

BASE PROSPECTUS



Barclays Capital (Cayman) Limited
(incorporated with limited liability in the Cayman Islands)
(as Issuer)

Barclays Bank PLC
(incorporated with limited liability in England and Wales)
(as Issuer and Guarantor)

Warrant Programme

This Base Prospectus supersedes the previous Base Prospectus dated 2nd June, 2006. Any Warrants (as defined below) issued on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect any Warrants issued before the date of this Base Prospectus.

Under the terms of the Warrant Programme (the **Programme**), each of Barclays Capital (Cayman) Limited (**BCCL**) and Barclays Bank PLC (the **Bank** or the **Guarantor** and, together with BCCL, the **Issuers** and each an **Issuer**) may from time to time issue warrants (**Warrants**) of any kind including, but not limited to, Warrants relating to a specified index or a basket of indices (**Index Warrants**), a specified share or a basket of shares (**Share Warrants**), a specified debt instrument or a basket of debt instruments (**Debt Warrants**), a specified currency or a basket of currencies (**Currency Warrants**), a specified commodity or a basket of commodities (**Commodity Warrants**) or a specified fund or a basket of funds (**Fund Warrants**). Each issue of Warrants will be issued on the terms set out herein which are relevant to such Warrants under "Terms and Conditions of the Warrants" (the **Conditions**) and on such additional terms as will be set out in a Final Terms supplement (the **Final Terms**) which, with respect to Warrants which are to be listed on a stock exchange, will be delivered to such stock exchange and/or other relevant authority on or prior to the date of listing of such Warrants and, in the case of Warrants to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange.

Under the terms of the Programme, each Issuer may issue Protected Equity Linked Securities (**PELSs**) and Equity Linked Securities (**ELs**). Each PELS or EL will comprise one call Warrant of a single series and one put Warrant of a single series on terms specified in the applicable Final Terms.

Each issue of Warrants by BCCL will be guaranteed by the Guarantor pursuant to a Deed of Guarantee (the **Guarantee**), the form of which is set out herein.

Each of BCCL and the Bank has a right of substitution as set out in Condition 14.

The form of the Final Terms is set out herein on page 24 and will specify with respect to the issue of Warrants to which it relates, *inter alia*, the specific designation of the Warrants, the aggregate number and type of the Warrants, the date of issue of the Warrants, the issue price, the exercise price, the underlying asset, index or other item(s) to which the Warrants relate, the exercise period or date and certain other terms relating to the offering and sale of the Warrants. The Final Terms relating to an issue of Warrants will be attached to, or endorsed upon, the Global Warrant (as defined below) representing such Warrants. The Final Terms supplements the Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, supplement, replace or modify the Conditions.

Each issue of Warrants will entitle the holder thereof (on due exercise and subject to certification as to non-U.S. beneficial ownership) either to receive a cash amount (if any) calculated in accordance with the relevant terms or to receive physical delivery of the underlying assets against payment of a specified sum, all as set forth herein and in the applicable Final Terms.

Prospective purchasers of Warrants should ensure that they understand the nature of the relevant Warrants and the extent of their exposure to risks and that they consider the suitability of the relevant Warrants as an investment in the light of their own circumstances and financial condition. Warrants involve a high degree of risk, including the risk of their expiring worthless. Potential investors should be prepared to sustain a total loss of the purchase price of their Warrants. See "Risk Factors" on page 12.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for Warrants issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Warrants to be admitted to trading on the London Stock Exchange's Domestic Market.

References in this Base 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 Domestic Market and have been admitted to the Official List. The London Stock Exchange's Domestic Market is a regulated market for the purposes of Directive 93/22/EEC (the **Investment Services Directive**).

The Programme provides that Warrants may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as the relevant Issuer may decide. Each Issuer may also issue unlisted Warrants and/or Warrants not admitted to trading on any market.

Each issue of Warrants Registered will be represented by a global warrant (each a **Global Warrant**) which will be issued and deposited with a common depositary on behalf of Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and Euroclear Bank S.A./N.V. (**Euroclear**) on the date of issue of the relevant Warrants. Definitive Warrants will not be issued.

Dated 11th June, 2007

IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the Prospectus Directive).

BCCL and the Bank accept responsibility for the information contained in this Base Prospectus. To the best of the knowledge of BCCL and the Bank (each having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of the Final Terms in respect of each series of Warrants to be listed on the London Stock Exchange will be made available on request in printed form, free of charge, to the public at the registered office of the Issuer and at the offices of the financial intermediaries placing or selling the Warrants, including the Warrant Agents.

The applicable Final Terms will (if applicable) specify the nature of the responsibility taken by the relevant Issuer and, if applicable, the Guarantor for the information relating to the underlying asset, index or other item(s) to which the Warrants relate which is contained in such Final Terms.

No person is authorised to give any information or to make any representation not contained in or not consistent with this document or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by BCCL, the Bank or any manager of an issue of Warrants (as applicable to such issue of Warrants, each a Manager). This document does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Warrants or the distribution of this document in any jurisdiction where any such action is required.

This document is to be read and construed in conjunction with any amendment or supplement hereto, with any Final Terms and with all documents or parts thereof which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" on page 5). This Base Prospectus shall be read and construed on the basis that such documents or parts thereof are incorporated and form part of this Base Prospectus as set forth on page 5.

The Warrants create options exercisable by the relevant holder. There is no obligation on the Issuer to pay any amount or deliver any asset to any holder of a Warrant unless the relevant holder duly exercises such Warrant or such Warrants are automatically exercised and an Exercise Notice is duly delivered. The Warrants will be exercisable in the manner set forth herein and in the applicable Final Terms. Upon exercise, the holder of a Warrant will be required to certify (in accordance with the provisions outlined in "*Offering and Sale*" below) that it is not a U.S. person or exercising such Warrant on behalf of a U.S. person. Warrants may be issued to one or more Managers on a syndicated basis.

The Warrants of each issue may be sold by the relevant Issuer and/or any Manager at such time and at such prices as the Issuer and/or the Manager(s) may select. There is no obligation upon the Issuer or any Manager to sell all of the Warrants of any issue. The Warrants of any issue may be offered or sold from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the relevant Issuer.

Each Issuer shall have complete discretion as to what type of Warrants it issues and when.

No Manager has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any Manager as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by BCCL and/or the Bank in connection with the Programme. No Manager accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by BCCL and/or the Bank in connection with the Programme.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Warrants (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by BCCL or the Bank or any Manager that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Warrants should purchase any Warrants. Each investor contemplating purchasing any Warrants should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of BCCL and the Bank. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Warrants constitutes an offer or an invitation by or on behalf of BCCL or the Bank or any Manager or any other person to subscribe for or to purchase any Warrants.

Neither delivery of this Base Prospectus nor the offering, sale or delivery of any Warrants shall in any circumstances imply that the information contained herein concerning BCCL and/or the Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. No Manager undertakes to review the financial condition or affairs of BCCL and/or the Bank during the life of the Programme or to advise any investor in the Warrants of any information coming to their attention. Investors should review, *inter alia*, the most recently published audited annual consolidated financial statements of BCCL and/or the Bank and/or the most recently published documents incorporated by reference into this Base Prospectus, when deciding whether or not to purchase any Warrants.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Warrants in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Warrants may be restricted by law in certain jurisdictions. Neither BCCL, the Bank or any Manager represent that this Base Prospectus may be lawfully distributed, or that any Warrants may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by BCCL, the Bank or any Manager which would permit a public offering of any Warrants outside the UK or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Warrants may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Warrants may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Warrants. For a description of certain further restrictions on the distribution of this Base Prospectus and the offer or sale of Warrants in the United States, the European Economic Area (including the United Kingdom and France), Italy, Cayman Islands, Hong Kong and Japan, see "*Offering and Sale*". In particular, the Warrants have not been and will not be registered under the U.S. Securities Act of 1933, as amended. Warrants, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. person and any offer, sale, resale, trade or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

In this Base Prospectus references to "U.S.\$" and "U.S. dollars" are to United States dollars, references to "pounds" and "£" are to pounds sterling, references to "€", "euro" and "EUR" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the treaty establishing the European Community, as amended.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Financial Services Authority shall be incorporated in, and form part of, this Base Prospectus:

- (1) the joint Annual Report of Barclays PLC and the Bank, as filed with the US Securities and Exchange Commission (**SEC**) on Form 20-F in respect of the years ended 31st December, 2005 and 31st December, 2006 (the **2006 Joint Annual Report**) (with the exception of the information included as exhibits to the 2006 Joint Annual Report, which shall not be deemed to be incorporated in this Base Prospectus) and the Annual Reports containing the audited consolidated accounts of the Bank in respect of the years ended 31st December, 2005 (the **2005 Bank Annual Report**) and 31st December, 2006 (the **2006 Bank Annual Report**); and
- (2) the memorandum and articles of association of BCCL.

The above documents may be inspected as described under "*General Information – Documents Available*" below.

The table below sets out the relevant page references for the information contained within the 2006 Joint Annual Report of Barclays PLC and the Bank filed on Form 20F:

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Any information contained in the 2006 Joint Annual Report filed on Form 20-F and the 2005 Bank Annual Report, which is not incorporated by reference in this document is either not relevant for investors or is covered elsewhere in this Base Prospectus.

Following the publication of this Base Prospectus a supplement may be prepared by the Bank and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Bank and from the specified office of the Principal Warrant Agent for the time being in London.

The Bank will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Warrants, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Warrants.

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Base Prospectus and any decision to invest in any Warrants should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the Responsible Persons in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base 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 Base Prospectus before the legal proceedings are initiated.

Words and expressions defined in "*Terms and Conditions of the Warrants*" and the remainder of this Base Prospectus shall have the same meanings in this summary.

Issuer Descriptions

The Bank

The Bank is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP, telephone number 020 7116 1000. The Bank was incorporated on 7th August, 1925 under the Colonial Bank Act 1925 and on 4th October, 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to the Barclays Bank Act 1984, on 1st January, 1985, Barclays Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC".

The Bank 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 the Bank is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group and one of the largest financial services companies in the world by market capitalisation.

The short-term unsecured obligations of the Bank 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 Bank are rated AA by Standard & Poor's, Aa1 by Moody's and AA+ by Fitch Ratings Limited.

Based on the Group's audited financial information for the year ended 31st December, 2006, the Group had total assets of £996,503 million (2005: £924,170 million), total net loans and advances¹ of £313,226 million (2005: £300,001 million), total deposits² of £336,316 million (2005: £313,811 million), and total shareholders' equity of £27,106 million (2005: £24,243 million) (including minority interests of £1,685 million (2005: £1,578 million)). The profit before tax of the Group for the year ended 31st December, 2006 was £7,197 million (2005: £5,311 million) after impairment charges on loans and advances, other credit provisions and on available for sale assets of £2,154 million (2005: £1,571 million). The financial information in this paragraph is extracted from the audited financial statements of the Group for the year ended 31st December, 2006.

Barclays Capital (Cayman) Limited

BCCL was incorporated in the Cayman Islands on 24th July, 1989 for an unlimited duration and registered on 26th July, 1989. BCCL operates under Cayman Islands law with limited liability. BCCL's registered office is at the offices of Barclays Private Bank & Trust (Cayman) Limited, P.O. Box 487GT, 4th Floor, First Caribbean Building, 25 Main Street, Georgetown, Grand Cayman, Cayman Islands, British West Indies. Its registration number is 329680. BCCL is a wholly-owned direct subsidiary of the Bank. BCCL was established for the purpose of issuing notes, warrants and buying and selling options. It is the policy of the Directors to hedge fully the liabilities of BCCL arising under notes and warrants issued by BCCL. BCCL is resident for tax purposes in the United Kingdom.

Description:

Warrant Programme.

Guarantee:

Where the Warrants are issued by BCCL, the Warrants are unconditionally and irrevocably guaranteed by the Bank.

¹ Total net loans and advances include balances relating to both banks and customers.

² Total deposits include deposits from banks and customer account.

Principal Warrant Agent:	The Bank of New York
Luxembourg Warrant Agent:	The Bank of New York (Luxembourg) S.A.
Calculation Agent:	Barclays Bank PLC, or such other calculation agent specified in the applicable Final Terms.
Distribution:	Syndicated or non-syndicated
Settlement Currencies:	Euro, U.S. dollars or any other currency or currencies selected by the relevant Issuer or any Manager, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Issue Price:	Warrants may be issued at such price as shall be determined by the relevant Issuer or the Manager appointed in respect of such issue.
Type of Warrants:	<p>The Issuer may from time to time issue Warrants of any kind, including but not limited to Index Warrants, Share Warrants, Debt Warrants, Currency Warrants, Commodity Warrants and Fund Warrants.</p> <p>The Warrants may either be European Style Warrants or American Style Warrants.</p>
Settlement:	The Warrants will be settled by cash payment (Cash Settled Warrants) or physical delivery (Physical Delivery Warrants).
Index Warrants:	The Cash Settlement Amount in respect of Cash Settled Index Warrants will be calculated by reference to a single index or basket of indices.
Share Warrants:	<p>The Cash Settlement Amount in respect of Cash Settled Share Warrants will be calculated by reference to a single share or basket of shares.</p> <p>The Entitlement in respect of Physical Delivery Share Warrants will be a specified amount of shares of one or more companies, as applicable, subject to payment of the relevant Exercise Price and any other sums payable.</p>
Debt Warrants:	<p>The Cash Settlement Amount in respect of Cash Settled Debt Warrants will be calculated by reference to a single debt instrument or basket of debt instruments.</p> <p>The Entitlement in respect of Physical Delivery Debt Warrants will be a specified amount of debt instruments of one or more issuers, as applicable, subject to payment of the relevant Exercise Price and any other sums payable.</p>
Currency Warrants:	<p>The Cash Settlement Amount in respect of Cash Settled Currency Warrants will be calculated by reference to a single currency or basket of currencies.</p> <p>The Entitlement in respect of Physical Delivery Currency Warrants will be a specified amount of the relevant currencies, subject to payment of the relevant Exercise Price and any other sums payable.</p>
Commodity Warrants:	<p>The Cash Settlement Amount in respect of Cash Settled Commodity Warrants will be calculated by reference to a single commodity or basket of commodities.</p> <p>The Entitlement in respect of Physical Delivery Commodity Warrants will be a specified amount of commodities, subject to payment of the relevant Exercise Price and any other sums payable.</p>
Fund Warrants:	<p>The Cash Settlement Amount in respect of Cash Settled Fund Warrants will be calculated by reference to units or shares in a single fund or basket of funds.</p> <p>The Entitlement in respect of Physical Delivery Fund Warrants will be a specified amount of fund shares or units, subject to payment of the relevant Exercise Price and any sums payable.</p>

Other Warrants:	Warrants relating to other underlying instruments or bases of reference may be issued on such terms as may be determined by the relevant Issuer and specified in the applicable Final Terms.
Equity Linked Securities (ELS)	A Call Warrant and a Put Warrant may be purchased and held together as a unit and, when so purchased and held, for listing and trading purposes, comprise an Equity Linked Security. Each ELS comprises one Call Warrant and one Put Warrant.
Protected Equity Linked Securities (PELS)	<p>A Call Warrant and a Put Warrant may be purchased and held together as a unit and, when so purchased and held, for listing and trading purposes, comprise a Protected Equity Linked Security. Each PELS comprises one Call Warrant and one Put Warrant.</p> <p>ELSs and PELs are together referred to as "Linked Securities".</p>
Separation of Linked Securities into its component Warrants:	<p>An investor may separate a Linked Security into its component Call Warrant and Put Warrant. In order to separate a Linked Security, an investor will need to comply with the "Separation Requirements" set out in "Separation of Linked Securities" below which includes a requirement that an investor who is not a Professional Investor will have to have reviewed, signed and returned to the Professional Investor which maintains directly or indirectly the Clearstream, Luxembourg or Euroclear account in which such holding of such Linked Security is held a "Separation Statement" substantially in the form set out in "Separation of Linked Securities" below. In the event that a Linked Security is separated into its component Call Warrant and Put Warrant or as prior to a Lock-In-Date (as defined in the applicable Final Terms), such Warrants will become exercisable on such Lock-In-Date. Investors should note that, subject to the information contained in this paragraph and the following paragraph, no arrangements currently exist with Clearstream, Luxembourg and Euroclear to enable investors to recombine a Call Warrant and a Put Warrant into a Linked Security once such Linked Security has been separated.</p> <p>In addition, any Linked Security that is not separated into its component Warrants on the Business Day immediately preceding the Final Exercise Date (as defined in the applicable Final Terms) or, to the extent that any Warrants are required pursuant to the relevant Conditions to be exercised on a Lock-in Date, the Business Day immediately preceding such Lock-in Date, will automatically be separated into their component Call Warrants and Put Warrants and Clearstream, Luxembourg and Euroclear will amend their records accordingly. Such automatic separation will also occur upon any early termination of the Warrants pursuant to the relevant Warrant Conditions. The "Separation Requirements" set out below will not apply on an automatic separation.</p>
Exercise Rights:	<p>European Style Warrants are only exercisable on the Exercise Date.</p> <p>European Style Warrants where Automatic Exercise is not specified in the applicable Final Terms with respect to which no Exercise Notice has been delivered in the manner set out in Condition 6 at or prior to 10.00 a.m., Brussels or Luxembourg time (as appropriate) on the Actual Exercise Date shall become void.</p> <p>European Style Warrants which are Cash Settled Warrants where Automatic Exercise is specified in the applicable Final Terms with respect to which no Exercise Notice has been delivered in the manner set out in Condition 6 at or prior to 10.00 a.m., Brussels or Luxembourg time (as appropriate) on the Actual Exercise Date, shall be automatically exercised on the Actual Exercise Date.</p> <p>American Style Warrants are exercisable on any Exercise Business Day during the Exercise Period.</p> <p>American Style Warrants which are Cash Settled Warrants where</p>

Automatic Exercise is not specified in the applicable Final Terms with respect to which no Exercise Notice has been delivered in the manner set out in Condition 6 at or prior to 10.00 a.m. Brussels or Luxembourg time (as appropriate) on the Expiration Date shall become void.

American Style Warrants which are Cash Settled Warrants where Automatic Exercise is specified in the applicable Final Terms with respect to which no Exercise Notice has been delivered in the manner set out in Condition 6 at or prior to 10.00 a.m., Brussels or Luxembourg time (as appropriate) on the Expiration Date, shall be automatically exercised on the Expiration Date.

Form of Warrants:

The Warrants will be represented by a Global Warrant held by a common depositary on behalf of the Clearing Systems. Definitive Warrants will not be issued.

Clearing Systems:

Clearstream, Banking société anonyme and Euroclear Bank S.A./N.V. or any additional clearing system approved by the relevant Issuer and the Principal Warrant Agent from time to time.

Taxation and Expenses:

A holder of Warrants must pay all taxes, duties and/or expenses, including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with the exercise of such Warrants and/or, if applicable, the delivery or transfer of the Entitlement relating to such Warrants.

The relevant Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrant by any person, and all payments made by the relevant Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

Status of Warrants:

The Warrants constitute direct, unsubordinated and unsecured obligations of the relevant Issuer and rank equally among themselves and will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (except as prescribed by law).

Status of Guarantee:

Where the Issuer is BCCL, the Guarantee constitutes a direct, unsecured and general obligation of the Guarantor and ranks and will rank equally with all existing and future unsecured obligations of the Guarantor, including those in respect of deposits, but excluding any debts for the time being preferred by operation of law in bankruptcy or other legal proceeding of a similar nature and any subordinated obligations.

Listing and admission to trading:

Application has been made to the UK Listing Authority for Warrants issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Warrants to be admitted to trading on the London Stock Exchange's Domestic Market.

Warrants and any Linked Securities may be listed or admitted to trading, as the case may be, on other or further stock exchange(s) or market(s) as determined by the Issuer. Warrants which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Warrants are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Warrants will be governed by, and construed in accordance with, English law.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Warrants in the United States, the European Economic Area (including the United

Kingdom, France and Italy), Japan, Hong Kong and the Cayman Islands and such other restrictions as may be required in connection with the offering and sale of a particular series of Warrants, see "*Offering and Sale*".

Risk Factors:

There are certain factors that may affect each Issuer's ability to fulfil its obligations under the Warrants issued under the Programme. There are also certain factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee. These are set out under "*Risk Factors*" below and include alterations to business conditions and the general economy, certain credit, market, capital, liquidity, operational, insurance, legal and tax risks, the impact of strategic decisions taken by the Group, the impact of external factors on the Group and peer group, regulatory compliance risk, the effect of a credit rating reduction, exposure to an underlying asset or basis of reference, factors affecting the value and trading price of Warrants, certain considerations regarding hedging, specific risks in relation to Share Warrants, Currency Warrants and Fund Warrants, option to vary settlement, market disruption, settlement disruption, expenses and taxation, illegality, change of law, potential conflicts of interest, possible illiquidity of the Warrants in the secondary market and exchange rate rises and exchange controls.

RISK FACTORS

Each of BCCL and the Bank believes that the following factors may affect its ability to fulfil its obligations under Warrants issued under the Programme. All of these factors are contingencies which may or may not occur and neither BCCL nor the Bank is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Warrants issued under the Programme are also described below.

Each of BCCL and the Bank believes that the factors described below represent the principal risks inherent in investing in Warrants issued under the Programme, but the inability of BCCL or the Bank to pay Cash Settlement Amounts in respect of Cash Settled Warrants or deliver the Entitlement in respect of Physical Delivery Warrants may occur for other reasons and neither BCCL nor the Bank represents that the statements below regarding the risks of holding any Warrants are exhaustive. Additional risks and uncertainties not presently known to either BCCL or the Bank or that BCCL or the Bank currently believes to be immaterial could also have a material impact on its business operations or the Warrants. The Final Terms in respect of an issue of Warrants may contain additional Risk Factors in respect of such Warrants. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Terms used in this section and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Warrants" or the remainder of this Base Prospectus.

Factors that may affect the Bank's or BCCL's ability to fulfil their respective obligations under Warrants issued under the Programme

Risks relating to the Bank

The following discussion sets forth certain risk factors that the Group believes could cause its actual future results to differ materially from expected results. However, other factors could also adversely affect the Group results and so the factors discussed in this report should not be considered to be a complete set of all potential risks and uncertainties.

