (a) to enable each Warranholder to exercise its Warrants in full and (b) to facilitate the application of the Alternative Coupon Satisfaction Mechanism pursuant to the terms and conditions of the RCIs; and
- (iv) approval of the issue, upon conversion of the MCBs, of new Ordinary Shares at a price representing a discount of more than 10 per cent.; and

(b) Barclays Bank PLC issuing the RCIs and receiving full payment in respect thereof;

"Warrant Issue Date" means 31 October 2008; and

"Warrant Issuer Specified Account" means the bank account notified as such by the Warrant Issuer to the Warranholders on or prior to the Warrant Issue Date and thereafter, such other bank account as so notified from time to time.

(b) *Construction of certain references*

In these Terms and Conditions, unless otherwise specified or unless the context otherwise requires:

- (i) a reference to a business day in any place shall be construed as a reference to a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in that place;
- (ii) the expression the "Warrant" shall be construed so as to include any further Warrants issued pursuant to Condition 31 (Further Issues) and forming a single series with the Warrants;
- (iii) references to "exercise" of the Warrants shall be construed to mean the exercise of the Warrants into such number of Ordinary Shares in accordance with these Terms and Conditions and the issuance by the Warrant Issuer of Ordinary Shares in accordance with these Terms and Conditions and the Articles of the Warrant Issuer;
- (iv) references to any issue or offer or grant to Shareholders "as a class" or "by way of rights" shall be construed so as to include an issue or offer or grant to all or substantially all Shareholders other than Shareholders to whom, by reason of the laws of any jurisdiction or requirements of any recognised regulatory body or any stock exchange in any jurisdiction or in connection with fractional entitlements, it is determined not to make such issue or offer or grant;
- (v) "equity share capital" means, in relation to a company, its issued share capital excluding any part of that capital which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution;
- (vi) references to the "issue" of Ordinary Shares shall include the transfer and/or delivery of Ordinary Shares by the Warrant Issuer or any of its Subsidiaries, whether newly issued and allotted or previously existing;
- (vii) Ordinary Shares held by the Warrant Issuer or any of its Subsidiaries shall not be considered as or treated as "in issue"; and
- (viii) headings and sub-headings are for ease of reference only and shall not affect the construction of these Terms and Conditions.

SUMMARY OF PROVISIONS RELATING TO THE WARRANTS WHILE IN GLOBAL FORM

The Warrants will be represented by interests in the Global Warrant Certificate which was, on or around the Warrant Issue Date, registered in the name of, or in the name of a nominee of, the common depository for Clearstream, Luxembourg and/or Euroclear on or about the Warrant Issue Date.

For so long as any of the Warrants are represented by the Global Warrant Certificate, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or any other clearing system (the "**Alternative Clearing System**") as the holder of a particular principal amount of such Warrants must look solely to Euroclear, Clearstream, Luxembourg and/or such Alternative Clearing System (as the case may be) for his share of each payment made by the Warrant Issuer to the registered holder of such Global Warrant, subject to, and in accordance with, the respective rules and procedures of Euroclear, Clearstream, Luxembourg and/or such Alternative Clearing System (as the case may be).

Exchange of Interests in the Global Warrant Certificate for Individual Warrant Certificates

The Global Warrant Certificate will be exchangeable, free of charge to the holder, in whole but not in part, for Individual Warrant Certificates only if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business and no Alternative Clearing System is available.

Whenever the Global Warrant Certificate is to be exchanged for Individual Warrant Certificates, such Individual Warrant Certificates will be issued in an aggregate number equal to the total number of Warrants represented by the Global Warrant Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Warrant Certificate, Euroclear and/or Clearstream, Luxembourg, to the Warrant Registrar of such information as is required to complete and deliver such Individual Warrant Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Warrant Certificates are to be registered and the number of Warrants held by each such person) against the surrender of the Global Warrant Certificate at the specified office of the Warrant Registrar. Such exchange will be effected in accordance with the provisions of the Registrar Agreement and the regulations concerning the transfer and registration of Warrant scheduled thereto and, in particular, shall be effected without charge to any Warrant Holder, but against such indemnity as the Warrant Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Transfers of Interests in the Global Warrant Certificate

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

In addition, the Global Warrant Certificate will contain provisions which modify the Terms and Conditions of the Warrants as they apply to the Warrants evidenced by the Global Warrant Certificate. The following is a summary of certain of those provisions:

Meetings

The holder of the Global Warrant Certificate shall be treated at any meeting of Warrant Holders as having one vote in respect of each Warrant for which the Global Warrant Certificate may be exchanged.

Exercise and Cancellation

Exercise Rights in respect of any Warrant may be exercised by the presentation of the Global Warrant Certificate to the Warrant Registrar for appropriate notation, together with a duly completed Exercise Notice by or on behalf of the holder of the relevant book-entry interest.

Cancellation of any Warrant represented by the Global Warrant Certificate which is required by the Terms and Conditions of the Warrants to be cancelled will be effected by reduction in the principal amount of the relevant Global Warrant Certificate.

Notices

So long as the Warrants are represented by the Global Warrant Certificate and the Global Warrant Certificate is held on behalf of any one or more of Euroclear, Clearstream, Luxembourg and an Alternative Clearing System, notices required to be given to Warrant Holders may be given by their being delivered to the relevant clearing system for communication by it to entitled accountholders in substitution for notification, as required by the Terms and Conditions.

USE OF PROCEEDS

The net proceeds of the issue of the Warrants amounted to £1.52. The Warrants were issued to meet the objectives of the Group as set out in the Announcement. In the event of exercise of the Warrants in accordance with the Conditions, the Aggregate Warrant Exercise Consideration will be used to strengthen further the capital base of the Group.

THE WARRANT ISSUER AND THE GROUP

The Warrant Issuer is a public limited company registered in England under number 48839. The liability of the members of the Warrant Issuer is limited. It has its registered and head office at 1 Churchill Place, London, E14 5HP, telephone number +44 (0)20 7116 1000. Tracing its origins to seventeenth century London, the Warrant Issuer has evolved from a group of English partnerships into a global bank. The Warrant Issuer was incorporated on 20 July 1896 under the Companies Acts 1862 to 1890.

The Warrant 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 whole of the issued ordinary share capital of Barclays Bank PLC (the "**Bank**") is beneficially owned by the Warrant Issuer, which is the ultimate holding company of the Group and is one of the largest financial services companies in the world by assets.

The short term unsecured obligations of the Warrant Issuer are rated A-1+ by Standard & Poor's, P-1 by Moody's and F1+ by Fitch Ratings Limited and the long-term obligations of the Warrant Issuer are rated AA- by Standard & Poor's, Aa2 by Moody's and AA by Fitch Ratings Limited.

Based on the Group's unaudited financial information for the six months ended 30 June 2008, the Group had total assets of £1,365,654 million (June 2007: £1,158,262 million), total net loans and advances¹ of £449,981 million (June 2007: £364,434 million), total deposits² of £409,225 million (June 2007: £379,873 million), and total shareholders' equity of £32,822 million (June 2007: £28,721 million) (including minority interests of £10,533 million (June 2007: £7,748 million)). The profit before tax of the Group for the six months ended 30 June 2008 was £2,754 million (June 2007: £4,101 million) after impairment charges on loans and advances and other credit provisions of £2,448 million (June 2007: £959 million). The financial information in this paragraph is extracted from the unaudited Interim Results Announcement.

Based on the Group's audited financial information for the year ended 31 December 2007, the Group had total assets of £1,227,361 million (2006: £996,787 million), total net loans and advances¹ of £385,518 million (2006: £313,226 million), total deposits² of £385,533 million (2006: £336,316 million) and total shareholders' equity of £32,476 million (2006: £27,390 million) (including minority interests of £9,185 million (2006: £7,591 million)). The profit before tax of the Group for the year ended 31 December 2007 was £7,076 million (2006: £7,136 million) after impairment charges on loans and advances and other credit provisions of £2,795 million (2006: £2,154 million). The financial information in this paragraph is extracted from the Joint Annual Report.

Acquisitions

On 17 September 2008, the Board announced that the Group had agreed, subject to US Court and relevant regulatory approvals, to acquire Lehman Brothers North American investment banking and capital markets operations and supporting infrastructure. Following receipt on 19 September 2008 of approval from the United States Bankruptcy court for the Southern District of New York, on 22 September 2008 the Group completed such acquisition. The Group also acquired the New York headquarters of Lehman Brothers as well as two data centres and the total consideration paid was U.S.\$1.54 billion (£0.9 billion).

On 1 July 2008, the Group acquired 100 per cent. of the shares of the Russian Bank, Expobank, for a consideration of approximately U.S.\$745 million (£373 million).

On 31 March 2008, the Group completed the acquisition of Discover's UK credit card business, Goldfish, for a cash consideration of £38 million (including attributable costs of £3million), for fair value of net assets of £127 million, which gave rise to a gain on acquisitions of £89 million.

On 7 March 2008, Absa acquired, for a consideration of £5 million, a further 24 per cent. of Meeg Bank Limited, bringing Absa's shareholding up to 74 per cent. Meeg Bank is based in South Africa.

¹ Total net loans and advances include balances relating to both bank and customer accounts.

² Total deposits include deposits from bank and customer accounts.

Disposals

On 31 October 2008, the Group completed the sale of Barclays Life Assurance Company Limited to Swiss Reinsurance Company for a consideration of approximately £762 million.

On 31 January 2008, the Group completed the sale of Barclays Global Investors Japan Trust & Banking Co. Ltd, a Japanese trust administration and custody operation.

Recent developments

The Capital Raising

On 8 October 2008, the UK Government announced a set of measures designed to ensure the stability of the UK financial system and to protect ordinary savers, depositors, businesses and borrowers. On 13 October 2008, the UK Government announced the implementation of these measures. The measures are intended to provide sufficient short term liquidity; to make available new Tier 1 capital to UK banks to strengthen their financial resources; and to ensure that the banking system has the funds necessary to maintain lending in the medium term through a credit guarantee scheme relating to short and medium term debt issuance. As part of the measures, the FSA has set higher capital targets for all UK banks.

On 13 October 2008 the Warrant Issuer made an announcement relating to these measures. This Announcement is incorporated by reference into this Prospectus.

On 31 October 2008, the Board made an announcement (the "**Capital Raising Announcement**") of a proposal to raise more than £7 billion of additional capital (the "**Capital Raising**") from existing and new strategic and institutional investors. The Capital Raising will on completion (which is expected to be on or around 27 November 2008) satisfy the target capital levels agreed with the FSA.

The Capital Raising includes:

- An issue of £3 billion of Reserve Capital Instruments (the "**RCIs**") by Barclays Bank PLC to Qatar Holding LLC and entities representing the beneficial interests of HH Sheikh Mansour Bin Zayed Al Nahyan, a member of the Royal Family of Abu Dhabi ("**HH Sheikh Mansour Bin Zayed Al Nahyan**"). In conjunction with this issue, Qatar Holding LLC and HH Sheikh Mansour Bin Zayed Al Nahyan have also subscribed (for a nominal consideration) for the Warrants described in this Prospectus to subscribe at their option for up to 1,516,875,236 new ordinary shares of Barclays PLC with an exercise price of 197.775 pence per share.
- An issue of £2.8 billion of Mandatorily Convertible Notes ("**MCNs**") by Barclays Bank PLC to Qatar Holding LLC, Challenger Universal Limited (a company representing the beneficial interests of His Excellency Sheikh Hamad Bin Jassim Bin Jabr Al-Thani, the chairman of Qatar Holding LLC, and his family) ("**Challenger**") and HH Sheikh Mansour Bin Zayed Al Nahyan, and a further issue of £1.25 billion of MCNs to existing institutional shareholders and other institutional investors by way of an accelerated non-underwritten bookbuild placing implemented on 31 October 2008.
- Ordinary shares to be issued upon conversion of the MCNs and, as the case may be, exercise of the Warrants will increase Barclays equity Tier 1 ratio. The equity component of the proceeds from the RCIs and Warrants, representing the fair value of the Warrants, will be included in equity Tier 1 capital and the debt component of the proceeds of the RCIs and the Warrants will be included as innovative Tier 1 capital to the extent it is within the innovative Tier 1 allowance as defined by the FSA.

