

Offering Circular



BARCLAYS BANK PLC

(Incorporated with limited liability in England)

£200,000,000

Undated Floating Rate Primary Capital Notes Series 3

The issue price of the £200,000,000 Undated Floating Rate Primary Capital Notes Series 3 (the "Notes") of Barclays Bank PLC (the "Bank") is 100 per cent. of their principal amount.

Subject as mentioned herein, interest on the Notes will be payable quarterly in arrear at an annual rate equal to the offered rate for three month sterling deposits in the London inter-bank market plus a margin of (i) 0.50 per cent. per annum for each Interest Period up to and including the Interest Period ending in October 1999, (ii) 0.70 per cent. per annum for each Interest Period from and including the Interest Period ending in January 2000 up to and including the Interest Period ending in October 2009 and (iii) 1 per cent. per annum thereafter. See "Terms and Conditions of the Notes—Interest".

The Notes will have no final maturity date and will only be repayable as set forth under "Terms and Conditions of the Notes—Repayment and Purchase; Default and Enforcement".

The Notes will be unsecured obligations of the Bank and will be subordinated to the claims of Senior Creditors (as defined herein). No payment of principal or interest in respect of the Notes may be made unless the Bank is able to make such payment and remain solvent immediately thereafter. In the event of the winding up in England of the Bank, the holders of the Notes will, for the purpose only of calculating the amounts payable in respect thereof, be treated as if they were the holders of preference shares in the capital of the Bank on the day preceding the commencement of the winding up and thereafter. See "Terms and Conditions of the Notes—Status and Subordination".

Application has been made to the Council of The International Stock Exchange, London, for the Notes to be admitted to the Official List. Two copies of this document, which comprises the listing particulars required by Section 142 of the Financial Services Act 1986, have been delivered to the Registrar of Companies in London for registration as required by Section 149 of that Act.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, and may not be offered, sold or delivered, directly or indirectly, in the United States or to U.S. persons as part of the distribution thereof, as set forth under "Subscription and Sale".

The Notes will be represented initially by a temporary Global Note which will be deposited outside the United States with a common depositary for CEDEL and Euro-clear on or about 16th October, 1989. The temporary Global Note will be exchangeable for definitive Notes, in bearer form in the denomination of £250,000 each, not earlier than the first date after at least 90 days after the completion of the distribution of the Notes, as determined by Barclays de Zoete Wedd Limited. Delivery will only be effected outside the United States and upon certification as to non-U.S. beneficial ownership. See "Temporary Global Note", which also includes information as to the payment of any interest due prior to such exchange.

Barclays de Zoete Wedd Limited

9th October, 1989

This document contains particulars in accordance with the listing rules made by the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange") for the purpose of giving information with regard to an issue of £200,000,000 Undated Floating Rate Primary Capital Notes Series 3 by the Bank.

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

In connection with the issue and sale of the Notes, no person is authorised to give any information or to make any representation not contained in this document and neither the Bank nor Barclays de Zoete Wedd Limited ("BZW") accepts responsibility for any such information or representation. This document does not constitute an offer of, or an invitation to subscribe for, the Notes.

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

In this document all references to "£" are to pounds sterling.

TABLE OF CONTENTS

	<i>Page</i>
Terms and Conditions of the Notes	3
Temporary Global Note	12
Use of Proceeds	13
The Bank and the Group	13
United Kingdom Taxation	16
Subscription and Sale	18
General Information	19

In connection with this issue, BZW may over-allot or effect transactions which stabilise or maintain the market price of the Notes at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time.

where the context so permits, the "Coupons") attached. The issue of the Notes was authorised by a resolution of a duly constituted Committee of the Board of Directors of the Bank passed on 28th September, 1989. The Notes are constituted by a Third Supplemental Trust Deed dated 16th October, 1989 made between the Bank and Phoenix Assurance Public Limited Company (the "Trustee") as trustee for the holders of the Notes (the "Noteholders") and expressed to be supplemental to (i) the principal Trust Deed dated 2nd July, 1985 made between the Bank and the Trustee constituting the outstanding U.S.\$600,000,000 Undated Floating Rate Primary Capital Notes of the Bank (the "Series 1 Notes") and (ii) the First Supplemental Trust Deed dated 14th February, 1986 made between the Bank and the Trustee constituting the outstanding U.S. \$750,000,000 Undated Floating Rate Primary Capital Notes Series 2 of the Bank and the Second Supplemental Trust Deed dated 4th September, 1989 made between the Bank and the Trustee constituting up to U.S. \$450,000,000 Undated Floating Rate Primary Capital Notes Series 2 of the Bank (together, the "Series 2 Notes"). The said Supplemental Trust Deeds and principal Trust Deed are herein referred to collectively as the "Trust Deed". The Bank is the initial principal paying agent for the Notes (in such capacity, the "Principal Paying Agent"). Copies of the Trust Deed together with copies of the Agent Bank Agreement and the Paying Agency Agreement referred to below are available for inspection at the office for the time being of the Trustee (being at the date hereof 40 Chancery Lane, London WC2A 1JN) and at the specified office(s) of the Principal Paying Agent and each of the other paying agents referred to in Condition 5 (all together, the "Paying Agents"). The statements set out in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed in relation to the Notes. The Noteholders and holders of the Coupons (the "Couponholders") are entitled to the benefit of, and are deemed to have notice of, all the provisions of the Trust Deed in relation to the Notes, the said Agent Bank Agreement and Paying Agency Agreement and the Notes, all of which are binding on them.

