

BARCLAYS PLC
Form 424B2
June 11, 2014
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Registration Statement No. 333-195965

BARCLAYS PLC

BARCLAYS BANK PLC

OFFER TO EXCHANGE

GBP-denominated 7.00% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities

(Callable 2019 and Every Five Years Thereafter) (ISIN Code XS1068561098) of Barclays PLC for the Sterling T1 Securities (as defined below) of Barclays Bank PLC

Euro-denominated 6.50% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities

(Callable 2019 and Every Five Years Thereafter) (ISIN Code XS1068574828) of Barclays PLC for the Euro T1 Securities (as defined below) of Barclays Bank PLC

U.S. dollar-denominated 6.625% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities

(Callable 2019 and Every Five Years Thereafter) (ISIN Code US06738EAB11 and CUSIP No. 06738EAB1) of Barclays PLC for the Dollar T1 Securities (as defined below) of Barclays Bank PLC

plus, in each case, a cash payment for any accrued and unpaid interest or dividends (as the case may be), plus (if applicable) cash amounts in lieu of any fractional New AT1 Securities (as defined below)

THE EXCHANGE OFFERS WILL EXPIRE AT 11:59 P.M., NEW YORK CITY TIME, ON JUNE 12 2014, UNLESS EXTENDED BY THE OFFERORS (SUCH DATE AND TIME, AS IT MAY BE EXTENDED, THE EXPIRATION DATE). EXISTING T1 SECURITIES TENDERED PURSUANT TO THE EXCHANGE OFFERS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE. IN ADDITION, IF NOT PREVIOUSLY RETURNED, YOU MAY WITHDRAW EXISTING T1 SECURITIES THAT YOU TENDER THAT ARE NOT ACCEPTED BY US FOR EXCHANGE AFTER THE EXPIRATION OF 40 BUSINESS DAYS FOLLOWING COMMENCEMENT OF THE EXCHANGE OFFERS.

We, or as applicable our wholly-owned subsidiary, Barclays Bank PLC, are offering to exchange:

GBP-denominated 7.00% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (Callable 2019 and Every Five Years Thereafter) to be issued by Barclays PLC (the **Sterling AT1 Securities**) for any and all 6% Callable Perpetual Core Tier One Notes (ISIN Code XS0150052388), 5.3304% Step-up Callable Perpetual Reserve Capital Instruments (ISIN Code XS0248675364), 6.3688% Step-up Callable Perpetual Reserve Capital Instruments (ISIN Code XS0305103482) and 6.0% Non-Cumulative Callable Preference Shares (ISIN Code XS0222208539) issued by Barclays Bank PLC (collectively, the **Sterling T1 Securities**) (such offer, the **Sterling Exchange Offer**);

Euro-denominated 6.50% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (Callable 2019 and Every Five Years Thereafter) to be issued by Barclays PLC (the **Euro AT1 Securities**) for any and all 4.75% Non-Cumulative Callable Preference Shares (ISIN Code XS0214398199) issued by Barclays Bank PLC (the **Euro T1 Securities**) (such offer, the **Euro Exchange Offer**); and

U.S. dollar-denominated 6.625% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (Callable 2019 and Every Five Years Thereafter) to be issued by Barclays PLC (the **Dollar AT1 Securities** and together with the Sterling AT1 Securities and the Euro AT1 Securities, the **New AT1 Securities**) for any and all 6.86% Callable Perpetual Core Tier One Notes (ISIN Code XS0155141830 / US06738CAG42 and CUSIP No. 06738CAG4), 5.926% Step-up Callable Perpetual Reserve Capital Instruments (ISIN Code XS0269453139 / US06739FEY34 and CUSIP No. 06739FEY3), 7.434% Step-up Callable Perpetual Reserve Capital Instruments (ISIN Code XS0322792010 / US06739GAD16 and CUSIP No. 06739GAD1) and 6.278% Non-Cumulative Callable Dollar Preference Shares, Series 1, evidenced in the form of American Depositary Shares, Series 1 (ISIN Code US06738C8284 and CUSIP No. 06738C828) issued by Barclays Bank PLC (collectively, the **Dollar T1 Securities** and together with the Sterling T1 Securities and the Euro T1 Securities, the **Existing T1 Securities**) (such offer, the **Dollar Exchange Offer** and together with the Sterling Exchange Offer and the Euro Exchange Offer, the **Exchange Offers** and each an **Exchange Offer**),

as set forth on pages (i) to (iii) of this prospectus under *Exchange Consideration*, plus any applicable Cash Payment Amount, plus any cash amounts (if applicable) in lieu of any fractional New AT1 Securities, on the terms and subject to the conditions set forth in this prospectus. **Cash Payment Amount** means an amount in cash equivalent to the accrued and unpaid interest or dividends, as the case may be, on the relevant Existing T1 Security from (and including) the immediately preceding interest or dividend payment date (each, a **Distribution Date**) to (and excluding) the relevant Settlement Date (as defined herein) of an Exchange Offer as part of the consideration under the relevant Exchange Offer and not, for the avoidance of doubt, as a payment of interest or a dividend on the Existing T1 Securities. All of the New AT1 Securities to be issued in the Exchange Offers are to be issued by Barclays PLC.

Each Exchange Offer is subject to the condition that a minimum amount of the corresponding New AT1 Securities are issued (each, a **Minimum New Issue Size**) and other conditions set out below under *The Exchange Offers Conditions of the Exchange Offers*. In particular:

The Sterling Exchange Offer is subject to the condition that a sufficient number of Sterling T1 Securities are validly tendered and not validly withdrawn by the Expiration Date such that at least £150,000,000 aggregate principal amount of the Sterling AT1 Securities will be issued by Barclays PLC;

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The Euro Exchange Offer is subject to the condition that a sufficient number of Euro T1 Securities are validly tendered and not validly withdrawn by the Expiration Date such that at least 300,000,000 aggregate principal amount of the Euro AT1 Securities will be issued by Barclays PLC; and

The Dollar Exchange Offer is subject to the condition that a sufficient number of Dollar T1 Securities are validly tendered and not validly withdrawn by the Expiration Date such that at least \$300,000,000 aggregate principal amount of the Dollar AT1 Securities will be issued by Barclays PLC.

Book-entry interests in the Sterling AT1 Securities will be issued in minimum denominations of £200,000 and in integral multiples of £1,000 in excess thereof. Book-entry interests in the Euro AT1 Securities will be issued in minimum denominations of 200,000 and in integral multiples of 1,000 in excess thereof. Book-entry interests in the Dollar AT1 Securities will be issued in minimum denominations of \$200,000 and in integral multiples of \$1,000 in excess thereof. No fractional New AT1 Securities will be delivered pursuant to the Exchange Offers. Instead, each tendering holder of Existing T1 Securities who would otherwise be entitled to a fractional New AT1 Security will receive cash in an amount equal to such fractional entitlement in the currency of the relevant Series of New AT1 Securities.

The New AT1 Securities are expected to be provisionally admitted to trading on the main standard segment of the SIX Swiss Exchange AG (**SIX Swiss Exchange**) from the Settlement Date. Application will be made to the SIX Swiss Exchange for listing of the New AT1 Securities.

None of the Offerors, the trustee, the Dealer Managers and the Exchange Agents (each as defined herein) nor any other person makes any recommendation as to whether you should tender your Existing T1 Securities. You must make your own decision after reading this document and the documents incorporated by reference herein and consulting with your advisers.

Acquiring the New AT1 Securities in the Exchange Offers involves significant risks. We encourage you to read and carefully consider this document in its entirety, in particular the risk factors beginning on page 49 of this document and risk factors in *Risk Review Risk Factors* in our Annual Report on Form 20-F for the year ended December 31, 2013, which is incorporated by reference into this prospectus.

You should reach your own investment decision about the New AT1 Securities only after consultation with your own financial, legal and tax advisers (as you deem appropriate) about risks associated with participating in the Exchange Offers and with an investment in the New AT1 Securities and the suitability of participating in the Exchange Offers and investing in the New AT1 Securities in light of the particular characteristics and terms of the New AT1 Securities, which are complex in structure and operation, and of your particular financial circumstances. The New AT1 Securities may not be suitable for all investors.

The New AT1 Securities are not deposit liabilities of Barclays PLC or Barclays Bank PLC and are not covered by the U.K. Financial Services Compensation Scheme or insured by the U.S. Federal Deposit Insurance Corporation, the Canada Deposit Insurance Corporation or any other governmental agency of the United States, the United Kingdom, Canada or any other jurisdiction.

Neither the Securities and Exchange Commission (the SEC), any state securities commission nor any other regulatory body has approved or disapproved of the Exchange Offers or of the securities to be issued in the Exchange Offers or determined if this document is truthful or complete. Any representation to the contrary is a criminal offense.