Business conditions and general economy

The profitability of the Group's businesses could be already affected by a worsening of general economic conditions in the United Kingdom, globally or in certain individual markets such as the US or South Africa. Factors such as interest rates, inflation, investor settlement, 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 activity level of customers, for example:

- an economic downturn or significantly higher interest rates 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 mark to market losses in its trading portfolios;
- a market downturn could reduce the fees the Group earns for managing assets. For example, a higher level of domestic or foreign interest rates or 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.

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's financial instruments to fall. The credit risk that the Group faces arises mainly from commercial and consumer loans and advances.

Furthermore, credit risk is 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 asset; or where the counterparty may be the country itself.

Settlement risk is another form of credit risk and 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

The most significant market risks the Group faces are interest rate, credit spread, foreign exchange, commodity price and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending income and borrowing costs. Changes in currency rates, particularly in the Sterling-US Dollar, Sterling-Euro and Sterling-Rand exchange rates, affect the value of assets and liabilities denominated in foreign currencies and affect earnings reported by the Group's non-UK subsidiaries and may affect revenues from foreign exchange dealing. The performance of financial markets may cause changes in the value of the Group's investment and trading portfolios and in the amount of revenues generated from assets under management. The Group has implemented risk management methods to mitigate and control these and other market risks to which it is exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Group's financial performance, business operations and the value of assets held in the Group's pension and long-term assurance funds.

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 markets such as the US 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 strong 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.

The Group's capital management activities seek to maximise shareholder value by optimising the level and mix of its capital resources. Capital risk is mitigated by:

- ensuring access to a broad range of investor markets;
- management of the Group's demand for capital; and
- management of the exposure to foreign currency exchange rate movements.

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.

Operational risks

The Group's businesses are dependent on the ability to process a large number of transactions efficiently and accurately. Operational risks and losses can result from fraud, employee errors, failure properly to document transactions or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, equipment failures, natural disasters or the failure of external systems. Although the Group has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures and to staff training, it is only possible to be reasonably, but not absolutely, certain that such procedures will be effective in controlling each of the operational risks faced by the Group.

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 reputationally.

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 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.

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 UK, the European Union (EU), the US, South Africa and elsewhere. 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.

Other 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;
- changes in competition and pricing environments;
- 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.

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. 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.

Impact of external factors on the Group and peer group

The Group's primary performance goal is to achieve top quartile Total Shareholder Return performance for 2004 to 2007 (inclusive) against a group of peer financial institutions. This goal assumes that external factors will impact all peer group entities similarly. The Group's ability to achieve the goal will be significantly impacted if the Group is disproportionately impacted by negative external factors. Even if the Group performs well, if others perform better or the market believes others have performed better, we may not achieve our goal. Additionally some peers are listed on exchanges other than the London Stock Exchange and so may react to differing external factors.

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.

Risks relating to BCCL

BCCL was established for the purpose of issuing notes, certificates, warrants and buying and selling options. It is the policy of the Directors of BCCL to hedge fully the liabilities of BCCL arising under notes, certificates and warrants issued by BCCL. If, for any reason, BCCL's hedging strategy did not prove effective, the operations of BCCL could be materially adversely affected.

Effect of Credit Rating Reduction

The value of the Warrants is expected to be affected, in part, by investors' general appraisal of the creditworthiness of the Issuer and the Guarantor. Such perceptions are generally influenced by the ratings accorded to the outstanding securities of the Issuer (if any) or the Guarantor by standard statistical rating services, such as Moody's Investor Services Limited and Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. A reduction in the rating, if any, accorded to outstanding debt securities of BCCL or the Bank, by one of these rating agencies could result in a reduction in the trading value of the Warrants.

Factors which are material for the purpose of assessing the market risks associated with Warrants issued under the Programme

The Warrants may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Warrants, the merits and risks of investing in the Warrants and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement and all information contained in the applicable Final Terms;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Warrants and the impact the Warrants will have on its overall investment portfolio;

- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Warrants, including Warrants with Cash Settlement Amount payable in one or more currencies or where the Settlement Currency is different from a potential investor's currency;
- (iv) understand thoroughly the terms of the Warrants and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

In addition, an investment in Index Warrants, Share Warrants, Debt Warrants, Currency Warrants, Commodity Warrants, Fund Warrants or other Security Warrants linked to other assets or bases of reference may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out in "*Risks related to the structure of a particular issue of Warrants*" set out below.

Warrants are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Warrants which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Warrants will perform under changing conditions, the resulting effects on the value of the Warrants and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Warrants

A wide range of Warrants may be issued under the Programme. A number of these Warrants may have features which contain particular risks for potential investors. Set out below is a description of the most common such features.

General risks relating to underlying asset or basis of reference

The Warrants involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Prospective purchasers of Warrants should recognise that their Warrants, other than any Warrants having a minimum expiration value, may expire worthless. Purchasers should be prepared to sustain a total loss of the purchase price of their Warrants, except, if so indicated in the Final Terms, to the extent of any minimum expiration value attributable to such Warrants. This risk reflects the nature of a Warrant as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires (except to the extent of any minimum expiration value). See "*Certain Factors Affecting the Value and Trading Price of Warrants*" below. Prospective purchasers of Warrants should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Warrants and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Warrants in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Warrants and the particular index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities), fund (or basket of funds) or other asset or basis of reference to which the value of the relevant Warrants may relate, as specified in the applicable Final Terms.

The risk of the loss of some or all of the purchase price of a Warrant upon expiration means that, in order to recover and realise a return upon his or her investment, a purchaser of a Warrant must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities), fund (or basket of funds) or other asset or basis which may be specified in the applicable Final Terms. Assuming all other factors are held constant, the more a Warrant is "out-of-the-money" and the shorter its remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investment. With respect to European-style Warrants, the only means through which a holder can realise value from the Warrant prior to the Exercise Date in relation to such Warrant is to sell it at its then market price in an available secondary market. See "*Possible Illiquidity of the Warrants in the Secondary Market*" below.

Fluctuations in the value of the relevant index or basket of indices will affect the value of Index Warrants. Fluctuations in the price of the relevant share or value of the basket of shares will affect the value of Share Warrants. Fluctuations in the price or yield of the relevant debt instrument or value of the basket of debt instruments will affect the value of Debt Warrants. Also, due to the character of the particular market on which a debt instrument is traded, the absence of last sale information and the limited availability of quotations for such debt instrument may make it difficult for many investors to obtain timely, accurate data for the price or yield of such debt instrument. Fluctuations in the rates of exchange between the relevant currencies will affect the value of Currency Warrants. Fluctuations in the value of the relevant commodity or basket of commodities will affect the value of Commodity Warrants. Fluctuations in the value of the relevant fund or basket of funds will affect the value of Fund Warrants. Purchasers of

Warrants risk losing their entire investment if the value of the relevant underlying asset or basis of reference does not move in the anticipated direction.

Each Issuer may issue several issues of Warrants relating to various reference securities, currencies, commodities, funds or other assets or bases of reference which may be specified in the applicable Final Terms. However, no assurance can be given that the relevant Issuer will issue any Warrants other than the Warrants to which a particular Final Terms relates. At any given time, the number of Warrants outstanding may be substantial. Warrants provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the underlying investment. In general, certain of the risks associated with the Warrants are similar to those generally applicable to other options or warrants of private corporate issuers. Options or warrants on equities or debt securities are priced primarily on the basis of the value of underlying securities whilst Currency and Commodity Warrants are priced primarily on the basis of present and expected values of the reference currency (or basket of currencies) or commodity (or basket of commodities) specified in the applicable Final Terms.

Warrants are Unsecured Obligations

The Warrants constitute direct, unsubordinated and unsecured obligations of the Issuer and rank equally among themselves and will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (except as prescribed by law). The Guarantee constitutes a direct, unsecured and general obligation of the Guarantor and ranks and will rank equally with all existing and future unsecured obligations of the Guarantor, including those in respect of deposits, but excluding any debts for the time being preferred by operation of law in bankruptcy or other legal proceeding of a similar nature and any subordinated obligations.

Certain Factors Affecting the Value and Trading Price of Warrants

The Cash Settlement Amount (in the case of Cash Settled Warrants) or the difference in the value of the Entitlement and the Exercise Price (the **Physical Settlement Value**) (in the case of Physical Delivery Warrants) at any time prior to expiration is typically expected to be less than the trading price of such Warrants at that time. The difference between the trading price and the Cash Settlement Amount or the Physical Settlement Value, as the case may be, will reflect, among other things, the "time value" of the Warrants. The "time value" of the Warrants will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the reference index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities), fund (or basket of funds) or other asset or basis of reference as specified in the applicable Final Terms. Warrants offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Warrants varies with the price level of the index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities), fund (or basket of funds) or other asset or basis of reference as specified in the applicable Final Terms, as well as by a number of other interrelated factors, including those specified herein.

Before exercising or selling Warrants, Warrant holders should carefully consider, among other things, (i) the trading price of the Warrants, (ii) the value and volatility of the reference index (or basket of indices), share (or basket of shares), currency (or basket of currencies), commodity (or basket of commodities), fund (or basket of funds) or other asset or basis of reference as specified in the applicable Final Terms, (iii) the time remaining to expiration, (iv) in the case of Cash Settled Warrants, the probable range of Cash Settlement Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the reference index (or basket of indices), share currency (or basket of currencies), commodity (or basket of commodities), fund (or basket of funds) or other asset or basis of reference as specified in the applicable Final Terms and (viii) any related transaction costs.

Certain Considerations Regarding Hedging

Prospective purchasers intending to purchase Warrants to hedge against the market risk associated with investing in an index (or basket of indices), share (or basket of shares), currency (or basket of currencies), commodity (or basket of commodities), fund (or basket of funds) or other asset or basis of reference which may be specified in the applicable Final Terms, 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 index (or basket of indices), share (or basket of shares), currency (or basket of currencies), commodity (or basket of commodities), fund (or basket of funds) or other asset or basis of reference which may be specified in the applicable Final Terms. Due to fluctuating supply and demand for the Warrants, there is no assurance that their value will correlate with movements of the index (or basket of indices), shares (or basket of shares), currency (or basket of currencies), commodity (or basket of commodities), fund (or basket of funds) or other asset or basis which may be specified in the applicable Final Terms. For these reasons, among others, it may not be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of any relevant index, share, debt security, currency, commodity, fund or basket.

In the case of Warrants relating to a share (or basket of shares), BCCL and/or the Bank and/or any of their respective Affiliates or agents may from time to time hedge the relevant Issuer's obligations under such Warrants (and under

other instruments and OTC contracts issued by or entered into from time to time by BCCL and/or the Bank and/or any of their respective Affiliates or agents relating to such securities) by taking positions, directly or indirectly, in such shares (or basket of shares). Although neither BCCL nor the Bank has any reason to believe that such hedging activities will have a material impact on the price of any share, there can be no assurance that such hedging activities will not adversely affect the value of the Warrants.

Certain Considerations Associated with Warrants Relating to Shares (or Baskets of Shares)

In the case of Warrants relating to a share (or basket of shares), no issuer of such shares will have participated in the preparation of the relevant Final Terms or in establishing the terms of the Warrants and none of the BCCL, the Bank or any Manager will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of the share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of the share and therefore the trading price of the Warrants.

Except as provided in the Conditions in relation to Physical Delivery Warrants, Warrantholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Warrants relate.

Certain Considerations Associated with Warrants Relating to Funds (or Baskets of Funds)

An investment in Fund Warrants may bear similar market risks to a direct investment in the relevant fund(s) and investors should take advice accordingly.

Certain Considerations Associated with Warrants Relating to Commodities (or Baskets of Commodities)

An investment in Commodity Warrants may bear similar market risks to a direct investment in the relevant commodity (commodities) and investors should take advice accordingly.

Certain Additional Risk Factors Associated with Currency Warrants

Fluctuations in exchange rates of the relevant currency (or basket of currencies) will affect the value of Currency Warrants. Furthermore, investors who intend to convert gains or losses from the exercise or sale of Currency Warrants into their home currency may be affected by fluctuations in exchange rates between their home currency and the relevant currency (or basket of currencies). Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency (or basket of currencies), regardless of other market forces. Purchasers of Currency Warrants risk losing their entire investment if exchange rates of the relevant currency (or basket of currencies) do not move in the anticipated direction.

Protected Equity Linked Securities and Equity Linked Securities

Investors who exercise Warrants comprising a PELS on a Lock-In Date or the Final Exercise Date will receive a minimum return equal to either (i) the Issue Price paid on the Issue Date or, (ii) if the value of the PELS on a Lock-In Date or the Final Exercise Date, as applicable, is higher than the Issue Price, such higher amount. This capital protection in respect of the original investment only covers investors who purchase PELSs on the Issue Date and hold and exercise them on a Lock-In Date or the Final Exercise Date.

Investors who sell their Linked Securities prior to a Lock-In Date or the Final Exercise Date will get the market price at the time of sale, which may be more or less than the Issue Price.

The information on taxation contained in this Base Prospectus is based on the law and practice currently in force in the UK and is subject to any changes therein. The effect of the current taxation regimes in the UK may vary depending upon the individual circumstances of an investor. The levels and bases of, and reliefs from, taxation can change. The Issuer cannot give any assurance as to the actual tax treatment of the Linked Securities, and the component Warrant, or of a particular investor as a result of the purchase, holding, sale or exercise of a Linked Security or a component Warrant. All payments by the Issuer in respect of a linked Security or a component Warrant will be made subject to any withholding taxes and the Issuer will not be obliged to pay any additional amount as a result.

It is anticipated that an affiliate of the Issuer will be the only market maker for Linked Securities or their component Warrants. Investors should note that there may be no market for the Linked Securities or their component Warrants,

if such entity ceases to be a market maker in respect of the Linked Securities or their component Warrants. This may seriously affect an investor's ability to sell and/or the price obtained.

Risks related to Warrants generally

Market Disruption Event and Disrupted Day

If an issue of Warrants includes provisions dealing with the occurrence of a market disruption event or a failure to open of an exchange or related exchange on a Valuation Date or an Averaging Date and the Calculation Agent determines that a market disruption event or such failure has occurred or exists on a Valuation Date or an Averaging Date, any consequential postponement of the Valuation Date or Averaging Date or any alternative provisions for valuation provided in any Warrants may have an adverse effect on the value of such Warrants.

Settlement Disruption Event

In the case of Physical Delivery Warrants, if a Settlement Disruption Event occurs or exists on the Settlement Date, settlement will be postponed until the next Settlement Business Day on which no Settlement Disruption Event occurs. The relevant Issuer in these circumstances also has the right to pay the Disruption Cash Settlement Price (as defined in the Conditions) *in lieu* of delivering the Entitlement. Such a determination may have an adverse effect on the value of the relevant Warrants.

Exercise Expenses and Taxation

A holder of Warrants must pay all Exercise Expenses relating to the Warrants. As used in the Conditions, "Exercise Expenses" includes all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise of the Warrants and/or the delivery or transfer of the Entitlement as more fully set out in Condition 6.

The relevant Issuer is not liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrant and all payments made by the Issuer will be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid withheld or deducted.

Limitations on Exercise

If so indicated in the Final Terms, the relevant Issuer will have the option to limit the number of Warrants exercisable on any date (other than the final exercise date) to the maximum number specified in the Final Terms and, in conjunction with such limitation, to limit the number of Warrants exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Warrants being exercised on any date (other than the final exercise date) exceeds such maximum number and the Issuer elects to limit the number of Warrants exercisable on such date, a Warrantholder may not be able to exercise on such date all Warrants that such holder desires to exercise. In any such case, the number of Warrants to be exercised on such date will be reduced until the total number of Warrants exercised on such date no longer exceeds such maximum, such Warrants being selected at the discretion of the Issuer or in any other manner specified in the applicable Final Terms. Unless otherwise specified in the Final Terms, the Warrants tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Warrants may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Time Lag after Exercise

Unless otherwise specified in the Final Terms, in the case of any exercise of Warrants, there will be a time lag between the time a Warrantholder gives instructions to exercise and the time the applicable Cash Settlement Amount (in the case of Cash Settled Warrants) relating to such exercise is determined. Any such delay between the time of exercise and the determination of the Cash Settlement Amount will be specified in the applicable Final Terms or the applicable Terms and Conditions. However, such delay could be significantly longer, particularly in the case of a delay in exercise of Warrants arising from any daily maximum exercise limitation, the occurrence of a market disruption event or failure to open when scheduled of an exchange or related exchange (if applicable) or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies) in the case of Currency Warrants. The applicable Cash Settlement Amount may change significantly during any such period, and such movement or movements could decrease the Cash Settlement Amount of the Warrants being exercised and may result in such Cash Settlement Amount being zero.

Minimum Exercise Amount and Units

If so indicated in the Final Terms, a Warrantholder must tender a specified number of Warrants at any one time in order to exercise or exercise Warrants in Units. Thus, Warrantholders with fewer than the specified minimum number of Warrants or the number of Warrants constituting a Unit will either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise their investment. Furthermore, holders of such Warrants incur the risk that there may be differences between the trading price of such Warrants and the Cash Settlement Amount (in the case of Cash Settled Warrants) or the Physical Settlement Value (in the case of Physical Delivery Warrants) of such Warrants.

Option to Vary Settlement

If the applicable Final Terms in respect of any Warrants indicates that the relevant Issuer has an option to vary settlement in respect of such Warrants, the Issuer may, at its sole and unfettered discretion, elect (i) not to pay the relevant Warrantholders the Cash Settlement Amount, but to deliver or procure delivery of the Entitlement or (ii) not to deliver or procure delivery of the Entitlement, but to make payment of the Cash Settlement Amount on the Settlement Date to the relevant Warrantholders.

Illegality

If the relevant Issuer determines that its performance under any Warrants has or that any arrangements made to hedge the Issuer's obligations under any Warrants have become illegal in whole or in part for any reason, the Issuer may cancel such Warrants and, if permitted by applicable law, pay the holder of each such Warrant an amount equal to the fair market value of such Warrants notwithstanding such illegality less the cost to the Issuer and/or any of its Affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements) plus, if already paid, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion.

Change of law

The Conditions are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

Potential Conflicts of Interest

BCCL, the Bank and their Affiliates may also engage in trading activities (including hedging activities) related to the interest underlying any Warrants and other instruments or derivative products based on or related to the interest underlying any Warrants for their proprietary accounts or for other accounts under their management. BCCL, the Bank and their Affiliates may also issue other derivative instruments in respect of the interest underlying Warrants. BCCL, the Bank and their Affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Warrants or may act as financial adviser to certain companies or companies whose shares are included in a basket of shares or in a commercial banking capacity for such companies. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Warrants.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest risk and credit risk.

Possible Illiquidity of the Warrants in the Secondary Market

It is not possible to predict the price at which Warrants will trade in the secondary market or whether such market will be liquid or illiquid. The relevant Issuer may, but is not obliged to, list Warrants on a stock exchange. Also, to the extent Warrants of a particular issue are exercised, the number of Warrants of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Warrants of such issue. A decrease in the liquidity of an issue of Warrants may cause, in turn, an increase in the volatility associated with the price of such issue of Warrants.

Each of BCCL, the Bank and any Manager may, but is not obliged to, at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation. A Manager may, but is not obliged to, be a market-maker for an issue of Warrants. Even if a Manager is a market-maker for an issue of Warrants, the secondary market for such Warrants may be limited. In addition,

Affiliates of BCCL or the Bank (including, if applicable, any Manager) may purchase Warrants at the time of their initial distribution and from time to time thereafter. To the extent that an issue of Warrants becomes illiquid, an investor may have to exercise such Warrants to realise value.

Exchange rate risks and exchange controls

In the case of Cash Settled Warrants, the Issuer will pay the Cash Settlement Amount in respect of the Warrants in the Settlement Currency specified in the applicable Final Terms. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Settlement Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Settlement Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Settlement Currency would decrease (i) the Investor's Currency equivalent yield on the Warrants, (ii) the Investor's Currency equivalent value of the Cash Settlement Amount in respect of the Warrants and (iii) the Investor's Currency equivalent market value of the Warrants.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, the Cash Settlement Amount that investors may receive may be less than expected or zero.

SEPARATION OF LINKED SECURITIES

General

A Linked Security is the tradable unit (for listing and trading purposes) comprising one Call Warrant and one Put Warrant. No separate terms and conditions apply to the Linked Securities as all of the rights pertaining to a Linked Security are as set out in the Conditions. Interests in Linked Securities will be transferable in accordance with the rules of Clearstream, Luxembourg or Euroclear, as the case may be. As described below under "Automatic Separation", in order to facilitate the exercise procedure with respect to the Warrants comprising the Linked Securities, all Linked Securities held at the time of exercise will be automatically separated into their component Warrants.

The Linked Securities will be given a separate common code and ISIN number by Clearstream, Luxembourg and Euroclear.

Separation of Linked Securities into component Warrants

An investor may separate a Linked Security into its component Call Warrant and Put Warrant. The minimum number of Linked Securities which can be separated is 50,000. In order to separate a Linked Security, an investor must comply with the following "Separation Requirements":

1. Non-Professional Investors holding Linked Securities through a Professional Investor with an account at Clearstream, Luxembourg or Euroclear and Professional Investors holding Linked Securities through another Professional Investor with an account at Clearstream, Luxembourg or Euroclear must request that the Professional Investor in whose Clearstream, Luxembourg or Euroclear account such Linked Securities are held send a notice of separation to Clearstream, Luxembourg or Euroclear, as appropriate.
2. Following such request, a non-Professional Investor will be sent, by the Professional Investor holding Linked Securities on its behalf, a "Separation Statement" as set out below.
3. Once the Separation Statement form has been signed and returned by the non-Professional Investor to the Professional Investor which is holding such Linked Securities, the Professional Investor will be able to submit a request for separation to Clearstream, Luxembourg or Euroclear, as appropriate, on behalf of such non-Professional Investor.
4. Following receipt of a request to separate a Linked Security and completion of the procedures in relation to non-Professional Investors described in paragraphs 1,2 and 3 above, Professional Investors who are acting on behalf of such non-Professional Investors or Professional Investors or who are holders of Linked Securities for their own account will be required to submit a written request to Clearstream, Luxembourg or Euroclear, as appropriate. Such notice must contain the information required by Clearstream, Luxembourg or Euroclear, as appropriate, and must also contain the following statement:

"Separation Requirements have been complied with."