The obligations of the Bank in respect of the Notes and Coupons are conditional upon the Bank being solvent at the time of payment by the Bank and immediately thereafter. Neither these Terms and Conditions nor the Trust Deed provide any remedy for non payment of the interest in respect of the Notes so long as no dividend has been paid or declared in respect of any class of share capital of Barclays PLC or the preference share capital of the Bank in either of the two consecutive Interest Periods preceding the applicable Interest Payment Date. In the event of a winding up of the Bank the right to claim for interest (including Arrears of Interest) may be limited by applicable insolvency laws.

1. Title and Denomination

Title to the Notes and the Coupons will pass by delivery. The Bank, the Trustee and any Paying Agent may treat the holder of any Note and the holder of any Coupon as the absolute owner thereof (whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft or of trust or other interest therein) for the purpose of making payment and for all other purposes.

The Notes, which are serially numbered, are issued in the denomination of £250,000 each.

2. Status and Subordination

(a) The Notes and the Coupons constitute unsecured obligations of the Bank ranking *pari passu* without any preference among themselves. The Notes, the Series 1 Notes and the Series 2 Notes, which are separate series of bearer notes, rank *pari passu inter se* in point of subordination.

interest in respect thereof not paid on any other Interest Payment Date, shall, so long as the same remains unpaid, constitute "Arrears of Interest". Arrears of Interest may at the option of the Bank be paid in whole or in part at any time upon the expiration of not less than 14 days' notice to such effect given to the Trustee and to the Noteholders in accordance with Condition 13, but all Arrears of Interest in respect of all Notes for the time being outstanding (as defined in the Trust Deed) shall (subject to Condition 2(b)) become due in full on whichever is the earliest of (i) the date upon which a dividend is next paid on any class of share capital of the Holding Company (as defined below), or (if at the relevant time the Holding Company is a company other than the Bank itself) on any class of preference share capital of the Bank, (ii) the date fixed for any repayment pursuant to Condition 4(a) or (b) or (iii) the commencement of a winding up in England of the Bank. If notice is given by the Bank of its intention to pay the whole or any part of Arrears of Interest, the Bank shall be obliged (subject to Condition 2(b)) to do so upon the expiration of such notice. Where Arrears of Interest are paid in part, each part payment shall be in respect of the full amount of the Arrears of Interest accrued due to the relative Interest Payment Date or consecutive Interest Payment Dates furthest from the date of payment. Arrears of Interest shall not themselves bear interest.

As used herein:

"Interest Payment Date" means the date falling three calendar months after the Issue Date and thereafter each date which falls three calendar months after the immediately preceding Interest Payment Date. If, as determined on the relevant Interest Determination Date (as defined in paragraph (c) below), the applicable Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below) it shall be postponed to the next day which is a Business Day unless it would thereby fall in the next calendar month. In the latter event the Interest Payment Date in question shall be the immediately preceding day which is a Business Day. If for any reason an Interest Payment Date is so determined by the Agent Bank (as defined in paragraph (c) below) to be, or to be deemed to be, the last Business Day of any calendar month all subsequent Interest Payment Dates shall (subject as provided below) be the last Business Day of each January, April, July and October. If, however, after the determination of an Interest Payment Date the same is declared or determined not to be a Business Day, then that Interest Payment Date will be re-determined on the above basis (*mutatis mutandis*) except that if such re-determination falls to be made 14 days or less before that Interest Payment Date as originally determined then that Interest Payment Date as re-determined will be postponed to the next day which is a Business Day even though such Business Day falls in the next calendar month. Subsequent Interest Payment Dates will, in such event, nevertheless be determined as if that re-determined Interest Payment Date had fallen on the last Business Day of the calendar month in which it was originally determined to fall.

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

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

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

the Bank has entered into an agreement (the "Agent Bank Agreement") dated 9th October, 1989 with Barclays de Zoete Wedd Limited (the "Agent Bank"). The rate of interest payable from time to time in respect of the Notes (the "Rate of Interest") will be determined by the Agent Bank on the basis of the following provisions:—

(i) On each "Interest Determination Date", namely the second Business Day prior to the commencement of the Interest Period for which such rate will apply, the Agent Bank will ascertain the Screen Rate (as defined below) as at or about 11.00 a.m. (London time) on that date or, if the Screen Rate is not available, the Agent Bank will request the principal London office of each of the Reference Banks described in paragraph (g) below (the "Reference Banks") to provide the Agent Bank with its offered quotation to leading banks for sterling deposits in the London inter-bank market for the Interest Period concerned as at or about 11.00 a.m. (London time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall, subject as provided below, be the Relevant Margin (as defined below) above the Screen Rate or, if the Screen Rate is not available on the relevant Interest Determination Date, above the arithmetic average (rounded if necessary to the nearest $\frac{1}{16}$ per cent., $\frac{1}{32}$ per cent. being rounded upwards) of such offered quotations provided by three out of the five quoting Reference Banks (excluding the highest and lowest (or, in either case, if more than one, then one only of them) of the offered quotations provided by all the Reference Banks).

(ii) If on any Interest Determination Date the Screen Rate is not available and four only of the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (i) above on the basis of the offered quotations provided by two out of the four quoting Reference Banks (excluding as aforesaid).