Qatar Holding LLC agreed to invest £500 million in MCNs and £1.5 billion in RCIs, and subscribed for Warrants to purchase up to £1.5 billion of Barclays PLC ordinary shares. Challenger agreed to invest £300 million in MCNs. Assuming the conversion of their MCNs and the full exercise of their Warrants, Qatar Holding LLC would hold approximately 1,607 million ordinary shares, representing 12.8 per cent. of the fully diluted share capital of Barclays PLC and Challenger would hold approximately 354 million ordinary shares, representing 2.8 per cent. of the fully diluted share capital of Barclays PLC. In addition to any other fees and commissions payable in connection with the issue of the securities, Qatar Holding LLC will receive a fee of £66 million for having arranged certain of the subscriptions in the Capital Raising.

HH Sheikh Mansour Bin Zayed Al Nahyan agreed to invest £2 billion in MCNs and £1.5 billion in RCIs, and subscribed for Warrants to purchase up to £1.5 billion of Barclays PLC ordinary shares. Assuming the conversion of his MCNs and the full exercise of his Warrants, HH Sheikh Mansour Bin Zayed Al Nahyan would be beneficially entitled to approximately 2,063 million ordinary shares, representing 16.5 per cent. of the fully diluted share capital of Barclays PLC.

HH Sheikh Mansour Bin Zayed Al Nahyan has arranged for his investment in the Warrants, the MCNs and the RCIs to be funded by an Abu Dhabi governmental investment vehicle, which will become the indirect shareholder of the entities which are subscribing for the Warrants, the MCNs and the RCIs.

On 18 November 2008, the Board announced that Qatar Holding LLC and HH Sheikh Mansour Bin Zayed Al Nahyan had each offered to make available up to £250 million of RCIs for clawback by existing Barclays institutional investors at par. By consequence £500 million of RCIs (excluding Warrants) were placed with Barclays institutional investors by way of a bookbuild placing on 18 November 2008.

In addition, the Board also announced that:

- all members of the Board will exceptionally offer themselves for re-election at the Barclays Annual General Meeting to be held in April 2009; and
- no annual bonuses will be paid to executive directors of the Warrant Issuer for 2008, following the offer by the executive directors to waive any annual bonus for 2008.

The necessary shareholder resolutions required in order to effect the Capital Raising were passed by the shareholders of the Warrant Issuer on 24 November 2008.

The unaudited pro forma financial information set out on pages 74-75 of this Prospectus has been prepared to illustrate the effect of the Capital Raising as if it had occurred on 30 June 2008.

The Placing

On 18 September 2008, the Board announced the completion of a placing. A total of 226 million new Barclays PLC ordinary shares of 25 pence each (the "**Placing Shares**") issued by the Warrant Issuer were placed with certain institutions at a price of 310 pence per Placing Share (the "**September Placing**"). Based on the placing price, the gross proceeds were £701 million.

The Firm Placing and Placing and Open Offer

On 25 June 2008, the Warrant Issuer announced a share issue to raise approximately £4.5 billion through the issue of 1,576 million new Barclays PLC ordinary shares (the "**Firm Placing and Placing and Open Offer**"). The Firm Placing and Placing and Open Offer includes:

- approximately £500 million raised through a firm placing of 169 million new Barclays PLC ordinary shares at 296 pence per new Barclays PLC ordinary share to Sumitomo Mitsui Banking Corporation;
- approximately £4.0 billion raised through a placing of 1,407 million new Barclays PLC ordinary shares at 282 pence per new Barclays PLC ordinary share to Qatar Investment Authority, Challenger, China Development Bank, Temasek Holdings (Private) Limited and certain leading institutional shareholders and other investors, which shares were available for clawback in full by means of an open offer to existing shareholders. Pursuant to such open offer, existing shareholders were offered the opportunity to subscribe for up to a maximum of their pro rata entitlement on the basis of three open offer shares for every 14 existing ordinary shares they held.

The firm placing of 169 million new Barclays PLC ordinary shares was completed on 4 July 2008 and the placing and open offer was completed on 22 July 2008. Valid applications under the open offer were received from qualifying shareholders in respect of approximately 267 million Barclays PLC shares in aggregate, representing 19.0 per cent. of the Barclays PLC shares offered pursuant to the open offer. Accordingly, the remaining 1,140,310,966 Barclays PLC shares were allocated to the various investors with whom they had been conditionally placed.

Other

On 8 July 2008 the Group announced it would close its FirstPlus unit to new business in August 2008.

Competition and regulatory matters

The scale of regulatory change remains challenging, arising in part from the implementation of some key EU directives. Many changes to financial services legislation and regulation have come into force in recent years and further changes will take place in the near future. Concurrently, there is continuing political and regulatory scrutiny of the operation of the retail banking and consumer credit industries in the UK and elsewhere. The nature and impact of future changes in policies and regulatory action are not predictable and beyond the Group's control but could have an impact on the Group's businesses and earnings. In June 2005, an inquiry into retail banking in all of the then 25 Member States was launched by the European Commission's Directorate General for Competition. The inquiry looked at retail banking in Europe generally. In January 2007, the European Commission announced that the inquiry had identified barriers to competition in certain areas of retail banking, payment cards and payment systems in the EU. The European Commission indicated it will use its powers to address these barriers, and will encourage national competition authorities to enforce European and national competition laws where appropriate. Any action taken by the European Commission and national competition authorities could have an impact on the payment cards and payment systems businesses of the Group and on its retail banking activities in the EU countries in which it operates.

In September 2005, the OFT received a super-complaint from the Citizens Advice Bureau relating to payment protection insurance ("PPI"). As a result, the OFT commenced a market study on PPI in April 2006. In October 2006, the OFT announced the outcome of the market study and the OFT referred the PPI market to the UK Competition Commission for an in-depth inquiry in February 2007. In June 2008 the Competition Commission published its provisional findings, in which it indicated that there was a lack of competition in the UK PPI market, and consulted on those findings and a list of possible remedies. On 13 November 2008 the Competition Commission issued for consultation its provisional decision on remedies and currently intends to publish its final report by the statutory deadline of 6 February 2009. In October 2006, the FSA also published the outcome of its broad industry thematic review of PPI sales practices in which it concluded that some firms fail to treat customers fairly and that the FSA would strengthen its actions against such firms. Tackling poor PPI sales practices remains a priority for the FSA, with their most recent update on their thematic work published in September 2008. The Group has cooperated fully with these investigations and reviews and will continue to do so.

The OFT has carried out investigations into Visa and MasterCard credit card interchange rates. The decision by the OFT in the MasterCard interchange case was set aside by the Competition Appeals Tribunal in June 2006. The OFT's investigation in the Visa interchange case and a second MasterCard interchange case are ongoing. The outcome is not known but these investigations may have an impact on the consumer credit industry in general and therefore on the Group's business in this sector. In February 2007, the OFT announced that it was expanding its investigation into interchange rates to include debit cards.

In April 2007, the UK consumer interest association known as Which? submitted a super-complaint to the OFT pursuant to the Enterprise Act 2000. The super-complaint criticises the various ways in which credit card companies calculate interest charges on credit card accounts. In June 2007, the OFT announced a new programme of work with the credit card industry and consumer bodies in order to make the costs of credit cards easier for consumers to understand. This OFT decision follows the receipt by the OFT of the super-complaint from Which?. This new work will explore the issues surrounding the costs of credit for credit cards including purchases, cash advances, introductory offers and payment allocation. On 11 February 2008, the OFT announced its recommendations, which include the introduction of an FSA price comparison website, improvements to customer information in summary boxes and the use of standard terminology.

In September 2006, the OFT announced that it had decided to undertake a fact find on the application of its statement on credit card fees to current account unauthorised overdraft fees. The fact find was completed in March 2007. On 29 March 2007, the OFT announced its decision to conduct a formal investigation into the fairness of bank current account charges. The OFT initiated a market study into personal current accounts ("PCAs") in the UK on 26 April 2007. The study's focus was PCAs but it also included an examination of other retail banking products, in particular savings accounts, credit cards,

personal loans and mortgages in order to take into account the competitive dynamics of UK retail banking. On 16 July 2008, the OFT published its market study report, in which it concluded that certain features of the UK PCA market were not working well for consumers. The OFT reached the provisional view that some form of regulatory intervention is necessary in the UK PCA market. On 16 July 2008, the OFT also announced a consultation to seek views on the findings and possible measures to address the issues raised in its report. The consultation period closed on 31 October 2008. The Group has participated fully in the market study process and will continue to do so.

US laws and regulations require compliance with US economic sanctions, administered by the Office of Foreign Assets Control, against designated foreign countries, nationals and others. HM Treasury regulations similarly require compliance with sanctions adopted by the UK government. The Group has been conducting an internal review of its conduct with respect to US dollar payments involving countries, persons and entities subject to these sanctions and has been reporting to governmental authorities about the results of that review. The Group received inquiries relating to these sanctions and certain US dollar payments processed by its New York branch from the New York County District Attorney's Office and the US Department of Justice, which along with other authorities, has been reported to be conducting investigations of sanctions compliance by non-US financial institutions. The Group has responded to those inquiries and is cooperating with the regulators, the Department of Justice and the District Attorney's Office in connection with their investigations of the Group's conduct with respect to sanctions compliance. The Group has also been keeping the FSA informed of the progress of these investigations and the Group's internal review. The Group's review is ongoing. It is currently not possible to predict the ultimate resolution of the issues covered by the Group's review and the investigations, including the timing and potential financial impact of any resolution, which could be substantial.

Directors

The Directors of the Warrant Issuer, each of whose business address is 1 Churchill Place, London E14 5HP, 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 activities</i>
Marcus Agius	Chairman	Non-Executive Director, British Broadcasting Corporation
John Varley	Group Chief Executive	Non-Executive Director, AstraZeneca PLC
Chris Lucas	Group Finance Director	—
Robert E Diamond Jr	President, Barclays PLC, Chief Executive, Investment Banking and Investment Management	Chairman, Old Vic Productions PLC
Frederik (Frits) Seegers	Chief Executive, Global Retail and Commercial Banking	—
Sir Nigel Rudd DL	Deputy Chairman, Non-Executive Director	Chairman, Pendragon PLC, Non-Executive Director, BAE Systems plc, Chairman, BAA Limited
Sir Richard Broadbent	Senior Independent Director and Non-Executive Director	Chairman, Arriva plc
David Booth	Non-Executive Director	East Ferry Investors LLC
Leigh Clifford	Non-Executive Director	Chairman, Qantas Airways Limited
Fulvio Conti	Non-Executive Director	Chief Executive Officer, Enel

<i>Name</i>	<i>Function(s) within the Group</i>	<i>Principal outside activities</i>
		SpA, Director, AON Corporation
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
Sir Michael Rake	Non-Executive Director	Chairman, BT Group PLC, Director, McGraw-Hill Companies, Director, Financial Reporting Council
Stephen Russell	Non-Executive Director	Non-Executive Director, Network Rail Limited
Sir John Sunderland	Non-Executive Director	Director, Financial Reporting Council
Patience Wheatcroft	Non-Executive Director	Non-Executive Director, Shaftesbury PLC

No potential conflicts of interest exist between any duties to the Warrant Issuer of the Board of Directors listed above and their private interests or other duties.

Employees

The average number of persons employed by the Group worldwide during 2007, excluding agency staff, was 128,900 (2006: 118,600).

DESCRIPTION OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION AND THE ORDINARY SHARES OF THE WARRANT ISSUER

The following is a summary of the Memorandum of Association and Articles of Association of the Warrant Issuer, which are available for inspection as set out below in paragraph 6 of "*General Information*". The Articles of Association of the Warrant Issuer (the "**Articles**") were adopted at the Annual General Meeting of the Warrant Issuer on 24 April 2008.

Memorandum of Association

The objects of the Warrant Issuer are set out in full in clause 4 of the Memorandum of Association of the Warrant Issuer which provides, among other things, that the Warrant Issuer's objects are to carry on business as an investment and holding company and the business of banking in all its aspects.