Such notice must be delivered to Euroclear or Clearstream, Luxembourg, as appropriate, in such manner as is acceptable to the relevant clearing system authenticated SWIFT.

5. At the same time as giving notice to Clearstream, Luxembourg or Euroclear, as the case may be, such Professional Investor shall confirm compliance with the "Separation Requirements" by sending to the Principal Warrant Agent a copy of the following notice duly completed:

"Notice of Separation

We [name of Professional Investor], being a Professional Investor (being a person whose ordinary activities involve it in acquiring, holding, managing or selling investments for the purpose of its business or an entity which is an authorised person under the Financial Services and Markets Act 2000, or an equivalent person or entity in a jurisdiction outside the United Kingdom) have requested a separation of [X] *[include details of relevant Linked Securities]* into their component Call Warrants and Put Warrants."

If we are making this request as a result of instructions received from one of our customers which is not a Professional Investor, we confirm that we have sent and received back a signed copy of the following Separation Statement from such non-Professional Investor:

"Separation Statement

Unlike a holding of Linked Securities, the separate holding of Call Warrants and Put Warrants will not guarantee payment of the aggregate Cash Settlement Amount payable or exercise of a Call Warrant and a Put Warrant. Only to the extent that an equal number of Call Warrants and Put Warrants are held on a Lock-In Date or the Final Exercise Date, as the case may be, will the holder be entitled to receive, as applicable, such aggregate amount on the Settlement Date. If a Linked Security is separated into its component Call Warrant and Put Warrant prior to a Lock-In Date, such Call Warrant and Put Warrant will each be exercisable only on the Lock-In Date and the holder of such Warrants will only be entitled to receive the Call Warrant Lock-In Amount and the Put Warrant Lock-In Amount.

The Warrants include a high degree of gearing, so that a relatively small movement in the price of any Share may result in a disproportionately large movement in the price of Warrants. The price of Warrants can therefore be volatile.

Terms used in this statement have the meanings given to them in the Conditions of the Warrants as amended and supplemented by the applicable Final Terms issued in respect of the Call Warrants and the Put Warrants, as applicable, copies of which are available free of charge from the Warrant Agents.

An investor should note that if it is not a Professional Investor, it will not be able to separate any Linked Securities held by it and trade the component Warrants independently of each other unless such investor has signed and returned to the Professional Investor through which it holds such Linked Security a form containing the Separation Statement wording set out above."

Automatic Separation

In the event that the automatic separation provisions apply as described above the "Separation Requirements" described above will not apply.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each series of Warrants issued under the Programme.

[BARCLAYS CAPITAL (CAYMAN) LIMITED]/[BARCLAYS BANK PLC]

[Title of Warrants]

Under the Warrant Programme

[Guaranteed by Barclays Bank PLC]

PART A – CONTRACTUAL TERMS

The Final Terms relating to each issue of Warrants will contain (without limitation) such of the following information as is applicable in respect of such Warrants. Any information that is not applicable will be deleted.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Base Prospectus dated 11th June, 2007 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at the registered office of the Issuer and the specified office of the Principal Warrant Agent for the time being in London and copies may be obtained from such office.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the [Offering Circular / Base Prospectus] dated [original date]. This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Base Prospectus dated 11th June, 2007 which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 11th June, 2007 and [original date]. Copies of such Base Prospectus are available for viewing at the specified office of the Principal Warrant Agent for the time being in London and copies may be obtained from such office.

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

References herein to numbered Conditions are to the terms and conditions of the Warrants and words and expressions defined in such terms and conditions shall bear the same meaning in this Final Terms, save as where otherwise expressly provided.

1. Issuer: [Barclays Capital (Cayman) Limited/Barclays Bank PLC]
2. [Guarantor: Barclays Bank PLC]
3. Series Number: The series number of the Warrants is [].
4. Consolidation: The Warrants are to be consolidated and form a single series with the [insert title of relevant series of Warrants] issued on [insert issue date].

5. Type of Warrants:
- (i) The Warrants are [Index Warrants / Share Warrants / Debt Warrants / Currency Warrants / Commodity Warrants / Fund Warrants / *(specify other type of Warrants)*].
 - (ii) The Warrants are [European/American/*(specify other)*] Style Warrants.
 - (iii) The Warrants are [Call Warrants/Put Warrants/*(specify other)*].
 - (iv) The Warrants relate to [*describe relevant Index/Indices/Shares/Debt Instruments/Currencies/Commodities/Funds*].
 - (v) Automatic Exercise [applies/does not apply].
(*N.B. Automatic Exercise may only apply to Cash Settled Warrants*)
6. Averaging:
- Averaging [applies/does not apply] to the Warrants. [The Averaging Dates are [].]
- [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] (as defined in Condition 4) will apply.]
- [In the event of Modified Postponement applying, the Averaging Date will be determined [*specify relevant provisions*] (*N.B. Only applicable in relation to Debt Warrants, Currency Warrants, Commodity Warrants or Fund Warrants*)]
7. Number of Warrants being issued: The number of Warrants being issued is [].
8. Units: Warrants must be exercised in Units. Each Unit consists of [] Warrants. (*N.B. This is in addition to any requirements relating to "Minimum Exercise Number" or "Maximum Exercise Number" set out below*)
9. Issue Price: The issue price per [Warrant/Unit] is [].
10. Exercise Price: The exercise price per [Warrant/Unit] (which may be subject to adjustment in accordance with Condition 16(B) in the case of Share Warrants) is []. (*N.B. This should take into account any relevant Multiplier and, in the case of an Index Warrant, must be expressed as a monetary value*)
11. Issue Date: The issue date of the Warrants is [].
12. Exercise Date: The exercise date of the Warrants is [], provided that, if such date is not an Exercise Business Day, the Exercise Date shall be the immediately [preceding/succeeding] Exercise Business Day. (*N.B. Only applicable in relation to European Style Warrants*)
13. Exercise Period: The exercise period in respect of the Warrants is from and including [] to and including [], or if [] is not an Exercise Business Day, the immediately [succeeding] Exercise Business Day]. (*N.B. Only applicable in relation to American Style Warrants*)
14. Settlement Date:
- [(i)] The settlement date for the Warrants is []. (*N.B. Applicable for Physical Delivery Warrants. Only applicable for Cash Settled Warrants if Settlement Date is different from the definition in Condition 4*)
 - [(ii)] **Settlement Business Day** for the purposes of Condition

- 5(C)(ii) means []. (N.B. Only applicable in the case of Physical Delivery Warrants)]
15. Exchange Business Day [] (N.B. Only applicable if different from the definition in Condition 4)
16. Business Day Centre(s): The applicable Business Day Centre[s] for the purposes of the definition of "Business Day" in Condition 4 [is/are] [].
17. Settlement: Settlement will be by way of [cash payment (**Cash Settled Warrants**)] [and/or] [physical delivery (**Physical Delivery Warrants**)].
18. Issuer's option to vary settlement: The Issuer [has/does not have] the option to vary settlement in respect of the Warrants.
19. Exchange Rate: The applicable rate of exchange for conversion of any amount into the relevant settlement currency for the purposes of determining the Settlement Price (as defined in Condition 4) or the Cash Settlement Amount (as defined in Condition 4) is [insert rate of exchange and details of how and when such rate is to be ascertained].
20. Settlement Currency: The settlement currency for the payment of [the Cash Settlement Amount] (in the case of Cash Settled Warrants)/[the Disruption Cash Settlement Price] [or the Failure to Deliver Settlement Price] (in the case of Physical Delivery Warrants) is [].
21. Calculation Agent: The Calculation Agent is Barclays Bank PLC/[specify other].
22. Exchange(s): [For the purposes of Condition 4 and Condition 16(B), the relevant Exchange[s] [is/are] []. (N.B. Only applicable in relation to Share Warrants)]
23. Exchange(s) and Index Sponsor: [For the purposes of Condition 16(A):
(a) the relevant Exchange[s] [is/are] [] and;
(b) the relevant Index Sponsor is [].] (N.B. Only applicable in relation to Index Warrants)]
24. Related Exchange(s): [For the purposes of Condition 4 and Condition 16(B), the relevant Related Exchange(s) [is/are] []/[All Exchanges] (N.B. Only applicable in relation to Share Warrants)]/[For the purposes of Condition 16(A), the relevant Related Exchange(s) [is/are] []/[All Exchanges] (N.B. Only applicable in relation to Index Warrants)]
25. Multiplier: The multiplier to be applied to each item comprising the Basket to ascertain the Settlement Price is []. Each such Multiplier shall be subject to adjustment [in accordance with Condition 16(B) in the case of Share Warrants]/[specify other]. (N.B. Only applicable in relation to Cash Settled Warrants relating to a Basket)
26. Nominal Amount: The nominal amount which is to be used to determine the Cash Settlement Amount pursuant to Condition 5 is [] and the relevant screen page (**Relevant Screen Page**) is []. (N.B. Only applicable in relation to Cash Settled Warrants relating to Debt Securities)
27. Relevant Asset(s): The relevant asset to which the Warrants relate [is/are] []. (N.B. Only applicable in relation to Physical Delivery Warrants)
28. Entitlement:

- (i) The Entitlement (as defined in Condition 4) in relation to each Warrant is [].
- (ii) The Entitlement will be evidenced by *[insert details of how the Entitlement will be evidenced]*.
- (iii) The Entitlement will be delivered *[insert details of the method of delivery of the Entitlement]*.
- (N.B. Only applicable in relation to Physical Delivery Warrants)*
29. Guaranteed Cash Settlement Amount: The Guaranteed Cash Settlement Amount (as defined in Condition 3) is calculated *[specify calculation method]*. *(N.B. Only applicable in the case of Physical Delivery Warrants issued by BCCL)*
30. Minimum Exercise Number: The minimum number of Warrants that may be exercised (including automatic exercise) on any day by any Warrantholder is [] [and Warrants may be exercised (including automatic exercise) in integral multiples of [] Warrants in excess thereof].
31. Maximum Exercise Number: The maximum number of Warrants that may be exercised on any day by any Warrantholder or group of Warrantholders (whether or not acting in concert) is []. *(N.B. not applicable for European Style Warrants)*
32. Disrupted Day: If the Valuation Date or an Averaging Date (each as defined in Condition 4), as the case may be, is a Disrupted Day, the Settlement Price will be calculated *[insert calculation method]*.
- (N.B. If nothing is included here provisions in the Terms and Conditions will apply)*
33. Redemption of Debt Securities: Where one or more of the relevant Debt Securities is redeemed (or otherwise ceases to exist) before the expiration of the relevant Warrants, *[insert appropriate fallback provisions]*. *(N.B. Only applicable in relation to Debt Warrants)*
34. Relevant Time: The relevant time is [], being the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price *(N.B. for Index Warrants and Share Warrants, if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time as defined in Condition 4)*.
35. Currency Warrants: The Relevant Screen Page is [].
- (i) The relevant base currency (the **Base Currency**) is [].
- (ii) The relevant subject [currency/currencies] (each a **Subject Currency**) [is/are] [].
- (iii) *(N.B. Only applicable in relation to Currency Warrants)*
36. Commodity Warrants
- (i) Trade Date: The Trade Date is []
- (ii) Relevant Commodity/ies or Commodity Index/Indices: []
- (iii) Settlement Price: *[Specify how Settlement Price is calculated by reference to Commodity Reference Price, Specified Price and Pricing Date]*
- (iv) Commodity Reference Price: *[specify Commodity Reference Price] [as defined in the 2005 ISDA Commodity Derivative Definitions] (N.B. consider whether reference to ISDA Definitions appropriate in context of investor base)*

- (v) Price Source: []
- (vi) Exchange: []
- (vii) Specified Price: []
- (viii) Delivery Date: [], subject to adjustment in accordance with the Commodity Business Day Convention.
- (ix) Pricing Date: [Applicable] [Not Applicable] *(N.B. include only if Basket of Commodities)*
- (x) Common Pricing: [As set out in Condition 16(D) of the Base Prospectus] [*(specify any applicable additional Commodity Market Disruption Events)*]
- (xi) Commodity Market Disruption Events: [Not Applicable]
- Additional provisions for Trading Disruption: *[If Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption relates]*
- Disruption Fallback(s): [As set out in Condition 16(D) of the Base Prospectus] [*(specify any applicable additional Disruption Fallback(s))*]
- []
- (xii) Commodity Business Day(s): [Following]
- (xiii) Commodity Business Day Convention: [Modified Following]
- [Nearest]
- [Preceding]
- []
- (N.B. Only applicable to Commodity Warrants)*
37. Fund Warrants: *[Specify Settlement Price, applicable market disruption, adjustment and/or termination provisions]*
38. Tender Offer: Tender Offer [applies/does not apply].
- (N.B. Tender Offer is only applicable to Share Warrants)*
39. Additional Disruption Events: [(a)] The following Additional Disruption Events apply to the Warrants:
- (Specify each of the following which applies. N.B. Additional Disruption Events are applicable to certain Index Warrants or Share Warrants. Careful consideration should be given to whether Additional Disruption Events would apply for Debt Warrants, Currency Warrants, Commodity Warrants, Fund Warrants or Index Warrants relating to commodity indices and if so the relevant definitions will require amendment)
- [Change in Law]
- [Hedging Disruption]

[Increased Cost of Hedging]
 [Increased Cost of Stock Borrow]
 [Insolvency Filing
(N.B. Only applicable in the case of Share Warrants)
 [Loss of Stock Borrow]

[(b)] [The Trade Date is [].

(N.B. only applicable if Change in Law and/or Increased Cost of Hedging is applicable)

[(c)] [The Maximum Stock Loan Rate in respect of *[specify in relation to each relevant Share/security/commodity]* is [].

(N.B. only applicable if Loss of Stock Borrow is applicable)

[(d)] [The Initial Stock Loan rate in respect of *[specify in relation to each relevant Share/security/commodity]* is [].

(N.B. only applicable if Increased Cost of Stock Borrow is applicable)

40. Failure to Deliver due to Illiquidity: Failure to Deliver due to Illiquidity applies to the Warrants. *(N.B. Only applicable in the case of Physical Delivery Warrants - Failure to Deliver due to Illiquidity is applicable to certain Share Warrants. Careful consideration should be given to whether Failure to Deliver due to Illiquidity would apply to other Physical Delivery Warrants)*

41. Other Final Terms: [Insert]

(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

42. Syndication: The Warrants will be distributed on a [non-]syndicated basis

43. If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names and addresses and underwriting commitments]

(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)

44. Date of Subscription Agreement: []

45. If non-syndicated, name and address of Manager: [Name and address]

46. [Total commission and concession: []]

47. Additional selling restrictions: [Not Applicable/give details]

[LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Warrants described herein pursuant to the Warrant Programme of Barclays Capital (Cayman) Limited and Barclays Bank PLC.]

RESPONSIBILITY

[Subject as provided below, the Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. [The information relating to [●] [and ●] contained herein has been accurately extracted from [insert information source(s)]. The Issuer [and the Guarantor] accept[s] responsibility for the accuracy of such extraction but accept no further or other responsibility in respect of such information].

Signed on behalf of the Issuer:

By:
Duly authorised

The Warrants will not become valid or obligatory for any purpose until the Final Terms is attached to the Global Warrant and the certificate of authentication on the Global Warrant has been signed by or on behalf of the Principal Warrant Agent.

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: [London/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Warrants to be admitted to trading on [] with effect from [].] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)

2. NOTIFICATION

The Financial Services Authority [has been requested to provide/has provided] the [*names of competent authorities of host Member States*] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Managers, so far as [BCCL/the Bank] is aware, no person involved in the issue of the Warrants has an interest material to the offer. - *Amend as appropriate if there are other interests*]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) [Reasons for the offer: []]

(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

- (ii) Estimated net proceeds: []

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

- (iii) Estimated total expenses: []. [*Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".*]

((i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

5. PERFORMANCE OF [INDEX/BASKET OF INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE [INDEX/BASKET OF INDICES]] (*Index Warrants Only*)

[Need to include details of where past and future performance and volatility of the [index/basket of indices] can be obtained, the relevant weighting of each index within a basket of indices and where pricing information is available]. [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

[Need to include the name of [the/each] index, the name of [the/each] index sponsor and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about [the/each] index can be obtained.]

6. PERFORMANCE OF [THE SHARE/BASKET OF SHARES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE SHARE/BASKET OF SHARES]] (Share Warrants Only)

[Need to include details of the name of [the/each] share company, any security identification number of the shares, where pricing information about the shares is available, the relevant weighting of each share within a basket of shares (if relevant) and where past and future performance and volatility of the [share/basket of shares] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

7. INFORMATION IN RELATION TO THE [DEBT INSTRUMENT/BASKET OF DEBT INSTRUMENTS], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE DEBT INSTRUMENT/BASKET OF DEBT INSTRUMENTS]] (Debt Warrants Only)

[Need to include details of the name of [the/each] issuer, the ISIN (International Securities Identification Number) of the debt instrument(s), the relevant weighting of each debt instrument in a basket of debt instruments (if relevant) and where pricing information on the debt instrument(s) can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

8. PERFORMANCE OF [RATE[S] OF EXCHANGE/CURRENCIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE [RATE[S] OF EXCHANGE/ CURRENCIES]] (Currency Warrants Only)

[Need to include details of [the/each] currency, where past and future performance and volatility of the [rate(s)/currencies] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

9. PERFORMANCE OF [THE COMMODITY/BASKET OF COMMODITIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE COMMODITY/BASKET OF COMMODITIES]] (Commodity Warrants Only)

[Need to include details of [the/each] commodity, where pricing information about [the/each] commodity is available, the relevant weighting of each commodity within a basket of commodities (if relevant) and where past and future performance and volatility of [the commodity/basket of commodities] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

10. PERFORMANCE OF [THE FUND/BASKET OF FUNDS], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE FUND /BASKET OF FUNDS]] (Fund Warrants Only)

[Need to include details of [the/each] fund, the relevant weighting of each fund within a basket of funds and where past and future performance and volatility of [the/each] fund can be obtained. [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

11. OPERATIONAL INFORMATION

(i) ISIN Code: []

(ii) Common Code: []

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

TERMS AND CONDITIONS OF THE WARRANTS

The following is the text of the Terms and Conditions of the Warrants which will be attached to each Global Warrant (as defined below). The applicable Final Terms in relation to any issue of Warrants may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Warrants. The applicable Final Terms (or the relevant provisions thereof) will be attached to each Global Warrant.

The Warrants of this series (such Warrants being hereinafter referred to as the **Warrants**) are constituted by a global warrant (the **Global Warrant**) and are issued by whichever of Barclays Capital (Cayman) Limited (**BCCL**) or Barclays Bank PLC (the **Bank**) is specified in the applicable Final Terms (the **Issuer**) and references to the Issuer shall be construed accordingly. The Warrants are issued pursuant to an amended and restated Master Warrant Agreement dated 11 June, 2007 (the **Master Warrant Agreement**) between BCCL as issuer, the Bank as issuer and (where the Issuer is BCCL) guarantor (in such capacity, the **Guarantor**), The Bank of New York as principal warrant agent (the **Principal Warrant Agent**, which expression shall include any successor principal warrant agent) and The Bank of New York (Luxembourg) S.A. as Luxembourg warrant agent (the **Luxembourg Warrant Agent**, which expression shall include any additional or successor Luxembourg warrant agent and together with the Principal Warrant Agent, the **Warrant Agents**). The Bank shall undertake the duties of calculation agent (the **Calculation Agent**) in respect of the Warrants as set out below and in the applicable Final Terms unless another entity is so specified as calculation agent in the applicable Final Terms. The expression Calculation Agent shall, in relation to the relevant Warrants, include such other specified calculation agent.

No Warrants in definitive form will be issued. The Global Warrant has been deposited with a depositary (the **Common Depositary**) common to Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and Euroclear Bank S.A./N.V. (**Euroclear**).

The applicable Final Terms for the Warrants is attached to the Global Warrant and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, supplement, replace or modify these Terms and Conditions for the purposes of the Warrants.

References herein to the **applicable Final Terms** are to Part A of the Final Terms or each Final Terms (in the case of any further warrants issued pursuant to Condition 13 and forming a single series with the Warrants) attached to the Global Warrant.

Subject as provided in Condition 3 and in the Guarantee (as defined below), the obligations of BCCL with respect to physical delivery (if applicable) and/or the payment of amounts payable by BCCL are guaranteed by the Bank (in such capacity, the **Guarantor**) pursuant to a deed of guarantee (the **Guarantee**) dated 2nd June, 2006 executed by the Guarantor. The original of the Guarantee is held by the Principal Warrant Agent on behalf of the Warrantholders (as defined in Condition 1(B)) at its specified office.

Copies of the Master Warrant Agreement and the Guarantee are available for inspection during normal business hours at the registered office of the Issuer and the specified office of the Principal Warrant Agent. Copies of the applicable Final Terms are available for viewing at the office of the Principal Warrant Agent at c/o The Bank of New York, One Canada Square, London, E14 5AL and copies may be obtained from the Principal Warrant Agent at c/o The Bank of New York, One Canada Square, London, E14 5AL save that, if this Warrant is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Warrantholder holding one or more Warrants and such Warrantholder must produce evidence satisfactory to the Issuer and the relevant Warrant Agent as to its holding of such Warrants and identity.

Words and expressions defined in the Master Warrant Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

The Warrantholders are entitled to the benefit of and are deemed to have notice of and are bound by all the provisions of the Master Warrant Agreement (insofar as they relate to the Warrants) and the applicable Final Terms, which are binding on them.

1. Type, Title and Transfer

(A) *Type*

The Warrants are Index Warrants, Share Warrants, Debt Warrants, Currency Warrants, Commodity Warrants, Fund Warrants or any other or further type of warrants as is specified in the applicable Final Terms. Certain terms which will, unless otherwise varied in the applicable Final Terms, apply to Index Warrants, Share Warrants, Debt Warrants, Currency Warrants, Commodity Warrants or Fund Warrants are set out in Condition 16.