The Sole Global Coordinator and Lead Dealer Manager for the Exchange Offers is:

Barclays

The Joint Dealer Managers for the Dollar Exchange Offer are:

BBVA BofA Merrill Citigroup ING SMBC Nikko
 Lynch

The Joint Dealer Managers for the Sterling Exchange Offer and the Euro Exchange Offer are:

Crédit Lloyds UBS
Agricole Credit Suisse Natixis Swedbank Investment
CIB Securities Bank

The date of this document is June 10, 2014

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In the Sterling Exchange Offer, we, or as applicable our wholly-owned subsidiary, Barclays Bank, are offering to exchange any and all of the Sterling T1 Securities listed in the immediately following table for the Sterling AT1 Securities described in the next following table. For each £1,000 of the Sterling T1 Securities validly tendered and accepted for exchange, holders of a particular Series will be eligible to receive a principal amount of the Sterling AT1 Securities set out in the immediately following table under Exchange Price. For the avoidance of doubt, the Exchange Price column below does not take into account any Cash Payment Amount due to holders of the Existing T1 Securities. The Cash Payment Amount will be paid to tendering holders, if applicable, as a separate cash payment.

Existing T1 Securities	ISIN	Interest Rate / Dividend	First Optional Call Date	Principal Amount Outstanding	Exchange Price (per £1,000 principal amount of Sterling T1 Securities)
6% Callable Perpetual Core Tier One Notes (Sterling 6% TONs)	XS0150052388	6% to (but excluding) June 15, 2032. From (and including) June 15, 2032, six-month Sterling LIBOR plus 0.89% per annum.	June 15, 2032	£90,501,000	£1,040 principal amount of Sterling AT1 Securities
5.3304% Step-up Callable Perpetual Reserve Capital Instruments (Sterling 5.3304% RCIs)	XS0248675364	5.3304% to (but excluding) December 15, 2036. From (and including) December 15, 2036, three-month Sterling LIBOR plus 1.985%.	December 15, 2036	£81,481,000	£960 principal amount of Sterling AT1 Securities
6.3688% Step-up Callable Perpetual Reserve Capital Instruments (Sterling 6.3688% RCIs)	XS0305103482	6.3688% to (but excluding) December 15, 2019. From (and including) December 15, 2019,	December 15, 2019	£94,703,000	£1,050 principal amount of Sterling AT1 Securities

three-month
Sterling LIBOR
plus 1.70%.

6.0% Non-Cumulative Callable Preference Shares (Sterling 6.0% Preference Shares)	XS0222208539	6.0% to (but excluding) December 15, 2017. From (and including) December 15, 2017, three-month Sterling LIBOR plus 1.42% per annum.	December 15, 2017	£750,000,000	£1,030 principal amount of Sterling AT1 Securities
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New AT1 Securities	ISIN	Initial Interest Rate	Reset Sterling Interest Margin	Conversion Price	First Call Date	Minimum New Issue Size
Sterling AT1 Securities	XS1068561098	7.00%	5.084%	£1.65	September 15, 2019	£150,000,000

(b) Euro Exchange Offer:

In the Euro Exchange Offer, we are offering to exchange any and all of the Euro T1 Securities listed in the immediately following table for the Euro AT1 Securities described in the next following table. For each 1,000 of the Euro T1 Securities validly tendered and accepted for exchange, holders of such securities will be eligible to receive a principal amount of the Euro AT1 Securities set out in the immediately following table under

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Exchange Price. For the avoidance of doubt, the Exchange Price column below does not take into account any Cash Payment Amount due to holders of the Existing T1 Securities. The Cash Payment Amount will be paid to tendering holders, if applicable, as a separate cash payment.

Existing T1 Securities	ISIN	Interest Rate / Dividend	First Optional Call Date	Principal Amount Outstanding	Exchange Price (per 1,000 principal amount of Euro T1 Securities)
4.75% Non-Cumulative Callable Preference Shares (referred to herein as the Euro T1 Securities)	XS0214398199	4.75% to (but excluding) March 15, 2020. From (and including) March 15, 2020, three-month EURIBOR plus 0.71% per annum.	March 15, 2020	1,400,000,000	1,000 principal amount of Euro AT1 Securities

New AT1 Securities	ISIN	Initial Interest Rate	Reset Euro Interest Margin	Conversion Price	First Call Date	Minimum New Issue Size
Euro AT1 Securities	XS1068574828	6.50%	5.875%	2.02	September 15, 2019	300,000,000

(c) Dollar Exchange Offer:

In the Dollar Exchange Offer, we, or as applicable our wholly-owned subsidiary, Barclays Bank, are offering to exchange any and all of the Dollar T1 Securities listed in the immediately following table for the Dollar AT1 Securities described in the next following table. For each \$1,000 of the Dollar T1 Securities validly tendered and accepted for exchange, holders of a particular Series will be eligible to receive a principal amount of the Dollar AT1 Securities set out in the immediately following table under Exchange Price. For the avoidance of doubt, the Exchange Price column below does not take into account any Cash Payment Amount due to holders of the Existing T1 Securities. The Cash Payment Amount will be paid to tendering holders, if applicable, as a separate cash payment.

Existing T1 Securities	ISIN / CUSIP	Interest Rate / Dividend	First Optional Call Date	Principal Amount Outstanding	Exchange Price (per \$1,000 principal amount of Dollar T1 Securities)
			June 15, 2032	\$681,013,000	

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6.86% Callable Perpetual Core Tier One Notes (U.S. Dollar 6.86% TONs)	XS0155141830; US06738CAG42 / 06738CAG4	6.86% to (but excluding) June 15, 2032. From (and including) June 15, 2032, six-month U.S. dollar LIBOR plus 1.73% per annum.			\$1,135 principal amount of Dollar AT1 Securities
5.926% Step-up Callable Perpetual Reserve Capital Instruments (U.S. Dollar 5.926% RCIs)	XS0269453139; US06739FEY34 / 06739FEY3	5.926% to (but excluding) December 15, 2016. From (and including) December 15, 2016, three-month U.S. dollar LIBOR plus 1.75%.	December 15, 2016	\$533,064,000	\$1,090 principal amount of Dollar AT1 Securities
7.434% Step-up Callable Perpetual Reserve Capital Instruments (U.S. Dollar 7.434% RCIs)	XS0322792010; US06739GAD16 / 06739GAD1	7.434% to (but excluding) December 15, 2017. From (and including) December 15, 2017, three-month U.S. dollar LIBOR plus 3.17%.	December 15, 2017	\$346,565,000	\$1,155 principal amount of Dollar AT1 Securities

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Existing T1 Securities	ISIN / CUSIP	Interest Rate / Dividend	First Optional Call Date	Principal Amount Outstanding	Exchange Price (per \$1,000 principal amount of Dollar T1 Securities)
6.278% Non-Cumulative Callable Dollar Preference Shares, Series 1, evidenced in the form of American Depositary Shares, Series 1 (U.S. Dollar 6.278% Preference Shares)	US06738C8284 / 06738C828	6.278% to (but excluding) December 15, 2034. From (and including) December 15, 2034, three-month U.S. dollar LIBOR plus 1.55% per annum.	December 15, 2034	\$1,000,000,000	\$1,060 principal amount of Dollar AT1 Securities

New AT1 Securities	ISIN / CUSIP	Initial Interest Rate	Reset Dollar Interest Margin	Conversion Price	First Call Date	Minimum New Issue Size
Dollar AT1 Securities	US06738EAB11 / 06738EAB1	6.625%	5.022%	\$2.77	September 15, 2019	\$300,000,000

Upon the terms and subject to the conditions of the Exchange Offers, we, or as applicable our wholly-owned subsidiary, Barclays Bank, will accept tenders for any and all Existing T1 Securities and there will be no priority of acceptance between the different Series of Existing T1 Securities with respect to any Exchange Offer.