(iii) If on any Interest Determination Date the Screen Rate is not available and two or three only of the Reference Banks provide such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (i) above on the basis of the offered quotations provided by all the quoting Reference Banks (but without excluding as aforesaid).

(iv) If on any Interest Determination Date the Screen Rate is not available and one only or none of the Reference Banks provides the Agent Bank with such a quotation, then the applicable Rate of Interest for the relevant Interest Period shall be (a) the Rate of Interest in effect on such Interest Determination Date or, if determinable and if higher, (b) the Reserve Interest Rate. The "Reserve Interest Rate" shall be the rate per annum which the Agent Bank determines to be either (i) the Relevant Margin above the arithmetic average (rounded if necessary to the nearest $\frac{1}{16}$ per cent., $\frac{1}{32}$ per cent. being rounded upwards) of the sterling lending rates which leading banks in London (selected by the Agent Bank) are quoting as at or about 11.00 a.m. (London time) on the Interest Determination Date in question, for the relevant Interest Period, to the Reference Banks or those of them (being at least two in number) to which such quotations are, in the opinion of the Agent Bank, being so made or (ii) in the event that the Agent Bank can determine no such arithmetic average, the Relevant Margin above the arithmetic average (rounded as aforesaid) of the lowest of the sterling lending rates which up to six leading banks in London (selected by the Agent Bank) are quoting on the Interest Determination Date in question, for the relevant Interest Period, to leading banks which have their head offices in London.

As used herein:—

"Screen Rate" means the arithmetic average (rounded if necessary to the nearest $\frac{1}{16}$ per cent., $\frac{1}{32}$ per cent. being rounded upwards) of the offered rates for three month sterling deposits in the London inter-bank market quoted by the banks whose rates are displayed on the Reuters Screen LIBP page (or such replacement page on that screen service which

thereafter.

(d) Determination of Rate of Interest and Coupon Amount

The Agent Bank shall, on or as soon as practicable after each Interest Determination Date, but in no event later than the fourth Business Day thereafter, determine the Rate of Interest in respect of the relevant Interest Period and the amount of interest payable in respect of each Note (the "Coupon Amount") for such Interest Period. The Coupon Amount shall be calculated by applying the relevant Rate of Interest to the principal amount of £250,000, multiplying such sum by the actual number of days in the Interest Period concerned divided by 365 (or 366 if the last day of such Interest Period falls in a leap year) and rounding the resultant figure to the nearest penny (half a penny being rounded upwards).

(e) Notification of Rate of Interest and Coupon Amount

The Bank shall cause notice of the Rate of Interest and the Coupon Amount for each Interest Period, together with the relative Interest Payment Date, to be given to the Trustee and the Paying Agents as soon as practicable after their determination but in no event later than the fourth Business Day thereafter. The Coupon Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the relevant Interest Period or of manifest error. Details of such Rate of Interest, Coupon Amount and Interest Payment Date will be published by the Bank, not later than the giving of the above notice, on the relevant page of the screen service for the time being used for ascertaining the Screen Rate under paragraph (c) above (which is expected to be page GMFA of the Reuters Screen Service) but the Bank will not be obliged to publish such details in accordance with Condition 13.

(f) Determination of Rate of Interest and Coupon Amount by the Trustee

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

(g) Reference Banks and Agent Bank

The Bank will procure that, if and for so long as the Screen Rate is not available and any of the Notes remain outstanding, it shall, with the prior written approval of the Trustee, appoint five leading banks engaged in the London inter-bank market as Reference Banks and shall give notice thereof to the Noteholders in accordance with Condition 13. The Bank may, with the prior written approval of the Trustee, from time to time replace any Reference Bank or the Agent Bank by another leading bank engaged in the London inter-bank market. In the event of the appointed office of any such Reference Bank or the Agent Bank being unable or unwilling to continue to act as a Reference Bank or the Agent Bank (as the case may be) or (without prejudice to paragraph (f) above), in the case of the Agent Bank, failing duly to determine the Rate of Interest and the Coupon Amount for any Interest Period, the Bank shall forthwith appoint the London office of such other leading bank engaged in the London inter-bank market as may be approved in writing by the Trustee

4. Repayment and Purchase

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

(a) Repayment for Taxation Reasons

If the Bank satisfies the Trustee immediately prior to the giving of the notice referred to below that:

- (i) on the next Interest Payment Date the Bank would be compelled by law for reasons outside its control to pay any additional amounts in accordance with Condition 6, or
- (ii) the payment of interest in respect of the Notes would be treated as "distributions" within the meaning of the Taxes Act for the time being of the United Kingdom,

the Bank may at its option, having given not less than 45 nor more than 60 days' notice to the Trustee and to the Noteholders in accordance with Condition 13, repay on any Interest Payment Date all, but not some only, of the Notes at their principal amount. Upon the expiration of such notice the Bank shall (subject to Condition 2(b)) be bound to repay all the Notes at their principal amount together with the interest in respect thereof accrued in the Interest Period ending on the day immediately preceding such Interest Payment Date and all Arrears of Interest.

(b) Optional Repayment

The Bank may, having given not less than 45 nor more than 60 days' notice to the Trustee and to the Noteholders in accordance with Condition 13, repay on any Interest Payment Date falling in or after October 1994 all, but not some only, of the Notes at their principal amount. Upon the expiration of such notice the Bank shall (subject to Condition 2(b)) be bound to repay all the Notes at their principal amount together with the interest in respect thereof accrued in the Interest Period ending on the day immediately preceding such Interest Payment Date and all Arrears of Interest.