The applicable Final Terms will indicate whether the Warrants are American style Warrants (**American Style Warrants**) or European style Warrants (**European Style Warrants**) or such other type as may be specified in the applicable Final Terms, whether automatic exercise (**Automatic Exercise**) applies to the Warrants, whether settlement shall be by way of cash payment (**Cash Settled Warrants**) or physical delivery (**Physical Delivery Warrants**), whether the Warrants are call Warrants (**Call Warrants**) or put Warrants (**Put Warrants**), or such other type as may be specified in the applicable Final Terms, whether the Warrants may only be exercised in Units and whether Averaging (**Averaging**) will apply to the Warrants. If Units are specified in the applicable Final Terms, Warrants must be exercised in Units and any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect. If Averaging is specified as applying in the applicable Final Terms the applicable Final Terms will state the relevant Averaging Dates and, if an Averaging Date is a Disrupted Day, whether Omission, Postponement or Modified Postponement (each as defined in Condition 4 below) applies.

References in these Terms and Conditions, unless the context otherwise requires, to Cash Settled Warrants shall be deemed to include references to Physical Delivery Warrants, which include an option (as set out in the applicable Final Terms) at the Issuer's election to request cash settlement of such Warrant and where settlement is to be by way of cash payment, and references in these Terms and Conditions, unless the context otherwise requires, to Physical Delivery Warrants shall be deemed to include references to Cash Settled Warrants which include an option (as set out in the applicable Final Terms) at the Issuer's election to request physical delivery of the relevant underlying asset in settlement of such Warrant and where settlement is to be by way of physical delivery.

Warrants may allow holders to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Final Terms. Those Warrants where the holder has elected for cash payment will be Cash Settled Warrants and those Warrants where the holder has elected for physical delivery will be Physical Delivery Warrants. The rights of a holder as described in this paragraph may be subject to the Issuer's right to vary settlement as indicated in the applicable Final Terms.

(B) *Title to Warrants*

Each person who is for the time being shown in the records of Clearstream, Luxembourg or of Euroclear as the holder of a particular amount of Warrants (in which regard any warrant or other document issued by Clearstream, Luxembourg or Euroclear as to the amount of Warrants standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, (where the Issuer is BCCL) the Guarantor and the Warrant Agents as the holder of such amount of Warrants for all purposes (and the expressions **Warrantholder** and **holder of Warrants** and related expressions shall be construed accordingly).

(C) *Transfers of Warrants*

All transactions (including transfers of Warrants) in the open market or otherwise must be effected through an account at Clearstream, Luxembourg or Euroclear subject to and in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or of Euroclear, as the case may be. Title will pass upon registration of the transfer in the books of either Clearstream, Luxembourg or Euroclear, as the case may be. Transfers of Warrants may not be effected after the exercise of such Warrants pursuant to Condition 6.

Any reference herein to Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system, specified in the applicable Final Terms or as may otherwise be approved by the Issuer and Principal Warrant Agent, and notified to the Warrantholders in accordance with Condition 11.

2. Status of the Warrants and Guarantee

The Warrants constitute direct, unsubordinated and unsecured obligations of the Issuer and rank equally among themselves and will rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (except as prescribed by law).

Where the Issuer is BCCL, the Guarantee constitutes a direct, unsecured and general obligation of the Guarantor and ranks and will rank equally with all existing and future unsecured obligations of the Guarantor, including those in respect of deposits, but excluding any debts for the time being preferred by operation of law in bankruptcy or other legal proceeding of a similar nature and any subordinated obligations.

3. Guarantee

Subject as provided below and in the Guarantee, the Guarantor has unconditionally and irrevocably, as a continuing obligation, guaranteed, for the benefit of each relevant Warrantholder, all obligations of BCCL to such Warrantholder under the Warrants and in the event that BCCL shall default in satisfying such obligations as and when the same become due, undertaken to satisfy or procure the satisfaction of such obligations upon written demand being made under the Guarantee by the relevant Warrantholder. Provided That (A) in the case of Physical Delivery Warrants that are Call Warrants, notwithstanding that BCCL had the right to vary settlement in respect of such Physical Delivery Warrants in accordance with Condition 5(D) and exercised such right or failed to exercise such right, the Guarantor will have the right at its sole and unfettered discretion to elect not to deliver or procure delivery of the Entitlement to the holders of such Physical Delivery Warrants, but in lieu thereof, to make payment in respect of each such Physical Delivery Warrant of an amount equal to the Guaranteed Cash Settlement Amount calculated pursuant to the terms of the relevant Final Terms (the **Guaranteed Cash Settlement Amount**) and (B) in the case of Warrants where the obligations of BCCL which fall to be satisfied by the Guarantor constitute the delivery of the Entitlement to the holders of such Warrants the Guarantor will as soon as practicable following BCCL's failure to satisfy its obligations under such Warrants deliver or procure delivery of such Entitlement using the method of delivery specified in the relevant Final Terms, Provided That, if in the opinion of the Guarantor, delivery of the Entitlement using such method is impossible or impracticable by reason of (i) a Settlement Disruption Event (as defined in Condition 5(C)(ii)) or (ii) if "Failure to Deliver due to Illiquidity" is specified as applying in the relevant Final Terms, a Failure to Deliver due to Illiquidity (as defined in Condition 5(C)(iii)), in lieu of such delivery the Guarantor will make payment in respect of each such Warrant of, in the case of (i) above, the Guaranteed Cash Settlement Amount or, in the case of (ii) above the Failure to Deliver Settlement Price (as defined in Condition 5(C)(iii)). Any payment of the Guaranteed Cash Settlement Amount or the Failure to Deliver Settlement Price, as the case may be in respect of a Warrant shall constitute a complete discharge of the Guarantor's obligations in respect of such Warrant.

4. Definitions

For the purposes of these Terms and Conditions, the following general definitions will apply:

Actual Exercise Date means the Exercise Date (in the case of European Style Warrants) or, subject to Condition 7(A)(ii), the date during the Exercise Period on which the Warrant is actually or is deemed exercised or, if Automatic Exercise is specified as applying in the applicable Final Terms, is automatically exercised (in the case of American Style Warrants (as more fully set out in Condition 5(A)(i)));

Affiliate means in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **control** means ownership of a majority of the voting power of an entity;

Averaging Date means, in respect of an Actual Exercise Date, each date specified as an Averaging Date in the applicable Final Terms or (except in the case of Commodity Warrants), if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) if **Omission** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur in respect of such Actual Exercise Date, then the provisions of the definition of **Valuation Date** will apply for purposes of determining the relevant level, price or amount on the final Averaging Date with respect to that Actual Exercise Date as if such Averaging Date were a Valuation Date that was a

Disrupted Day; or

- (b) if **Postponement** is specified as applying in the applicable Final Terms, then the provisions of the definition of **Valuation Date** will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if **Modified Postponement** is specified as applying in the applicable Final Terms then:
 - (i) where the Warrants are Index Warrants relating to a single Index or Share Warrants relating to a single Share, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of such Actual Exercise Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below;
 - (ii) where the Warrants are Index Warrants relating to a Basket of Indices or Share Warrants relating to a Basket of Shares, the Averaging Date for each Index or Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the **Scheduled Averaging Date**) and the Averaging Date for an Index or Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index or Share. If the first succeeding Valid Date in relation to such Index or Share has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of such Actual Exercise Date, then (A) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in respect of such Index or Share, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "Valuation Date" below; and
 - (iii) where the Warrants are Debt Warrants or Currency Warrants, provisions for determining the Averaging Date in the event of Modified Postponement applying will be set out in the applicable Final Terms,

for the purposes of these Terms and Conditions, **Valid Date** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in relation to the Actual Exercise Date does not or is not deemed to occur;

Business Day means (i) a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant Business Day Centre(s) and Clearstream, Luxembourg and Euroclear are open for business and (ii) for the purposes of making payments in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

Cash Settlement Amount means, in relation to Cash Settled Warrants, the amount to which the Warrantholder is entitled in the Settlement Currency in relation to each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, as determined by the Calculation Agent pursuant to Condition 5;

Disrupted Day means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

Entitlement means, in relation to a Physical Delivery Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Warrantholder is entitled to receive on the Settlement Date in respect of each such Warrant or Unit, as the case may be, following payment of the Exercise Price (and any other sums payable)

rounded down as provided in Condition 5(C)(i), as determined by the Calculation Agent including any documents evidencing such Entitlement;

Exchange means:

- (a) in respect of Index Warrants and in relation to an Index each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) in respect of Share Warrants and in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange);

Exchange Business Day means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time;

Exercise Business Day means:

- (a) in the case of Cash Settled Warrants, a day that is a Business Day; and
- (b) in the case of Physical Delivery Warrants, a day that is a Business Day and a Scheduled Trading Day;

Related Exchange means, in respect of Index Warrants and in relation to an Index or in respect of Share Warrants and in relation to a Share, each exchange or quotation system specified as such for such Index or Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index or Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index or such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), Provided That where **All Exchanges** is specified as the Related Exchange in the applicable Final Terms, **Related Exchange** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index or such Share;

Scheduled Closing Time means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

Scheduled Trading Day means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions;

Scheduled Valuation Date means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

Settlement Date means:

- (a) in relation to Cash Settled Warrants:
 - (x) in respect of Index Warrants, Share Warrants, Debt Warrants or Fund Warrants, in relation to each Actual Exercise Date, (i) where Averaging is not specified in the applicable Final Terms, the fifth Business Day following the Valuation Date provided that if the Warrants are Index Warrants relating to a Basket of Indices, Share Warrants relating to a Basket of Shares, Debt Warrants relating to a Basket of Debt Securities or Fund Warrants relating to a Basket of Funds and the occurrence of a Disrupted Day has

resulted in a Valuation Date for one or more Indices, Shares or Debt Securities, as the case may be, being adjusted as set out in the definition of **Valuation Date** below, the Settlement Date shall be the fifth Business Day next following the last occurring Valuation Date in relation to any Index, Share, Debt Security, or Fund, as the case may be, or (ii) where Averaging is specified in the applicable Final Terms, the fifth Business Day following the last occurring Averaging Date provided that where the Warrants are Index Warrants relating to a Basket of Indices, Share Warrants relating to a Basket of Shares, Debt Warrants relating to a basket of Debt Securities or Fund Warrants relating to a Basket of Funds and the occurrence of a Disrupted Day has resulted in an Averaging Date for one or more Indices, Shares, Debt Securities or Funds, as the case may be, being adjusted as set out in the definition of **Averaging Date** above, the Settlement Date shall be the fifth Business Day next following the last occurring Averaging Date in relation to any Index, Share or Debt Security, as the case may be, or such other date as is specified in the applicable Supplement; or

- (y) in respect of Commodity Warrants, in relation to each Actual Exercise Date, the second Business Day following the date on which the Settlement Price is calculated; and

- (b) in relation to Physical Delivery Warrants:

the date specified as such in the applicable Final Terms;

Settlement Price means, in relation to each Cash Settled Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be:

- (a) in respect of Index Warrants, subject to Condition 16(A) and as referred to in **Valuation Date** below or **Averaging Date** above, as the case may be:
 - (i) in the case of Index Warrants relating to a Basket of Indices, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price) equal to the sum of the values calculated for each Index as the official closing level for each Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent as set out in the applicable Final Terms at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequently published correction, multiplied by the relevant Multiplier; and
 - (ii) in the case of Index Warrants relating to a single Index, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price) equal to the official closing level of the Index as determined by the Calculation Agent or, if so specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent as set out in the applicable Final Terms at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequently published correction;
- (b) in respect of Share Warrants, subject to Condition 16(B) and as referred to in **Valuation Date** below or **Averaging Date** above, as the case may be:
 - (i) in the case of Share Warrants relating to a Basket of Shares, an amount equal to the sum of the values calculated for each Share at the official closing price (or the price at the Relevant Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share (as defined in Condition 16(B)) on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequently published correction (or if in the opinion of the Calculation Agent, any such official closing price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the Valuation Date or such Averaging Date, as the case

may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the relevant Share whose official closing price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be determined based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the relevant Share or on such other factors as the Calculation Agent shall decide), multiplied by the relevant Multiplier, each such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and the sum of such converted amounts to be the Settlement Price, all as determined by or on behalf of the Calculation Agent; and

- (ii) in the case of Share Warrants relating to a single Share, an amount equal to the official closing price (or the price at the Relevant Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share (as defined in Condition 16(B)) on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date and, in either case, without regard to any subsequent published correction (or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide), such amount to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent;
- (c) in respect of Debt Warrants, subject as referred to in **Valuation Date** below or **Averaging Date** above:
 - (i) in the case of Debt Warrants relating to a Basket of Debt Securities, an amount equal to the sum of the values calculated for each Debt Security at the bid price for such Debt Security as determined by or on behalf of the Calculation Agent by reference to the bid price for such Debt Security appearing on the Relevant Screen Page at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, or if such price is not available, the arithmetic mean of the bid prices for such Debt Security at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, as received by it from two or more market-makers (as selected by the Calculation Agent) in such Debt Security, such bid prices to be expressed as a percentage of the nominal amount of such Debt Security, multiplied by the relevant Multiplier;
 - (ii) in the case of Debt Warrants relating to a single Debt Security, an amount equal to the bid price for the Debt Security as determined by or on behalf of the Calculation Agent by reference to the bid price for such Debt Security appearing on the Relevant Screen Page at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, or if such price is not available, the arithmetic mean of the bid prices for such Debt Security at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, as received by it from two or more market-makers (as selected by the Calculation Agent) in such Debt Security, such bid prices to be expressed as a percentage of the nominal amount of the Debt Security;

- (d) in respect of Currency Warrants:
 - (i) in the case of Currency Warrants relating to a Basket of Subject Currencies, an amount equal to the sum of the values calculated for each Subject Currency at the spot rate of exchange appearing on the Relevant Screen Page at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of such Base Currency for which one unit of the Subject Currency can be exchanged) or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent), multiplied by the relevant Multiplier; and
 - (ii) in the case of Currency Warrants relating to a single Subject Currency, an amount equal to the spot rate of exchange appearing on the Relevant Screen Page at the Relevant Time on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Base Currency for which one unit of the Subject Currency can be exchanged) or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Relevant Time on the Valuation Date or such Averaging Date, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent);
- (e) in respect of Commodity Warrants, the provisions relating to the calculation of the Settlement Price will be set out in the applicable Final Terms; and
- (f) in respect of Fund Warrants, the provisions relating to the calculation of the Settlement Price will be set out in the applicable Final Terms.

Valuation Date means the Actual Exercise Date of the relevant Warrant or, if that is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Warrants are Index Warrants relating to a single Index, Share Warrants relating to a single Share or Debt Warrants relating to a single Debt Security, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Settlement Price:
 - (x) in the case of Index Warrants, by determining the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with (subject to Condition 16(A)(2)) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day); or
 - (y) in the case of Share Warrants, Debt Warrants or Fund Warrants, in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that eighth Scheduled Trading Day; or

- (b) where the Warrants are Index Warrants relating to a Basket of Indices, Share Warrants relating to a Basket of Shares or Debt Warrants relating to a Basket of Debt Securities, the Valuation Date for each Index, Share or Debt Security, as the case may be, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index, Share or Debt Security affected, as the case may be, (each an **Affected Item**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the Affected Item, the level or value as applicable, determined in the manner set out in the applicable Final Terms, and, in the case of a Share, Debt Security or Fund a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using:
- (x) in the case of an Index, the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day); or
- (y) in the case of a Share or Debt Security, its good faith estimate of the value for the Affected Item as of the Valuation Time on that eighth Scheduled Trading Day,

and otherwise in accordance with the above provisions; and

Valuation Time means the Relevant Time specified in the applicable Final Terms or, in the case of Index Warrants or Share Warrants, if no Relevant Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to each Index or Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

5. Exercise Rights

(A) Exercise Period

(i) American Style Warrants

American Style Warrants are exercisable on any Exercise Business Day during the Exercise Period.

If Automatic Exercise is not specified as applying in the applicable Final Terms, any American Style Warrant with respect to which no Exercise Notice (as defined below) has been delivered in the manner set out in Condition 6, at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the last Exercise Business Day of the Exercise Period (the **Expiration Date**), shall become void.

If the Warrants are Cash Settled Warrants and Automatic Exercise is specified as applying in the applicable Final Terms any such American Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 6, at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the Expiration Date shall be automatically exercised on the Expiration Date and the provisions of Condition 6(G) shall apply.

The Exercise Business Day during the Exercise Period on which an Exercise Notice is delivered prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), to Clearstream, Luxembourg or Euroclear, as the case may be, and the copy thereof so received by the Principal Warrant Agent or, if the Warrants are Cash Settled Warrants and Automatic Exercise is specified as applying in the applicable Final Terms and no Exercise Notice has been delivered at or prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate) on the Expiration Date, the Expiration Date, is referred to herein as the **Actual Exercise Date**. If any Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Principal Warrant Agent, in each case, after 10.00 a.m., Luxembourg or Brussels time (as appropriate), on any Exercise Business Day during the Exercise Period, such Exercise Notice will

be deemed to have been delivered on the next Exercise Business Day, which Exercise Business Day shall be deemed to be the Actual Exercise Date, provided that any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 6 at or prior to 10.00 a.m. Luxembourg or Brussels time (as appropriate) on the Expiration Date shall (i) if Automatic Exercise is not specified as applying in the applicable Final Terms, become void or (ii), if the Warrants are Cash Settled Warrants and Automatic Exercise is specified as applying in the applicable Final Terms, be automatically exercised on the Expiration Date as provided above.

(ii) European Style Warrants

European Style Warrants are only exercisable on the Exercise Date.

If Automatic Exercise is not specified as applying in the applicable Final Terms, any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 6, at or prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate) on the Actual Exercise Date, shall become void.

If the Warrants are Cash Settled Warrants and Automatic Exercise is specified as applying in the applicable Final Terms, any such European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 6, at or prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate) on the Actual Exercise Date, shall be automatically exercised on the Actual Exercise Date and the provisions of Condition 6(F) shall apply.

(B) *Cash Settlement*

If the Warrants are Cash Settled Warrants, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit entitles its holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) equal to:

- (i) where Averaging is not specified in the applicable Final Terms:
 - (a) if such Warrants are Call Warrants,

(Settlement Price less Exercise Price) multiplied by, in the case of Debt Warrants only, the Nominal Amount;
 - (b) if such Warrants are Put Warrants,

(Exercise Price less Settlement Price) multiplied by, in the case of Debt Warrants only, the Nominal Amount; and
 - (c) if such Warrants are neither Call Warrants nor Put Warrants, settlement will be as specified in the applicable Final Terms;
- (ii) where Averaging is specified in the applicable Final Terms:
 - (a) if such Warrants are Call Warrants,

(the arithmetic mean of the Settlement Prices for all the Averaging Dates less Exercise Price) multiplied by, in the case of Debt Warrants only, the Nominal Amount;
 - (b) if such Warrants are Put Warrants,

(Exercise Price less the arithmetic mean of the Settlement Prices for all the Averaging Dates) multiplied by, in the case of Debt Warrants only, the Nominal Amount; and
 - (c) if such Warrants are neither Call Warrants nor Put Warrants, settlement will be as specified in the applicable Final Terms.

Any amount determined pursuant to the above, if not an amount in the Settlement Currency, will be converted into the Settlement Currency at the Exchange Rate specified in the applicable Final Terms for the purposes of determining the Cash Settlement Amount. The Cash Settlement Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the relevant Settlement Currency, 0.005 (or, in the case of Japanese Yen, half a unit) being rounded upwards, with Warrants exercised at the same time by the same Warrantholder being aggregated for the purpose of

determining the aggregate Cash Settlement Amounts payable in respect of such Warrants or Units, as the case may be.

(C) *Physical Settlement*

(i) Exercise Rights in relation to Physical Delivery Warrants

If the Warrants are Physical Delivery Warrants, each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, entitles its holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date the Entitlement subject to payment of the relevant Exercise Price and any other sums payable. The method of delivery of the Entitlement is set out in the applicable Final Terms.

Warrants or Units, as the case may be, exercised at the same time by the same Warrantholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Warrants or Units, as the case may be, PROVIDED THAT the aggregate Entitlements in respect of the same Warrantholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and no cash adjustment will be made in respect thereof.

Following exercise of a Share Warrant which is a Physical Delivery Warrant, all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the relevant Actual Exercise Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a Warrantholder will be paid to the account specified by the Warrantholder in the relevant Exercise Notice as referred to in Condition 6(A)(2)(vi).

(ii) Settlement Disruption

If, following the exercise of Physical Delivery Warrants, in the opinion of the Calculation Agent, delivery of the Entitlement using the method of delivery specified in the applicable Final Terms is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on any Settlement Date, then such Settlement Date for such Warrants shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, PROVIDED THAT the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant or Unit, as the case may be, by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Settlement Date shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Settlement Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Settlement Date. In the event that a Settlement Disruption Event will result in the delivery on a Settlement Date of some but not all of the Relevant Assets comprising the Entitlement, the Calculation Agent shall determine in its discretion the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Warrantholder in respect of that partial settlement. For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant or Unit, as the case may be, by payment to the relevant Warrantholder of the Disruption Cash Settlement Price (as defined below) on the fifth Business Day following the date that notice of such election is given to the Warrantholders in accordance with Condition 11. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 11. The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 11 that a Settlement Disruption Event has occurred. No Warrantholder shall be entitled to any payment in respect of the relevant Warrant or Unit, as the case may be, in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

For the purposes hereof:

Disruption Cash Settlement Price means, in respect of any relevant Warrant or Unit, as the case may be, the fair market value of such Warrant or Unit, as the case may be (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion, plus, if already

paid, the Exercise Price (or, where as provided above some Relevant Assets have been delivered, and a *pro rata* portion thereof has been paid, such *pro rata* portion); and

Settlement Disruption Event means, in the opinion of the Calculation Agent or, if the proviso to Condition 3(B) applies, the Guarantor, an event beyond the control of the Issuer or, if the proviso to Condition 3(B) applies, the Guarantor as a result of which the Issuer or the Guarantor, as the case may be, cannot make delivery of the Relevant Asset(s) using the method specified in the applicable Final Terms.