The Articles

Directors

- (i) The minimum number of Directors (excluding alternate Directors) is five. There is no maximum limit. There is no age limit for Directors.
- (ii) Excluding executive remuneration and any other entitlement to remuneration for extra services (including service on board committees) under the Articles, a Director is entitled to a fee at a rate determined by the board of directors of the Warrant Issuer (the "**Board**") but the aggregate fees paid to all Directors shall not exceed £1,000,000 per annum or such higher amount as may be approved by an ordinary resolution of the Warrant Issuer. Each Director is entitled to reimbursement for all travelling, hotel and other expenses properly incurred by him/her in or about the performance of his/her duties.
- (iii) No Director may act (either himself/herself or through his/her firm) as an auditor of the Warrant Issuer. A Director may hold any other office of the Warrant Issuer on such terms as the Board shall determine.
- (iv) At each annual general meeting ("**AGM**") of the Warrant Issuer, one third of the Directors (rounded down) are required to retire from office by rotation and may offer themselves for re-election. The Directors so retiring are those who have been longest in office (and in the case of equality of service length are selected by lot). Other than a retiring Director, no person shall (unless recommended by the Board) be eligible for election unless a member notifies the Company Secretary of the Warrant Issuer in advance of his/her intention to propose a person for election.
- (v) The Board has the power to appoint additional Directors or to fill a casual vacancy amongst the Directors. Any Director so appointed holds office until the next AGM, when he/she may offer himself/herself for re-election. He/she is not taken into account in determining the number of directors retiring by rotation.
- (vi) The Board may appoint any Director to any executive position or employment in the Warrant Issuer on such terms as they determine.
- (vii) A Director may appoint either another Director or some other person approved by the Board to act as his/her alternate with power to attend Board meetings and generally to exercise the functions of the appointing Director in his/her absence (other than the power to appoint an alternate).
- (viii) Since 1 October 2008, the Board may authorise any matter in relation to which a Director has, or can have, a direct interest that conflicts, or possibly may conflict with, the Warrant Issuer's interests. Only Directors who have no interest in the matter being considered will be able to authorise the relevant matter and they may impose limits or conditions when giving authorisation if they think this is appropriate.
- (ix) A Director may hold positions with or be interested in other companies and, subject to legislation applicable to the Warrant Issuer and the FSA's requirements, may contract with the Warrant

Issuer or any other company in which the Warrant Issuer is interested. A Director may not vote or count towards the quorum on any resolution concerning any proposal in which he/she (or any person connected with him/her) has a material interest (other than by virtue of his/her interest in securities of the Warrant Issuer) or if he/she has a duty which conflicts or may conflict with the interests of the Warrant Issuer, unless the resolution relates to any proposal:

- (a) to indemnify a Director or provide him/her with a guarantee or security in respect of money lent by him/her to, or any obligation incurred by him/her or any other person for the benefit of (or at the request of), the Warrant Issuer (or any other member of the Group);
 - (b) to indemnify or give security or a guarantee to a third party in respect of a debt or obligation of the Warrant Issuer (or any other member of the Group) for which the Director has personally assumed responsibility;
 - (c) to obtain insurance for the benefit of directors;
 - (d) involving the acquisition by a Director of any securities of the Warrant Issuer pursuant to an offer to existing holders of securities or to the public;
 - (e) that the Director underwrite any issue of securities of the Warrant Issuer (or any of its subsidiaries);
 - (f) concerning any other company in which the Director or any person connected with him is interested as an officer or creditor or shareholder but, broadly, only if he/she (together with his/her connected persons) is directly or indirectly interested in less than one per cent. of either any class of the issued equity share capital or of the voting rights of that company; and
 - (g) concerning any other arrangement for the benefit of employees of the Warrant Issuer (or any other member of the Group) (including any pension fund or retirement, death or disability benefits scheme or any employees' share scheme) which does not give the Director any advantage which the employees to whom the arrangement relates would not receive.
- (x) A Director may not vote or be counted in the quorum on any resolution which concerns his/her own employment or appointment to any office of the Warrant Issuer or any other company in which the Warrant Issuer is interested.
- (xi) Subject to applicable legislation, the provisions described in sub-paragraphs (ix) and (x) above may be relaxed or suspended by an ordinary resolution of the members of the Warrant Issuer or any applicable governmental or other regulatory body.
- (xii) A Director is required to hold an interest in Ordinary Shares having a nominal value of at least £500, which currently equates to 2,000 Ordinary Shares unless restricted from acquiring or holding such interest by any applicable law or regulation or any applicable governmental or other regulatory body. A Director may act before acquiring those shares but must acquire the qualification shares within two months from his/her or her appointment. Where a Director is unable to acquire the requisite number of shares within that time owing to law, regulation or requirement of any governmental or other relevant authority, he/she must acquire the shares as soon as reasonably practicable once the restriction(s) end.
- (xiii) The Board may exercise all of the powers of the Warrant Issuer to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities.

Classes of Share

The Warrant Issuer only has Ordinary Shares in issue and the nominal value of each Ordinary Share is 25 pence. However, the Warrant Issuer has authorised but unissued preference shares of £100, U.S.\$100, U.S.\$0.25, €100 and ¥10,000 each (together, the "**Preference Shares**") which may be issued by the Board from time to time in one or more series with such rights and subject to such restrictions and

limitations as the Board may determine. The Warrant Issuer also has authorised but unissued staff shares of £1 each.

The rights of the Ordinary Shares are set out in the Articles, which are governed by English law. The Articles contain (amongst others) provisions to the following effect:

(i) *Dividends*

Subject to the provisions of the Articles and applicable legislation, the Warrant Issuer in general meeting may declare dividends on the Ordinary Shares by ordinary resolution, but such dividend may not exceed the amount recommended by the Board. The Board may also pay interim or final dividends if it appears they are justified by the Warrant Issuer's financial position.

Each Preference Share confers the right to a non-cumulative preferential dividend ("**Preference Dividend**") payable in such currency at such rates (whether fixed or calculated by reference to or in accordance with a specified procedure or mechanism), on such dates and on such other terms as may be determined by the Board prior to allotment thereof.

The Preference Shares rank in regard to payment of dividend in priority to the holders of Ordinary Shares and any other class of shares in the Warrant Issuer ranking junior to the Preference Shares.

Dividends may be paid on the Preference Shares if, in the opinion of the Board, the Warrant Issuer has sufficient distributable profits, after payment in full or the setting aside of a sum to provide for all dividends payable on (or in the case of shares carrying a cumulative right to dividends, before) the relevant dividend payment date on any class of shares in of the Warrant Issuer ranking *pari passu* with or in priority to the relevant series of Preference Shares as regards participation in the profits of the Warrant Issuer.

If the Board considers that the distributable profits of the Warrant Issuer available for distribution are insufficient to cover the payment in full of Preference Dividends, Preference Dividends shall be paid to the extent of the distributable profits on a *pro rata* basis.

Notwithstanding the above, the Board may, at its absolute discretion, determine that any Preference Dividend which would otherwise be payable may either not be payable at all or only payable in part.

If any Preference Dividend on a series of Preference Shares is not paid, or is only paid in part, for the reasons described above, holders of Preference Shares will not have a claim in respect of such nonpayment.

If any dividend on a series of Preference Shares is not paid in full on the relevant dividend payment date, a dividend restriction shall apply. The dividend restriction means that, subject to certain exceptions, neither the Warrant Issuer nor the Bank may (a) pay a dividend on, or (b) redeem, purchase, reduce or otherwise acquire, any of their respective ordinary shares, other preference shares or other share capital ranking equal or junior to the relevant series of Preference Shares until the earlier of such time as the Warrant Issuer next pays in full a dividend on the relevant series of Preference Shares or the date on which all of the relevant series of Preference Shares are redeemed.

All unclaimed dividends payable in respect of any share may be invested or otherwise made use of by the Board for the benefit of the Warrant Issuer until claimed. If a dividend is not claimed after 12 years of it becoming payable, it is forfeited and reverts to the Warrant Issuer.

The Board may (although it currently does not), with the approval of an ordinary resolution of the Warrant Issuer, offer shareholders the right to choose to receive an allotment of additional fully paid Ordinary Shares instead of cash in respect of all or part of any dividend.

(ii) *Voting*

Every member who is present in person or by proxy, or represented at any general meeting of the Warrant Issuer and who is entitled to vote has one vote on a show of hands. On a poll, every member who is present in person or by proxy or who (being a corporation) is represented has one vote for every share held. Any joint holder may vote at any general meeting of the Warrant Issuer at which he is entitled to vote in respect of jointly owned shares, but the vote of the senior holder (as determined by order in the

share register) shall take precedence. If any sum payable remains unpaid in relation to a member's shareholding, that member is not entitled to vote that share or exercise any other right in relation to a meeting of the Warrant Issuer unless the Board otherwise determine.

If any member, or any other person appearing to be interested in any shares in the Warrant Issuer, is served with a notice under Section 793 of the Companies Act 2006 and does not supply the Warrant Issuer with the information required in the notice, then the Board, in its absolute discretion, may direct that that member shall not be entitled to attend or vote at any meeting of the Warrant Issuer.

The Board may further direct that if the shares of the defaulting member represent 0.25 per cent. or more of the issued shares of the relevant class, that dividends or other monies payable on those shares shall be retained by the Warrant Issuer until the direction ceases to have effect and that no transfer of those shares shall be registered (other than certain specified "**approved transfers**"). A direction ceases to have effect seven days after the Warrant Issuer has received the information requested, or when the Warrant Issuer is notified that an "**approved transfer**" to a third party has occurred, or as the Board otherwise determines.

(iii) *Form and Transfers*

Ordinary Shares may be held in either certificated or uncertificated form.

Certificated Ordinary Shares shall be transferred in writing in any usual or other form approved by the Board and executed by or on behalf of the transferor. Transfers of uncertificated Ordinary Shares shall be made in accordance with the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378), as amended (the "**Crest Regulations**"). The Board may make any arrangements to regulate and evidence the transfer of Ordinary Shares as they consider fit in accordance with applicable legislation and the rules of the FSA.

Registration of Ordinary Shares may be suspended, subject to applicable legislation, for such periods as the Board may determine (but for not more than 30 days in any calendar year). The Board is not bound to register a transfer of partly paid Ordinary Shares, nor is it bound to register a transfer of fully paid Ordinary Shares in exceptional circumstances approved by the FSA. The Board may also decline to register an instrument of transfer of certificated Ordinary Shares unless it is duly stamped and deposited at the prescribed place and accompanied by the share certificate(s) and such other evidence as reasonably required by the Board to evidence right to transfer, it is in respect of one class of shares only, and it is in favour of not more than four transferees (except in the case of executors or trustees of a member).

Preference Shares may be represented by share warrants to bearer or be in registered form. Preference Shares represented by share warrants to bearer are transferred by delivery of the relevant warrant. Preference Shares in registered form shall be transferred in writing in any usual or other form approved by the Board and executed by or on behalf of the transferor. The Warrant Issuer's registrar shall register such transfers of Preference Shares in registered form by making the appropriate entries in the register of Preference Shares.

(iv) *Return of Capital and Liquidation*

In the event of any return of capital by reduction of capital or on liquidation, the holders of Ordinary Shares are entitled to receive such capital in proportion to the amounts paid up or credited as paid up on the shares of each class.

Each Preference Share shall confer, in the event of a winding up or any return of capital by reduction of capital (other than, unless otherwise provided by their terms of issue, a redemption or purchase by the Warrant Issuer of any of its issued shares, or a reduction of share capital), the right to receive out of the surplus assets of the Warrant Issuer available for distribution amongst the members and in priority to the holders of the Ordinary Shares and any other shares in the Warrant Issuer ranking junior to the relevant series of Preference Shares and *pari passu* with any other class of Preference Shares, repayment of the amount paid up or treated as paid up in respect of the nominal value of the Preference Share together with any premium which was paid or treated as paid when the Preference Share was issued in addition to an amount equal to accrued and unpaid dividends.