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If you are a beneficial owner of Existing T1 Securities that are held by or registered in the name of a bank, broker, custodian or other nominee, and you wish to participate in the Exchange Offers, you must promptly contact your bank, broker, custodian or other nominee to instruct it to tender your Existing T1 Securities, to agree to the terms of the relevant Exchange Offer and,

with respect to the DTC-settled Dollar T1 Securities (as defined below) held through The Depository Trust Company (**DTC**), to cause the timely transmission of a message (an **Agent s Message**) by DTC on your behalf to Global Bondholder Services Corporation, in its capacity as exchange agent for the Dollar Exchange Offer (the **Dollar Exchange Agent**);

with respect to the Euroclear/Clearstream-settled Dollar T1 Securities (as defined below) held through Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**), or Euroclear Bank S.A./N.V. (**Euroclear** and together with DTC and Clearstream, Luxembourg, the **Clearing Systems**) to (a) cause Euroclear or Clearstream, Luxembourg, as the case may be, to block the position in the Euroclear/Clearstream-settled Dollar T1 Securities in accordance with the procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and (b) instruct Euroclear or Clearstream, Luxembourg, as the case may be, to send the Dollar Exchange Agent an electronic message confirming: (i) the direct participant s tender instruction and (ii) that the position in the Euroclear/Clearstream-settled Dollar T1 Securities being tendered has been blocked from trading pending settlement of the offer, valid revocation of such tender instruction or termination of the Dollar Exchange Offer; or

with respect to the Sterling T1 Securities and Euro T1 Securities held through Euroclear or Clearstream, Luxembourg to (a) cause Euroclear or Clearstream, Luxembourg, as the case may be, to block the position in the Sterling T1 Securities and Euro T1 Securities in accordance with the procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and (b) instruct Euroclear or Clearstream, Luxembourg, as the case may be, to send Lucid Issuer Services Limited, in its capacity as the Exchange Agent for the Sterling Exchange Offer and the Euro Exchange Offer (the **Sterling and Euro Exchange Agent** and together with the Dollar Exchange Agent, the **Exchange Agents**) an electronic message confirming: (i) the direct participant s tender instruction and (ii) that the position in the Sterling T1 Securities and Euro T1 Securities being tendered has been blocked from trading pending settlement of the offer, valid revocation of such tender instruction or termination of the Sterling Exchange Offer and the Euro Exchange Offer.

See *The Exchange Offers Procedures for Tendering DTC-settled Dollar T1 Securities*, *The Exchange Offers Procedures for Tendering Euroclear/Clearstream-settled Dollar T1 Securities*, and *The Exchange Offers Procedures for Tendering Sterling T1 Securities and Euro T1 Securities*. **You are urged to instruct your bank, broker, custodian or other nominee at least five Business Days prior to the Expiration Date in order to allow adequate processing time for your instruction.**

The Offerors (as defined below) are not providing for guaranteed delivery procedures and therefore you must allow sufficient time for the necessary tender procedures to be completed during normal business hours of DTC, Euroclear and Clearstream, Luxembourg, as applicable, prior to the Expiration Date. Tenders received by the Exchange Agents after the Expiration Date will be disregarded and of no effect.

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We are incorporating by reference into this prospectus important business and financial information that is not included in or delivered with this prospectus. See *Where You Can Find More Information About Us* below. This information is available without charge to security holders upon written or oral request. Requests should be directed to:

Barclays Treasury

Barclays PLC

1 Churchill Place

London E14 5HP

United Kingdom

Telephone: 011-44-20-7116-1000

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In order to ensure timely delivery of such documents, security holders must request this information no later than five Business Days before the date they must make their investment decision. Accordingly, any request for information should be made by 11:59 p.m., New York City time, on June 5, 2014 to ensure timely delivery of the documents prior to the Expiration Date.

You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not offering the New AT1 Securities in any jurisdiction where the Exchange Offers are not permitted. You should assume that the information contained in this prospectus is accurate only as of the date of the applicable document.

See *Risk Factors* beginning on page 50 of this prospectus and the information set forth under *Risk Review Risk Factors* in the 2013 Form 20-F (as defined below) for a description of certain factors relating to a decision to tender your Existing T1 Securities in the Exchange Offers, including information about our business. Neither we nor our representatives are making any representation to you regarding the legality of participation in the Exchange Offers by you under applicable investment or similar laws. You should consult with your own advisers as to legal, tax, business, financial and related aspects of a decision whether to tender your Existing T1 Securities in the Exchange Offers.

The terms of the New AT1 Securities will be substantially different from those of the Existing T1 Securities. In addition to differences in financial terms which include, among others, the interest rate and payment dates, the terms of the New AT1 Securities differ, among other things, in respect of, the identity of the obligor, redemption dates, redemption prices and redemption events and in that the New AT1 Securities will be subject to a loss absorption trigger event based on the Group's capital ratios and the ability of the Issuer to decide in its sole discretion to cancel any interest payment on the New AT1 Securities. Investors should carefully consider these differences in addition to those described under *Comparison of the Material Terms of the Preference Shares and the New AT1 Securities*, *Comparison of the Material Terms of the Tier One Notes and the New AT1 Securities* and *Comparison of the Material Terms of the Reserve Capital Instruments and the New AT1 Securities* in deciding whether to tender Existing T1 Securities for exchange in connection with the Exchange Offers. See also *Risk Factors Risks Related to the Exchange Offers There are significant differences between the Existing T1 Securities and the New AT1 Securities*.

The New AT1 Securities are perpetual and have no fixed maturity or fixed redemption date. Interest on the New AT1 Securities will be due and payable only at our sole discretion, and we may cancel (in whole or in part) any interest payment at any time. As a result, we are not required to make any payment of the principal amount of the New AT1 Securities at any time prior to our winding-up or administration and you may not receive interest on any interest payment date.

In addition, by its acquisition of the New AT1 Securities, each holder of such securities also acknowledges, agrees to be bound by, and consents to the exercise of, any U.K. Bail-in Power (as defined herein) by the relevant U.K. resolution authority (as defined herein) that may result in the cancellation of all, or a portion, of the principal amount of, or interest on, the New AT1 Securities and/or the conversion of all, or a portion, of the principal amount of, or interest on, the New AT1 Securities into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the New AT1 Securities, in each case, to give effect to the exercise by the relevant U.K. resolution authority of such U.K. Bail-in Power. See *Description of the New AT1 Securities Agreement with Respect to the Exercise of U.K. Bail-in Power*.

You should reach your own investment decision about the New AT1 Securities only after consultation with your own financial, legal and tax advisers (as you deem appropriate) about risks associated with participating in the Exchange Offers and with an investment in the New AT1 Securities and the suitability of participating in the Exchange Offers

and investing in the New AT1 Securities in light of the particular characteristics and terms of the New AT1 Securities, which are complex in structure and operation, and of your particular financial

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circumstances. The New AT1 Securities may not be a suitable investment for all investors. There is no established trading market for the New AT1 Securities and one may not develop. If a market does develop, it may not be liquid.

Unless otherwise indicated or the context otherwise requires, all references in this prospectus to the exchange of Existing T1 Securities for New AT1 Securities include all cash payments (including any Cash Payment Amount) made in connection with the exchange of those Existing T1 Securities for those New AT1 Securities. Each tendering holder of Existing T1 Securities who would otherwise be entitled to a fractional New AT1 Security will receive cash in an amount equal to such fractional entitlement in the currency of the relevant Series of New AT1 Securities (rounded to the nearest £0.01, 0.01 or \$0.01, as applicable).

The New AT1 Securities will be available initially only in book-entry form. We expect that the New AT1 Securities will be issued in the form of one or more registered global securities. The global securities will either (a) with respect to the Dollar AT1 Securities, be deposited with, or on behalf of, DTC, and registered in its name or in the name of Cede & Co., its nominee or (b) with respect to the Euro AT1 Securities and the Sterling AT1 Securities, be deposited with a common depositary for Clearstream, Luxembourg and/or Euroclear and registered in the name of such common depositary or its nominee. Securities entitlements in respect of the global securities will be shown on, and transfers of securities entitlements in respect of the global securities will be effected through, records maintained by DTC, Clearstream, Luxembourg and/or Euroclear and their respective direct and indirect participants, as applicable. See *Clearance and Settlement* for a further discussion of these matters.

THIS PROSPECTUS IS SUBJECT TO DISTRIBUTION RESTRICTIONS IN, AMONG OTHER JURISDICTIONS, THE UNITED KINGDOM, ISLE OF MAN, GUERNSEY, JERSEY, BELGIUM, FRANCE, ITALY, DENMARK, THE NETHERLANDS, THE GRAND DUCHY OF LUXEMBOURG, SINGAPORE, HONG KONG AND JAPAN. PLEASE SEE *THE EXCHANGE OFFERS CERTAIN MATTERS RELATING TO NON-U.S. JURISDICTIONS* FOR MORE INFORMATION.

SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES

We are an English public limited company. A majority of our directors and executive officers and a number of the experts named in this document are non-residents of the United States. All or a substantial portion of the assets of those persons are located outside the United States. Most of our assets are located outside of the United States. As a result, it may not be possible for you to effect service of process within the United States upon those persons or to enforce against them judgments of U.S. courts based upon the civil liability provisions of the federal securities laws of the United States. We have been advised by our English solicitors, Clifford Chance LLP, that there is doubt as to the enforceability in the United Kingdom, in original actions or in actions for enforcement of judgments of U.S. courts, of liabilities based solely upon the federal securities laws of the United States.