(iii) Failure to Deliver due to Illiquidity

If "Failure to Deliver due to Illiquidity" is specified as applicable in the applicable Final Terms and, following the exercise of Physical Delivery Warrants, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the **Affected Relevant Assets**) comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a **Failure to Deliver due to Illiquidity**), then

- (a) subject as provided elsewhere in the Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Settlement Date in accordance with Condition 5(C)(i) and the Calculation Agent shall determine in its discretion the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Warrantholder in respect of that partial settlement; and
- (b) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant or Unit, as the case may be, by payment to the relevant Warrantholder of the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date that notice of such election is given to the Warrantholders in accordance with Condition 11. Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 11. The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 11 that the provisions of this Condition 5(C)(iii) apply.

For the purposes hereof:

Failure to Deliver Settlement Price means, in respect of any relevant Warrant or Unit, as the case may be, the fair market value of such Warrant or Unit, as the case may be (taking into account, the Relevant Assets comprising the Entitlement which have been duly delivered as provided above), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion, plus, if already paid, the Exercise Price (or, where as provided above some Relevant Assets have been delivered, and a *pro rata* portion thereof has been paid, such *pro rata* portion).

(D) *Issuer's Option to Vary Settlement*

If the applicable Final Terms indicates that the Issuer has an option to vary settlement in respect of the Warrants, upon a valid exercise of Warrants in accordance with these Terms and Conditions, the Issuer may at its sole and unfettered discretion in respect of each such Warrant or, if Units are specified in the applicable Final Terms, each Unit, elect not to pay the relevant Warrantholders the Cash Settlement Amount or to deliver or procure delivery of the Entitlement to the relevant Warrantholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Cash Settlement Amount on the Settlement Date to the relevant Warrantholders, as the case may be. Notification of such election will be given to Warrantholders no later than 10.00 a.m. (London time) on the second Business Day following the Actual Exercise Date.

(E) *General*

In relation to any Cash Settled Warrants where Automatic Exercise is specified as applying in the applicable Final Terms, the expressions "exercise", "due exercise" and related expressions shall be construed to apply to any such Warrants which are automatically exercised in accordance with the above provisions.

None of the Issuer, (where the Issuer is BCCL) the Guarantor, the Calculation Agent and the Warrant Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount or of any Entitlement.

The purchase of Warrants does not confer on any holder of such Warrants any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

All references in this Condition to "Luxembourg or Brussels time" shall, where Warrants are cleared through an additional or alternative clearing system, be deemed to refer as appropriate to the time in the city where the relevant clearing system is located.

6. Exercise Procedure

(A) Exercise Notice

Warrants may only be exercised by the delivery, or the sending by tested telex (confirmed in writing), of a duly completed exercise notice (an **Exercise Notice**) in the form set out in the Master Warrant Agreement (copies of which form may be obtained from Clearstream, Luxembourg, Euroclear and the Warrant Agents) to Clearstream, Luxembourg or Euroclear, as the case may be, with a copy to the Principal Warrant Agent in accordance with the provisions set out in Condition 5 and this Condition.

(1) In the case of Cash Settled Warrants, the Exercise Notice shall:

- (i) specify the series number of the Warrants and the number of Warrants being exercised and, if Units are specified in the applicable Final Terms, the number of Units being exercised;
- (ii) specify the number of the Warrantholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited with the Warrants being exercised;
- (iii) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on or before the Settlement Date the Warrantholder's account with the Warrants being exercised;
- (iv) specify the number of the Warrantholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with the Cash Settlement Amount (if any) for each Warrant or Unit, as the case may be, being exercised;
- (v) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with the exercise of such Warrants (**Exercise Expenses**) and an authority to Clearstream, Luxembourg or Euroclear to deduct an amount in respect thereof from any Cash Settlement Amount due to such Warrantholder and/or to debit a specified account of the Warrantholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses;
- (vi) certify, *inter alia*, that the beneficial owner of each Warrant being exercised is not a U.S. person (as defined in the Exercise Notice); and
- (vii) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Master Warrant Agreement.

(2) In the case of Physical Delivery Warrants, the Exercise Notice shall:

- (i) specify the series number of the Warrants and the number of Warrants being exercised and, if Units are specified in the applicable Final Terms, the number of Units being exercised;
- (ii) specify the number of the Warrantholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited with the Warrants being exercised;
- (iii) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on or before the Settlement Date the Warrantholder's account with the Warrants being exercised;

- (iv) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on the Actual Exercise Date a specified account of the Warrantholder with Clearstream, Luxembourg or Euroclear, as the case may be, with the aggregate Exercise Prices in respect of such Warrants or Units, as the case may be, (together with any other amounts payable);
- (v) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the exercise of such Warrants and/or the delivery or transfer of the Entitlement pursuant to the terms of such Warrants (**Exercise Expenses**) and an authority to Clearstream, Luxembourg or Euroclear to debit a specified account of the Warrantholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses;
- (vi) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and the number of the Warrantholder's account with Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Disruption Cash Settlement Price or Failure to Deliver Settlement Price, as applicable;
- (vii) in the case of Currency Warrants only, specify the number of the Warrantholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with the amount due upon exercise of the Warrants;
- (viii) certify, *inter alia*, that the beneficial owner of each Warrant being exercised is not a U.S. person (as defined in the Exercise Notice); and
- (ix) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Master Warrant Agreement.

- (3) If Condition 5(D) applies, the form of Exercise Notice required to be delivered will be different from that set out above. Copies of such Exercise Notice may be obtained from Clearstream, Luxembourg, Euroclear and the Warrant Agents during normal office hours.

(B) *Verification of the Warrantholder*

Upon receipt of an Exercise Notice, Clearstream, Luxembourg or Euroclear, as the case may be, shall verify that the person exercising the Warrants is the holder thereof according to the books of Clearstream, Luxembourg or Euroclear, as the case may be. Subject thereto, Clearstream, Luxembourg or Euroclear, as the case may be, will confirm to the Principal Warrant Agent the series number and number of Warrants being exercised and the account details, if applicable, for the payment of the Cash Settlement Amount or, as the case may be, the details for the delivery of the Entitlement of each Warrant or Unit, as the case may be, being exercised. Upon receipt of such confirmation, the Principal Warrant Agent will inform the Issuer thereof. Clearstream, Luxembourg or Euroclear, as the case may be, will on or before the Settlement Date debit the account of the relevant Warrantholder with the Warrants being exercised. If the Warrants are American Style Warrants, upon exercise of less than all the Warrants constituted by the Global Warrant, the Common Depositary will, on the instructions of, and on behalf of, the Principal Warrant Agent, note such exercise on the Schedule to the Global Warrant and the number of Warrants so constituted shall be reduced by the cancellation *pro tanto* of the Warrants so exercised.

(C) *Settlement*

(i) *Cash Settled Warrants*

The Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Warrant or Unit, as the case may be, to the Warrantholder's account specified in the relevant Exercise Notice for value on the Settlement Date less any Exercise Expenses.

(ii) **Physical Delivery Warrants**

Subject to payment of the aggregate Exercise Prices and payment of any Exercise Expenses with regard to the relevant Warrants or Units, as the case may be, the Issuer shall on the Settlement Date deliver, or procure the delivery of, the Entitlement for each duly exercised Warrant or Unit, as the case may be, pursuant to the details specified in the Exercise Notice. Subject as provided in Condition 5(C), the Entitlement shall be delivered and evidenced in such manner as set out in the applicable Final Terms.

(D) **Determinations**

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Warrant Agent, and shall be conclusive and binding on the Issuer, the Warrant Agents and the relevant Warrantholder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Warrant Agent immediately after being delivered or sent to Clearstream, Luxembourg or Euroclear, as the case may be, as provided in paragraph (A) above, shall be null and void.

If such Exercise Notice is subsequently corrected to the satisfaction of Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Warrant Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to Clearstream, Luxembourg or Euroclear, as the case may be, and the Principal Warrant Agent.

If Automatic Exercise is not specified as applying in the applicable Final Terms, any Warrant with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the cut-off time specified in Condition 5(A)(i), in the case of American Style Warrants, or Condition 5(A)(ii), in the case of European Style Warrants, shall become void.

Clearstream, Luxembourg or Euroclear, as the case may be, shall use its best efforts promptly to notify the Warrantholder submitting an Exercise Notice if, in consultation with the Principal Warrant Agent, it has determined that such Exercise Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, (where the Issuer is BCCL) the Guarantor, the Warrant Agents, Clearstream, Luxembourg or Euroclear shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Warrantholder.

(E) **Delivery of an Exercise Notice**

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Warrantholder to exercise the Warrants specified. After the delivery of such Exercise Notice, such exercising Warrantholder may not transfer such Warrants.

(F) **Automatic Exercise**

This paragraph only applies if the Warrants are Cash Settled Warrants, Automatic Exercise is specified as applying in the applicable Final Terms and the Warrants are automatically exercised as provided in Condition 5(A)(i) or Condition 5(A)(ii).

In order to receive the Cash Settlement Amount, if the Warrants are Cash Settled Warrants, or the Entitlement, if the Warrants are Physical Delivery Warrants, in respect of a Warrant, or if Units are specified in the applicable Final Terms, a Unit, as the case may be, the relevant Warrantholder must deliver or send by tested telex (confirmed in writing) a duly completed Exercise Notice to Clearstream, Luxembourg or Euroclear, as the case may be, with a copy to the Agent on any Business Day until not later than 10.00 a.m., Luxembourg or Brussels time (as appropriate), on the day (the **Cut-off Date**) falling 180 days after (i) the Expiration Date, in the case of American Style Warrants or (ii) the Actual Exercise Date, in the case of European Style Warrants. The Exercise Notice shall include the applicable information set out in the Exercise Notice referred to in Condition 6(A)(1), Condition 6(A)(2) or Condition 6(A)(3), as applicable. The Business Day during the period from the Expiration Date or the Actual Exercise Date, as the case may be, until the Cut-off Date on which an Exercise Notice is delivered to Clearstream, Luxembourg or Euroclear, as the case may be, and a copy thereof delivered to the Agent is referred to in this Condition 6(F) as the **Exercise Notice Delivery Date**. Provided That, if the Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Agent, in each case, after 10.00 a.m., Luxembourg or Brussels time (as appropriate), on any Business Day, such Exercise Notice shall be deemed to have been delivered on the next Business Day, which Business Day shall be deemed to be the Exercise Notice Delivery Date.

Subject to the relevant Warrantholder performing its obligations in respect of the relevant Warrant or Unit, as the case may be, in accordance with these Conditions, the Settlement Date for such Warrants or Units, as the case may be, shall be (i) in the case of Cash Settled Warrants, the fifth Business Day following the Exercise Notice Delivery Date and (ii) in the case of Physical Delivery Warrants and subject to Condition 6(C)(ii), the fifth Settlement Business Day following the Exercise Notice Delivery Date. In the event that a Warrantholder does not so deliver an Exercise Notice in accordance with this Condition 6(F) prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), on the Cut-off Date, the Issuer's obligations in respect of such Warrants shall be discharged and no further liability in respect thereof shall attach to the Issuer or (where the Issuer is BCCL) the Guarantor.

(G) *Exercise Risk*

Exercise of the Warrants is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date and none of the Issuer, (where the Issuer is BCCL) the Guarantor and the Warrant Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer, (where the Issuer is BCCL) the Guarantor and the Warrant Agents shall under any circumstances be liable for any acts or defaults of Clearstream, Luxembourg or Euroclear in relation to the performance of its duties in relation to the Warrants.

7. Minimum and Maximum Number of Warrants Exercisable

(A) *American Style Warrants*

This paragraph (A) applies only to American Style Warrants.

- (i) The number of Warrants exercisable by any Warrantholder on any Actual Exercise Date or, in the case of Automatic Exercise, the number of Warrants held by any Warrantholder on any Actual Exercise Date, in each case, as determined by the Issuer, must not be less than the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.
- (ii) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Warrantholder or a group of Warrantholders (whether or not acting in concert) exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number being the **Quota**), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Exercise Business Days until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Quota of Warrants are exercised on the same day by Warrantholder(s), the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

(B) *European Style Warrants*

This paragraph (B) applies only to European Style Warrants.

The number of Warrants exercisable by any Warrantholder on the Exercise Date, as determined by the Issuer, must be equal to the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

8. Illegality

If the Issuer determines that the performance of its obligations under the Warrants has become illegal in whole or in part for any reason, the Issuer may cancel the Warrants by giving notice to Warrantholders in accordance with Condition 11.

Should any one or more of the provisions contained in these Terms and Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer cancels the Warrants then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Warrantholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by such holder, which amount shall be the fair market value of a Warrant or Unit, as the case may be, notwithstanding such illegality less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements plus, if already paid by or on behalf of the Warrantholder, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 11.

9. Purchases

The Issuer or any Affiliate may, but is not obliged to, at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may be held or resold or surrendered for cancellation.

10. Agents, Determinations, Meetings Provisions and Modifications

(A) *Warrant Agents*

The specified office of the Warrant Agents are as set out at the end of these Terms and Conditions.

The Issuer and (where the Issuer is BCCL) the Guarantor reserve the right at any time to vary or terminate the appointment of any Warrant Agent and to appoint further or additional Warrant Agents, provided that no termination of appointment of the Principal Warrant Agent shall become effective until a replacement Principal Warrant Agent shall have been appointed and provided that, so long as any of the Warrants are listed on a stock exchange, there shall be a Warrant Agent having a specified office in each location required by the rules and regulations of the relevant stock exchange or admitted to trading or listing by any other relevant authority. Notice of any termination of appointment and of any changes in the specified office of any Warrant Agent will be given to Warrantholders in accordance with Condition 11. In acting under the Master Warrant Agreement, each Warrant Agent acts solely as agent of the Issuer and (where the Issuer is BCCL) the Guarantor and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantholders and any determinations and calculations made in respect of the Warrants by any Warrant Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, (where the Issuer is BCCL) the Guarantor and the Warrantholders.

(B) *Calculation Agent*

In relation to each issue of Warrants, the Calculation Agent (whether it be the Bank or another entity) acts solely as agent of the Issuer, (where the Issuer is BCCL) the Guarantor and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantholders. All calculations and determinations made in respect of the Warrants by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, (where the Issuer is BCCL) the Guarantor and the Warrantholders.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

(C) *Determinations by the Issuer or the Guarantor*

Any determination made by the Issuer or (where the Issuer is BCCL) the Guarantor pursuant to these Terms and Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Warrantholders.

(D) *Meetings of Warrantholders*

The Master Warrant Agreement contains provisions for convening meetings of the Warrantholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agreement) of a modification of the Terms and Conditions or the Master Warrant Agreement. At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to Warrantholders. Such a meeting may be convened by the Issuer, (where the Issuer is BCCL) the Bank or Warrantholders holding not less than 5 per cent. (by number) of the Warrants for the time being remaining unexercised. The quorum at a meeting of the Warrantholders (except for the purpose of passing an Extraordinary Resolution) will be two or more persons holding or representing not less than 20 per cent. (by number) of the Warrants for the time being remaining unexercised, or at any adjourned meeting two or

more persons being or representing Warrantholders whatever the number of Warrants so held or represented. The quorum at a meeting of Warrantholders for the purpose of passing an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. (by number) of the Warrants for the time being remaining unexercised or at any adjourned meeting two or more persons being holding or representing not less than 10 per cent. (by number) of the Warrants for the time being remaining unexercised. A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-fourths of the votes cast by Warrantholders at such meeting as, being entitled to do so, vote in person or by proxy. An Extraordinary Resolution passed at any meeting of the Warrantholders shall be binding on all the Warrantholders, whether or not they are present at the meeting, save for those Warrants remaining unexercised but for which an Exercise Notice shall have been received as described in Condition 6 prior to the date of the meeting. Warrants which have not been exercised but in respect of which an Exercise Notice has been received as described in Condition 6 will not confer the right to attend or vote at, or join in convening, or be counted in the quorum for, any meeting of the Warrantholders. Resolutions can be passed in writing if passed unanimously.

(E) *Modifications*

The Issuer may modify these Terms and Conditions and/or the Master Warrant Agreement without the consent of the Warrantholders in any manner which the Issuer may deem necessary or desirable provided that such modification is not materially prejudicial to the interests of the Warrantholders or such modification is of a formal, minor or technical nature or to correct a manifest or proven error or to cure, correct or supplement any defective provision contained herein and/or therein. Notice of any such modification will be given to the Warrantholders in accordance with Condition 11 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

11. Notices

All notices to Warrantholders shall be valid if delivered (i) to Clearstream, Luxembourg and Euroclear for communication by them to the Warrantholders and (ii) if and so long as the Warrants are listed on a stock exchange or are admitted to trading by another relevant authority, in accordance with the rules and regulations of the relevant stock exchange or other relevant authority. Any such notice shall be deemed to have been given on the second Business Day following such delivery or, if earlier, the date of such publication or, if published more than once, on the date of the first such publication.

12. Expenses and Taxation

- (A) A holder of Warrants must pay all Exercise Expenses relating to such Warrants as provided above.
- (B) The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Warrant and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

13. Further Issues

The Issuer shall be at liberty from time to time without the consent of Warrantholders to create and issue further Warrants so as to be consolidated with and form a single series with the outstanding Warrants.

14. Substitution of Issuer or Guarantor

- (A) The Issuer, other than where the Issuer is the Bank, shall be entitled at any time, without the consent of any Warrantholder, to substitute any subsidiary or holding company of the Issuer or any subsidiary of any such holding company the identity of which shall be in the absolute discretion of the Issuer (the **New Issuer**) in place of the Issuer, to act as obligor in respect of any Warrants issued by it, provided that (i) the New Issuer shall assume all obligations of the Issuer in relation to the Warrantholders under or in relation to the Warrants and (ii) the obligations of the New Issuer shall continue to be guaranteed by the Guarantor (unless the New Issuer is the Guarantor itself). In the event of any such substitution, any reference in these Conditions to the Issuer shall be construed as a reference to the New Issuer. Such substitution shall be promptly notified to the Warrantholders in accordance with Condition 11. In connection with such right of substitution, the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for individual Warrantholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Warrantholder shall be entitled to claim from the Issuer or New Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon such Warrantholder.

- (B) The Bank as Issuer and Guarantor shall be entitled at any time, without the consent of the Warrantholders, to substitute any other entity the identity of which shall be in the absolute discretion of the Bank (the **New Entity**) in place of the Bank as Issuer or Guarantor to act as obligor in respect of the Warrants issued by it or as guarantor in respect of BCCL's obligations under the Warrants provided that (i) the New Entity's long term unsecured, unsubordinated and unguaranteed debt obligations are rated at least the same as the Bank's long term unsecured, unsubordinated and unguaranteed debt obligations at the date on which the substitution is to take effect or the New Entity has an equivalent long term rating from another internationally recognised rating agency and (ii) if applicable, the New Entity enters into a guarantee on substantially the same terms as the Guarantee. In the event of any such substitution, any reference in the Terms and Conditions to the Bank in its capacity as Issuer or as Guarantor shall be construed as a reference to the New Entity and any reference to the Guarantee shall be construed as a reference to the new guarantee. Such substitution shall be promptly notified to the Warrantholders in accordance with Condition 11. In connection with such right of substitution, the Bank in its capacity as Issuer or as Guarantor shall not be obliged to have regard to the consequences of the exercise of such right for individual Warrantholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Warrantholder shall be entitled to claim from the Bank in its capacity as Issuer or as Guarantor or New Entity any indemnification or payment in respect of any tax or other consequence of any such substitution upon such Warrantholder.

15. **Governing Law**

The Warrants, the Global Warrant, the Master Warrant Agreement and the Guarantee are governed by and shall be construed in accordance with English law.

Where the Issuer is BCCL, the Issuer irrevocably agrees for the exclusive benefit of each Warrantholder that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Warrants and that accordingly any suit, action or proceeding (together in this Condition referred to as **Proceedings**) arising out of or in connection with the Warrants may be brought in such courts. Nothing contained in this Condition shall limit the right of any Warrantholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

Where the Issuer is BCCL, the Issuer agrees that process in connection with Proceedings in the courts of England will be validly served on it if served upon Barclays Capital Services Limited at its offices for the time being (being at the date hereof 1 Churchill Place, London E14 5HP) and agrees that, in the event of it ceasing to have an office in London it will appoint another person as its agent for service of process in England in respect of any Proceedings.

16. **Terms for Index Warrants, Share Warrants, Debt Warrants, Commodity Warrants and Fund Warrants**

(A) *Index Warrants*

For the purposes of this Condition 16(A):

Indices and **Index** mean, subject to adjustment in accordance with this Condition 16(A), the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly; and

Index Sponsor means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms.

(1) **Market Disruption**

Market Disruption Event means, in relation to Warrants relating to a single Index or Basket of Indices, in respect of an Index:

- (a) the occurrence or existence at any time during the one hour period that ends at the Valuation Time:
 - (i) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise;

- (A) on any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index; or
- (B) in futures or options contracts relating to the relevant Index on any relevant Related Exchange;
- (ii) of any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, on any relevant Exchange(s) securities/commodities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

- (b) the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security/commodity included in the Index at any time, then the relevant percentage contribution of that security/commodity to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security/commodity and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

The Calculation Agent shall give notice as soon as practicable to the Warrant holders in accordance with Condition 11 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been an Averaging Date or a Valuation Date.

(2) Adjustments to an Index

- (a) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the **Successor Index**) will be deemed to be the Index.

- (b) Modification and Cessation of Calculation of an Index

If (i) on or prior to a Valuation Date or an Averaging Date the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an **Index Modification**), or permanently cancels a relevant Index and no Successor Index exists (an **Index Cancellation**), or (ii) on a Valuation Date or an Averaging Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an **Index Disruption** and, together with an Index Modification and an Index Calculation, each an **Index Adjustment Event**), then

- (i) the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Warrants and, if so, shall calculate the relevant Settlement Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date or that Averaging Date, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event; or

- (ii) the Issuer shall cancel the Warrants by giving notice to Warrantholders in accordance with Condition 11. If the Warrants are so cancelled the Issuer will pay an amount to each Warrantholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by him which amount shall be the fair market value of a Warrant or a Unit, as the case may be, taking into account the Index Adjustment Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 11.