(v) *Redemption and Purchase*

Subject to applicable legislation and the rights of the other shareholders, any share may be issued on terms that it is, at the option of the Warrant Issuer or the holder of such share, redeemable. While the Warrant Issuer currently has no redeemable shares in issue, any series of Preference Shares issued in the future will be redeemable, in whole or in part, at the option of the Warrant Issuer on a date not less than five years after the date on which such series of Preference Shares was first issued.

The Warrant Issuer may purchase its own shares subject to the provisions of applicable legislation, the Articles and the approval of any class of convertible shares in issue (by special resolution or written consent of 75 per cent. of such class).

(vi) *Calls on capital*

The Directors may make calls upon the members in respect of any monies unpaid on their shares. A person upon whom a call is made remains liable even if the shares in respect of which the call is made have been transferred. Interest will be chargeable on any unpaid amount called at a rate determined by the Board (of not more than 20 per cent.).

If a member fails to pay any call in full (following notice from the Board that such failure will result in forfeiture of the relevant shares), such shares (including any dividends declared but not paid) may be forfeited by a resolution of the Board, and will become the property of the Warrant Issuer. Forfeiture shall not absolve a previous member for amounts payable by him/her (which may continue to accrue interest).

The Warrant Issuer also has a lien over all partly paid shares of the Warrant Issuer for all monies payable or called on that share and over the debts and liabilities of a member to the Warrant Issuer. If any monies which are the subject of the lien remain unpaid after a notice from the Board demanding payment, the Warrant Issuer may sell such shares.

(vii) *Variation of Rights*

If the capital of the Warrant Issuer is divided into shares of different classes, the rights attached to any class of shares may be varied with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

The rights of shares shall not (unless expressly provided by the rights attached to such shares) be deemed varied by the creation of further shares ranking equally with them.

Annual and general meetings

The Warrant Issuer is required to hold an annual general meeting in addition to such other general meetings as the Directors think fit. The type of the meeting will be specified in the notice calling it. Not more than 15 months may elapse between the date of one annual general meeting and the next. A general meeting may be convened by the Warrant Issuer shareholders on requisition in accordance with the applicable legislation.

In the case of an annual general meeting at least 21 clear days' notice is required. In other cases at least 14 clear days' notice is required. The notice must be in writing and must specify the place, the day and the hour of the meeting, and the general nature of the business to be transacted. A notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as such. The accidental failure to give notice of a general meeting or to send, supply or make available any document or information relating to the meeting, or the non-receipt of any such notice, document or information will not invalidate the proceedings at that meeting or an adjournment.

Subject as noted above, all shareholders are entitled to attend and vote at general meetings. The Articles do, however, provide that arrangements may be made for simultaneous attendance at a general meeting at a place other than that specified in the notice of meeting, in which case shareholders may be excluded from the specified place.

Holders of Preference Shares have no right to receive notice of, attend or vote at, any general meetings of the Warrant Issuer as a result of holding Preference Shares.

Limitations on foreign shareholders

There are no restrictions imposed by the Warrant Issuer's memorandum of association or Articles or by current UK laws, which relate only to non-residents of the UK, and which limit the rights of such non-residents to hold or (when entitled to do so) vote Ordinary Shares. Economic sanctions in force from time to time may limit the right of non-residents of the UK to hold or (when entitled to do so) vote Ordinary Shares.

Notices

A document or information may be sent by the Warrant Issuer in hard copy form, electronic form, by being made available on a website, or by another means agreed with the recipient. A document or information may only be sent in electronic form to a person who has agreed to receive it in that form or, in the case of a company, which has been deemed to have so agreed pursuant to applicable legislation. A document or information may only be sent by being made available on a website if the recipient has agreed to receive it in that form or has been deemed to have so agreed pursuant to applicable legislation, and has not revoked that agreement.

In respect of joint holdings, documents or information shall be sent to the joint holder whose name stands first in the register.

A member who (having no registered address within the UK) has not supplied an address in the UK at which documents or information may be sent is not entitled to have documents or information sent to him/her.

Alteration of share capital

The Warrant Issuer may, by way of ordinary resolution:

- (i) increase its share capital by a sum to be divided into shares of an amount prescribed by the resolution;
- (ii) consolidate and divide all or any of its share capital into shares of a larger nominal amount;
- (iii) subject to legislation, sub-divide all or part of its shares into shares of a smaller nominal amount and may decide by that resolution that the resulting shares have preference or other advantage or restrictions; and
- (iv) cancel any shares which, at the date of the resolution, have not been subscribed or agreed to have been subscribed for and diminish the amount of its share capital by the amount of the shares so cancelled.

The Warrant Issuer may also, by special resolution, reduce its share capital or capital redemption reserve or any share premium account or other undistributable reserve in any manner authorised by legislation.

The Warrant Issuer may, by ordinary resolution, upon the recommendation of the Board, capitalise all or any part of an amount standing to the credit of a reserve or fund provided that amounts from the share premium account, capital redemption reserve or any profits not available for distribution should be applied only in paying up unissued shares issued to members and no unrealised profits shall be applied in paying up debentures of the Warrant Issuer or any amount unpaid on any share in the capital of the Warrant Issuer.

Indemnity

Subject to applicable legislation, every current and former Director or other officer of the Warrant Issuer (other than any person engaged by the Warrant Issuer as auditor) shall be indemnified by the Warrant Issuer against any liability in relation to the Warrant Issuer, other than (broadly) any liability to the Warrant Issuer or a member of the Group, or any criminal or regulatory fine.

INTERIM MANAGEMENT STATEMENT

Paragraphs 1 and 2 below set out the full text of the (unaudited) Interim Management Statement released by the Warrant Issuer on 31 October 2008¹.

1. SUMMARY

Group Performance

Group profit before tax for the nine months ended 30 September 2008 was slightly ahead of 2007. Income growth was strong, and costs grew broadly in line with the rate of income growth. Impairment charges grew at a similar rate to the first half of the year. Third quarter 2008 results included a preliminary estimate of the net benefits arising on the acquisition of Lehman Brothers North American investment banking and capital markets businesses; and net losses from credit market writedowns of £129m, comprising writedowns of £1.2bn offset by £1.1bn gains on the fair valuation of issued notes.

Business Commentary

Global Retail and Commercial Banking

Profit before tax in Global Retail and Commercial Banking was ahead of 2007. Strong income growth reflected good progress in the UK businesses, and continued expansion outside the UK. The rate of cost growth was broadly in line with the rate of income growth. Impairment charges grew at a faster pace than in the first half, driven by both strong asset growth, and deteriorating macroeconomic factors.

There was good growth in profit before tax at UK Retail Banking. Solid income growth reflected good performances in Current Accounts, Savings and Local Business as customer deposits increased. Operating expenses were well controlled and remained in line with last year. Barclays share of net new mortgages in the third quarter was 32%. Impairment charges were broadly in line with the first half.

Barclays Commercial Bank saw good growth in income. There was a moderate decline in profit before tax resulting from higher costs and impairment. Cost growth reflected investment in people and infrastructure, lower property credits and higher operating lease depreciation. Higher impairment charges were driven by a more challenging UK corporate credit outlook.

There was very strong growth in profit before tax at Barclaycard. Very strong income growth reflected progress in Barclaycard US and the inclusion of Goldfish in the UK. Cost growth was broadly in line with income growth. Impairment charges grew at a faster rate than the first half reflecting Barclaycard US book growth, the inclusion of Goldfish and the deteriorating retail environment in the US and South Africa.

Global Retail and Commercial Banking - Western Europe income and cost growth rates were consistent with the trends in the first half of the year, with very strong income growth and significant investment in the expansion of the franchise. Profit before tax declined as a result of higher impairment charges, principally in Spain.

Income, cost and impairment growth trends at Global Retail and Commercial Banking - Emerging Markets were consistent with the first half resulting in lower profit before tax. This reflected very strong income growth and continued investment in distribution points and infrastructure across all regions, and

¹ Key trends in the income statement set out above, unless stated otherwise, relate to the nine months to 30 September 2008, and are compared to the corresponding nine months of 2007. Balance sheet references relate to 30 September 2008 and are compared to the balance sheet as at 31 December 2007.

Trends in income are expressed after the deduction of net claims and benefits on insurance contracts.

This financial information on which this interim management statement is based, and the credit market exposures set out in Paragraph 2, have been prepared in accordance with Barclays previously stated accounting policies, and apply the valuation methodologies described in the Interim Results published on 7 August 2008.

expansion into new markets. Impairment growth was driven by rapid growth in assets and some deterioration in retail and corporate lending books.

Global Retail and Commercial Banking - Absa profit before tax remained broadly in line with last year despite challenging market conditions and the depreciation of the Rand. Good income growth and well-controlled costs were broadly offset by increased retail impairment.

Investment Banking and Investment Management

Barclays Capital profit before tax was well ahead of last year. The underlying business recorded strong growth in interest rate products, emerging markets, commodities, prime services and private equity. The third quarter results also included the following specific items: a preliminary estimate of the net benefits arising on the acquisition of the Lehman Brothers businesses; and net losses from credit market writedowns of £129m, comprising writedowns of £1.2bn offset by £1.1bn gains on the fair valuation of issued notes. Excluding these specific items, net income for the nine months to end of September was well ahead of last year. Exposures related to the credit market dislocation continue to be actively managed and are set out in the Appendix to this statement, including the impact of relevant Lehman Brothers assets acquired.

Barclays Global Investors income was broadly in line with last year. Cost growth reflected a small increase in support for selected liquidity products leading to a rate of decrease in profit before tax consistent with the first half of the year. Assets under management reduced relative to the level of 30 June 2008 as the impact of asset inflows, particularly in ETFs, was more than offset by the lower equity market valuations.

Barclays Wealth profit before tax was in line with the prior year. Solid income growth reflected higher net interest income resulting from increased customer deposits and loans. Solid net client inflows were more than offset by the impact of the falling equity market. Costs remained broadly stable. The sale of the closed life assurance book is due to complete in Q4 2008.

Head Office Functions and Other Operations

The loss before tax in Head Office and Other Operations increased reflecting higher debt service costs, fees for equity raising, and increased costs related to an internal review of compliance with US economic sanctions.

October Trading

October trading has been generally consistent with the trends reported in this statement, although capital market volumes have been lower than in September. The integration of Lehman Brothers has progressed well. Credit spreads narrowed substantially leading to a reversal of £1bn gains on the fair valuation of issued notes. On 20 October 2008 Global Retail and Commercial Banking also received a distribution from the Visa IPO amounting to approximately £190m.

Capital

Excluding the impact of the capital raisings announced today, we expect our Tier 1 capital and equity Tier 1 ratios at 31 December 2008 to be broadly in line with the 30 June 2008 pro-forma ratios of 9.1% and 6.3% respectively.

2. CREDIT MARKET EXPOSURES

Barclays Capital's credit market exposures resulted in net losses of £2,108m in the first nine months of 2008, due to continuing dislocation in the credit markets. The net losses, which included £1,560m in impairment charges, comprised: £1,345m against ABS CDO Super Senior exposures; and £2,714m against other credit market exposures; partially offset by gains of £1,951m from the general widening of credit spreads on issued notes measured at fair value through the profit and loss account.

Exposures have been actively managed in the third quarter of 2008. This is reflected in movements in exposures set out below, which have also been impacted by a 12% appreciation of the US dollar against sterling since 30 June 2008 and the inclusion of £1.0bn of securities from the acquisition of Lehman Brothers North American investment banking and capital markets businesses.

	Notes	Pro-forma ⁽¹⁾		Net
		As at	As at	Exposures
		30.09.08	30.06.08	As at
		£m	£m	£m
ABS CDO Super Senior	A	3,086	3,229	4,671
Other US sub-prime				
- Other US sub-prime.....		3,063	3,258	5,037
- Whole loan sales post period end.....		-	(828)	-
Net Other US sub-prime	B	3,063	2,430	5,037
Alt-A.....	C	3,719	3,510	4,916
Monoline insurers.....	D	3,558	2,584	1,335
SIVs and SIV-Lites.....	E	1,066	429	784
Commercial mortgages.....	F	11,520	10,988	12,399
Leveraged finance				
- Net lending and commitments.....		7,539	7,326	7,368
- Contingent repayment.....		(2,506)	(2,306)	-
Net leveraged finance	G	5,033	5,020	7,368

Notes:

⁽¹⁾ The above table includes net exposures as at 30 September 2008 less reductions totalling £2,506m (30 June 2008 £3,134m) that are expected to complete in the final quarter of 2008.