(c) Optional Purchase

Subject to Condition 2(b), the Bank or any of its Subsidiaries may at any time purchase beneficially or procure others to purchase beneficially for its account Notes (i) in the open market or by tender (available to all Noteholders alike) at a price (exclusive of expenses and accrued interest) which does not exceed the average of the middle market quotations of the Notes (derived from The Stock Exchange Daily Official List) on The Stock Exchange (as defined in the Trust Deed) (or, failing such quotations, by reference to such other quotations as may be agreed between the Bank and the Trustee) for the 10 dealing days (or, as the case may be, working days) before the purchase is made or, in the case of a purchase through the open market, the market price provided that it is not more than 5 per cent. above such average, or (ii) by private treaty at a price (exclusive of expenses and accrued interest) not exceeding 110 per cent. of the middle market quotation of the Notes (derived from The Stock Exchange Daily Official List) on The Stock Exchange (or, failing such quotation, by reference to such other quotation as may be agreed between the Bank and the Trustee) on the last dealing day (or, as the case may be, the last working day) preceding the date of purchase. Each such purchase of Notes shall include all unmatured Coupons and talons appertaining thereto. No Notes may be purchased beneficially by or for the account of the Bank or any of its Subsidiaries otherwise than in accordance with this paragraph (c).

(a) The names of the initial Paying Agents (which have been appointed by the Bank under the Paying Agency Agreement dated 16th October, 1989) and their specified offices are set out at the end of these Terms and Conditions.

(b) Payments of principal and interest in respect of the Notes will (subject to Condition 2(b)) only be made against presentation and surrender of Notes or, as the case may be, Coupons at any specified office of any of the initial Paying Agents or of any such additional and/or other Paying Agent(s) outside the United States as the Bank may appoint from time to time with the prior written approval of the Trustee, in each case subject to the laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 6. Payments in respect of the Notes and Coupons will be made (i) in cash in pounds sterling at the specified office of the Paying Agent in London or (ii), at the option of the holder, at the specified office of any of the Paying Agents by a pounds sterling cheque drawn on a Town Clearing Branch of a bank in London or by transfer to a pounds sterling account maintained by the payee with a bank in London. No payment of principal or interest in respect of the Notes will be made to an address in the United States or by transfer to an account maintained by the payee in the United States. Without prejudice to the generality of the foregoing, the Bank reserves the right to require a Noteholder or Couponholder to provide a Paying Agent with such certification or information as may be required to enable the Bank to comply with the requirements of the United States federal income tax laws.*

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

(d) In the event of a winding up in England of the Bank, all unmatured Coupons and talons shall become void and any payment of interest in respect of the Notes to which such Coupons appertain shall be made only against presentation of such Notes. In addition, in the event of such a winding up, each Note which is presented for payment must be presented together with all Coupons appertaining thereto (whether or not attached) in respect of Arrears of Interest, failing which the Coupon Amount of any such missing Coupon (or, in the case of payment not being made in full, that proportion of such Coupon Amount which the amount so paid bears to the total amount payable in respect of such Note (inclusive of Arrears of Interest and accrued interest)) will be deducted from the sum due for payment on presentation of such Note. In the case of any such missing Coupon, the amount so deducted will be payable in the manner mentioned above against presentation and surrender of such Coupon within a period of 12 years from the Relevant Date (as defined in Condition 6) in relation to the payment of such amount.

For the purpose of these Terms and Conditions, "unmatured Coupon" means a Coupon in respect of which the applicable Interest Payment Date falls after the date fixed for the repayment of the Note to which such Coupon appertains or, as the case may be, the date on which a winding up in England of the Bank commences (or is deemed to commence).

(e) If the due date for payment in respect of any Note or Coupon is not, at the place of payment, a working day then the holder thereof shall not be entitled to payment at the place of payment of the amount due until the following working day in such place, nor to any interest or other payment in respect of such delay. In this paragraph, a "working day" in relation to any place means a day on which banks are open

* It is likely that corporations, including banks and other financial institutions, would be required only to provide evidence of their corporate status.

6. Taxation

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

(a) by or on behalf of a holder who is liable to such taxes or duties in respect of such principal or interest by reason of his having some connection with the United Kingdom other than the mere holding of the Note or the Coupon (as the case may be); or

(b) in the United Kingdom; or

(c) more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment at the close of such 30 day period.

For this purpose, the "Relevant Date" in relation to such payment means:

(i) the date on which such payment first becomes due; or

(ii) (if the full amount of the moneys payable on such due date has not been received by the Principal Paying Agent or the Trustee on or prior to such due date) such later date on which notice is duly given to the Noteholders in accordance with Condition 13 that such moneys have been so received.

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

7. Default and Enforcement

(a) If the Bank shall not make payment in respect of the Notes (in the case of any payment of principal) for a period of seven days or more after the due date for the same or (in the case of any payment of interest) for a period of 14 days or more after a Compulsory Interest Payment Date or any other date upon which the payment of interest is compulsory, the Trustee may institute proceedings in England (but not elsewhere) for the winding up of the Bank, provided that it shall not have the right to institute such proceedings if and so long as the Bank withholds or refuses any such payment (i) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment or (ii) (subject as provided in the Trust Deed), in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given as to such validity or applicability at any time during the said period of seven or 14 days, as the case may be, by independent legal advisers acceptable to the Trustee. For the purposes of this paragraph (a) a payment shall be deemed to be due or compulsory even if the condition set out in Condition 2(b) is not satisfied.