(c) Notice

The Calculation Agent shall, as soon as practicable, notify the Principal Warrant Agent of any determination made by it pursuant to paragraph (b) above and the action proposed to be taken in relation thereto and the Principal Warrant Agent shall make available for inspection by Warrantholders copies of any such determinations.

(B) *Share Warrants*

For the purposes of this Condition 16(B):

Basket Company means a company whose shares are included in the Basket of Shares and **Basket Companies** means all such companies;

Shares and **Share** mean, subject to adjustment in accordance with this Condition 16(B), in the case of an issue of Warrants relating to a Basket of Shares, each share and, in the case of an issue of Warrants relating to a single Share, the share, specified in the applicable Final Terms and related expressions shall be construed accordingly; and

Share Company means, in the case of an issue of Warrants relating to a single Share, the company that has issued such share.

(1) **Market Disruption**

Market Disruption Event means, in relation to Warrants relating to a single Share or a Basket of Shares, in respect of a Share:

- (a) the occurrence or existence any time during the one hour period that ends at the Valuation Time for such Share:
 - (i) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or any Related Exchange or otherwise:
 - (A) relating to the Share on the Exchange; or
 - (B) in futures or options contracts relating to the Share on any relevant Related Exchange; or
 - (ii) of any event (other than as described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions, in or obtain market values for, the Share on the Exchange or (B) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the Share on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

- (b) the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

The Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 11 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date or a Valuation Date.

(2) **Potential Adjustment Events, Merger Event, Tender Offer, De-listing, Nationalisation and Insolvency**

(a) **Potential Adjustment Event** means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event or, if Tender Offer is specified as applying in the applicable Final Terms, a Tender Offer) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (a) such Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, as a result of a spin-off or other similar transaction or (d) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;
- (v) a repurchase by the Basket Company or its subsidiaries or Share Company or its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vi) in respect of a Basket Company or Share Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Company or Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; and
- (vii) any other event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

Following the declaration by the Basket Company or Share Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (ii) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall give notice as soon as practicable to the Warrantholders in accordance with Condition 11, stating the adjustment to any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event.

- (b) **De-Listing** means, in respect of any relevant Shares, the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or, if Tender Offer is specified as applying in the applicable Final Terms, a Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Basket Company or Share Company, as the case may be, (i) all the Shares of that Basket Company or Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company or Share Company, as the case may be, become legally prohibited from transferring them.

Merger Date means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

Merger Event means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before (a) in the case of Cash Settled Warrants, the last occurring Valuation Date or where Averaging is specified in the applicable Final Terms, the final Averaging Date in respect of the relevant Warrant or (b) in the case of Physical Delivery Warrants, the relevant Settlement Date.

Nationalisation means that all the Shares or all or substantially all the assets of the Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

Tender Offer means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Basket Company or Share Company, as the case may be, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

If (x) a Merger Event, De-listing, Nationalisation or Insolvency and/or (y), if Tender Offer is specified as applying in the applicable Final Terms, a Tender Offer occurs in relation to a Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii), (iii) or (iv) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The relevant adjustments may in the case of adjustments following a Merger Event or Tender Offer

include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Warrants. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency made by any options exchange to options on the Shares traded on that options exchange; or

- (ii) in the case of Share Warrants relating to a Basket of Shares cancel part of the Warrants by giving notice to Warrantholders in accordance with Condition 11. If the Warrants are so cancelled in part the portion (the **Cancelled Amount**) of each Warrant or if Units are specified in the applicable Final Terms each Unit representing the affected Share(s) shall be cancelled and the Issuer will (i) pay to each Warrantholder in respect of each Warrant or Units, as the case may be, held by him an amount equal to the fair market value of the Cancelled Amount, taking into account the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion; and (ii) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for such cancellation in part. For the avoidance of doubt the remaining part of each Warrant or Unit, as the case may be, after such cancellation and adjustment shall remain outstanding with full force and effect. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 11; or
- (iii) cancel the Warrants by giving notice to Warrantholders in accordance with Condition 11. If the Warrants are so cancelled the Issuer will pay an amount to each Warrantholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by him which amount shall be the fair market value of a Warrant or a Unit, as the case may be, taking into account the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements plus, if already paid, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 11; or
- (iv) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the **Options Exchange**), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

Upon the occurrence of a Merger Event, De-listing, Nationalisation, Insolvency or, if applicable, a Tender Offer, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 11 stating the occurrence of the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

(C) *Debt Warrants*

Market Disruption

Market Disruption Event shall mean the suspension of or limitation imposed on trading either on any exchange on which the Debt Securities or any of them (in the case of a Basket of Debt Securities) are traded or on any exchange on which options contracts or futures contracts with respect to the Debt Securities or any of them (in the case of a Basket of Debt Securities) are traded if, in the determination of the Calculation Agent, such suspension or limitation is material.

The Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 11 that a Market Disruption Event has occurred.

(D) *Commodity Warrants*

(1) **Definitions**

For the purposes of this Condition 16(D):

Calculation Agent Determination means that the Calculation Agent will determine the relevant Relevant Price (or a method for determining the relevant Relevant Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that in its sole discretion it deems relevant.

Commodity and Commodities mean, subject to adjustment in accordance with this Condition 16(D), in the case of an issue of Warrants relating to a Basket of Commodities, each commodity and, in the case of an issue of Warrants relating to a single Commodity, the Commodity, specified in the applicable Final Terms and related expressions shall be construed accordingly.

Commodity Index means an index comprising various commodities, as specified in the applicable Final Terms.

Delayed Publication or Announcement means that the Relevant Price for a Pricing Date will be determined based on the Specified Price in respect of the original day scheduled as such Pricing Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date) or the Relevant Price continues to be unavailable for two consecutive Commodity Business Days. In that case, the next Disruption Fallback specified in the applicable Final Terms will apply.

Delivery Date means the date specified in the applicable Final Terms.

Disappearance of Commodity Reference Price means (A) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange; (B) the disappearance of, or of trading in, the Commodity; or (C) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract or the Commodity.

Fallback Reference Price means that the Calculation Agent will determine the Relevant Price based on the price for that Pricing Date of the first alternate Commodity Reference Price, if any, specified in the applicable Final Terms and not subject to a Market Disruption Event.

Futures Contract means, in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity or Commodity Index referred to in that Commodity Reference Price.

Material Change in Content means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or relevant Futures Contract.

Material Change in Formula means the occurrence since the Trade Date of a material change in the formula for or method of calculating the relevant Commodity Reference Price.

Postponement means that the Pricing Date will be deemed, for purposes of the application of this Disruption Fallback, to be the first succeeding Commodity Business Day on which the Market

Disruption Event ceases to exist, unless that Market Disruption Event continues to exist for two consecutive Commodity Business Days (measured from and including the original day that would otherwise have been the Pricing Date). In that case, the next Disruption Fallback specified in the applicable Final Terms will apply.

Price Source means the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the relevant Commodity Reference Price or otherwise in the applicable Final Terms.

Price Source Disruption, means (A) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price; or (B) the temporary or permanent discontinuance or unavailability of the Price Source.

Specified Price means for any Pricing Date, the price, expressed as a price per unit of the Commodity or the price of the Commodity Index, determined with respect to that day for the specified Commodity Reference Price calculated as provided in the Conditions and the applicable Final Terms.

Trading Day means, a day when:

- (i) the Calculation Agent is open for business in London and New York; and
- (ii) the relevant exchanges for all futures contracts included in the Commodity Reference Price are open for trading.

Trading Disruption means the material suspension of, or the material limitation imposed on, trading in the Futures Contract or the Commodity on the Exchange or in any additional futures contract, options contract or commodity on any Exchange as specified in the applicable Final Terms.

For these purposes:

- (A) a suspension of the trading in the Futures Contract or the Commodity on any Commodity Business Day shall be deemed to be material only if:
 - (i) all trading in the Futures Contract or the Commodity is suspended for the entire Pricing Date; or
 - (ii) all trading in the Futures Contract or the Commodity is suspended subsequent to the opening of trading on the Pricing Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract or such Commodity on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and
- (B) a limitation of trading in the Futures Contract or the Commodity on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the Futures Contract or the Commodity may fluctuate and the closing or settlement price of the Futures Contract or the Commodity on such day is at the upper or lower limit of that range.

(2) **Terms relating to Calculation of Prices**

- (A) **Common Pricing**

With respect to Warrants relating to a Basket of Commodities, if **Common Pricing** is specified in the applicable Final Terms as:

- (I) **Applicable** then, no date will be a Pricing Date unless such date is a day on which all referenced Commodity Reference Prices (for which such date would otherwise be a Pricing Date) are scheduled to be published or announced, as determined on the Trade Date of the Warrants as of the Issue Date;

- (II) **Not Applicable** then, if the Calculation Agent determines that a Market Disruption Event has occurred or exists on the Pricing Date in respect of any Relevant Commodity and/or Commodity Index (each an **Affected Commodity**), the Relevant Price of each Commodity and/or Commodity Index within the basket which is not affected by the occurrence of a Market Disruption Event shall be determined on its scheduled Pricing Date and the relevant Commodity Price for each Affected Commodity shall be determined in accordance with the first applicable Disruption Fallback that provides a Relevant Price.

All determinations made by the Calculation Agent pursuant to this condition will be conclusive and binding on the Warrantholders, the Issuer and the Guarantor (where the Warrants are issued by BCCL) except in the case of manifest error;

(B) **Correction to Published Prices**

For purposes of determining or calculating the Relevant Price, if the price published or announced on a given day and used or to be used by the Calculation Agent to determine a Relevant Price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within 30 calendar days after the original publication or announcement (or, if earlier the day falling 2 Commodity Business Days preceding the Settlement Date for the relevant Warrants), the Calculation Agent may, in its sole discretion, use such corrected price in determining the Cash Settlement Amount or the amount payable under the Warrants. The Calculation Agent shall notify the Issuer of any such correction, the revised Relevant Price and the amount payable, as a result of that correction.

The Issuer reserves the right (such right to be exercised in the Issuer's sole and unfettered discretion and without any liability whatsoever) to make such adjustments as it believes appropriate in circumstances where an event or events occur that the Issuer believes, in its sole discretion, should, in the context of the issue of Warrants and the obligations of the Issuer thereunder, give rise to such adjustment as is necessary to preserve the economic equivalent of the obligations of the Issuer under the Warrants.

(3) **Market Disruption and Disruption Fallback**

If, in the opinion of the Calculation Agent, a Market Disruption Event (as defined below) has occurred and is continuing on any Pricing Date (or, if different, the day on which price for that Pricing Date would, in the ordinary course, be published by the Price Source), the Relevant Price for that Pricing Date will be determined by the Calculation Agent in accordance with the first applicable Disruption Fallback (as set out below) that provides a relevant Commodity Price;

(B) **Market Disruption Event**

Market Disruption Event means the occurrence of any of the following events:

- (a) with respect to a relevant Commodity:
- (i) Price Source Disruption;
 - (ii) Trading Disruption;
 - (iii) Disappearance of Commodity Reference Price;
 - (iv) Material Change in Formula;
 - (iv) Material Change in Content; and
 - (vi) any additional Market Disruption Events as specified in the applicable Final Terms.

- (b) With respect to a Commodity Index:
 - (i) a temporary or permanent failure by the applicable exchange or other price source to announce or publish (a) the final settlement price for the Commodity Reference Price or (b) closing price for any futures contract included in the Commodity Reference Price;
 - (ii) a material limitation, suspension or disruption of trading in one or more of the futures contracts included in the Commodity Reference Price which results in a failure by the exchange on which each applicable futures contract is traded to report a closing price for such contract on the day on which such event occurs or any succeeding day on which it continues; or
 - (iii) the closing price for any futures contract included in the Commodity Reference Price is a "limit price", which means that the closing price for such contract for a day has increased or decreased from the previous day's closing price by the maximum amount permitted under applicable exchange rules.
- (c) Disruption Fallback

Disruption Fallback means a source or method that may give rise to an alternative basis for determining the Relevant Price in respect of a specified Commodity Reference Price when a Market Disruption Event occurs or exists on a day that is a Pricing Date in respect of the relevant Warrant. A Disruption Fallback is applicable if it is specified in the applicable Final Terms or, if no Disruption Fallback is specified in the applicable Final Terms, shall mean:

- (a) With respect to a relevant Commodity, (in the following order):
 - (i) Fallback Reference Price (if applicable);
 - (ii) Delayed Publication or Announcement and Postponement (each to operate concurrently with the other and each subject to a period of two consecutive Commodity Business Days (measured from and including the original day that would otherwise have been the Pricing Date)) provided, however, that the price determined by Postponement shall be the Relevant Price only if Delayed Publication or Announcement does not yield a Relevant Price within that two consecutive Commodity Business Days); and
 - (iii) Calculation Agent Determination;
- (b) With respect to a Commodity Index:
 - (i) with respect to each futures contract included in the Commodity Reference Price which is not affected by the Market Disruption Event, the Relevant Price will be based on the closing prices of each such contract on the applicable determination date;
 - (ii) with respect to each futures contract included in the Commodity Reference Price which is affected by the Market Disruption Event, the Relevant Price will be based on the closing prices of each such contract on the first day following the applicable determination date on which no Market Disruption Event is occurring with respect to such contract;
 - (iii) subject to sub-clause (iv) below, the Calculation Agent shall determine the Relevant Price by reference to the closing prices determined in sub-clauses (i) and (ii) above using the then-current method for calculating the Relevant Price; and
 - (iv) where a Market Disruption Event with respect to one or more futures contracts included in the Commodity Reference Price continues to exist (measured from and including the first day following the applicable determination date) for five consecutive

Trading Days, the Calculation Agent shall determine the Relevant Price in good faith and in a commercially reasonable manner.

(4) **Adjustments to a Commodity Index**

- (a) If a Commodity Index is permanently cancelled or is not calculated and announced by the sponsor of such Commodity Index or any of its affiliates (together the **Sponsor**) but (i) is calculated and announced by a successor sponsor (the **Successor Sponsor**) acceptable to the Calculation Agent, or (ii) replaced by a successor index (the **Successor Index**) using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of such Commodity Index, then the Commodity Reference Price will be determined on the basis of the index so calculated and announced by that Successor Sponsor or that Successor Index, as the case may be.
- (b) If on or prior to a Pricing Date (i) the Sponsor makes a material change in the formula for or the method of calculating such Commodity Index or in any other way materially modifies such Commodity Index (other than a modification prescribed in that formula or method to maintain the Commodity Index in the event of changes in constituent commodities and weightings and other routine events), or (ii) the Sponsor permanently cancels the Commodity Index or (iii) the Sponsor fails to calculate and announce the Commodity Index for a continuous period of three Trading Days and the Calculation Agent determines that there is no Successor Sponsor or Successor Index, then the Calculation Agent may at its option (in the case of (i)) and shall (in the case of (ii) and (iii)) (such events (i) (ii) & (iii) to be collectively referred to as **Index Adjustment Events**) calculate the Settlement Price using in lieu of the published level for that Commodity Index, the level for that Commodity Index as at the relevant determination date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Commodity Index last in effect prior to the relevant Index Adjustment Event, but using only those futures contracts that comprised that Index immediately prior to the relevant Index Adjustment Event (other than those futures contracts that have ceased to be listed on any relevant exchange).

(5) **Commodity Business Day Convention**

If the applicable Final Terms specify a Commodity Business Day Convention, then if a relevant date falls on a day that is not a Commodity Business Day:

- (a) if "Following" is specified as applicable in the applicable Final Terms, that date will be the first following day that is a Commodity Business Day;
- (b) if "Modified Following" is specified as applicable in the applicable Final Terms, that date will be the first following day that is a Commodity Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Commodity Business Day;
- (c) if "Nearest" is specified as applicable in the applicable Final Terms, that date will be the first preceding day that is a Commodity Business Day if the relevant date otherwise falls on a day other than a Sunday or Monday and will be the first following day that is a Commodity Business Day if the relevant date otherwise falls on a Sunday or a Monday; and
- (d) if "Preceding" is specified as applicable in the applicable Final Terms, that date will be the first preceding day that is a Commodity Business Day.

(6) **Notice**

The Calculation Agent shall, as soon as practicable, notify the Principal Warrant Agent of any determination made by it pursuant to Condition 16(D)(3) or Condition 16(D)(4) and the action proposed to be taken in relation thereto and the Principal Warrant Agent shall make available for inspection by Warrantholders copies of any such determinations.

(E) *Fund Warrants*

Any market disruption, adjustment and/or termination provisions relating to Fund Warrants will be set out in the applicable Final Terms.

(F) *Additional Disruption Events*

- (a) **Additional Disruption Event** means any of Change of Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing and/or Loss of Stock Borrow, in each case if specified in the applicable Final Terms.

Change in Law means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (X) it has become illegal to hold, acquire or dispose of any relevant Share (in the case of Share Warrants) or any relevant security/commodity comprised in an Index (in the case of Index Warrants) or (Y) it will incur a materially increased cost in performing its obligations in relation to the Warrants (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

Hedging Disruption means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

Hedging Shares means the number of Shares (in the case of Share Warrants) or securities/commodities comprised in an Index (in the case of Index Warrants) that the Calculation Agent deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Warrants.

Increased Cost of Hedging means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

Increased Cost of Stock Borrow means that the Issuer and/or any of its Affiliates would incur a rate to borrow any Share (in the case of Share Warrants) or any security/commodity comprised in an Index (in the case of Index Warrants) that is greater than the Initial Stock Loan Rate.

Initial Stock Loan Rate means, in respect of a Share (in the case of Share Warrants) or a security/commodity comprised in an Index (in the case of Index Warrants), the initial stock loan rate specified in relation to such Share, security or commodity in the applicable Final Terms.

Insolvency Filing means that a Share Company or Basket Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company or Basket Company shall not be deemed an Insolvency Filing.

Loss of Stock Borrow means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share (in the case of Share Warrants) or any securities/commodities comprised in an Index (in the case of Index Warrants) in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

Maximum Stock Loan Rate means, in respect of a Share (in the case of Share Warrants) or a security/commodity comprised in an Index (in the case of Index Warrants), the Maximum Stock Loan Rate specified in the applicable Final Terms.

- (b) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
- (ii) cancel the Warrants by giving notice to Warrantholders in accordance with Condition 11. If the Warrants are so cancelled the Issuer will pay an amount to each Warrantholder in respect of each Warrant or, if Units are specified in the applicable Final Terms, each Unit, as the case may be, held by him which amount shall be the fair market value of a Warrant or a Unit, as the case may be, taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements plus, if already paid, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 11.
- (c) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Warrantholders in accordance with Condition 11 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

17. **Adjustments for European Monetary Union**

The Issuer may, without the consent of the Warrantholders, on giving notice to the Warrantholders in accordance with Condition 11:

- (i) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Warrants shall be redenominated in euro;

The election will have effect as follows:

- (A) where the Settlement Currency of the Warrants is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide, after consultation with the Calculation Agent, and as may be specified in the notice, and after the Adjustment Date, all payments of the Cash Settlement Amount in respect of the Warrants will be made solely in euro as though references in the Warrants to the Settlement Currency were to euro;
- (B) where the Exchange Rate and/or any other terms of these Terms and Conditions are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (the **Original Currency**) of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of these Terms and Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted from or, as the case may be into, euro at the Established Rate; and
- (C) such other changes shall be made to these Terms and Conditions as the Issuer may decide, after consultation with the Calculation Agent to conform them to conventions then applicable to instruments expressed in euro; and/or
- (ii) require that the Calculation Agent make such adjustments to the Multiplier and/or the Settlement Price and/or the Exercise Price and/or any other terms of these Terms and Conditions and/or the Final Terms as the Calculation Agent, in its sole discretion, may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the Multiplier and/or the Settlement Price and/or the Exercise Price and/or such other terms of these Terms and Conditions.

Notwithstanding the foregoing, none of the Issuer, the Calculation Agent and the Warrant Agents shall be liable to any Warrantholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith;

In this Condition, the following expressions have the following meanings:

Adjustment Date means a date specified by the Issuer in the notice given to the Warrantholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

Established Rate means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to first sentence of Article 1091(4) of the Treaty;

euro means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty;

National Currency Unit means the unit of the currency of a country, as those units are defined on the day before the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union; and

Treaty means the treaty establishing the European Community, as amended.

18. Contracts (Rights of Third Parties) Act 1999

The Warrants do not confer on a third party any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Warrants but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

USE OF PROCEEDS

The Issuers intend to apply the net proceeds from each issue of Warrants for general corporate purposes. A substantial portion of the proceeds may be used to hedge market risks with respect to Warrants. If, in respect of any particular issue of Warrants, there is a particular identified use of proceeds this will be stated in the applicable Final Terms.

FORM OF THE DEED OF GUARANTEE

THIS GUARANTEE is EXECUTED as a **DEED POLL** on 2nd June, 2006 by **BARCLAYS BANK PLC** (registered in England no.1026167) whose registered office is at 1 Churchill Place, London E14 5HP (the **Guarantor**) for the benefit of the holders for the time being of the Warrants (each a **Warrantholder**).

WHEREAS:

- (A) Barclays Capital (Cayman) Limited (BCCL) and the Guarantor have entered into a Master Warrant Agreement (the **Warrant Agreement**, which expression includes the same as it may be amended, supplemented or restated from time to time) dated 2nd June, 2006, with JPMorgan Chase Bank N.A. as principal warrant agent (the **Principal Warrant Agent**) and the other agents named therein under which, *inter alia*, BCCL proposes to issue from time to time warrants (the **Warrants**) of any kind including, but not limited to, Warrants relating to a specified index or a basket of indices, a specified share or a basket of shares, a specified debt security or basket of debt securities, a specified currency or basket of currencies, a specified commodity or basket of commodities or a specified fund or basket of funds.
- (B) BCCL whose registered office is at the offices of Barclays Private Bank & Trust (Cayman) Limited, P.O. Box 487, Grand Cayman has requested the Guarantor and the Guarantor has agreed to guarantee the obligations of BCCL in respect of each Warrant for the benefit of the relevant Warrantholder in accordance with, and as limited by, the terms and conditions of this Guarantee.
- (C) Terms defined in the Terms and Conditions of the Warrants as amended and/or supplemented by the Final Terms (the **Final Terms**) issued by BCCL in respect of the relevant Warrants (the **Conditions**), and/or the Warrant Agreement and not otherwise defined in this Deed of Guarantee shall have the same meanings when used in this Deed of Guarantee.