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This document contains certain forward-looking statements with respect to certain of the Group's (as hereinafter defined) plans and its current goals and expectations relating to its future financial condition and performance. Barclays (as hereinafter defined) cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as may, will, seek, continue, aim, anticipate, expect, projected, expect, estimate, intend, plan, goal, believe, achieve or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, income growth, assets, impairment charges and provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios), projected levels of growth in the banking and financial markets, projected costs or savings, original and revised commitments and targets in connection with the Transform Programme and the Group Strategy Update (as described in our Current Report on Form 6-K furnished to the SEC on May 9, 2014 (File No. 001-09246, Film No. 14827183) (the **May 9 6-K**)), run-down of assets and businesses within Barclays Non-Core (as such unit is described in the May 9 6-K), estimates of capital expenditures and plans and objectives for future operations, projected employee numbers and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards (**IFRS**), evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules (including with regard to the future structure of the Group) applicable to past, current and future periods; U.K., United States, Africa, Eurozone and global macroeconomic and business conditions; the effects of continued volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of the Group; the potential for one or more countries exiting the Eurozone; the implementation of the Transform Programme; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements. Additional risks and factors are identified in our filings with the U.S. Securities and Exchange Commission (**SEC**) including our Annual Report on Form 20-F for the fiscal year ended December 31, 2013 filed with the SEC on March 14, 2014 (the **2013 Form 20-F**), which is available on the SEC's website at <http://www.sec.gov> and incorporated by reference into this prospectus.

Any forward-looking statements made herein speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information or future events. Except as required by the Prudential Regulation Authority, the Financial Conduct Authority, the London Stock Exchange PLC (**LSE**), the SIX Swiss Exchange or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Barclays' expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has filed or may file with the SEC.

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WHERE YOU CAN FIND MORE INFORMATION ABOUT US

We are subject to the information requirements of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**). Accordingly, we file jointly with Barclays Bank, reports and other information with the SEC. The SEC maintains an internet site at <http://www.sec.gov> that contains reports and other information we file electronically with the SEC. You may also inspect and copy reports and other information that we file with the SEC at the public reference facilities maintained at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of such material may be obtained by mail from the Public Reference Section of the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549 at prescribed rates. In addition, you may inspect and copy that material at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which some of our securities are listed.

The SEC allows us to incorporate by reference much of the information we file with the SEC, which means that we can disclose important information to you by referring you to those publicly available documents. The information that we incorporate by reference into this prospectus is an important part of this prospectus. The most recent information that we file with the SEC automatically updates and supersedes earlier information.

We have filed with the SEC a registration statement on Form F-4 relating to the securities covered by this prospectus. This prospectus is a part of the registration statement and omits some of the information contained in the registration statement in accordance with SEC rules and regulations. You should review the information in, and exhibits to, the registration statement for further information on us and the New AT1 Securities. Statements in this prospectus concerning any document we have filed or will file as an exhibit to the registration statement or that we have otherwise filed with the SEC are not intended to be comprehensive and are qualified in their entirety by reference to these filings. You should review the complete document to evaluate these statements. You may review a copy of the registration statement at the SEC's public reference room in Washington, D.C., as well as through the SEC's internet site, as discussed above.

We filed our 2013 Form 20-F with the SEC on March 14, 2014. We are incorporating the 2013 Form 20-F by reference into this prospectus. We are further incorporating by reference our Current Report on Form 6-K furnished to the SEC on May 6, 2014 (File No. 001-09246, Film No. 14816123) (the **May 6 6-K**) and the May 9 6-K.

In addition, we incorporate by reference into this prospectus any future documents that we may file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this prospectus until the offering contemplated in this prospectus is completed. Reports on Form 6-K we may furnish to the SEC after the date of this prospectus (or portions thereof) are incorporated by reference in this prospectus only to the extent that the report expressly states that it is (or such portions are) incorporated by reference in this prospectus.

We will provide to you, upon your written or oral request, without charge, a copy of any or all of the documents referred to above which we have incorporated in this prospectus by reference. You should direct your requests to Barclays Treasury, Barclays PLC, 1 Churchill Place, London E14 5HP, United Kingdom (telephone: 011-44-20-7116-1000).

For purposes of this prospectus, references to:

we, us, our, the Issuer and Barclays refer to Barclays PLC (or any successor entity), unless the context requires otherwise;

Group refers to Barclays PLC (or any successor entity) and its consolidated subsidiaries;

Barclays Bank refers to Barclays Bank PLC (or any successor entity);

Offeror refers to each of Barclays and Barclays Bank (together, the **Offerors**);

DTC, Clearstream, Luxembourg, Euroclear or the **Clearing Systems** shall include any successor clearing systems;

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PRA shall mean the Prudential Regulation Authority of the United Kingdom or such other governmental authority in the United Kingdom (or if Barclays PLC becomes domiciled in a jurisdiction other than the United Kingdom, such other jurisdiction) having primary responsibility for the prudential supervision of Barclays PLC;

£, **GBP** and **sterling** shall be to the lawful currency for the time being of the United Kingdom; references to **\$** and **U.S. dollars** shall be to the lawful currency for the time being of the United States; and references to **and euro** shall be to the currency introduced at the start of the third stage of European economic and monetary union, as defined in Article 2 of Council Regulation (EC) No. 974/98 of May 3, 1998 on the introduction of the euro;

CRD IV shall mean the legislative package consisting of Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as the same may be amended or replaced from time to time, and the CRD IV Regulation; and

CRD IV Regulation shall mean Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of June 26, 2013, as the same may be amended or replaced from time to time.

Each series of the Sterling T1 Securities, the Euro T1 Securities and the Dollar T1 Securities is referred to as a **Series** of Existing T1 Securities. Each series of the Sterling AT1 Securities, the Euro AT1 Securities and the Dollar AT1 Securities is referred to as a **Series** of New AT1 Securities.

Table of Contents**IMPORTANT DATES**

Please take note of the following important dates and times in connection with the Exchange Offers. If one or more Exchange Offers are extended, the Expiration Date and Revocation Deadline for such extended Exchange Offers will be the latest date and time to which such Exchange Offers are extended, and the Announcement Date and Settlement Date as set out below may be modified accordingly. **If you hold your Existing T1 Securities through a Clearing System, broker, dealer, commercial bank, trust company or other nominee, you should keep in mind that such entity may require you to take action with respect to the Exchange Offers a number of days before the Expiration Date in order for such entity to tender Existing T1 Securities on your behalf at or prior to the Expiration Date.**

Date	Time and Calendar Date	Event
Commencement of the Exchange Offers.	May 15, 2014	The Exchange Offers announced. Preliminary prospectus made available to holders of Existing T1 Securities.
Expiration Date and Revocation Deadline	11:59 p.m, New York City time, June 12, 2014	Deadline for holders to validly tender Existing T1 Securities in order to qualify for the relevant Exchange Offer and to validly withdraw tenders of Existing T1 Securities.
Results Announcement Date	June 13, 2014	Announcement of the results of the Exchange Offers and acceptance of tenders by Barclays.
Settlement Date	Expected to be June 17, 2014 (three Business Days after the Expiration Date)	New AT1 Securities will be issued in exchange for any Existing T1 Securities validly

tendered prior to the
Expiration
Date and accepted by
the
Offerors.

Payment of any
applicable Cash
Payment Amount and
cash
amounts in lieu of any
fractional
New AT1 Securities.

Unless stated otherwise, announcements in connection with the Exchange Offers will be made (i) by the issue of a press release to a recognized financial news service or services (e.g. Reuters/Bloomberg) as selected by the Issuer (**Notifying News Service**), (ii) by the delivery of notices to the relevant Clearing System for communication to direct participants and (iii) through The Regulatory News Service provided by the London Stock Exchange plc (being a Regulated Information Service that is on the list of Regulated Information Services maintained by the Financial Conduct Authority) (**RNS**) and on the Luxembourg Stock Exchange's website at www.bourse.lu, and may also be found on the relevant Reuters International Insider Screen. Copies of all such announcements, press releases and notices can also be obtained from the Exchange Agents, the contact details for whom are at the end of this prospectus.

Table of Contents**SUMMARY**

*The following summary highlights selected information contained in this prospectus. It may not contain all of the information that is important to you and is qualified in its entirety by the more detailed information included or incorporated by reference in this prospectus. You should carefully consider the information contained in and incorporated by reference in this prospectus, including the information set forth under the heading *Risk Factors*, *The Exchange Offers* and *Description of the New AT1 Securities* in this prospectus and the information set forth under *Risk Review Risk Factors* in the 2013 Form 20-F.*

Barclays PLC

Barclays, including Barclays Bank and its other subsidiary undertakings, is a major global financial services provider engaged in retail banking, credit cards, corporate banking, investment banking, wealth management and investment management services. Barclays is the ultimate holding company of the Group and one of the largest financial services companies in the world by market capitalization. Barclays beneficially owns the whole of the issued ordinary share capital of Barclays Bank.