(i) ABS CDO Super Senior

Net ABS CDO Super Senior exposures were £3,086m (30 June 2008: £3,229m). Net exposures are stated after write-downs and charges of £1,345m incurred in 2008 (30 June 2008: £875m) and hedges of £229m (30 June 2008: £204m).

ABS CDO Super Senior high grade exposure of £3,025m comprised liquidity facilities which were fully drawn and classified within loans and receivables. ABS CDO Super Senior mezzanine exposure of £290m (£61m net of hedges) comprised undrawn commitments. The marks applied to the notional collateral are set out in the table below:

Mix of ABS Super Senior Notional Collateral	As at 30.09.08				As at 30.06.08	
	High Grade	Mezzanine	Total	Marks ¹	Total	Marks ¹
	£m	£m	£m	%	£m	%
2005 and earlier.....	1,038	384	1,422	71%	1,306	76%
2006.....	644	34	678	19%	607	30%
2007 and 2008.....	20	37	57	45%	51	49%
Sub-prime	1,702	455	2,157	54%	1,964	61%
2005 and earlier.....	753	66	819	77%	740	83%
2006.....	512	41	553	57%	502	78%
2007 and 2008.....	51	8	59	39%	53	56%
Alt-A	1,316	115	1,431	68%	1,295	80%
Prime.....	645	82	727	87%	657	98%
RMBS CDO.....	332	56	388	0%	368	0%
Sub-prime second lien.....	115	-	115	0%	118	0%
Total RMBS	4,110	708	4,818	57%	4,402	65%
CMBS.....	135	126	261	65%	234	87%
Non-RMBS CDO.....	468	17	485	47%	441	54%
CLOs.....	29	20	49	79%	44	76%
Other ABS ²	109	19	128	90%	110	100%
Total other ABS²	741	182	923	60%	829	69%
Total notional collateral	4,851	890	5,741	58%	5,231	66%
Subordination.....	(479)	(357)	(836)		(755)	
Gross exposure pre impairment	4,372	533	4,905		4,476	
Impairment.....	(1,347)	(243)	(1,590)		(1,043)	
Hedges.....	—	(229)	(229)		(204)	
Net exposure	3,025	61	3,086		3,229	
Collateral marks including liquidated structures				38%		44%

Notes:

1 Marks above reflect the gross exposure after impairment and subordination and do not include the benefit of hedges.

2 30 June 2008 marks have been restated.

ABS CDO Super Senior high grade and mezzanine exposure as at 31 December 2007 included exposures which contained or comprised a derivative at inception. These derivative exposures, which were measured at fair value through profit and loss, were liquidated or consolidated in 2008. The notional collateral of ABS CDOs liquidated or consolidated in 2008 was £4.8bn.

Collateral and hedges related to liquidated and consolidated exposures remaining at 30 September 2008 are stated at fair value net of hedges within 'Other US sub-prime' exposures below. The valuation for such collateral at 30 September 2008 is approximately 14% (30 June 2008: 17%). The collateral valuation for all ABS CDO Super Senior deals, including those liquidated and consolidated in 2008, was approximately 38% (30 June 2008: 44%).

Hedges of £229m (30 June 2008: £204m) comprise trades in the liquid index swap market with market counterparties. The counterparty exposure is managed through a standard derivative collateralisation process. None of the hedge counterparties are monoline insurers.

The collateral for the outstanding ABS CDO Super Senior exposures primarily comprises residential mortgage backed securities (RMBS). Within this the majority of the sub-prime and Alt-A collateral was originated in 2005 or earlier with minimal exposure to 2007 or later. The vintages of the sub-prime, Alt-A and US RMBS collateral are set out in the table below.

	<u>As at 30.09.08</u>	<u>As at 30.06.08</u>	<u>As at 31.12.07</u>
Sub-prime Collateral by Vintage			
2005 and earlier.....	66%	66%	54%
2006.....	31%	31%	40%
2007 and 2008.....	3%	3%	6%
Alt-A Collateral by Vintage			
2005 and earlier.....	57%	57%	49%
2006.....	39%	39%	40%
2007 and 2008.....	4%	4%	11%
US RMBS Collateral by Vintage			
2005 and earlier.....	58%	58%	52%
2006.....	39%	39%	41%
2007 and 2008.....	3%	3%	7%

RMBS collateral for the ABS CDO Super Senior exposures is subject to public ratings. The ratings of sub-prime, Alt-A and total RMBS CDO collateral as at 30 September 2008 are set out in the table below.

	<u>High Grade</u>	<u>Mezzanine</u>	<u>Total</u>
Sub-prime RMBS Ratings			
AAA/AA.....	48%	4%	39%
A/BBB.....	16%	42%	22%
Non-investment Grade.....	36%	54%	39%
Alt-A RMBS Ratings			
AAA/AA.....	84%	39%	80%
A/BBB.....	6%	24%	8%
Non-investment Grade.....	10%	37%	12%
Total RMBS Ratings			
AAA/AA.....	64%	18%	55%
A/BBB.....	12%	35%	16%
Non-investment Grade.....	24%	47%	29%

(ii) **Other US Sub-Prime**

	<u>As at 30.09.08</u>	<u>Pro- formal 30.06.08</u>	<u>As at 31.12.07</u>	<u>Marks at 30.09.08</u>	<u>Marks at 30.06.08</u>	<u>Marks at 31.12.07</u>
	<i>£m</i>	<i>£m</i>	<i>£m</i>			
Whole loans - performing.....	1,401	2,145	2,805	82%	84%	100%
Whole loans - more than 60 days past due.....	245	272	372	44%	50%	65%
Total whole loans.....	1,646	2,417	3,177	72%	78%	94%
Sales post period end.....	-	(828)	-			
Net exposure.....	1,646	1,589	3,177	72%	78%	94%
AAA securities.....	517	360	481	49%	54%	88%
Other US sub-prime securities.....	412	418	525	12%	34%	61%
Total securities gross of hedges.....	929	778	1,006	21%	42%	71%

Hedges	(206)	(689)	(369)			
Securities net of hedges	723	89	637			
Residuals	0	30	233	0%	3%	24%
Other exposures with underlying sub-prime collateral:						
- Derivatives	260	290	333	83%	93%	100%
- Loans/other	338	347	600	75%	80%	100%
- Real estate	96	85	57	49%	53%	68%
Total other direct and indirect exposure	1,417	841	1,860			
Total other US sub-prime	3,063	2,430	5,037			

Notes:

¹ Pro-forma exposure represents net exposures as at 30 June 2008 less material sales agreed.

The majority of other US sub-prime exposures are measured at fair value through profit and loss.

Whole loans included £1,497m (30 June 2008: £2,279m) acquired on or originated since the acquisition of EquiFirst in March 2007. Of this balance £415m of new loans were originated in 2008. At 30 September 2008 the average loan to value at origination of all of the sub-prime whole loans was 80%.

In the nine months to 30 September 2008 there were net sales, pay-downs of collateral and movements in hedges and in US sub-prime collateral of liquidated and consolidated ABS CDO Super Senior structures of approximately £1,258m. This excludes the impact of assets acquired from Lehman Brothers.

Included above are senior AAA securities of £44m (30 June 2008: £44m) held by consolidated conduits on which a mark to market loss of £16m has been recognised in equity in the nine months to 30 September 2008. This is expected to reverse over time. The securities have protection provided by subordination of 16%.

Exposure is stated net of hedges traded in the liquid index swap market with market counterparties. The counterparty exposure is managed through a standard derivative collateralisation process and none of the hedge counterparties are monoline insurers.

Other exposures with underlying sub-prime collateral include counterparty derivative exposures to vehicles which hold sub-prime collateral. The majority of this exposure is the most senior obligation of the vehicles.

The 30 September 2008 figures include assets acquired from Lehman Brothers of £92m in AAA securities and £108m in other US sub-prime securities.

(iii) Alt-A

Net exposure to the Alt-A market was £3,719m (30 June 2008: £3,510m), through a combination of whole loans, securities and residuals held on the balance sheet, including those held in consolidated conduits.

	As at 30.09.08	As at 30.06.08	As at 31.12.07	Marks at 30.09.08	Marks at 30.06.08	Marks at 31.12.07
	<i>£m</i>	<i>£m</i>	<i>£m</i>			
AAA securities	1,877	2,322	3,442	51%	69%	87%
Other Alt-A securities	814	149	208	7%	30%	75%
Whole Loans	680	716	909	73%	80%	97%
Residuals	11	13	25	31%	40%	66%
Other exposures with underlying Alt-A collateral:						
- Derivatives	202	184	221	100%	100%	100%
- Loans/other	135	126	111	73%	76%	97%
Total	3,719	3,510	4,916			

Alt-A securities, whole loans and residuals are measured at fair value through profit and loss. Alt-A securities held in conduits are categorised as available for sale.

Included above are senior securities currently rated AAA of £540m (30 June 2008: £598m) held by consolidated conduits on which a mark to market loss of £197m has been recognised in equity in the nine months to 30 September 2008. This is expected to reverse over time. The securities have protection provided by subordination of 23%.

At 30 September 2008, 89% of the Alt-A whole loan exposure was performing, and the average loan to value ratio at origination was 84%.

In the nine months to 30 September 2008 there were net sales, paydowns of collateral and movements in Alt-A collateral of liquidated and consolidated ABS CDO Super Senior structures of approximately £786m. This excludes the impact of assets acquired from Lehman Brothers.

Other exposures with underlying Alt-A collateral include counterparty derivative exposures to vehicles which hold Alt-A collateral. The majority of this exposure is the most senior obligation of the vehicle.

The 30 September 2008 figures include assets acquired from Lehman Brothers of £331m in AAA securities and £21 lm in other Alt-A securities.

(iv) **Monoline Insurers**

Assets are held with insurance protection or other credit enhancements from monoline insurers. Declines in fair value of the underlying assets are reflected in increases in the value of potential claims on monoline insurers. These are measured at fair value through profit and loss.

The net exposure to monoline insurers under these contracts increased to £3,558m by 30 September 2008 (30 June 2008: £2,584m) reflecting declines in fair value of the underlying asset on existing contracts. There have been no claims under these contracts as none of the underlying assets were in default at 30 September 2008.

At 30 September 2008, 67% of the underlying assets comprised collateralised loan obligations (CLOs), 10% US RMBS and 23% other collateral, primarily US CMBS. 94% of the underlying assets are rated AAA/AA at 30 September 2008.

As at 30.09.08					
Exposure by Credit Rating of Monoline Insurer	Notional	Fair Value of Underlying Asset	Fair Value Exposure	Credit Reserve	Net Exposure
	£m	£m	£m	£m	£m
AAA/AA.....	11,615	9,991	1,624	(120)	1,504
A/BBB.....	5,840	3,949	1,891	(373)	1,518
Non-investment Grade.....	5,568	4,917	651	(115)	536
Total.....	23,023	18,857	4,166	(608)	3,558

As at 30.06.08					
Exposure by Credit Rating of Monoline Insurer	Notional	Fair Value of Underlying Asset	Fair Value Exposure	Credit Reserve	Net Exposure
	£m	£m	£m	£m	£m
AAA/AA.....	10,738	9,587	1,151	(98)	1,053
A/BBB.....	5,592	4,193	1,399	(242)	1,157
Non-investment Grade.....	5,151	4,684	467	(93)	374
Total.....	21,481	18,464	3,017	(433)	2,584

Exposure by Credit Rating of Monoline Insurer	As at 31.12.07				
	Notional	Fair Value of Underlying Asset	Fair Value Exposure	Credit Reserve	Net Exposure
	£m	£m	£m	£m	£m
AAA/AA.....	21,573	20,179	1,394	(59)	1,335

The notional value of the assets wrapped with insurance protection are set out below, analysed by the current rating of the monoline. Of the US RMBS assets, 97% are protected by monolines with investment grade ratings as at 30 September 2008.