NOW THIS DEED WITNESSES as follows:

- 1.1 Subject as provided below, the Guarantor unconditionally and irrevocably, as a continuing obligation, guarantees, for the benefit of each relevant Warrantholder, in accordance with the terms and conditions of this Guarantee, all obligations of BCCL to such Warrantholder under the Warrants and, in the event that BCCL shall default in satisfying such obligations as and when the same become due, undertakes to satisfy or procure the satisfaction of such obligations upon written demand being made under this Guarantee by the relevant Warrantholder, Provided That (A) in the case of Physical Delivery Warrants that are Call Warrants, notwithstanding that BCCL had the right to vary settlement in respect of such Physical Delivery Warrants in accordance with Condition 5(D) and exercised such right or failed to exercise such right, the Guarantor will have the right at its sole and unfettered discretion to elect not to deliver or procure delivery of the Entitlement to the holders of such Physical Delivery Warrants, but in lieu thereof, to make payment in respect of each such Physical Delivery Warrant of an amount equal to the Guaranteed Cash Settlement Amount calculated pursuant to the terms of the relevant Final Terms (the **Guaranteed Cash Settlement Amount**) and (B) in the case of Warrants where the obligations of BCCL which fall to be satisfied by the Guarantor constitute the delivery of the Entitlement to the holders of such Warrants the Guarantor will as soon as practicable following BCCL's failure to satisfy its obligations under such Warrants deliver or procure delivery of such Entitlement using the method of delivery specified in the relevant Final Terms, Provided That, if in the opinion of the Guarantor, delivery of the Entitlement using such method is impossible or impracticable by reason of (i) a Settlement Disruption Event (as defined in Condition 5(C)(ii)) or (ii) if "Failure to Deliver due to Illiquidity" is specified as applying in the relevant Final Terms, a Failure to Deliver due to Illiquidity (as defined in Condition 5(C)(iii)), in lieu of such delivery the Guarantor will make payment in respect of each such Warrant of, in the case of (i) above, the Guaranteed Cash Settlement Amount or, in the case of (ii) above, the Failure to Deliver Settlement Price (as defined in Condition 5(C)(iii)). Any payment of the Guaranteed Cash Settlement Amount or the Failure to Deliver Settlement Price, as the case may be, in respect of a Warrant shall constitute a complete discharge of the Guarantor's obligations in respect of such Warrant.
- 1.2 The Guarantor waives any right it may have of first requiring any Warrantholder to make demand, proceed or enforce any rights or security against BCCL or any other person before making a claim against the Guarantor under this Guarantee.
- 2. A Warrantholder shall only be entitled to take or obtain the benefit of this Guarantee upon the condition that, after receipt by the Guarantor of a written demand from the Warrantholder, the Guarantor shall be entitled to deal with the Warrantholder, and the Warrantholder shall be obliged to deal with the Guarantor,

with respect to any obligation to the Warrantholder under the Warrants and this Guarantee without the necessity or duty to rely on, act through or otherwise involve or deal with BCCL to the intent that the Guarantor and the Warrantholder shall deal with one another as principals in relation to the same provided that the rights, powers, privileges and remedies of the Warrantholder under this Guarantee shall not thereby be in any way limited or otherwise affected.

3. No delay or omission on the part of a Warrantholder in exercising any right or remedy in respect of this Guarantee shall impair any such right or remedy or be construed as a waiver of any thereof nor shall any single or partial exercise of any such right or remedy preclude any further exercise thereof or the exercise of any other right or remedy. The rights and remedies provided in this Guarantee are cumulative and not exclusive of any rights or remedies provided by law. Nothing in this Guarantee shall be construed as voiding, negating or restricting any right of set-off or any other right whatsoever existing in favour of a Warrantholder or arising at common law, by statute or otherwise howsoever.
4. This Guarantee is a continuing guarantee and shall not be satisfied, discharged or affected by any intermediate payment, performance or settlement of account.
5. The Guarantor will not exercise any rights of subrogation or any other rights or remedy (including, without limiting the generality of the foregoing, the benefit of any security or right of set-off) which it may acquire due to its satisfaction of any obligations in respect of any Warrant pursuant to the terms of this Guarantee and will not prove in the liquidation or winding up of BCCL in competition with any Warrantholder unless and until all obligations in respect of the relevant Warrantholder guaranteed by this Guarantee have been satisfied in full by the Guarantor. In the event that the Guarantor shall receive any payment or delivery of assets on account of such rights while any obligations remain to be satisfied, the Guarantor shall pay all amounts or deliver all assets so received to the relevant Warrantholders.
6. Payments under this Guarantee shall be made free and clear of any deduction or withholdings other than those required by law.
7. Any demand or notice under this Guarantee shall be given in writing or by cable, telex or facsimile transmission addressed to the Guarantor at the registered or principal office of the Guarantor. A demand so made shall be deemed to have been duly made if left at such address on the day it was so left or, if sent by post, two weekdays after the time when the same was put in the post and in proving delivery it shall be sufficient to prove that the same was properly addressed and put in the post. Any such demand sent by cable, telex or facsimile transmission shall be deemed to have been duly made at the time of despatch.
8. The liability of the Guarantor under this Guarantee shall not be affected by the liquidation, winding-up or other incapacity of BCCL. In the event that any obligation of BCCL to a Warrantholder is avoided or reduced by virtue of any enactments for the time being in force relating to liquidation or insolvency, the Warrantholder shall be entitled to recover the value or amount of the relevant payment or seek delivery of the relevant assets, as applicable, from the Guarantor as if such payment or delivery by BCCL had not been made.
9. This Guarantee shall remain in full force and effect irrespective of the validity, regularity, legality or enforceability against BCCL of, or of any defence or counter-claim whatsoever available in relation to, any obligation of BCCL under the relevant Warrants whether or not any action has been taken to enforce the same or any judgment obtained against BCCL or any other person, whether or not any time or indulgence has been granted to BCCL or any other person by or on behalf of any Warrantholder, whether or not there have been any dealings or transactions between BCCL or any other person and any of the Warrantholders, whether or not BCCL or any other person has been dissolved, liquidated, merged, consolidated, became bankrupt or has changed its status, functions, control or ownership, whether or not BCCL or any other person has been prevented from making payment by foreign exchange provisions applicable at its place of registration or incorporation and whether or not any circumstances have occurred which might otherwise constitute a legal or equitable discharge of or defence to a guarantor.
10. In the event that any of the terms or provisions of this Guarantee are or shall become invalid, illegal or unenforceable, the remaining terms and provisions of this Guarantee shall survive unaffected.
11. The Guarantor shall be entitled at any time, without the consent of any Warrantholder, to substitute any other entity the identity of which shall be in the absolute discretion of the Guarantor (the **New Guarantor**) in place of the Guarantor to act as guarantor in respect of any Warrants then outstanding and any Warrants issued thereafter provided that (i) the New Guarantor's long term unsecured, unsubordinated and unguaranteed debt obligations are rated at least the same as the Guarantor's long term unsecured, unsubordinated and unguaranteed debt obligations at the date on which the substitution is to take effect or the New Guarantor has an equivalent long term rating from another internationally recognised rating agency

and (ii) the New Guarantor enters into a guarantee on substantially the same terms as this Guarantee. In the event of any such substitution, any reference to this Guarantee shall be construed as a reference to the new guarantee. Such substitution shall be promptly notified to the Warrantholders by the Guarantor in the same way as notices are given by BCCL to the Warrantholders in accordance with Condition 11. In connection with such right of substitution, the Guarantor shall not be obliged to have regard to the consequences of the exercise of such right for individual Warrantholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Warrantholder shall be entitled to claim from the Guarantor or New Guarantor any indemnification or payment in respect of any tax or other consequence of any such substitution upon such Warrantholder.

12. This Guarantee shall be deposited with and held by JPMorgan Chase Bank N.A. until all the obligations of the Guarantor have been discharged in full. The Guarantor acknowledges the right of every Warrantholder to the production of, and the right of every Warrantholder to obtain a copy of, this Guarantee.
13. Subject to applicable law, the Guarantor, at its sole option, shall be entitled to purchase any Warrants from any Warrantholder, in whole or in part, to the extent that BCCL may purchase the Warrants *pro rata* in accordance with the amounts then owing under this Guarantee to such Warrantholders.
14. This Guarantee is solely for the benefit of Warrantholders and is not separately transferable from the relevant Warrants.
15. No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Guarantee, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.
16. This Guarantee is governed by and shall be construed in accordance with English law.

IN WITNESS whereof this Guarantee has been executed as a deed poll by the Guarantor on the day and year first written above.

THE COMMON SEAL of)
BARCLAYS BANK PLC)
was in execution of this DEED)
hereunto affixed in the presence of:)
)
)
Authorised Sealing Officer)

DESCRIPTION OF BARCLAYS CAPITAL (CAYMAN) LIMITED

BCCL was incorporated in the Cayman Islands on 24th July, 1989 for an unlimited duration and registered on 26th July, 1989. BCCL operates under Cayman Islands law with limited liability. BCCL's registered office is at the offices of Barclays Private Bank & Trust (Cayman) Limited, P.O. Box 487GT, 4th Floor, First Caribbean Building, 25 Main Street, Georgetown, Grand Cayman, Cayman Islands, British West Indies. Its registration number is 329680. BCCL is a wholly-owned direct subsidiary of the Bank. BCCL's telephone number is 345 949 7128. BCCL complies with the laws of the Cayman Islands.

BCCL was established for the purpose of issuing notes, warrants and buying and selling options. It is the policy of the Directors to hedge fully the liabilities of BCCL arising under notes and warrants issued by BCCL. During the year ended 31st December, 2006, a new position was created between BCCL and the Bank. This has resulted in an increase in fair values of both assets and liabilities in BCCL of £3.7m. The impact of this on the profit and loss account is nil.

BCCL is resident for tax purposes in the United Kingdom.

Share Capital

The following table sets out the capitalisation of BCCL as at the date of this document.

	U.S.\$	GBP
Authorised: 1,000 Ordinary shares of U.S.\$10.00 each	10,000	
100,000,000,000 Preference Shares of GBP0.01 each		1,000,000,000
Allotted and fully paid: 10 Ordinary shares of U.S.\$10.00 each	100	

As at the date hereof BCCL does not have any loan capital outstanding or created but unissued, term loans, any other borrowings or indebtedness in the nature of borrowing, bank overdrafts or liabilities under acceptances, acceptance credits, hire purchase commitments, obligations under finance leases, guarantees or other contingent liabilities.

Directors

The Board of Directors of BCCL consists of:

<i>Name</i>	<i>Function within BCCL</i>	<i>Principal Activities outside BCCL</i>
Eric Didier Bommensath	Director	Investment Banker, Barclays Bank PLC
Jerry Del Missier	Director	Investment Banker, Barclays Bank PLC
Dixit Joshi	Director	Investment Banker, Barclays Bank PLC
Richard Ho	Director	Investment Banker, Barclays Bank PLC
Kate Craven	Director	Investment Banker, Barclays Bank PLC
Giles Rothwell	Director	Investment Banker, Barclays Bank PLC

The business address of all the above Directors is 5 The North Colonnade, Canary Wharf, London E14 4BB.

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

Ultimate Parent Company

The parent undertaking of the smallest group that presents group accounts within which BCCL's accounts are consolidated is the Bank. The ultimate holding company and the parent company of the largest group that presents group accounts within which BCCL's accounts are consolidated is Barclays PLC. Both companies are incorporated in England and Wales. The statutory accounts of both the Bank and Barclays PLC are available from the Company Secretary, One Churchill Place, London E14 5HP.

The Guarantee of the Bank

The Bank has entered into a Guarantee dated 2nd June, 2006 under which the Bank undertakes unconditionally and irrevocably to guarantee the proper, punctual and complete performance by BCCL of its obligations under all Warrants issued by BCCL.

DESCRIPTION OF THE BANK AND THE GROUP

Business

The Bank is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP, telephone number 020 7116 1000. The Bank was incorporated on 7th August, 1925 under the Colonial Bank Act 1925 and on 4th October, 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to the Barclays Bank Act 1984, on 1st January, 1985, Barclays Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC". The Bank complies with the corporate governance regime of the United Kingdom.

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 the Bank is beneficially owned by Barclays PLC, which is the ultimate holding company of the Bank and one of the largest financial services companies in the world by market capitalisation.

The short term unsecured obligations of the Bank 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 Bank are rated AA by Standard & Poor's, Aa1 by Moody's and AA+ by Fitch Ratings Limited.

Based on the Group's audited financial information for the year ended 31st December, 2006, the Group had total assets of £996,503 million (2005: £924,170 million), total net loans and advances¹ of £313,226 million (2005: £300,001 million), total deposits² of £336,316 million (2005: £313,811 million), and total shareholders' equity of £27,106 million (2005: £24,243 million) (including minority interests of £1,685 million (2005: £1,578 million)). The profit before tax of the Group for the year ended 31st December, 2006 was £7,197 million (2005: £5,311 million) after impairment charges on loans and advances, other credit provisions and on available for sale assets of £2,154 million (2005: £1,571 million). The financial information in this paragraph is extracted from the audited financial statements of the Group for the year ended 31st December, 2006.

Other Developments, Competition and Regulatory Matters

Acquisitions

On 1st November, 2006, Barclays acquired the US mortgage servicing business of HomeEq servicing Corporation from Wachovia Corporation.

Disposals

On 1st January, 2006, Barclays completed the sale of the Barclays South African branch business to Absa Group Limited. This consists of the Barclays Capital South African operations and Corporate and Business Banking activities previously carried out by the South African branch of International Retail and Commercial Banking excluding Absa together with the associated assets and liabilities.

On 25th July, 2006, Barclays Asset & Sales Finance (BA&SF) disposed of its interest in its vehicle leasing business, Appleyard Finance Holdings Limited.

On 22nd December, 2006, Barclays disposed of its interest in FirstCaribbean International Bank to Canadian Imperial Bank of Commerce.

On 31st December, 2006, BA&SF disposed of its European Vendor Finance business, including Barclays Industrie Bank GmbH and Barclays Technology Finance Ltd, to CIT Group.

Recent Developments

On 8th February, 2007, the Issuer completed the acquisition of Indexchange Investment AG, Germany's leading provider of exchange traded funds, from Bayerische Hypo - und Vereinsbank. The transaction was announced in November 2006.

¹Total net loans and advances include balances relating to both banks and customers.

²Total deposits include deposits from banks and customer accounts.

On 2nd April, 2007, the Issuer completed the acquisition of Equifirt Corporation, the non-prime mortgage origination business of Regions Financial Corporation for a consideration of approximately U.S.\$76 million. The price is subject to a final adjustment of book value, which is expected to be finalised during the second quarter. The Issuer does not expect a significant adjustment to book value.

On 4th April, 2007, the Issuer announced that its credit card and consumer lending business, Barclaycard, has agreed to sell part of the Monument credit card portfolio and associated servicing capabilities to CompuCredit International Acquisition Corporation and CompuCredit UK Limited, which are both subsidiaries of CompuCredit Corporation, for a consideration of approximately £390 million payable in cash. The consideration is subject to final adjustment following determination of the actual amount of the gross receivables sold. The consideration is expected to be finalised during the second quarter of 2007.

On 23rd April, 2007, the Managing Board and Supervisory Board of ABN AMRO Holding N.V. (**ABN AMRO**) and the Board of Directors of Barclays PLC (**Barclays**) jointly announced that agreement had been reached on the combination of ABN AMRO and Barclays. Each of the Boards has unanimously resolved to recommend the transaction to its respective shareholders. The holding company of the combined group will be called Barclays PLC.

The proposed merger will be implemented through an exchange offer pursuant to which ABN AMRO ordinary shareholders will receive 3.225 ordinary shares in Barclays for each existing ABN AMRO ordinary share and 0.80625 Barclays ADSs for each existing ABN AMRO ADS (the **Offer**). Under the terms of the Offer, Barclays existing ordinary shareholders will own approximately 52 per cent. and ABN AMRO existing ordinary shareholders will own approximately 48 per cent. of the combined group, assuming all of the ABN AMRO ordinary shares and ADSs currently in issue are tendered under the Offer.

Based on the share price of Barclays ordinary shares on 20th April, 2007, the Offer values each ABN AMRO ordinary share at €36.25 taking into account that ABN AMRO ordinary shareholders will be entitled to receive the declared €0.60 2006 final dividend. In addition, depending on the timetable to completion, ABN AMRO ordinary shareholders will also benefit from Barclays 2007 final dividend.

The combined group will have a UK corporate governance structure with a unitary Board. Arthur Martinez will be the Chairman, John Varley will be the Chief Executive Officer, and Bob Diamond will be President. The new board will initially consist of 10 members from Barclays and 9 members from ABN AMRO.

Barclays will be the holding company for the combined group. The UK Financial Services Authority (**FSA**) and De Nederlandsche Bank (**DNB**) have agreed that the FSA will be the lead supervisor of the combined group.

The head office of the combined group will be located in Amsterdam.

The proposed merger is expected to complete during the fourth quarter of 2007.

ABN AMRO also announced on 23rd April, 2007 the sale of LaSalle Bank Corporation (**LaSalle**) to Bank of America for U.S.\$21 billion in cash. ABN AMRO will retain its North American capital markets activities within its Global Markets unit and Global Clients divisions as well as its US Asset Management business. The sale of LaSalle is expected to be completed in the fourth quarter of 2007 and is subject to regulatory approvals and other customary closing conditions. The agreement with Bank of America permits ABN AMRO to execute a similar agreement for a higher offer for the business for a period of 14 calendar days from 22nd April, 2007, permits Bank of America to match any higher offer and provides for a termination fee of U.S.\$200 million payable to Bank of America if the agreement is terminated under certain limited circumstances. The purchase price is subject to certain adjustments linked to the financial performance of LaSalle before the closing of the sale to Bank of America.

The consummation of the sale of LaSalle is an offer condition to the proposed merger. Taking into account the excess capital released by the sale of LaSalle, approximately €12 billion is expected to be distributed to shareholders in a tax efficient form, primarily through buy backs, after completion of the Offer.

The expectation that ABN AMRO and Barclays would reach an agreement on the intended Offer was realised after meetings of the Barclays Board in London and the ABN AMRO Managing Board and Supervisory Board in Amsterdam. Following these meetings, ABN AMRO and Barclays entered into a merger protocol (the **Merger Protocol**).

The commencement of the Offer is subject to the satisfaction or waiver of certain pre-Offer conditions customary for transactions of this type and certain other pre-Offer conditions (including regulatory clearances). When made, the Offer will be subject to the satisfaction or waiver of certain Offer conditions customary for transactions of this type and certain other Offer conditions. The conditions are set out in the Merger Protocol.

The terms of the Merger Protocol restrict ABN AMRO from initiating or encouraging discussions or providing confidential information in relation to any proposal which may form an alternative to the Offer. However, ABN AMRO's Boards may withdraw their recommendation of the Offer if its Boards, acting in good faith and observing their fiduciary duties to best serve the interests of ABN AMRO and all its stakeholders, determine an alternative offer to be more beneficial than the Offer. ABN AMRO's Boards will not recommend a competing offer unless Barclays has first had the opportunity to make a revised proposal for ABN AMRO.

If the Merger Protocol is terminated as a result of material breach or withdrawal of recommendation then the other party must pay a break fee of €200 million. Until such termination no other break fees can be agreed with third parties.

The exchange ratio of the Offer will be adjusted to reflect certain capital raisings or capital returns by either party prior to completion of the Offer. Any reduction in the price paid for La Salle below U.S.\$21 billion will be treated as a capital return by ABN AMRO and the exchange ratio will be adjusted accordingly.

On 21st May, 2007 the Issuer announced that it had signed an agreement to acquire Walbrook Group Limited, an independent fiduciary services company based in Jersey, Guernsey, the Isle of Man and Hong Kong.

Competition and regulatory matters

The scale of regulatory change remains challenging, arising in part from the implementation of some key European Union (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 earning.

In the EU as a whole, there was an inquiry into retail banking in all of the then 25 Member States by the European Commission's Directorate General for Competition. The inquiry looked at retail banking in Europe generally and the Group has fully co-operated with the inquiry. On 31st 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 the UK, in September 2005 the Office of Fair Trading (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, following a period of consultation, the OFT referred the PPI market to the UK Competition Commission for an in-depth inquiry on 7th February, 2007. This inquiry could last for up to two years. Also in October 2006, the Financial Services Authority (FSA) 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. The Group has cooperated fully with these investigations and will continue to do so.

In April 2006, the OFT commenced a review of the undertakings given following the conclusion of the Competition Commission inquiry in 2002 into the supply of banking services to small and medium enterprises (SMEs). The Group is cooperating fully with that review.

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 is at an earlier stage and a second MasterCard interchange case is 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. On 9th February 2007 the OFT announced that it was expanding its investigation into interchange rates to include debit cards.

The OFT announced the findings of its investigation into the level of late and over-limit fees on credit cards on 5th April, 2006, requiring a response from credit card companies by 31st May, 2006. Barclaycard responded by confirming that it would reduce its late and over-limit fees on credit cards.

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, and

on 29th March, 2007, the OFT announced its decision to conduct an in-depth market study of personal current accounts in the UK which will sit alongside a formal investigation into the fairness of bank current account charges. This study is expected to be completed by the end of 2007. The full nature of the study and investigation is not clear at present.

On 26th January, 2007, the FSA issued a statement of good practice relating to mortgage exit administration fees. Barclays will charge the fee applicable at the time the customer took out the mortgage, which is one of the options recommended by the FSA.