The principal executive offices of Barclays and Barclays Bank are located at 1 Churchill Place, London E14 5HP, United Kingdom and their telephone number is (01) 44-20-7116-1000.

Summary Terms of the Exchange Offers

Offerors

Barclays is the offeror with respect to (a) Sterling 6.0% Preference Shares, (b) Euro T1 Securities and (c) U.S. Dollar 6.278% Preference Shares (together, the **Preference Shares**).

Barclays Bank is the offeror with respect to (a) Sterling 6% TONs, (b) U.S. Dollar 6.86% TONs (together with Sterling 6% TONs, the **TONs**), (c) Sterling 5.3304% RCIs, (d) Sterling 6.3688% RCIs, (e) U.S. Dollar 5.926% RCIs and (f) U.S. Dollar 7.434% RCIs (together with the Sterling 5.3304% RCIs, Sterling 6.3688% RCIs and U.S. Dollar 5.926% RCIs, the **RCIs**).

Purpose of the Exchange Offers

The Offerors are inviting holders of Existing T1 Securities issued by Barclays Bank to exchange these securities into CRD IV-compliant additional tier 1 securities to be issued by Barclays as the next step in the transition of the Group's capital structure. The exchange will accelerate the transition of the Group's capital structure, contribute to the Group's leverage ratio target and manage the interest cost associated with legacy non-CRD IV-compliant securities. We note that any future decision as to the exercise of early redemption calls with respect to the Existing T1 Securities will be made with reference to the economic impact to the Group of such early redemption, prevailing market conditions and regulatory developments.

Existing T1 Securities Subject to the Exchange Offers

The Sterling T1 Securities subject to the Sterling Exchange Offer are:

£90,501,000 Sterling 6% TONs;

£81,481,000 Sterling 5.3304% RCIs;

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£94,703,000 Sterling 6.3688% RCIs; and

£750,000,000 Sterling 6.0% Preference Shares.

The Euro T1 Securities subject to the Euro Exchange Offer are:

1,400,000,000 4.75% Non-Cumulative Callable Preference Shares.

The Dollar T1 Securities subject to the Dollar Exchange Offer are:

\$681,013,000 U.S. Dollar 6.86% TONs;

\$533,064,000 U.S. Dollar 5.926% RCIs;

\$346,565,000 U.S. Dollar 7.434% RCIs; and

\$1,000,000,000 U.S. Dollar 6.278% Preference Shares.

The ISIN numbers and CUSIP numbers, as applicable, of these securities are set forth below under *The Exchange Offers*.

New AT1 Securities Offered

The Sterling AT1 Securities offered in the Sterling Exchange Offer are the GBP-denominated 7.00% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (Callable 2019 and Every Five Years Thereafter) to be issued by Barclays.

The Euro AT1 Securities offered in the Euro Exchange Offer are the Euro-denominated 6.50% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (Callable 2019 and Every Five Years Thereafter) to be issued by Barclays.

The Dollar AT1 Securities offered in the Dollar Exchange Offer are the U.S. dollar-denominated 6.625% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (Callable 2019 and Every Five Years Thereafter) to be issued by Barclays.

The Exchange Offers

We, or as applicable our wholly-owned subsidiary, Barclays Bank, are offering to exchange, on the terms and conditions described in this prospectus, the relevant New AT1 Securities, plus any applicable Cash Payment Amount (as described below), plus (if applicable) cash amounts in lieu of fractional New AT1 Securities, for the applicable corresponding Existing T1 Securities as set forth in the tables below.

The tables show, with respect to each Series of Existing T1 Securities, the aggregate principal amount of the relevant Series of New AT1 Securities that a holder will receive for each £1,000, 1,000 and \$1,000 principal amount, as applicable, of the relevant Existing T1 Securities validly tendered and accepted for exchange. For the avoidance of doubt, the Exchange Price columns in the tables below do not take into account any Cash Payment Amount due to holders of the Existing T1 Securities. The Cash Payment Amount will be paid to tendering holders, if applicable, as a separate cash payment.

Table of Contents*(a) Sterling Exchange Offer:*

In the Sterling Exchange Offer, we, or as applicable our wholly-owned subsidiary, Barclays Bank, are offering to exchange any and all of the Sterling T1 Securities listed in the immediately following table for the Sterling AT1 Securities described in the next following table. For each £1,000 of the Sterling T1 Securities validly tendered and accepted for exchange, holders of a particular Series will be eligible to receive a principal amount of the Sterling AT1 Securities set out in the immediately following table under Exchange Price.

Existing T1 Securities	ISIN	Interest Rate / Dividend	First Optional Call Date	Principal Amount Outstanding	Exchange Price (per £1,000 principal amount of Sterling T1 Securities)
Sterling 6% TONs	XS0150052388	6% to (but excluding) June 15, 2032. From (and including) June 15, 2032, six-month Sterling LIBOR plus 0.89% per annum.	June 15, 2032	£90,501,000	£1,040 principal amount of Sterling AT1 Securities
Sterling 5.3304% RCIs	XS0248675364	5.3304% to (but excluding) December 15, 2036. From (and including) December 15, 2036, three-month Sterling LIBOR plus 1.985%.	December 15, 2036	£81,481,000	£960 principal amount of Sterling AT1 Securities
Sterling 6.3688% RCIs	XS0305103482	6.3688% to (but excluding) December 15, 2019. From (and including) December 15, 2019, three-month Sterling LIBOR plus 1.70%.	December 15, 2019	£94,703,000	£1,050 principal amount of Sterling AT1 Securities
	XS0222208539		December 15, 2017	£750,000,000	

Sterling 6.0% Preference Shares	6.0% to (but excluding) December 15, 2017. From (and including) December 15, 2017, three-month Sterling LIBOR plus 1.42% per annum.	£1,030 principal amount of Sterling AT1 Securities
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New AT1 Securities	ISIN	Initial Interest Rate	Reset Sterling Interest Margin	Conversion Price	First Call Date	Minimum New Issue Size
Sterling AT1 Securities	XS1068561098	7.00%	5.084%	£1.65	September 15, 2019	£150,000,000

Table of Contents*(b) Euro Exchange Offer:*

In the Euro Exchange Offer, we are offering to exchange any and all of the Euro T1 Securities listed in the immediately following table for the Euro AT1 Securities described in the next following table. For each 1,000 of the Euro T1 Securities validly tendered and accepted for exchange, holders of such securities will be eligible to receive a principal amount of the Euro AT1 Securities set out in the immediately following table under Exchange Price.

Existing T1 Securities	ISIN	Interest Rate / Dividend	First Optional Call Date	Principal Amount Outstanding	Exchange Price (per 1,000 principal amount of Euro T1 Securities)⁽¹⁾
4.75% Non-Cumulative Callable Preference Shares (referred to herein as the Euro T1 Securities)	XS0214398199	4.75% to (but excluding) March 15, 2020. From (and including) March 15, 2020, three-month EURIBOR plus 0.71% per annum.	March 15, 2020	1,400,000,000	1,000 principal amount of Euro AT1 Securities

New AT1 Securities	ISIN	Initial Interest Rate	Reset Euro Interest Margin	Conversion Price	First Call Date	Minimum New Issue Size
Euro AT1 Securities	XS1068574828	6.50%	5.875%	2.02	September 15, 2019	300,000,000

Table of Contents*(c) Dollar Exchange Offer:*

In the Dollar Exchange Offer, we, or as applicable our wholly-owned subsidiary, Barclays Bank, are offering to exchange any and all of the Dollar T1 Securities listed in the immediately following table for the Dollar AT1 Securities described in the next following table. For each \$1,000 of the Dollar T1 Securities validly tendered and accepted for exchange, holders of a particular Series will be eligible to receive a principal amount of the Dollar AT1 Securities set out in the immediately following table under Exchange Price.