(b) The Trustee may at its discretion and without further notice institute such proceedings against the Bank as it may think fit to enforce any obligation, condition or provision binding on the Bank under the

(d) No Noteholder or Couponholder shall be entitled to institute any of the proceedings referred to in paragraph (a) or (b) above or to prove in the winding up of the Bank, except that if the Trustee, having become bound to proceed against the Bank as aforesaid, fails to do so, or, being able to prove in such winding up, fails to do so, in each case within a reasonable period, and in each such case such failure shall be continuing, then any such holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute such proceedings and/or prove in the winding up of the Bank to the same extent and in the same jurisdiction (but not further or otherwise) that the Trustee would have been entitled so to do in respect of his Notes and/or Coupons. No remedy against the Bank, other than the institution of the proceedings referred to in paragraph (a) or (b) above, shall be available to the Trustee or the Noteholders or Couponholders whether for the recovery of amounts owing in respect of the Notes or the Coupons or under the Trust Deed or in respect of any breach by the Bank of any of its obligations under the Trust Deed or the Notes.

8. Prescription

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

9. Modification of Terms and Conditions, Waiver and Substitution

(a) The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Terms and Conditions or the provisions of the Trust Deed, except that the provisions relating to subordination are not so capable of modification. The quorum at any such meeting for passing an Extraordinary Resolution for modifying certain provisions (including, *inter alia*, those concerning the amount, currency and due dates of payment of principal and interest in respect of the Notes and the determination of the Rate of Interest) will be persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. In other cases, the quorum for passing an Extraordinary Resolution will be persons holding or representing not less than a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting persons being or representing Noteholders whatever the principal amount of the Notes held or represented by them. Any resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not, and on all the Couponholders.

(b) The Trustee may agree, without the consent of the Noteholders or the Couponholders, to any modification of (subject to certain exceptions), or to any waiver or authorisation of any breach or proposed breach of any provision of, these Terms and Conditions or the Trust Deed which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or to any modification which is of a formal or technical nature or which is made to correct a manifest error.

(c) The Trustee may also agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of a Subsidiary of the Bank in place of the Bank as principal debtor under the Trust Deed, the Notes and the Coupons, subject to the Notes and Coupons being, to the satisfaction of the Trustee, guaranteed by the Bank on a subordinated basis equivalent to that mentioned in Condition 2, and so that the claims of the Noteholders and the Couponholders may, in the case of the substitution of a banking Subsidiary of the Bank in place of the Bank, be subordinated to the rights of all or any other creditors of that Subsidiary.

10. Replacement of Notes, Coupons and Talons

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

11. Indemnification of the Trustee

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

12. Further Issues

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

13. Notices

All notices to the Noteholders will be valid if published in a leading London daily newspaper (which is expected to be the *Financial Times*) or, if at any time such publication is not possible, in such other English language newspaper or newspapers circulating or published in Europe as the Bank, with the approval of the Trustee, shall determine. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication.

14. Governing Law

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

TEMPORARY GLOBAL NOTE

The Notes will initially be represented by a temporary Global Note (the "Global Note"), without interest coupons. The Global Note will be delivered and deposited outside the United States (as defined under

In the event that any Interest Payment Date falls prior to the Exchange Date, payment of interest in respect of the Notes will (subject to the Terms and Conditions of the Notes) be made to CEDEL or Euro-clear, for credit to the accounts of the persons for whom they hold the Global Note, only upon presentation to the Principal Paying Agent of a certificate to the effect that CEDEL or Euro-clear, as the case may be, has received a certificate or certificates as to non-U.S. beneficial ownership to the effect referred to above, in respect of the portion of the Global Note on which interest is to be paid. A record of any such payment will be made on the reverse side of the Global Note by the Principal Paying Agent and such record shall be *prima facie* evidence that the relevant payment was made. Any payment of interest due prior to the Exchange Date in respect of any portion of the Global Note will be credited by CEDEL or Euro-clear, as the case may be, to the account of the owner of such portion of the Global Note, as appearing in its records, only upon receipt by CEDEL or Euro-clear, as the case may be, of such certificate. Except as provided in the Global Note, interest payable on or after the Exchange Date may be collected only by a holder who has caused his portion of the Global Note to be exchanged for definitive Notes. In this paragraph, reference to an Interest Payment Date shall include any date set for the payment of Arrears of Interest (if any).

USE OF PROCEEDS

The net proceeds of the issue of the Notes are estimated to amount to £199,687,000 and will be used for the development and expansion of the business of the Bank and its subsidiaries (the "Group") and further to strengthen the capital base of the Bank.

THE BANK AND THE GROUP

Business

The Group constitutes one of the largest banking and financial services groups in the world with operations in 75 countries, including the major financial centres. The activities of the Group encompass retail and corporate banking, treasury services, investment banking, credit card and travellers cheques operations, consumer and business finance, insurance underwriting and broking, investment management and financial advice. At 31st December, 1988 the consolidated assets of the Group were £104,645 million.

The whole of the issued Ordinary share capital of the Bank is owned by Barclays PLC ("Barclays") and the Bank is the principal operating company of the Barclays group of companies with responsibility for both United Kingdom and international banking operations.