Directors

Name	Function(s) within the Group	Current directorships/partnerships
Marcus Agius	Group Chairman	Director, British Broadcasting Corporation
John Varley	Group Chief Executive	Non-Executive Director, AstraZeneca PLC
Chris Lucas	Group Finance Director ¹	-
Robert E. Diamond Jr.	President, Barclays PLC Chief Executive, Investment Banking and Investment Management.	-
Ferderik (Frits) Seegers	Chief Executive, Global Retail and Commercial Banking	-
Gary Hoffman	Group Vice-Chairman	Non-Executive Director, Trinity Mirror PLC, Director, Visa Europe Limited, Director, Visa Europe Services Inc.
Sir Nigel Rudd DL	Deputy Chairman, Non-Executive Director	Chairman, Pendragon PLC, Chairman, Alliance Boots PLC, Non-Executive Director, BAe Systems PLC
Sir Richard Broadbent	Senior Independent Director and Non-Executive Director	Chairman, Arriva plc
David Booth	Non-Executive Director	-
Leigh Clifford	Non-Executive Director	-
Fulvio Conti	Non-Executive Director	Chief Executive Officer, Enel SpA
Dr. Danie Cronjé	Non-executive Director	-
Professor Dame Sandra Dawson	Non-Executive Director	KPMG Professor of Management Studies at the University of Cambridge
Sir Andrew Likierman	Non-Executive Director	Professor of Management Practice in Accounting, London Business School, Non-Executive Director, Bank of England
Stephen Russell	Non-Executive Director	-
Sir John Sunderland	Non-Executive Director	Chairman, Cadbury Schweppes PLC, Director Confederation of British Industry

¹ Chris Lucas was appointed Group Finance Director with effect from 1st April, 2007. Naguib Kheraj will be responsible for the 2006 financial statement and will continue to be available after publication of the Annual Report in March 2007 to ensure a smooth handover to Chris Lucas. Naguib Kheraj intends to leave the Group in the second half of 2007.

David Booth has been appointed to the Board as a non-executive director with effect from 1st May, 2007. The business address of the directors is One Churchill Place, London E14 5HP.

Employees

The average number of persons employed by the Group worldwide during 2006, excluding agency staff, was 118,600 (2005: 92,800).

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

TAXATION

Purchasers of Warrants may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase and, in respect of physically settled Warrants, the country of the underlying assets in addition to the issue price of each Warrant.

TRANSACTIONS INVOLVING WARRANTS MAY HAVE TAX CONSEQUENCES FOR POTENTIAL PURCHASERS WHICH MAY DEPEND, AMONGST OTHER THINGS, UPON THE STATUS OF THE POTENTIAL PURCHASER AND LAWS RELATING TO TRANSFER AND REGISTRATION TAXES. POTENTIAL PURCHASERS WHO ARE IN ANY DOUBT ABOUT THE TAX POSITION OF ANY ASPECT OF TRANSACTIONS INVOLVING WARRANTS OR WHO MAY BE SUBJECT TO TAX IN A JURISDICTION OTHER THAN THE UNITED KINGDOM SHOULD CONSULT THEIR OWN TAX ADVISERS.

The comments below are of a general nature and are only a summary of certain aspects of the laws and practice currently applicable in the United Kingdom. Purchasers of Warrants may be subject to other tax consequences in relation to Warrants.

United Kingdom Stamp Duty and Stamp Duty Reserve Tax (SDRT)

Issue

A Global Warrant may be subject to United Kingdom stamp duty if it is executed in the United Kingdom or if it relates to any property situate, or to any matter or thing done or to be done, in the United Kingdom. However, in the context of retail covered warrants listed on the London Stock Exchange, HM Revenue and Customs (**HMRC**) has indicated that no charge to United Kingdom stamp duty will arise on the grant of such warrants. It is not clear whether or not HMRC would be prepared to take such a view in relation to a Global Warrant.

If a Global Warrant is subject to United Kingdom stamp duty, there may be no practical necessity to pay that stamp duty as United Kingdom stamp duty is not an assessable tax. However, a Global Warrant which is not duly stamped cannot be used for any purpose in the United Kingdom; for example it will be inadmissible in evidence in civil proceedings in a United Kingdom court.

If a Global Warrant is subject to United Kingdom stamp duty, and it becomes necessary to pay that stamp duty (for example because this is necessary in order to enforce the document in the United Kingdom), interest will be payable (in addition to the stamp duty) in respect of the period from 30 days after the date of execution of the Global Warrant to the date of payment of the stamp duty. Penalties may also be payable if a Global Warrant which was executed outside the United Kingdom is not stamped within 30 days of first being brought into the United Kingdom. If any United Kingdom stamp duty is required to be paid, it would be payable at the rate of 0.5 per cent. by reference to the amount of consideration given for the issue of Warrants represented by that Global Warrant.

No SDRT should be payable on the issue (into Euroclear or Clearstream) of a cash settled Warrant.

No SDRT should be payable in relation to the issue (into Euroclear or Clearstream) of a physically delivered Warrant which does not give the holder an interest in, rights arising out of, or the right to acquire stock, shares or loan capital.

SDRT at 1.5 per cent. of the consideration will be payable in relation to the issue (into Euroclear or Clearstream) of a physically settled Warrant which gives the holder the right on exercise to acquire stock, shares or loan capital unless such stock, shares or loan capital would qualify as "exempt securities".

Transfer

No United Kingdom stamp duty should be required to be paid on the sale of a Warrant provided no instrument of transfer is used in order to complete the sale.

No SDRT should generally be payable in relation to an agreement to transfer a Warrant within Euroclear or Clearstream.

Exercise

Depending upon the nature of the asset, United Kingdom stamp duty or SDRT may be required to be paid in relation to the transfer of an asset following the exercise of a physically settled Warrant.

However, any such liability to SDRT should be cancelled (or, if already paid, should be repaid) if an instrument effecting the transfer is chargeable with stamp duty (or is otherwise required to be stamped) and has been duly stamped within six years of the agreement being made or, in the case of a conditional agreement, within six years of all conditions being satisfied.

Withholding Tax

No United Kingdom income tax should be required to be deducted or withheld from any payments made on the issue, exercise, sale or other disposition of the Warrants.

Linked Securities

Linked Securities will only be issued by the Bank.

The comments below relate only to the Bank's understanding of certain aspects of United Kingdom taxation applicable to individuals who are the beneficial owners of Linked Securities (and/or their component Warrants) and who are resident or ordinarily resident in the United Kingdom. The comments are based on current United Kingdom tax law and HMRC published practice, are of a general nature and do not apply to certain classes of taxpayers (such as persons carrying on a trade of dealing in Linked Securities (and/or their component Warrants) and persons connected with the Issuer) to whom special rules may apply. The comments are not intended to be, nor should they be regarded as, legal or tax advice. The precise tax treatment of a holder of a Linked Security (or a component Warrant) will depend for each issue on the terms of such Warrants. The tax treatment of an investment in Linked Securities (and/or their component Warrants) may be the subject of change in the future, as may levels of taxation and/or allowances. The Bank gives no assurance as to the actual tax treatment of the Linked Securities (and/or their component Warrants) or of a particular investor as a result of the purchase, holding or sale of a Linked Security (and/or a component Warrants). Prospective investors should note that the relevant taxation provisions are complex, the Linked Securities (and/or their component Warrants) arrangements are innovative, and the provisions in question do not include any clearance procedure under which the views of HMRC can be obtained in advance. Prospective investors in Linked Securities (and/or their component Warrants) 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 seek their own professional advice.

Gains arising to an individual as a result of acquiring then exercising or otherwise disposing of a "qualifying option" are charged to tax under the capital gains tax rules in the Taxation of Chargeable Gains Act 1992. Options which are listed or quoted on a recognised stock exchange are "qualifying options". The London Stock Exchange plc is a recognised stock exchange for these purposes. Accordingly, profits or losses on the Linked Securities (and/or their Component Warrants) arising, otherwise than as profits of a trade, on the sale or exercise of Warrants or on the sale of such Linked Securities by an investor who is resident or ordinarily resident in the United Kingdom for UK tax purposes or, in certain cases, is carrying on a trade in the United Kingdom through a branch or agency, should be treated as chargeable gains or allowable losses for the purposes of the taxation of capital gains in the United Kingdom.

It is expected that investors selling Linked Securities or exercising their component Warrants will be required to compute separately the chargeable gains or losses arising on the Call Warrants and the Put Warrants comprising the Linked Securities. Provisions contained in section 46 of the Taxation of Chargeable Gains Act 1992 (which can restrict the allowable expenditure taken into account in the computation of a chargeable gain or allowable loss for such purposes in respect of "wasting assets" as defined for this purpose) are not expected to apply to the Linked Securities (and/or their component Warrants).

Taper relief should be available in the calculation of any chargeable gain made on the sale of a Warrant (or Linked Security) provided that the relevant Warrant or Linked Security has been held for at least three whole years. The amount of taper relief available will depend, in each case, on the number of whole years during which the Warrants and/or Linked Securities are held. However, taper relief will not be available if Warrants are exercised on a Lock-In Date or the Final Exercise Date.

In many circumstances when an investor sells Linked Securities, as the case may be, or exercises (or abandons) the component Warrants together, one of the component Warrants will give rise to a gain while the other will give rise to a loss. In these circumstances, losses can be set against chargeable gains in such order as results in the largest reduction of the amount charged to capital gains tax. An investor will be entitled to make a tax free gain upon the disposal or exercise of the Warrants or Linked Securities in any tax year equal to the annual exempt amount (£8,800 for the 2006/2007 tax year), assuming the annual exemption has not been utilised in relation to another gain in the same year.

Where a Warrant or Linked Security is held in connection with a trade carried on by the Warrantholder, the cost of acquiring such Warrant or Linked Security and the profit or loss on its sale and, in the case of such Warrant, its exercise will generally be brought into account in the computation of the trading profits of the Warrantholder for UK tax purposes if the Warrantholder is resident in the United Kingdom or if the trade is being exercised through a branch or agency in the United Kingdom.

At maturity a Warrantholder exercising a Call Warrant or a Put Warrant will receive payment of the exercise proceeds, if any, without deduction of tax.

No stamp duty reserve tax will be payable by investors on the initial purchase of the Warrants or the Linked Securities from Barclays Private Bank Limited or on any subsequent dealings in them through an account at Clearstream, Luxembourg or Euroclear. In the context of retail covered warrants listed on the London Stock Exchange, HMRC has indicated that no charge to United Kingdom stamp duty will arise on the grant of such warrants. It is not clear whether or not HMRC would be prepared to take such a view in relation to a Global Warrant.

Even if an instrument is subject to United Kingdom stamp duty there may be no practical necessity to pay that stamp duty, as United Kingdom stamp duty is not an assessable tax. However, an instrument which is not duly stamped cannot be used for any purpose in the United Kingdom; for example it will be inadmissible in evidence in civil proceedings in a United Kingdom court.

In the event that an instrument is subject to United Kingdom stamp duty, and it becomes necessary to pay that stamp duty (for example because this is necessary in order to enforce the document in the United Kingdom), interest will be payable (in addition to the stamp duty) in respect of the period from 30 days after the date of execution of the instrument to the date of payment of the stamp duty. Penalties may also be payable if an instrument which was executed outside the United Kingdom is not stamped within 30 days of first being brought into the United Kingdom. In the case of a Global Warrant representing a series of Warrants, if any United Kingdom stamp duty is required to be paid it would be payable by reference to the amount of consideration given for the Warrants represented by that Global Warrant.

A document constituting a transfer on sale of the Linked Securities and/or the Warrants will generally give rise to *ad valorem* stamp duty, at the current rate of 0.5 per cent of the amount or value of the consideration, unless the transfer is to a depositary for a clearing system or to a person issuing depositary receipts (or an agent or nominee of such a person) where stamp duty will be payable at 1.5 per cent of the amount or value of the consideration. The purchaser of the Linked Securities and/or the Warrants normally pays any stamp duty.

General

Transactions involving Warrants may have tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and may relate to transfer and registration taxes.

Condition 12 (**Expenses and Taxation**) on page 50 should be considered carefully by all potential purchasers of any Warrants.

OFFERING AND SALE

No action has been or will be taken by BCCL, the Bank or any Manager that would permit a public offering of any Warrants or possession or distribution of any offering material in relation to any Warrants in any jurisdiction where action for that purpose is required. No offers, sales, re-sales or deliveries of any Warrants, or distribution of any offering material relating to any Warrants, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on BCCL, the Bank and/or any Manager.

United States

No Warrants of any series nor the Guarantee have been, or will be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or any state securities laws and trading in the Warrants has not been approved by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. The Warrants are only being offered and sold pursuant to the registration exemption contained in Regulation S under the Securities Act. No Warrants of any series, or interests therein, may at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (the **United States**) or directly or indirectly offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered to, or for the account or benefit of, any person (**U.S. person**) who is (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any other **U.S. person** as such term may be defined in Regulation S under the Securities Act. Consequently, any offer, sale, re-sale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each Manager of an issue of Warrants will be required to agree that it, its affiliates and any person acting on its or their behalf will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Warrants of such series in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Each Manager of an issue of Warrants will be required to agree that it, its affiliates, and any person acting on its or their behalf will not offer or sell the Warrants at any time except in accordance with Rule 903 of Regulation S under the Securities Act, and that neither it, its affiliates, nor any persons acting on its or their behalf will engage in any directed selling efforts with respect to the Warrants and it and they will comply with the offering restrictions requirements of Regulation S under the Securities Act. The terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Any person purchasing Warrants of any series must agree with the Manager or the seller of such Warrants that (i) it is not located in the United States and was not solicited to purchase the Warrants while present in the United States, (ii) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Warrants of such series so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, (iii) it is not purchasing any Warrants of such series for the account or benefit of any U.S. person and (iv) it will not make offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of any Warrants of such series (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Each Manager of an issue of warrants will also be required to agree, and any person purchasing Warrants of such series must agree, to send each person who purchases any Warrants of such series from it, at or prior to confirmation of sale of any Warrants, a written confirmation (which shall include the definitions of **United States** and **U.S. persons** set forth herein) stating that the Warrants and the Guarantee have not been registered under the Securities Act, or any state securities laws, and trading in the Warrants and the Guarantee has not been approved by the Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended, and stating that such purchaser agrees that it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver Warrants, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Any person exercising a Warrant will be required to represent, *inter alia*, that it is not a U.S. person the Warrant is not being exercised within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any exercise thereof. See "*Terms and Conditions of the Warrants, Condition 6 - Exercise Procedure*".

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), with effect from and including the date on which the Prospectus Directive is

implemented in that Relevant Member State (the **Relevant Implementation Date**) the Warrants may not be offered to the public in that Relevant Member State, except that, with effect from and including the Relevant Implementation Date, the Warrants may be offered to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Warrants which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Warrants to the public" in relation to any Warrants in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe the Warrants, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

An invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) may only be communicated or caused to be communicated in connection with the issue or sale of any Warrants in circumstances in which Section 21(1) of the FSMA does not or, in the case of the Bank, would not, if it was not an authorised person, apply to BCCL or the Bank.

All applicable provisions of the FSMA must be complied with in respect to anything done in relation to any Warrants in, from or otherwise involving the United Kingdom.

Japan

The Warrants have not been and will not be registered under the Securities and Exchange Law of Japan (the **Securities and Exchange Law**) and Warrants may not be offered or sold directly or indirectly in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Cayman Islands

Warrants may not be offered to the public in the Cayman Islands unless at the time of such offer the Issuer is listed on the Cayman Islands Stock Exchange.

France

- (i) Warrants may only be offered to the public (*appel public à l'épargne*) in France in the period beginning (i) when a prospectus in relation to those Warrants has been approved by the Autorité des marchés financiers (AMF), on the date of such publication or, (ii) when a prospectus has been approved in another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, all in accordance with articles L.412-1 and L.621-8 of the French Code *monétaire et financier* and the *Règlement général* of the AMF, and ending at the latest on the date which is 12 months after the date of such publication; or
- (ii) Warrants may only be offered to the public in France (*appel public à l'épargne*) and/or Warrants may only be required to be admitted to trading on Euronext Paris S.A. in circumstances which do not require the

publication by the offeror of a prospectus pursuant to articles L.411-2 and L.412-1 of the French Code monétaire et financier; and

- (iii) otherwise, Warrants may not be offered or sold directly or indirectly to the public in France, nor may the Base Prospectus or any other offering material relating to the Warrants be distributed or caused to be distributed to the public in France, and such offers, sales and distributions may only be made in France to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 of the French Code *monétaire et financier*.

Hong Kong

No person, other than a person permitted to do so under the securities laws of Hong Kong, has issued or had in its possession for the purposes of issue, or will issue, or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Warrants, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than with respect to Warrants which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) and any rules made thereunder.

Republic of Italy

No offering of Warrants has been registered pursuant to Italian securities legislation and, accordingly, no Warrants may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Warrants be distributed in the Republic of Italy, except:

- (i) to professional investors (*operatori qualificati*) (the **Professional Investors**), as defined in Article 31, second paragraph, of CONSOB (the **Italian Securities Exchange Commission**) Regulation No. 11522 of 1 July 1998, as amended (**Regulation No. 11522**); or
- (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended (**Regulation No. 11971**).

Any offer, sale or delivery of the Warrants or distribution of copies of the Base Prospectus or any other document relating to the Warrants in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Regulation No. 11522 and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB.

General

With regard to each issue of Warrants, the relevant Manager(s) will be required to comply with such other additional restrictions as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

(1) Authorisation

The establishment of the Programme and the issue of the Warrants under the Programme were duly authorised by the Barclays Capital Issues Committee of the Board of Directors of Barclays Bank PLC (the **Committee**) dated 30th January, 2004. The Committee is duly empowered to authorise such issue by virtue of a resolution of the Board of Directors of Barclays Bank PLC dated 10th December, 1998, and by a resolution of the Board of Directors of BCCL dated 30th January, 2004. The update of the Warrant Programme was duly authorised by the Barclays Capital Issues Committee of the Board of Directors of Barclays Bank PLC dated 8th June, 2007 and by a resolution of the Board of Directors of BCCL dated 8th June, 2007. The giving of the Guarantee was duly authorised by a resolution of the Barclays Capital Issues Committee of the Board of Barclays Bank PLC dated 23rd May, 2006.

(2) Listing

Application has been made to the UK Listing Authority for Warrants issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Warrants to be admitted to trading on the London Stock Exchange's Domestic Market. The listing of the Programme in respect of Warrants is expected to be granted on or around 11th June, 2007.

(3) Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available from the registered office of the Bank and from the specified office of the Principal Warrant Agent for the time being in London:

- (i) the 2005 Joint Annual Report, the 2006 Joint Annual Report and the Annual Reports of the Bank containing the audited consolidated accounts of the Bank in respect of the years ended 31st December, 2005 and 31st December, 2006;
- (ii) the most recently published annual report and audited annual consolidated financial statements for BCCL;
- (iii) the Memorandum and Articles of Association of the Bank and the constitutional documents of BCCL;
- (iv) the Master Warrant Agreement and the Guarantee;
- (v) a copy of this Base Prospectus; and
- (vi) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Warrant which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Warrants and such holder must produce evidence satisfactory to the Bank and the Paying Agent as to its holding of Warrants and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

(4) Clearing Systems

The Warrants have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The appropriate common code and ISIN for each issue of Warrants allocated by Clearstream, Luxembourg and Euroclear will be specified in the applicable Final Terms. If the Warrants of any series are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

(5) Significant or Material Change

There has been no significant change in the financial or trading position of BCCL, the Bank or the Group since 31st December, 2006 and there has been no material adverse change in the prospects of BCCL, the Bank or the Group since 31st December, 2006.

(6) Litigation

The Bank 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 20th July, 2006, the Bank received an Order from the United States District Court for the Southern District of Texas Houston Division which dismissed the claims against Barclays PLC, the Bank and Barclays Capital Inc. in the Newby litigation. On 4th December, 2006, in response to the plaintiffs' procedural objections, the District Court stayed the Bank's dismissal from the proceedings and allowed the plaintiffs to file a supplemental complaint. On 19th 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 Barclays and the other financial institutions had been alleged by the plaintiffs, the case could not proceed against them. The plaintiffs have applied to the United States Supreme Court for a review of this decision. Pending the outcome of further appellate proceedings, the District Court has stayed the Newby litigation.

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

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

On 3rd November, 2006 the Bank announced that it had reached a settlement in principle with Enron in the Enron bankruptcy proceedings. A settlement agreement was signed on 30th November, 2006 and became effective on 3rd January, 2007. The settlement has had no negative impact on the Bank's earnings as an adequate provision had already been made for the likely cost in prior periods. In reaching the settlement the Bank has denied any wrongdoing or liability.

The Bank is engaged in various other litigation proceedings both in the United Kingdom and a number of overseas jurisdictions, including the United States, involving claims by and against it, which arise in the ordinary course of business. The Bank does not expect the ultimate resolution of any of the proceedings to which the Bank is party to have a significant adverse effect on the financial position of the Group and the Bank has not disclosed the contingent liabilities associated with these claims either because they cannot reasonably be estimated or because such disclosure could be prejudicial to the conduct of the claims.

Save as disclosed in the first four paragraphs above of this section "Litigation", no member of the Group (including BCCL) is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware), during the twelve months preceding the date of this Base Prospectus, which may have, or have had in the recent past, a significant effect on the Group's financial position or profitability (including BCCL).

(7) Auditors

The auditors of the Bank are PricewaterhouseCoopers LLP, Chartered Accountants and registered auditors (authorised and regulated by the Financial Services Authority for designated investment business), who have audited the Bank's accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for each of the two financial years ended on 31st December, 2006.

The auditors of BCCL are PricewaterhouseCoopers LLP, Chartered Accountants and registered auditors (authorised and regulated by the Financial Services Authority for designated investment business), who have audited BCCL's accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for each of the two financial years ended on 31st December, 2005.

The auditors of the Bank and BCCL have no material interest in the Bank or BCCL.

The financial information contained or incorporated by reference in this Base Prospectus in relation to the Bank does not constitute its statutory accounts for the two financial years ended 31st December, 2006. The

Bank's annual report and accounts (containing its consolidated and unconsolidated audited financial statements), which constitute the Bank's statutory accounts within the meaning of Section 240 of the Companies Act 1985 relating to each complete financial year to which such information relates, have been delivered to the Registrar of Companies in England. PricewaterhouseCoopers has reported on the Bank's statutory accounts, and such reports were unqualified and did not contain a statement under Section 237 of the Companies Act 1985.

(8) Post-issuance information

The Bank does not intend to provide any post-issuance information in relation to any issue of Warrants.

(9) Conditions for determining price

The price and amount of Warrants to be issued under the Programme will be determined by the relevant Issuer and any Manager at the time of the issue in accordance with prevailing market conditions.

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