Notional Assets Wrapped by Monoline Insurers	Rating of Monoline Insurer - As at 30.09.08			
	AAA/AA	A/BBB	Non-investment grade	Total
	£m	£m	£m	£m
2005 and earlier.....	125	-	-	125
2006.....	398	625	-	1,023
2007 and 2008.....	-	417	-	417
High Grade	523	1,042	-	1,565
Mezzanine - 2005 and earlier.....	-	528	63	591
CDO2 - 2005 and earlier.....	41	-	-	41
US RMBS	564	1,570	63	2,197
CMBS.....	56	2,673	348	3,077
CLOs.....	9,634	864	4,909	15,407
Other.....	1,361	733	248	2,342
Total.....	11,615	5,840	5,568	23,023

Notional Assets Wrapped by Monoline Insurers	Rating of Monoline Insurer - As at 30.06.08			
	AAA/AA	A/BBB	Non-investment grade	Total
	£m	£m	£m	£m
2005 and earlier.....	112	-	-	112
2006.....	359	562	-	921
2007 and 2008.....	-	374	-	374
High Grade	471	936	-	1,407
Mezzanine - 2005 and earlier.....	-	508	63	571
CDO2 - 2005 and earlier.....	38	-	-	38
US RMBS	509	1,444	63	2,016
CMBS.....	50	2,392	311	2,753
CLOs.....	8,801	1,050	4,555	14,406
Other.....	1,378	706	222	2,306
Total.....	10,738	5,592	5,151	21,481

(v) **SIVs/SV-Lites**

SIVs/SIC-lites	As at	As at	As at	Marks at	Marks at	Marks at
	30.09.08	30.06.08	31.12.07	30.09.08	30.06.08	31.12.07
	£m	£m	£m	%	%	%
Liquidity facilities.....	611	176	466	66%	78%	100%
Bond inventory.....	9	35	52	8%	23%	37%
Derivatives.....	446	218	266	99%	98%	100%
Total.....	1,066	429	784			

At 30 September 2008 liquidity facilities of £611m (30 June 2008: £176m) include £482m designated at fair value through profit and loss relating to a SIV-lite which had previously been hedged with Lehman Brothers. Following the Lehman Brothers bankruptcy filing this facility has been reflected as a new exposure to the underlying assets. The remaining £129m represents drawn liquidity facilities in respect of SIV-lites and other structured investment vehicles classified as loans and receivables and are stated at cost less impairment.

Bond inventory and derivatives exposures are fair valued through profit and loss.

Movement in derivative exposure primarily relates to CDS exposure with financial institutions as reference entities. At 30 September 2008 exposure had increased to £446m (30 June 2008: £218m). The increase is driven by the widening of credit spreads against all financial institutions which occurred at the end of September 2008.

(vi) **Commercial Mortgages**

Exposures in Barclays Capital's commercial mortgages portfolio, all of which are measured at fair value, comprised commercial real estate exposure of £10,335m (30 June 2008: £10,354m) and commercial mortgage-backed securities (CMBS) of £1,185m (30 June 2008: £634m).

The commercial real estate loan exposure comprises 55% US, 42% Continental Europe and UK and 3% Asia. Of the total exposure 91% is tenanted; 6% relates to land or property under construction.

The US exposure includes two large facilities which comprise 43% of the total US exposure. These facilities have paid down approximately £768m in the first nine months of 2008. The remaining 57% of the US exposure comprises 76 facilities.

The UK and Continental European portfolio is well diversified with 76 facilities in place at 30 September 2008. In Europe protection is provided by loan covenants and annual LTV retests, which cover 90% of the portfolio. Of the Continental European exposure 61% relates to Germany. Exposure to the Spanish market represents less than 1% of total exposure at 30 September 2008.

At the start of the year exposure increased through additional drawdowns on facilities. Exposure subsequently declined following sales and pay downs of approximately £1.0bn in the UK and Continental Europe and £1.6bn in the US.

Commercial Mortgages	As at	As at	As at
	30.09.08	30.06.08	31.12.07
	£m	£m	£m
Commercial real estate.....	10,335	10,354	11,103
Commercial mortgage-backed securities.....	1,185	634	1,296
Total.....	11,520	10,988	12,399

Commercial Real Estate Exposure by Region	As at 30.09.08	As at 30.06.08	As at 31.12.07	Marks at 30.09.08	Marks at 30.06.08	Marks at 31.12.07
	£m	£m	£m	%	%	%
US.....	5,675	5,558	5,947	95%	96%	99%
Germany.....	2,079	2,153	1,783	98%	98%	100%
Sweden.....	251	269	250	99%	100%	100%
France.....	229	226	289	97%	95%	100%
Switzerland.....	142	137	127	100%	98%	100%
Spain.....	91	92	89	96%	97%	100%
Other Continental Europe.....	629	656	779	99%	97%	100%
UK.....	894	925	1,422	95%	97%	100%
Asia.....	345	338	417	99%	99%	100%
Total.....	10,335	10,354	11,103			

Commercial Real Estate Exposure Metrics	WALTV ¹	WAM ²	WALA ³
US.....	71.2%	1.5 yrs	1.4 yrs
Continental Europe.....	79.8%	4.8 yrs	1.3 yrs
UK.....	73.1%	6.0 yrs	1.6 yrs
Asia.....	78.7%	5.9 yrs	1.1 yrs

Notes

- 1 Weighted-average loan-to-value based on the most recent valuation.
- 2 Weighted-average number of years to initial maturity.
- 3 Weighted-average loan age

Commercial Real Estate Exposure by Industry	As at 30.09.08				
	US	Continental Europe	UK	Asia	Total
	£m	£m	£m	£m	£m
Office.....	2,361	1,093	212	103	3,769
Residential.....	1,356	1,074	244	93	2,767
Retail.....	51	560	110	83	804
Hotels.....	857	396	35	19	1,307
Leisure.....	-	-	253	-	253
Land.....	149	-	-	-	149
Industrial.....	468	217	40	10	735
Mixed/Others.....	408	81	-	37	526
Hedges.....	25	-	-	-	25
Total.....	5,675	3,421	894	345	10,335

Commercial Mortgage Backed Securities (net of hedges)	As at 30.09.08	As at 30.06.08	Ass at 31.12.07	Marks at 30.09.08 ⁽¹⁾	Marks at 30.06.08 ⁽¹⁾	Marks at 31.12.07 ⁽¹⁾
	£m	£m	£m	%	%	%
AAA Securities.....	791	543	1,008			
Other Securities.....	394	91	288			
Total.....	1,185	634	1,296	24%	68%	98%

⁽¹⁾ Marks are based on gross collateral.

Exposure is stated net of hedges traded in the liquid swap market with market counterparties. The counterparty exposure is managed through a standard derivative collateralisation process and none of the hedge counterparties are monoline insurers.

The 30 September 2008 figures include assets acquired from Lehman Brothers of £31m in AAA securities and £190m in other securities.

(vii) Leveraged Finance

At 30 September 2008, the exposure relating to leveraged finance loans originated prior to 30 June 2007 was £9,489m (30 June 2008: £9,217m). This includes original targeted holds at commitment date of

£1,781m (30 June 2008: £1,722m). Barclays Capital expects to hold these leveraged finance positions until redemption. Leveraged loans are classified within loans and receivables and are stated at amortised cost less impairment. The credit performance of the assets remains satisfactory.

	Pro-forma ⁽¹⁾	Pro-forma ⁽¹⁾	As at
	30.09.08	30.06.08	31.12.07
	£m	£m	£m
Leveraged Finance Exposure by Region			
UK.....	4,733	4,436	4,401
US.....	3,197	2,961	3,037
Europe.....	1,356	1,609	1,568
Asia.....	203	211	211
Total lending and commitments.....	9,489	9,217	9,217
Original targeted hold.....	(1,781)	(1,722)	(1,659)
Unrecognised fees.....	(169)	(169)	(190)
Net lending and commitments.....	7,539	7,326	7,368
Contingent repayment.....	(2,506)	(2,306)	-
Net exposure.....	5,033	5,020	7,368

Notes:

- 1 Pro-forma represents exposures as at 30 September 2008 less leveraged finance loans of £2,506m that have become subject to an announced intention to be repaid at par. This transaction is contingent upon regulatory approvals and is likely to be completed in the fourth quarter of 2008.

	As at 30.09.08		
	Drawn	Undrawn	Total
	£m	£m	£m
Leveraged Finance Exposure by Industry			
Insurance.....	2,479	97	2,576
Telecoms.....	2,457	179	2,636
Retail.....	875	107	982
Healthcare.....	592	172	764
Media.....	536	103	639
Services.....	498	151	649
Manufacturing.....	409	80	489
Chemicals.....	272	35	307
Other.....	285	162	447
Total.....	8,403	1,086	9,489

	As at 30.06.08			As at 31.12.07		
	Drawn	Undrawn	Total	Drawn	Undrawn	Total
	£m	£m	£m	£m	£m	£m;
Leveraged Finance Exposure by Industry						
Insurance.....	2,389	147	2,536	2,456	78	2,534
Telecoms.....	2,192	222	2,414	2,259	240	2,499
Retail.....	834	142	976	828	132	960
Healthcare.....	604	159	763	577	141	718
Media.....	489	130	619	469	127	596
Services.....	487	172	659	388	134	522
Manufacturing.....	385	97	482	371	125	496
Chemicals.....	287	37	324	46	286	332
Other.....	211	233	444	233	327	560
Total.....	7,878	1,339	9,217	7,627	1,590	9,217

New leveraged finance commitments originated after 30 June 2007 comprised £636m (30 June 2008: £1,275m)

(viii) Own Credit

The carrying amount of issued notes that are designated under the IAS 39 fair value option is adjusted to reflect the effect of changes in own credit spreads. The resulting gain or loss is recognised in the income statement.

At 30 September 2008, the own credit adjustment arose from the fair valuation of £56.6bn of Barclays Capital structured notes (30 June 2008: £48.1bn). The widening of Barclays credit spreads affected the fair value of these notes and as a result revaluation gains of £1,951m were recognised in trading income in the first nine months of 2008. Of this, £852m was recognised in the first half of 2008.

In October 2008, credit spreads narrowed substantially leading to a reversal of £1bn gains on the fair valuation of issued notes.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma financial information set out below has been prepared to illustrate the effects of the Capital Raising as if it had occurred on 30 June 2008. In addition, the unaudited pro forma financial information illustrates the pro forma effect of the Firm Placing and Placing and Open Offer and the September Placing, both of which occurred subsequent to 30 June 2008.

The unaudited pro forma financial information has been prepared for illustrative purposes only, and because of its nature, addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position, risk weighted assets or regulatory capital ratios following the Firm Placing and Placing and Open Offer, the September Placing and the Capital Raising.

The unaudited pro forma financial information presented in the table below has been prepared on a basis consistent with the accounting policies of the Warrant Issuer.