The profit before taxation of the Group in respect of the year ended 31st December, 1988 was £1,391 million. The corresponding profit before taxation for 1987 was £369 million after taking into account provisions of £713 million in respect of lendings to borrowers in 27 countries experiencing liquidity problems.

On 2nd August, 1989 Barclays announced an unaudited profit before taxation for the six months ended 30th June, 1989 of £590 million after deducting £233 million of additional provisions in respect of loans to borrowers in countries experiencing liquidity problems. The corresponding profit before taxation for the six months ended 30th June, 1988 was £642 million when no major additional provisions for such loans were raised.

Capitalisation

The following table sets out the shareholders' funds of the Group at 31st December, 1988 based on the audited consolidated balance sheet at that date, together with the undated capital notes and the loan capital of the Group at 31st August, 1989:—

Loan capital at 31st August, 1989

The Bank:

7½% Unsecured Capital Loan Stock 1986/91	7
8¼% Unsecured Capital Loan Stock 1986/93	59
10¼% Senior Subordinated Bonds 1997	250
Floating Rate Unsecured Capital Loan Stock 2006	18
16% Unsecured Capital Loan Stock 2002/07	100
12% Unsecured Capital Loan Stock 2010	150
Barclays Overseas Investment Company B.V.:	
9½% Guaranteed Bonds 1995 (U.S.\$55m)	35
6% Guaranteed Bonds 1996 (¥40,000m)	176
8½% Unsecured Bearer Bonds 1983/98 (DM 250m)	81
Guaranteed Floating Rate Notes 2004 (U.S.\$350m)	223
Barclays North American Capital Corporation:	
11⅝% Guaranteed Capital Notes 2003 (U.S.\$400m)	255
10½% Guaranteed Capital Notes 2017 (U.S.\$400m)	255
	<u>1,609</u>

The Junior Guaranteed Undated Floating Rate Notes (the "Junior Notes") carry the junior subordinated guarantee of the Bank ranking behind the claims against the Bank of depositors and other unsecured unsubordinated creditors and holders of loan capital. The two series of Undated Floating Rate Primary Capital Notes (the "Series 1 Notes" and the "Series 2 Notes" respectively) rank behind the claims against the Bank of the holders of the Junior Notes. The Junior Notes, the Series 1 Notes and the Series 2 Notes are expressed in sterling at the exchange rate prevailing on 31st August, 1989. The Junior Notes, the Series 1 Notes and the Series 2 Notes bear interest at rates fixed in advance for periods of six months, the rate in force on 31st August, 1989 for the Junior Notes being 10⅝ per cent., for the Series 1 Notes 9⅝ per cent. and for the Series 2 Notes 9⅞ per cent.

The loan capital of the Bank has been issued on the basis that the claims thereunder against the Bank are subordinated to the claims of depositors and other unsecured unsubordinated creditors. The loan capital of Barclays Overseas Investment Company B.V. and of Barclays North American Capital Corporation carries the guarantee of the Bank which is subordinated on a similar basis. Loan capital in foreign currencies is expressed in sterling at the exchange rates prevailing on 31st August, 1989. The Floating Rate Unsecured Capital Loan Stock 2006 and the Guaranteed Floating Rate Notes 2004 bear interest at rates fixed in advance for periods of six months. At 31st August, 1989 the rates were 14⅛ per cent. on the 2006 Loan Stock and 10½ per cent. on the 2004 Notes.

On 31st August, 1989 the Bank announced the terms of its offer to exchange all the Junior Notes for an equal principal amount of further Undated Floating Rate Primary Capital Notes Series 2 of the Bank to form a single series with the outstanding Series 2 Notes. Unless terminated earlier, the offer expires on 31st January, 1990 but may be renewed on such terms as the Bank may determine. As at 29th September, 1989 U.S.\$37 million of the Junior Notes had been tendered for exchange. On 19th September, 1989 Barclays Overseas Investment Company B.V. gave notice that all the outstanding 9½ per cent. Guaranteed Bonds 1995 will be redeemed on 7th November, 1989 in accordance with the terms and conditions of the said Bonds.

The Directors of the Bank, each of whose address is 54 Lombard Street, London EC3N 3AH, then functions within the Group and their principal outside activities (if any) of significance are as follows:—

<i>Name</i>	<i>Function within the Group</i>	<i>Principal outside activity</i>
J. G. Quinton	Chairman	—
Sir Martin Jacomb	Deputy Chairman	—
	Chairman, Barclays de Zoete Wedd Holdings Limited	
P. E. Leslie	Deputy Chairman	—
A. R. F. Buxton	Vice-Chairman and Managing Director	—
Dr. D. V. Atterton, CBE	Non-Executive Director	Director, Marks & Spencer PLC
Mrs M. E. Baker	Non-Executive Director	Director, Thames Television PLC
D. Band	Chief Executive, Barclays de Zoete Wedd Holdings Limited	—
Sir Timothy Bevan	Non-Executive Director	Chairman, BET Public Limited Company
I. G. Butler	Non-Executive Director	Chairman, Cookson Group plc
Lord Camoys	Deputy Chairman, Barclays de Zoete Wedd Holdings Limited	—
Sir Michael Franklin, KCB, CMG	Non-Executive Director	Director, The Agricultural Mortgage Corporation PLC
Sir Denys Henderson	Non-Executive Director	Chairman, Imperial Chemical Industries PLC
H. U. A. Lambert	Non-Executive Director	Chairman, Sun Alliance Group plc
Sir Nigel Mobbs, DL	Non-Executive Director	Chairman and Chief Executive, Slough Estates plc
H. T. Norrington	Executive Director, Overseas Operations	—
B. G. Pearse	Finance Director	—
O. H. Rout	Executive Director, UK Operations	—
A. J. de N. Rudge	Regional Director, Birmingham Regional Office	—
K. B. Sinclair	Director, Barclays de Zoete Wedd Holdings Limited	—
Sir James Spooner	Non-Executive Director	Director, John Swire and Sons Limited
Sir Charles Tidbury, DL	Non-Executive Director	—
A. G. Tritton	Regional Director, London City Regional Office	—
Sir Anthony Tuke	Non-Executive Director	Chairman, The Savoy Hotel PLC