Existing T1 Securities	ISIN / CUSIP	Interest Rate / Dividend	First Optional Call Date	Principal Amount Outstanding	Exchange Price (per \$1,000 principal amount of Dollar T1 Securities)
U.S. Dollar 6.86% TONs	XS0155141830; US06738CAG42 / 06738CAG4	6.86% to (but excluding) June 15, 2032. From (and including) June 15, 2032, six-month U.S. dollar LIBOR plus 1.73% per annum.	June 15, 2032	\$681,013,000	\$1,135 principal amount of Dollar AT1 Securities
U.S. Dollar 5.926% RCIs	XS0269453139; US06739FEY34 / 06739FEY3	5.926% to (but excluding) December 15, 2016. From (and including) December 15, 2016, three-month U.S. dollar LIBOR plus 1.75%.	December 15, 2016	\$533,064,000	\$1,090 principal amount of Dollar AT1 Securities
U.S. Dollar 7.434% RCIs	XS0322792010; US06739GAD16 / 06739GAD1	7.434% to (but excluding) December 15, 2017. From (and including) December 15, 2017, three-month U.S. dollar LIBOR plus 3.17%.	December 15, 2017	\$346,565,000	\$1,155 principal amount of Dollar AT1 Securities

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U.S. Dollar 6.278% Preference Shares US06738C8284 / 06738C828 6.278% to (but excluding) December 15, 2034. From (and including) December 15, 2034, three-month U.S. dollar LIBOR plus 1.55% per annum. \$1,000,000,000 \$1,060 principal amount of Dollar AT1 Securities

New AT1 Securities	ISIN / CUSIP	Initial Interest Rate	Reset Dollar Interest Margin	Conversion Price	First Call Date	Minimum New Issue Size
Dollar AT1 Securities	US06738EAB11 / 06738EAB1	6.625%	5.022%	\$2.77	September 15, 2019	\$300,000,000

Cash Payment Amount

Holder's whose Existing T1 Securities are accepted for exchange will receive from the Offerors on the Settlement Date an amount paid in cash equivalent to the accrued and unpaid interest or dividends, as the case may be, on the relevant Existing T1 Security from (and including) the immediately preceding Distribution Date to (and

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excluding) the Settlement Date of the relevant Exchange Offer as part of the consideration under the relevant Exchange Offer and not, for the avoidance of doubt, as a payment of interest or a dividend on the Existing T1 Securities. As described above under *The Exchange Offers*, the Cash Payment Amount, if any, will be paid to tendering holders of Existing T1 Securities as a separate cash amount upon the Settlement Date and is not reflected in the Exchange Price columns in the tables under *The Exchange Offers*.

No Priority of Acceptance

Upon the terms and subject to the conditions of the Exchange Offers, we, or as applicable our wholly-owned subsidiary, Barclays Bank, will accept tenders for any and all Existing T1 Securities and there will be no priority of acceptance between the different Series of Existing T1 Securities with respect to any Exchange Offer.

Fractional Entitlements

No fractional New AT1 Securities will be delivered pursuant to the Exchange Offers. Instead, each tendering holder of Existing T1 Securities who would otherwise be entitled to a fractional New AT1 Security will receive cash in an amount equal to such fractional entitlement in the currency of the relevant Series of New AT1 Securities.

Interest Rates of the New AT1 Securities

The New AT1 Securities will bear interest at the rates (the **Initial Interest Rates**) set forth above under *The Exchange Offers* in respect of the period from (and including) the relevant date of issuance to (but excluding) September 15, 2019.

Expiration Date and Withdrawal Rights

Each Exchange Offer will expire at 11:59 p.m., New York City time, on June 12, 2014 (unless the Offerors extend or earlier terminate it). The term **Expiration Date** means such date and time or, if the Offerors extend one or more Exchange Offers, the latest date and time to which the Offerors extend such Exchange Offers. You may withdraw any Existing T1 Securities that you previously tendered in the Exchange Offers at any time on or prior to the Expiration Date. See *The Exchange Offers Withdrawal of Tenders*.

Minimum New Issue Size

Each Exchange Offer is subject to a Minimum New Issue Size. In particular:

the Sterling Exchange Offer is subject to the condition that a sufficient number of Sterling T1 Securities are validly tendered and not validly withdrawn by the Expiration Date such that at least £150,000,000 aggregate principal amount of the Sterling

AT1 Securities will be issued by Barclays;

the Euro Exchange Offer is subject to the condition that a sufficient number of Euro T1 Securities are validly tendered and not validly withdrawn by the Expiration Date such that at least 300,000,000 aggregate principal amount of the Euro AT1 Securities will be issued by Barclays; and

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the Dollar Exchange Offer is subject to the condition that a sufficient number of Dollar T1 Securities are validly tendered and not validly withdrawn by the Expiration Date such that at least \$300,000,000 aggregate principal amount of the Dollar AT1 Securities will be issued by Barclays.

The Exchange Offers are also subject to certain other conditions. See *The Exchange Offers Conditions of the Exchange Offers*.

Settlement Date

The **Settlement Date** for each Exchange Offer will be a date promptly following the Expiration Date. The Offerors currently expect the Settlement Date to be three Business Days after the Expiration Date for the relevant Exchange Offer.

Procedures for Tendering Existing T1 Securities

If you wish to participate in any of the Exchange Offers and your Existing T1 Securities are held by a custodial entity such as a bank, broker, dealer, trust company or other nominee, you must instruct that custodial entity to tender the Existing T1 Securities on your behalf pursuant to the procedures of the custodial entity.

(a) DTC-settled Dollar T1 Securities

DTC-settled Dollar T1 Securities means collectively, (i) the U.S. Dollar 6.278% Preference Shares and (ii) the portion of the U.S. Dollar 6.86% TONs, U.S. Dollar 5.926% RCIs and U.S. Dollar 7.434% RCIs that settle through DTC.

Each holder tendering DTC-settled Dollar T1 Securities pursuant to the Dollar Exchange Offer must arrange for the relevant Direct Participant in DTC to submit a valid instruction in accordance with the requirements of DTC. A **Direct Participant** means each person who is shown in the records of the Clearing Systems as a holder of the Existing T1 Securities. There is no separate letter of transmittal in connection with the Exchange Offers. See *The Exchange Offers Procedures for Tendering DTC-settled Dollar T1 Securities*.

If your DTC-settled Dollar T1 Securities are held of record through a broker, dealer, commercial bank, trust company or other nominee and you wish to tender or withdraw your Notes after 5:00 p.m., New York City time, on the Expiration Date, you must make arrangements with your nominee for such nominee to fax a DTC

Voluntary Offering Instructions form (in the case of a tender) or a DTC notice of withdrawal form (in the case of a withdrawal) to the Dollar Exchange Agent at its number on the back cover of this prospectus on your behalf prior to 11:59 p.m., New York City time, on the Expiration Date, in accordance with the procedures described under *The Exchange Offers Procedures for Tendering the DTC-settled Dollar T1 Securities* and *The Exchange Offers Withdrawal of Tenders*.

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(b) Euroclear/Clearstream-settled Dollar T1 Securities

Euroclear/Clearstream-settled Dollar T1 Securities means the portion of the U.S. Dollar 6.86% TONs, U.S. Dollar 5.926% RCIs and U.S. Dollar 7.434% RCIs that settle through Euroclear or Clearstream, Luxembourg.

Each holder tendering Euroclear/Clearstream-settled Dollar T1 Securities pursuant to the Exchange Offers must arrange for the relevant account holder to submit an electronic tender and blocking instruction (the **Tender and Blocking Instruction**) in the form specified in the **Deadlines and Corporate Events** or similar form of notice to be sent to account holders by each of Euroclear and Clearstream, Luxembourg on or about the date of this prospectus informing account holders of the procedures to be followed in order to participate in the Exchange Offers. See *The Exchange Offers Procedures for Tendering Euroclear/Clearstream-settled Dollar T1 Securities*.

(c) Sterling T1 Securities and Euro T1 Securities

Custodial entities that are participants in Euroclear or Clearstream, Luxembourg must comply with the procedures of Euroclear or Clearstream, Luxembourg, as applicable.

Each holder tendering Sterling T1 Securities or Euro T1 Securities through a custodial entity that is a participant in Euroclear or Clearstream, Luxembourg must submit an electronic acceptance instruction (the **Electronic Acceptance Instruction**) through Euroclear or Clearstream, Luxembourg as described in this prospectus under *The Exchange Offers Procedures for Tendering Sterling T1 Securities and Euro T1 Securities*.

We urge you to instruct your broker, dealer, commercial bank, trust company or other nominee at least five Business Days prior to the Expiration Date in order to allow adequate processing time for your instruction.

Should you have any questions as to the procedures for tendering your Existing T1 Securities, please call your broker, dealer, commercial bank, trust company or other nominee, or call the Exchange Agents at their telephone number set forth on the back cover page of this prospectus.

THE OFFERORS ARE NOT PROVIDING FOR GUARANTEED DELIVERY PROCEDURES AND THEREFORE YOU MUST ALLOW SUFFICIENT TIME FOR THE NECESSARY TENDER PROCEDURES TO BE COMPLETED DURING NORMAL BUSINESS HOURS OF DTC, EUROCLEAR OR CLEARSTREAM, LUXEMBOURG

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ON OR PRIOR TO THE EXPIRATION DATE, AS APPLICABLE. TENDERS NOT RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE EXPIRATION DATE WILL BE DISREGARDED AND OF NO EFFECT.