	Adjustments					Pro forma Barclays PLC (Group) (£ million)
	Barclays PLC (Group) (£ million)	Firm Placing and Placing and Open Offer (£ million)	September Placing (£ million)	Capital Raising		
Notes	2	3	4	RCIs and Warrants (£ million)	Mandatorily Convertible Notes (£ million)	7, 8
Assets						
Cash and other short-term funds	8,910	4,362	690	2,905	3,875	20,742
Trading portfolio and financial assets designated at fair value	303,811	-	-	-	-	303,811
Derivative financial instruments	400,009	-	-	-	-	400,009
Loans and advances to banks	54,514	-	-	-	-	54,514
Loans and advances to customers	395,467	-	-	-	-	395,467
Available for sale financial instruments .	42,765	-	-	-	-	42,765
Reverse repurchase agreements and cash collateral on securities borrowed.....	139,955	-	-	-	-	139,955
Other assets	20,223	-	-	-	-	20,223
Total assets	1,365,654	4,362	690	2,905	3,875	1,377,486
Liabilities						
Deposits and items in the course of collection due to banks	92,735	-	-	-	-	92,735
Customer accounts	319,281	-	-	-	-	319,281
Trading portfolio and financial liabilities designated at fair value	142,202	-	-	-	-	142,202
Liabilities to customers under investment contracts	80,949	-	-	-	-	80,949
Derivative financial instruments	396,357	-	-	-	-	396,357
Debt securities in issue	115,739	-	-	-	224	115,963
Repurchase agreements and cash collateral on securities lent	146,895	-	-	-	-	146,895
Insurance contract liabilities, including unit-linked liabilities	3,679	-	-	-	-	3,679
Subordinated liabilities	21,583	-	-	2,130	-	23,713
Other liabilities	13,412	-	-	-	-	13,412
Total liabilities	1,332,832	-	-	2,130	224	1,335,186
Net Assets	32,822	4,362	690	775	3,651	42,300

Notes:

- The unaudited pro forma regulatory capital ratios of the Group before and immediately after the Firm Placing and Placing and Open Offer, the September Placing and the Capital Raising as if they had occurred on 30 June 2008 on a Basel II basis, and assuming that the full conversion of the MCNs had occurred on 30 June 2008, are set out below. No account has been taken of the impact of any future exercise of Warrants.

Notes	Adjustments					
	Barclays PLC (Group)	Firm Placing and Placing and Open Offer	September Placing	Capital Raising		
				RCIs and Warrants	Mandatorily Convertible Notes	Pro forma Barclays PLC (Group)
(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	(£ million)	
	2	3, 11	4, 11	6, 9, 11	6, 9, 11	7, 8, 10
Risk Weighted Assets	352,739	0	0	0	0	352,739
Equity Tier 1 Ratio	5.0%	1.2%	0.2%	0.2%	1.0%	7.7%
Tier 1 Ratio	7.9%	1.2%	0.2%	0.8%	1.0%	11.1%
Risk Asset Ratio	12.6%	1.2%	0.2%	0.8%	1.0%	15.9%

2. The financial information for the Warrant Issuer as at 30 June 2008 has been extracted without material adjustments from the unaudited Interim Results Announcement as at and for the six months ended 30 June 2008.
3. The gross proceeds of the Firm Placing and Placing and Open Offer of £4,469m are shown net of issue costs of £107m. For more information on the Firm Placing and Placing and Open Offer, please refer to page 53 of this Prospectus.
4. The gross proceeds of the September Placing of £701m are shown net of issue costs of £11m. For more information on the September Placing, please refer to page 53 of this Prospectus.
5. For accounting purposes:
 - the proceeds of the RCIs, Warrants and MCNs are apportioned based on available market data immediately prior to 31 October 2008 between their liability and equity components on the basis of their respective estimated fair values;
 - issue costs are assumed to have been paid on the issue date and treated as a deduction from the proceeds of the debt and equity components. Therefore, in the pro forma net asset statement:
 - £2,130m of the net proceeds of the RCIs and Warrants of £2,905m (representing the £3,000m issuance, net of estimated issue costs of £95m) has been included in subordinated liabilities for the RCIs (with the remaining £775m relating to the fair value of the Warrants included in equity); and
 - £224m of the net proceeds of the MCNs of £3,875m (representing the £4,050m issuance, net of estimated issue costs of £175m), has been included in debt securities in issue for the coupon payable on the MCNs of £233m, net of associated costs of £9m (with the remaining £3,651m included in equity).
 For more information on the Capital Raising, please refer to page 52 of this Prospectus.
6. For clarification purposes, in the Capital Raising Announcement and the Chairman's Letter to Shareholders dated 7 November 2008, the RCI and Warrant proceeds were not apportioned between their liability and equity components but were treated as liabilities and all of the proceeds were included within innovative Tier 1 capital and a zero equity value was applied to the Warrants.
7. No account has been taken of the trading results of the Group since 30 June 2008 or the payment of the interim dividend.
8. No account has been taken of any acquisitions or disposals since 30 June 2008, including the impact of the acquisition of Lehman Brothers' North American investment banking and capital markets businesses.
9. For the purpose of the calculation of the pro forma impact of the Capital Raising:
 - The net proceeds of the RCIs and Warrants (£2,905m) are included in the adjustment calculation of pro forma Tier 1 with the equity component (£775m) also included in the adjustment calculation of pro forma equity Tier 1.
 - The equity component (£3,651m) of the net proceeds of the MCNs (£3,875m) is included in the adjustment calculation of each of the capital ratios assuming that full conversion of the MCNs had occurred on 30 June 2008.
10. Pro forma capital ratios do not necessarily sum across due to the effect of rounding.
11. For the purpose of calculating Risk Weighted Assets, the information presented assumes that the proceeds of the Firm Placing and Placing and Open Offer, the September Placing and the Capital Raising are held at a 0% Risk Weighted Asset rating.

UNITED KINGDOM TAXATION

Transactions involving the Warrants and the Ordinary Shares (including purchase, ownership, disposal and redemption, and additionally in the case of Warrants exercise, lapse and abandonment) may have tax consequences for potential investors which may depend, amongst other things, upon the status and circumstances of the particular purchaser and the applicable law and practice of taxation authorities in relevant jurisdictions.

POTENTIAL PURCHASERS WHO ARE IN ANY DOUBT ABOUT THE TAX CONSEQUENCES FOR THEM OF THE OWNERSHIP OF, OR ANY TRANSACTION INVOLVING, WARRANTS OR ORDINARY SHARES, SHOULD CONSULT THEIR OWN TAX ADVISERS.

The following is a summary of (1) the United Kingdom withholding taxation in relation to payments of dividends on the Ordinary Shares; and (2) the United Kingdom stamp duty and stamp duty reserve tax ("SDRT") treatment of transfers on sale of Warrants and Ordinary Shares. The summary is based on the Warrant Issuer's understanding of current United Kingdom tax law and the practice of Her Majesty's Revenue & Customs ("HMRC"), which may be subject to change, possibly with retrospective effect. The comments below do not deal with any other United Kingdom tax aspects of acquiring, holding or disposing of Warrants or Ordinary Shares. The comments relate only to the position of persons who are absolute beneficial owners of the Warrants or the Ordinary Shares, as the case may be. The following is a general guide and should be treated with appropriate caution. Potential investors 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.

A. Warrants

1. Stamp duty and SDRT

Stamp duty may be payable, generally at the rate of 0.5 per cent. of the consideration (rounded up to the nearest £5), on a written instrument transferring Warrants. No stamp duty will be payable on a transfer of Warrants effected in electronic book entry form in accordance with the procedures of Euroclear or Clearstream, Luxembourg and not by written instrument of transfer.

SDRT may be payable, generally at the rate of 0.5 per cent. of the consideration, on any agreement to transfer Warrants. It is not expected that any SDRT will be payable on agreements to transfer Warrants which at that time are held within Euroclear or Clearstream, Luxembourg. However, if Euroclear or Clearstream, Luxembourg have made or make an election under section 97A of the Finance Act 1986 in relation to the Warrants, then SDRT will generally be payable on agreements to transfer such warrants. If any liability to SDRT arises on an agreement to transfer Warrants, that liability may be removed if the agreement is completed by a written instrument of transfer within six years of the agreement having become unconditional and that written instrument has, if required, been duly stamped. SDRT is normally the liability of the purchaser.

B. Ordinary Shares

1. Withholding Tax

Payments of dividends on the Ordinary Shares may be made without withholding or deduction for or on account of United Kingdom income tax.

2. Stamp duty and SDRT

No United Kingdom stamp duty or SDRT will be payable on any issue of Ordinary Shares by the Warrant Issuer other than where the Ordinary Shares are issued to issuers of depositary receipts or providers of clearance services (or their nominees or agents (see further below)).

Stamp duty will generally be payable on a written instrument transferring Ordinary Shares, generally at the rate of 0.5 per cent. of the consideration (rounded up to the nearest £5). The purchaser normally pays the stamp duty.

SDRT will generally be payable on an agreement to transfer Ordinary Shares, generally at the rate of 0.5 per cent. of the consideration. Such liability to SDRT may be removed if the agreement is completed by a written instrument of transfer within six years of the agreement having become unconditional and that written instrument has, if required, been duly stamped. SDRT is normally the liability of the purchaser.

The issue or transfer of Ordinary Shares (1) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts within Section 67 or Section 93 of the Finance Act 1986 or (2) to, or to a nominee or agent for, a person providing a clearance service within Section 70 or Section 96 of the Finance Act 1986, may be subject to stamp duty or SDRT at 1.5 per cent. of the amount or value of the consideration or, in certain circumstances, the value of the Ordinary Shares transferred (rounded up to the nearest £5 in the case of stamp duty)

Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of Ordinary Shares into the system unless such transfer is made for a consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent.) will arise.

Paperless transfers of Ordinary Shares within CREST will be liable to SDRT rather than stamp duty.

SUBSCRIPTION AND SALE

Subscription Agreements

Under a Subscription Agreement entered into with the Warrant Issuer on 31 October 2008, Qatar Holding LLC agreed to subscribe for 758,473,618 Warrants at a subscription price of 0.01 pence per 100,000 Warrants (rounded, if necessary, up to the nearest penny).

Under a Subscription Agreement entered into with the Warrant Issuer on 31 October 2008, PCP Gulf Invest 3 Limited (representing an Abu Dhabi governmental investment vehicle) (together with Qatar Holding LLC, the "**Investors**"), agreed to subscribe for 758,473,618 Warrants at a subscription price of 0.01 pence per 100,000 Warrants (rounded, if necessary, up to the nearest penny).

Sponsor's Agreement

On 25 November 2008, the Warrant Issuer and JPMorgan Cazenove Limited entered into a sponsor's agreement pursuant to which, among other things, the Warrant Issuer appointed JPMorgan Cazenove Limited as sponsor in connection with the admission of the Warrants to listing on the Official List. The Warrant Issuer has given certain customary representations and warranties to the Sponsor and certain customary indemnities to the Sponsor and certain persons connected with the Sponsor. The representations, warranties and indemnities are uncapped as to time and amount.

Placing Arrangements

The Warrant Issuer appointed Barclays Capital, the investment banking division of Barclays Bank PLC, as sole placing agent ("**Sole Placing Agent**") in respect of the placing of up to 1,516,875,236 in aggregate amount of Warrants.

Pursuant to the placing referred to above, the Sole Placing Agent placed 1,516,875,236 in aggregate amount of Warrants with the Investors.

Selling Restrictions

United States of America

In connection with their subscription for the Warrants, each of the Investors has severally warranted, acknowledged and agreed as follows (and have agreed to procure that, in connection with any transfer of Warrants, the transferee of such Warrants shall make the following undertakings and acknowledgements):

1. it acknowledged and agreed that none of the Warrants and the Ordinary Shares for which the Warrants are exercisable have been, nor will be, registered under the Securities Act;
2. (A) it understands that the offer and sale of the relevant Warrants and the Ordinary Shares for which the Warrants are exercisable is being made in reliance on Regulation S under the Securities Act and acknowledges and agrees that, if and for so long as the Warrants and such Ordinary Shares are "**restricted securities**" within the meaning of Rule 144(a)(3) under the Securities Act, none of the Warrants nor such Ordinary Shares may be offered, sold or pledged or otherwise transferred except (i) in a transaction registered under the Securities Act or (ii) in an offshore transaction in accordance with the applicable requirements of Regulation S under the Securities Act or (iii) pursuant to another applicable exemption from registration under the Securities Act, and in each case in accordance with any applicable securities laws of any state of the United States; and (B) it understands that no representation has been made as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Warrants and the Ordinary Shares for which the Warrants are exercisable, which may be further subject to the applicable restrictions on transfer of the Warrants and the Ordinary Shares;
3. it is (i) not in the United States and (ii) not a "**U.S. person**" (within the meaning of Regulation S under the Securities Act), nor is it purchasing the relevant Warrants, nor will it exercise its Warrants for Ordinary Shares, for the account or benefit of a U.S. person;
4. neither it, nor its affiliates (as defined in Rule 405 under the Securities Act), nor any persons acting on its behalf or the behalf of its affiliates, have engaged or will engage in any "**directed**

selling efforts" in the United States (within the meaning of Regulation S under the Securities Act) with respect to any Warrants or with respect to the Ordinary Shares for which the Warrants are exercisable or other securities of the same class as the Warrants or the Ordinary Shares;

5. it agreed not to deposit the Warrants or the Ordinary Shares for which the Warrants are exercisable into any unrestricted depository facility maintained by any depository bank at any time the Warrants or the Ordinary Shares for which the Warrants are exercisable, as applicable, are "**restricted securities**" within the meaning of Rule 144(a)(3) under the Securities Act;
6. (A) neither it, nor any of its affiliates, is a "**bank holding company**" within the meaning of the Bank Holding Company Act of 1956 (the "**BHCA**"), or is subject to the International Banking Act of 1978; (B) neither it, nor any of its respective affiliates, owns or controls (within the meaning of the BHCA and the rules and interpretations of the U.S. Federal Reserve thereunder) (i) any bank or other financial institution located in the United States or having operations in the United States or (ii) any non-U.S. financial institution that owns or controls any bank or other financial institution located in the United States or having operations in the United States;
7. it (i) warranted that it is a sophisticated investor with such knowledge and experience in financial and business matters, including but not limited to sales and purchases of securities, as to be capable of evaluating the merits and risks of the subscription for the Warrants and (ii) acknowledges that it has been afforded an opportunity to request from the Warrant Issuer, and to review, all additional information considered by it to be necessary for it to evaluate the merits and risks of the subscription of the Warrants.