1. The Notes will constitute "quoted Eurobonds" within the terms of Section 124 of the Income and Corporation Taxes Act 1988, provided they continue to be quoted on a recognised stock exchange within the meaning of Section 841 of that Act. Accordingly, payments of interest may be made without withholding or deduction for or on account of United Kingdom income tax where:
 - (a) the person by or through whom the payment is made is not in the United Kingdom. By virtue of current Inland Revenue practice, no withholding or deduction for or on account of United Kingdom income tax will be required where the payment of interest is made by an overseas paying agent, notwithstanding that the Bank is resident in the United Kingdom and will itself be the Principal Paying Agent; or
 - (b) the payment is made by or through a person who is in the United Kingdom and
 - (i) it is proved, on a claim in that behalf to the Commissioners of Inland Revenue, that the person beneficially entitled to the interest and to the relative Note (or, if different, the person whose income the interest is deemed to be for United Kingdom tax purposes) is not resident in the United Kingdom for tax purposes, or
 - (ii) the Note and Coupon are held by one and the same person in a "recognised clearing system" (CEDEL and Euro-clear have each been designated as a "recognised clearing system" for this purpose).

In all other cases, interest will be paid under deduction of United Kingdom income tax at the basic rate (currently 25 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty.

2. A collecting agent in the United Kingdom obtaining payment of interest on behalf of a holder of a Note or Coupon where either:—
 - (a) payment was not entrusted to any person in the United Kingdom, or
 - (b) the Note is held in a "recognised clearing system" (for which see above)

may be required to withhold or deduct for or on account of United Kingdom income tax at the basic rate unless it is proved, on a claim in that behalf made in advance and in the required manner to the Commissioners of Inland Revenue, that the beneficial owner of the Note or Coupon entitled to the interest is not resident in the United Kingdom.

3. Interest on the Notes will constitute United Kingdom source income for United Kingdom tax purposes and, as such, remains subject to United Kingdom income tax by direct assessment even though paid gross. However, under long standing Inland Revenue practice (published as Extra-Statutory Concession B.13) no action is normally taken to pursue any such income tax liability where the beneficial owner of the interest is and remains not resident in the United Kingdom throughout the relevant tax year and is neither chargeable in the name of a United Kingdom agent or trustee or other person mentioned in Section 72 of the Taxes Management Act 1970 nor has a United Kingdom branch which, in either case, has the management or control of the interest, except insofar as the tax can be recovered by a set-off on a claim for relief in respect of taxed income from United Kingdom sources or is United Kingdom corporation tax chargeable on the income of a United Kingdom branch or agency of a non-resident company or is income tax chargeable on the profits of a trade carried on in the United Kingdom. Furthermore, United Kingdom tax otherwise payable may be reduced under the provisions of any applicable double taxation treaty.

preceding interest payment date. The Notes constitute variable rate securities for the purposes of the United Kingdom accrued income scheme. Accordingly, on a transfer of the Notes, taxation in respect of such transfer will be computed on the basis that such amount as the United Kingdom Inland Revenue considers to be just and reasonable will be treated as accrued income. Further, Noteholders will not be entitled to the "rebate amount" provided for under the terms of the accrued income scheme.

6. The Notes will constitute "qualifying corporate bonds" with the result that on a disposal of a Note neither a chargeable gain nor an allowable loss will arise for the purposes of United Kingdom taxation of capital gains.

Any offer or sale of Notes in the United States or to U.S. persons would constitute a violation of United States law unless made in compliance with the registration requirements of the Securities Act or pursuant to an exemption therefrom. Neither the Bank nor BZW makes any representation in respect of, or has assumed any responsibility for, the registration of the Notes or the availability of any such exemption and neither the Bank nor BZW makes any representation as to when, if at any time, or under what circumstances, the Notes may lawfully be sold in the United States or to U.S. persons.

BZW has represented and agreed that it has not offered or sold and that it will not offer, sell or deliver, directly or indirectly, any Notes acquired by it in connection with the distribution of the Notes in the United States or to any U.S. person and that it will not, as principal or agent, offer, sell or deliver, directly or indirectly, any Notes, otherwise acquired, in the United States or to any U.S. person prior to the Exchange Date. BZW has further agreed that it will deliver to each purchaser of Notes from it acquired by it as part of the distribution a written confirmation setting out the restrictions imposed with respect to offers and sales of the Notes in the United States and to U.S. persons.