Extensions; Waivers and Amendments;
Termination

Subject to applicable law, the Offerors reserve the right to (1) extend any or all of the Exchange Offers; (2) waive any and all conditions to or amend any or all of the Exchange Offers in any respect; or (3) terminate any or all of the Exchange Offers. Any extension, waiver, amendment or termination will be followed as promptly as practicable by a public announcement thereof, such announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next Business Day after the last previously scheduled Expiration Date. See *The Exchange Offers Expiration Date; Extension; Termination; Amendment.*

U.S. Federal Income Tax Considerations

For a summary of certain United States federal income tax consequences to holders of New AT1 Securities related to the Exchange Offers, see *Tax Considerations Certain United States Federal Income Tax Considerations.*

United Kingdom Tax Considerations

For a summary of certain United Kingdom tax consequences to holders of New AT1 Securities related to the Exchange Offers, see *Tax Considerations United Kingdom Taxation Considerations.*

Consequences of Failure to Exchange
Existing T1 Securities

Depending on the amount of Existing T1 Securities of any Series that are accepted for exchange in the Exchange Offers, the trading market for the Existing T1 Securities of that Series that remain outstanding after the Exchange Offers may be more limited. A reduced trading volume may decrease the price and increase the volatility of the trading price of the Existing T1 Securities of any Series that remain outstanding following the Exchange Offers. If the relevant Exchange Offer is successful, the market price for the Existing T1 Securities subject to such Exchange Offer may be depressed and there may be a limited trading market for those Existing T1 Securities.

Representations and Warranties of
Tendering Holders

Each holder tendering Existing T1 Securities shall be deemed to make the representations, warranties and undertakings specified under *The Exchange Offers Acknowledgements, Representations, Warranties and Undertakings*, including that such holder will only submit (or arrange to submit) one Exchange Instruction (as defined herein) in respect of any one Series of the Existing T1 Securities tendered by it in the relevant Exchange Offer.

Brokerage Commissions

You will not be required to pay brokerage commissions to the Dealer Managers, the Exchange Agents or the Offerors in connection with the Exchange Offers. If your Existing T1 Securities are held through a

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broker or other nominee that tenders the Existing T1 Securities on your behalf, such broker or other nominee may charge you a commission for doing so. You should consult with your broker or nominee to determine whether any charges will apply.

No Appraisal or Dissenters Rights

You will have no appraisal or dissenters rights in connection with the Exchange Offers.

Dealer Managers

Barclays Capital Inc., Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, ING Financial Markets LLC, Lloyds Securities Inc., Merrill Lynch, Pierce Fenner & Smith Incorporated, Natixis, SMBC Nikko Capital Markets Limited, Swedbank AB (publ) and UBS Limited (each, a **Dealer Manager** and collectively, the **Dealer Managers**).

Exchange Agents

Global Bondholder Services Corporation is the Dollar Exchange Agent for the Dollar Exchange Offer, and Lucid Issuer Services Limited is the Sterling and Euro Exchange Agent for the Sterling Exchange Offer and the Euro Exchange Offer.

Further Information

If you have questions about the terms of the Exchange Offers, please contact the Dealer Managers or the Exchange Agents. Requests for additional copies of this prospectus, the documents incorporated by reference herein and the Agent's Message, Tender and Blocking Instruction or Electronic Acceptance Instruction (each, an **Exchange Instruction**) may be directed to the relevant Exchange Agent. If you have questions regarding the procedures for tendering your Existing T1 Securities, please contact the relevant Exchange Agents. The contact information for the Dealer Managers and Exchange Agents are set forth on the back cover page of this prospectus.

As required by the Securities Act of 1933, as amended, we have filed a registration statement relating to the Exchange Offers with the Securities and Exchange Commission. This prospectus is a part of that registration statement.

See also *Where You Can Find More Information About Us*.

Summary Terms of the New AT1 Securities

Please refer to Description of the New AT1 Securities on page 106 of this prospectus for more information about the New AT1 Securities.

General

The Issuer

Barclays

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The Securities Being Offered	<p>In respect of the Sterling Exchange Offer, GBP-denominated 7.00% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (Callable 2019 and Every Five Years Thereafter), referred to herein as the Sterling AT1 Securities.</p> <p>In respect of the Euro Exchange Offer, Euro-denominated 6.50% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (Callable 2019 and Every Five Years Thereafter), referred to herein as the Euro AT1 Securities.</p> <p>In respect of the Dollar Exchange Offer, U.S. dollar-denominated 6.625% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (Callable 2019 and Every Five Years Thereafter), referred to herein as the Dollar AT1 Securities.</p> <p>Each of the Sterling AT1 Securities, the Euro AT1 Securities and the Dollar AT1 Securities will constitute a series of Contingent Convertible Securities issued under the Indenture.</p>
Perpetual Securities	The New AT1 Securities are perpetual securities and have no fixed maturity or fixed redemption date.
<i>Terms specific to the Sterling AT1 Securities</i>	
Issue Price	100% of the nominal principal amount.
Interest Rate	<p>From (and including) the date of issuance to (but excluding) September 15, 2019, the interest rate on the Sterling AT1 Securities will be 7.00% per annum. From (and including) each Sterling Reset Date to (but excluding) the next following Sterling Reset Date, the applicable per annum interest rate in respect of the Sterling AT1 Securities will be equal to the sum of the applicable Sterling Mid-Market Swap Rate (as defined herein) on the relevant Sterling Reset Determination Date (as defined herein) and 5.084% (the Sterling Interest Margin).</p> <p>For a description of the circumstances under which interest may be cancelled and not paid, see <i>Terms common to each Series of the New AT1 Securities Interest Payments Discretionary and Terms common to each Series of the New AT1 Securities Restriction on Interest Payments</i> below.</p>

Reset Dates

The **Sterling Reset Dates** are September 15, 2019 and each fifth anniversary date thereafter, commencing September 15, 2024.

Reset Determination Dates-

The **Sterling Reset Determination Date** is the second Payment Business Day immediately preceding each Sterling Reset Date.

Sterling Mid-Market Swap Rate

Sterling Mid-Market Swap Rate is the mid-market sterling swap rate LIBOR basis having a five-year maturity appearing on Reuters page ISDAFIX4 (or such other page as may replace such page on Reuters, or such other page as may be nominated by the person

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providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) at 11:00 a.m. (London time) on the relevant Sterling Reset Determination Date, as determined by the Calculation Agent. If such swap rate does not appear on such page (or such other page or service), the Sterling Mid-Market Swap Rate shall instead be determined by the Calculation Agent on the basis of (i) Sterling Five-year Mid-Market Swap Rate Quotations provided by the principal office of each of four major banks in the sterling swap rate market (which banks shall be selected by the Calculation Agent in consultation with the Issuer no less than 20 calendar days prior to the relevant Sterling Reset Determination Date) (the **Sterling Reference Banks**) at approximately 11:00 a.m. (London time) (or thereafter on such date, with the Calculation Agent acting on a best efforts basis) on the relevant Sterling Reset Determination Date and (ii) the arithmetic mean expressed as a percentage and rounded, if necessary, to the nearest 0.001% (0.0005% being rounded upwards) of such Sterling Five-year Mid-Market Swap Rate Quotations. If the relevant Sterling Mid-Market Swap Rate is still not determined on the relevant Sterling Reset Determination Date in accordance with the foregoing procedures, the relevant Sterling Mid-Market Swap Rate shall be the mid-market sterling swap rate LIBOR basis having a five-year maturity that appeared on the most recent Reuters page ISDAFIX4 (or such other page as may replace such page on Reuters, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) that was last available prior to 11:00 a.m. (London time) on each Sterling Reset Determination Date, as determined by the Calculation Agent.

Sterling Five-year Mid-Market Swap Rate Quotations means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on an Actual/365 day count basis) of a fixed-for-floating Sterling interest rate swap transaction which: (i) has a term of five years commencing on the applicable Sterling Reset Date; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and (iii) has a floating leg based on six-month LIBOR (calculated on an Actual/365 day count basis).

Interest Payment Dates

March 15, June 15, September 15 and December 15 of each year, commencing on September 15, 2014.

Regular Record Dates

The close of business (in the relevant Clearing System) on the Clearing System Business Day immediately preceding each interest payment date (or, if the New AT1 Securities are held in definitive form, the 15th Business Day preceding each interest payment date). The term **Clearing**

System Business Day means a day on which each of Euroclear and Clearstream, Luxembourg, to the extent any global certificate is being held with respect to either of them, is open for business.