Others

1. Each Investor (and any person acting on its behalf) has acknowledged that it is not, and at the time the Warrants are acquired will not be a resident of Australia, Canada or Japan, and that the Warrants and the Ordinary Shares into which the Warrants are convertible have not been and will not be registered under the securities legislation of Australia, Canada or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within those jurisdictions.
2. Each Investor (and any person acting on its behalf) has represented and warranted that unless otherwise specifically agreed with the Joint Bookrunners it is, or at the time the Warrants are acquired that it will be, the beneficial owner of such Warrants, or that the beneficial owner of such Warrants is not a resident of Australia, Canada or Japan.
3. The relevant clearances have not been, and nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with or registered by, the Australian Securities and Investments Commission, the Japanese Ministry of Finance or the relevant authority in South Africa; and the Warrants or the Ordinary Shares have not been, and nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Canada, Australia, Japan or South Africa. Accordingly, the Warrants or the Ordinary Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Canada, Australia, Japan or South Africa.

China

Neither the Warrants nor the Ordinary Shares may be offered or sold directly or indirectly within the borders of the People's Republic of China (which, for such purposes, does not include the Hong Kong or Macau Special Administrative Regions or Taiwan) (the "**PRC**"). This Prospectus or the information contained herein has not been approved by or registered with any relevant governmental authorities in the PRC and may not be offered for sale in the PRC. Investors with registered addresses in, or who are resident or ordinarily resident in, or a citizen of, the PRC are responsible for obtaining all relevant government regulatory approvals/licences (if any) themselves, including, but not limited to, any which may be required from the State Administration of Foreign Exchange and other competent regulatory authorities and complying with all relevant PRC regulations (if applicable), including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

UAE

This Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose.

By receiving this Prospectus, the person or entity to whom it has been issued understands, acknowledges and agrees that this Prospectus has not been approved by the UAE Central Bank, the Emirates Securities or Commodities Authority ("ESCA") or any other authorities in the UAE, nor has the placement agent, if any, received authorisation or licensing from the UAE Central Bank, ESCA or any other authorities in the United Arab Emirates to market or sell securities or other investments within the United Arab Emirates. No marketing of any securities or services has been or will be made from within the United Arab Emirates and no subscription to any securities or other investments may or will be consummated within the United Arab Emirates. It should not be assumed that the placement agent, if any, is a licensed broker, dealer or investment advisor under the laws applicable in the United Arab Emirates, or that it advises individuals resident in the United Arab Emirates as to the appropriateness of investing in or purchasing or selling securities or other securities. Neither the Warrants nor the Ordinary Shares may be offered or sold directly or indirectly to the public in the United Arab Emirates. This does not constitute a public offer of securities or units in funds in the United Arab Emirates in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

By receiving this Prospectus, the person or entity to whom it has been issued understands, acknowledges and agrees that neither the Warrants nor the Ordinary Shares have been and will not be offered, sold or publicly promoted or advertised in the Dubai International Financial Centre other than in compliance with laws applicable in the Dubai International Financial Centre, governing the issue, offering or sale of Warrants or Ordinary Shares, as the case may be. The Dubai Financial Services Authority has not approved this Prospectus nor taken steps to verify the information set out in it, and has no responsibility for it.

Qatar

This Prospectus has not been filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Centre Regulatory Authority or any other relevant Qatar governmental body or securities exchange, nor any foreign governmental body or securities exchange.

This Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the offer of the Warrants is made in reliance on the offering exemption under Section 273(1)(cd) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, any document or material in connection with the offer or sale of the Warrants or the Ordinary Shares may not be circulated or distributed, nor may the Warrants or the Ordinary Shares be offered or sold, whether directly or indirectly, to any person in Singapore other than to (i) an existing Barclays shareholder or debenture holder pursuant to Section 273(1)(cd) of the SFA or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

No action has been or will be taken in any jurisdiction by the Warrant Issuer that would, or is intended to, permit a public offering of the Warrants or the Ordinary Shares for which the Warrants are exercisable, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus, or any other offering material relating to the Warrants or the Ordinary Shares, comes are required by the Warrant Issuer to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Warrants, or any other offering material relating to the Warrants and the Ordinary Shares, or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Warrants and the Ordinary Shares, in all cases at their own expense.

GENERAL INFORMATION

1. The Warrant Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Warrants. The issue of the Warrants has been approved by the Chairman and the Group Chief Executive on 30 October 2008, as delegates of the Board Finance Committee, which was itself authorised by the Board of Directors on 27 October 2008. The exercise of the Warrants is subject to the satisfaction of the Warrant Exercise Condition (as described herein).
2. The Warrants have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code for the Warrants is 039755417. The ISIN Code for the Warrants is GB00B3FBGK05. The Sedol Code for the Warrants is B3FBGK 2. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg.
3. The Group has for some time been party to proceedings, including a class action, in the United States against a number of defendants following the collapse of Enron; the class action claim is commonly known as the Newby litigation. On 20 July 2006, the Group received an Order from the United States District Court for the Southern District of Texas Houston Division which dismissed the claims against the Warrant Issuer, the Bank and Barclays Capital Inc. in the Newby litigation. On 4 December 2006 the Court stayed the Group's dismissal from the proceedings and allowed the plaintiffs to file a supplemental complaint. On 19 March 2007 the United States Court of Appeals for the Fifth Circuit issued its decision on an appeal by the Bank and two other financial institutions contesting a ruling by the District Court allowing the Newby litigation to proceed as a class action. The Court of Appeals held that because no proper claim against the Bank and the other financial institutions had been alleged by the plaintiffs, the case could not proceed against them. The plaintiffs applied to the United States Supreme Court for a review of this decision. On 22 January 2008, the United States Supreme Court denied the plaintiffs' request for review. Following the Supreme Court's decision, the District Court ordered a further briefing concerning the status of the plaintiffs' claims. The Group is seeking the dismissal of the plaintiffs' claims.

The Group considers that the Enron related claims against it are without merit and is defending them vigorously. It is not possible to estimate the Group's possible loss in relation to these matters, nor the effect that they might have upon operating results in any particular financial period.

The Group has been in negotiations with the staff of the US Securities and Exchange Commission with respect to a settlement of the Commission's investigations of transactions between the Group and Enron. The Group does not expect that the amount of any settlement with the Commission would have a significant adverse effect on its financial position or operating results.

Like other UK financial services institutions, the Group faces numerous County Court claims and complaints by customers who allege that its unauthorised overdraft charges either contravene the Unfair Terms in Consumer Contracts Regulations 1999 ("UTCCR") or are unenforceable penalties or both. In July 2007, by agreement with all parties, the OFT commenced proceedings against seven banks and one building society, including the Bank, to resolve the matter by way of a "test case" process. Preliminary issues hearings took place in January 2008 (in respect of current terms) and July 2008 (in respect of past terms), with judgments handed down in April and October respectively. As to current terms, in April the court held in favour of the banks on the issue of the penalty doctrine, and in favour of the OFT on the issue of the applicability of the UTCCR. The banks' appeal against the decision in relation to the applicability of the UTCCR took place at a hearing which commenced in late October 2008 and which concluded on 5 November 2008 with judgment reserved. A judgment from the Court of Appeal is expected before the end of the year. As to past terms, at the July hearing the banks conceded that the decision of the Court of Appeal in relation to the UTCCR and current terms should read across to past terms, and therefore the July hearing was only concerned with the common law penalty doctrine. In its judgment handed down on 8 October 2008, the Court held that Barclays past terms, including those of Woolwich, were not capable of being penalties. Further hearings will be required to finalise the position in relation to some of the other defendant banks' past terms.

The proceedings may take a significant period of time to conclude. Pending resolution of the test case process, existing and new claims in the County Courts remain stayed, and there is an FSA waiver of the complaints handling process and a standstill of Financial Ombudsman Service decisions. The Group is defending the test case vigorously. It is not practicable to estimate the Group's possible loss in relation to these matters, nor the effect that they may have upon operating results in any particular financial period. Barclays will comply with its obligations as a listed company admitted to the Official List in connection with further disclosures in relation to this litigation, including its potential impact on the Group.

Save as disclosed in the first, second and fourth paragraphs of this section 3, no member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Warrant Issuer is aware), which may have or have had during the 12 months preceding the date of this Prospectus, a significant effect on the financial position or profitability of the Warrant Issuer or the Group.

4. Save as disclosed in the first paragraph under the sub-heading "**Acquisitions**" on page 51 of this document in relation to the acquisition of Lehman Brothers' North American operations and in the paragraphs entitled "**The Capital Raising**", "**The Placing**" and "**The Firm Placing and Placing and Open Offer**" under the sub-heading "**Recent Developments**" on pages 52 and 53 in relation to the Barclays capital raisings announced on 31 October 2008, 18 September 2008 and 25 June 2008 and save for the net losses from credit market writedowns and gains on the fair valuation of issued notes referred to in the first paragraph under the heading "**Credit Market Exposures**" on page 64 (Interim Management Statement dated 31 October 2008), there has been no significant change in the financial or trading position of the Warrant Issuer or the Group since 30 June 2008 (the date to which Barclays last published interim financial information was prepared).
5. There has been no material adverse change in the prospects of the Warrant Issuer or the Group since 31 December 2007.
6. For so long as any of the Warrants are admitted to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange's regulated market and the prospectus rules of the FSA so require, for the life of this Prospectus, copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at Barclays Treasury, 1 Churchill Place, London E14 5HP and at the specified office of the Warrant Registrar, currently located at One Canada Square, London E14 5AL:
 - (a) the Memorandum and Articles of Association of the Warrant Issuer;
 - (b) the Joint Annual Report, the 2006 Bank Annual Report, the 2007 Bank Annual Report, the Interim Results Announcement, the Bank Interim Results Announcement, the Announcement, the Bank Capitalisation and Indebtedness Table and the Warrant Issuer Capitalisation and Indebtedness Table;
 - (c) the Warrant Deed Poll;
 - (d) the Registrar Agreement; and
 - (e) any supplementary prospectus published since the most recent prospectus was published and any documents incorporated therein by reference.
7. This Prospectus will be made available on the website of the London Stock Exchange.
8. The independent auditors of the Warrant Issuer are PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors of Hay's Galleria, 1 Hay's Lane, London SE1 2RD, who have audited the consolidated accounts of the Warrant Issuer and their respective subsidiaries, without qualification, for each of the two financial years ended on 31 December 2006 and 31 December 2007. The auditors of the Warrant Issuer have no material interest in the Warrant Issuer.

**COMPANY SECRETARY AND REGISTERED OFFICE OF THE WARRANT
ISSUER**

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