As used herein, "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "U.S. person" means a citizen or resident of the United States, a corporation, partnership or other entity created or organised in or under the laws of the United States or an estate or trust the income of which is subject to United States federal income taxation regardless of its source; provided, however, that the term "U.S. person" shall not include a branch or agency of a United States bank or insurance company which is operating outside the United States for valid business reasons as a locally regulated branch or agency engaged in the banking or insurance business and not solely for the purpose of investing in securities not registered under the Securities Act. The foregoing proviso does not apply to the third paragraph of "General Information" below.

BZW has represented and agreed that (a) prior to 9th October, 1989 it did not offer or sell in the United Kingdom or elsewhere, by means of any document, any Notes (other than in circumstances which did not constitute an offer to the public within the meaning of the Companies Act 1985), (b) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom, and (c) it has only issued or passed on and will only issue or pass on to any person in the United Kingdom any document received by it in connection with the issue of the Notes, other than the Offering Circular in final form or any document which consists of or any part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the Financial Services Act 1986, if that person is of a kind described in Article 9(3) of The Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1988.

The Notes have been accepted for clearance through CEDEL (reference number 256854) and Euro-clear (reference number 62097). Pending delivery of Notes in definitive form, a record of transactions in the Notes will be kept by CEDEL and/or Euro-clear.

All Notes and Coupons will carry a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287(a) of the Internal Revenue Code". The sections referred to in such legend provide that United States holders, with certain exceptions, may not be entitled to deduct any loss and will not be entitled to capital gains treatment with respect to any gain realised on any sale, exchange or redemption of a Note or Coupon.

On 22nd August, 1989 the U.K. Secretary of State for Trade and Industry published the report of the Monopolies and Mergers Commission on the supply in the U.K. of certain credit card services (including Barclaycard) following a two year investigation. The Commission's report recommends, first, that certain rules of Visa and Mastercard/Eurocard which restrict the freedom of credit card issuers to act as merchant acquirers, which make agreements with merchants to accept credit cards and thereafter reimburse the merchants net of an agreed service charge for credit card transactions, should not apply in the U.K. and, secondly, that credit card issuers should cease to require merchants in the U.K. to charge the same price for purchases made with credit cards as for those paid for by cash or other means. The Secretary of State has announced the implementation of the first recommendation and is seeking further views on the second recommendation. It is not expected that the implementation of the recommendations would have a material adverse effect on consolidated net income and shareholders' equity of the Bank.

Third party proceedings have been issued against BZW by Samuel Montagu & Co. Limited ("SM") in connection with a legal action brought against SM by British & Commonwealth Holdings PLC ("B&C") arising out of an agreement for the sale by B&C to Quadrex Holdings Inc. ("Quadrex") of the wholesale moneybroking businesses of Mercantile House Holdings PLC. Quadrex has given notice that it also intends to pursue a claim against BZW in a separate but related legal action brought by B&C against Quadrex. The amount of the SM claim and of the intended Quadrex claim is not quantified and both claims will be vigorously defended by BZW.

Save as aforesaid, there are no legal or arbitration proceedings pending or, so far as the Bank is aware, threatened against the Bank or any of its subsidiaries, which may have, or have had during the period of 12 months ending on the date of this document, a significant effect on the financial position of the Group taken as a whole.

Save as mentioned herein, since 31st December, 1988, there has been no significant change in the financial or trading position of the Bank or the Group taken as a whole, nor has there been any material adverse change in the prospects or financial position of the Bank or the Group taken as a whole.

The annual accounts of the Bank for each of the three years ended 31st December, 1988 have been audited by Price Waterhouse.

No repayment of the Notes for taxation reasons and no optional repayment of the Notes will be made by the Bank without the prior consent of the Bank of England.

Mr. H. U. A. Lambert, who is a Director of the Bank, is also the Chairman of Sun Alliance Group plc, the ultimate parent company of the Trustee.

- (iv) the principal Trust Deed dated 2nd July, 1985 constituting the Series 2 Notes, the First Supplemental Trust Deed dated 14th February, 1986 and the Second Supplemental Trust Deed dated 4th September, 1989 together constituting the Series 2 Notes;
- (v) a draft, subject to amendment, of the Third Supplemental Trust Deed referred to under "Terms and Conditions of the Notes" above to constitute the Notes, including the forms of Note, Coupon and talon referred to therein; and
- (vi) drafts, subject to amendment, of the Agent Bank Agreement and the Paying Agency Agreement referred to under "Terms and Conditions of the Notes" above.

AUDITORS OF THE BANK

Price Waterhouse
Chartered Accountants
Southwark Towers
32 London Bridge Street
London SE1 9SY

LEGAL ADVISERS

As to English law

To BZW

Linklaters & Paines
Barrington House
59-67 Gresham Street
London EC2V 7JA

As to United States law

To the Bank

Simpson Thacher & Bartlett
99 Bishopsgate
London EC2M 3XD

To the Trustee

Allen & Overy
9 Cheapside
London EC2V 6AD

To the Bank

Lovell White Durrant
73 Cheapside
London EC2V 6ER

BROKERS

de Zoete & Bevan Limited
Ebbgate House
2 Swan Lane
London EC4R 3TS

PRINCIPAL PAYING AGENT

Barclays Bank PLC
54 Lombard Street
London EC3P 3AH

AGENT BANK

Barclays de Zoete Wedd Limited
Ebbgate House
2 Swan Lane
London EC4R 3TS

PAYING AGENT

Banque Internationale à
Luxembourg S.A.
2 Boulevard Royal
L-2953 Luxembourg