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ISIN	XS1068561098
Common Code	106856109
Swiss Security Number	CH24485495
Book-Entry Issuance, Denominations, Settlement and Clearance	<p>We will issue the Sterling AT1 Securities in fully registered form. Book-entry interests in the Sterling AT1 Securities will be issued in minimum denominations of £200,000 and integral multiples of £1,000 in excess thereof.</p> <p>The Sterling AT1 Securities will be represented by one or more global certificates deposited with a common depository for Clearstream, Luxembourg and/or Euroclear and registered in the name of such common depository or its nominee. You will hold beneficial interests in the Sterling AT1 Securities through Clearstream, Luxembourg and/or Euroclear and their respective direct and indirect participants, and such direct and indirect participants will record your beneficial interest on their books.</p> <p>We will not issue definitive certificated Sterling AT1 Securities except in limited circumstances set out under <i>Description of Certain Provisions Relating to the New AT1 Securities Special Situations When a Global Security Will Be Terminated</i> below. Settlement of the Sterling AT1 Securities will occur in Clearstream, Luxembourg and/or Euroclear free of payment on the issue date. For information on the book-entry systems of the relevant Clearing Systems, see <i>Clearance and Settlement The Clearing Systems Clearstream, Luxembourg and Clearance and Settlement The Clearing Systems Euroclear</i> below.</p>
<i>Terms specific to the Euro AT1 Securities</i>	
Issue Price	100% of the nominal principal amount.
Interest Rates	From (and including) the date of issuance to (but excluding) September 15, 2019, the interest rate on the Euro AT1 Securities will be 6.50% per annum. From (and including) each Euro Reset Date to (but excluding) the next following Euro Reset Date, the applicable per annum interest rate in respect of the Euro AT1 Securities will be equal to the sum of the applicable Euro Mid-Market Swap Rate on the relevant Euro Reset Determination Date (as defined herein) and 5.875% (the Euro

Interest Margin).

For a description of the circumstances under which interest may be cancelled and not paid, see *Terms common to each Series of the New AT1 Securities Interest Payments Discretionary and Terms common to each Series of the New AT1 Securities Restriction on Interest Payments* below.

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Reset Dates	The Euro Reset Dates are September 15, 2019 and each fifth anniversary date thereafter, commencing on September 15, 2024.
Reset Determination Dates	The Euro Reset Determination Date is the second Payment Business Day immediately preceding each Euro Reset Date.
Euro Mid-Market Swap Rate	<p>The Euro Mid-Market Swap Rate is the mid-market euro swap rate EURIBOR basis having a five-year maturity appearing on Reuters page ISDAFIX2 (or such other page as may replace such page on Reuters, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) at 11:00 a.m. (Frankfurt time) on the relevant Euro Reset Determination Date, as determined by the Calculation Agent. If such swap rate does not appear on such page (or such other page or service), the Euro Mid-Market Swap Rate shall instead be determined by the Calculation Agent on the basis of (i) Euro Five-year Mid-Market Swap Rate Quotations provided by the principal office of each of four major banks in the euro swap rate market (which banks shall be selected by the Calculation Agent in consultation with the Issuer no less than 20 calendar days prior to the relevant Euro Reset Determination Date) (the Euro Reference Banks) at approximately 11:00 a.m. (Frankfurt time) (or thereafter on such date, with the Calculation Agent acting on a best efforts basis) on the relevant Euro Reset Determination Date and (ii) the arithmetic mean expressed as a percentage and rounded, if necessary, to the nearest 0.001% (0.0005% being rounded upwards) of such Euro Five-year Mid-Market Swap Rate Quotations. If the relevant Euro Mid-Market Swap Rate is still not determined on the relevant Euro Reset Determination Date in accordance with the foregoing procedures, the relevant Euro Mid-Market Swap Rate shall be the mid-market euro swap rate EURIBOR basis having a five-year maturity that appeared on the most recent Reuters page ISDAFIX2 (or such other page as may replace such page on Reuters, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) that was last available prior to 11:00 a.m. (Frankfurt time) on each Euro Reset Determination Date, as determined by the Calculation Agent.</p>

Euro Five-year Mid-Market Swap Rate Quotations means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap transaction which: (i) has a term of five years commencing on the applicable Euro Reset Date; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap

market; and (iii) has a floating leg based on six-month EURIBOR (calculated on an Actual/360 day count basis).

Interest Payment Dates

March 15, June 15, September 15 and December 15 of each year, commencing on September 15, 2014.

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Regular Record Dates	The close of business (in the relevant Clearing System) on the Clearing System Business Day immediately preceding each interest payment date (or, if the New AT1 Securities are held in definitive form, the 15th Business Day preceding each interest payment date).
ISIN	XS1068574828
Common Code	106857482
Swiss Security Number	CH24485505
Book-Entry Issuance, Denominations, Settlement and Clearance	<p>We will issue the Euro AT1 Securities in fully registered form. Book-entry interests in the Euro AT1 Securities will be issued in minimum denominations of 200,000 and integral multiples of 1,000 in excess thereof.</p> <p>The Euro AT1 Securities will be represented by one or more global certificates deposited with a common depository for Clearstream, Luxembourg and/or Euroclear and registered in the name of such common depository or its nominee. You will hold beneficial interests in the Euro AT1 Securities through Clearstream, Luxembourg and/or Euroclear and their respective direct and indirect participants, and such direct and indirect participants will record your beneficial interest on their books.</p> <p>We will not issue definitive certificated Euro AT1 Securities except in limited circumstances set out under <i>Description of Certain Provisions Relating to the New AT1 Securities Special Situations When a Global Security Will Be Terminated</i> below. Settlement of the Euro AT1 Securities will occur in Clearstream, Luxembourg and/or Euroclear free of payment on the issue date. For information on the book-entry systems of the relevant Clearing Systems, see <i>Clearance and Settlement The Clearing Systems Clearstream, Luxembourg</i> and <i>Clearance and Settlement The Clearing Systems Euroclear</i> below.</p>
<i>Terms specific to the Dollar AT1 Securities</i>	
Issue Price	100% of the nominal principal amount.

Interest Rates

From (and including) the date of issuance to (but excluding) September 15, 2019, the interest rate on the Dollar AT1 Securities will be 6.625% per annum. From (and including) each U.S. Reset Date to (but excluding) the next following U.S. Reset Date, the applicable per annum interest rate in respect of the Dollar AT1 Securities will be equal to the sum of the applicable Dollar Mid-Market Swap Rate (as defined herein) on the relevant U.S. Reset Determination Date (as defined herein) and 5.022% (the **Dollar Interest Margin**).

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For a description of the circumstances under which interest may be cancelled and not paid, see *Terms common to each Series of the New AT1 Securities Interest Payments Discretionary and Terms common to each Series of the New AT1 Securities Restriction on Interest Payments* below.

Reset Dates	The U.S. Reset Dates are September 15, 2019 and each fifth anniversary date thereafter, commencing September 15, 2024.
Reset Determination Dates	The U.S. Reset Determination Date is the second Business Day immediately preceding each U.S. Reset Date.
Dollar Mid-Market Swap Rate	The Dollar Mid-Market Swap Rate is the mid-market U.S. dollar swap rate LIBOR basis having a five-year maturity appearing on Bloomberg page ISDA01 (or such other page as may replace such page on Bloomberg, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) at 11:00 a.m. (New York time) on the relevant U.S. Reset Determination Date, as determined by the Calculation Agent. If such swap rate does not appear on such page (or such other page or service), the Dollar Mid-Market Swap Rate shall instead be determined by the Calculation Agent on the basis of (i) quotations provided by the principal office of each of four major banks in the U.S. dollar swap rate market (which banks shall be selected by the Calculation Agent in consultation with the Issuer no less than 20 calendar days prior to the relevant U.S. Reset Determination Date) (the U.S. Reference Banks) of the rates at which swaps in U.S. dollars are offered by it at approximately 11:00 a.m. (New York time) (or thereafter on such date, with the Calculation Agent acting on a best efforts basis) on the relevant U.S. Reset Determination Date to participants in the U.S. dollar swap rate market for a five-year period and (ii) the arithmetic mean expressed as a percentage and rounded, if necessary, to the nearest 0.001% (0.0005% being rounded upwards) of such quotations. If the relevant Dollar Mid-Market Swap Rate is still not determined on the relevant U.S. Reset Determination Date in accordance with the foregoing procedures, the relevant Dollar Mid-Market Swap Rate shall be the mid-market U.S. dollar swap rate LIBOR basis having a five-year maturity that appeared on the most recent Bloomberg page ISDA01 (or such other page as may replace such page on Bloomberg, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) that was last available prior to 11:00 a.m. (New York time) on each U.S. Reset Determination Date, as determined by the Calculation Agent.

Interest Payment Dates

March 15, June 15, September 15 and December 15 of each year, commencing on September 15, 2014.

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Regular Record Dates	The Business Day immediately preceding each interest payment date (or, if the Dollar AT1 Securities are held in definitive form, the 15 th Business Day preceding each interest payment date).
ISIN	US06738EAB11
CUSIP	06738EAB1
Common Code	106966389
Swiss Security Number	CH24495639
Book-Entry Issuance, Denominations, Settlement and Clearance	We will issue the Dollar AT1 Securities in fully registered form. Book-entry interests in the Dollar AT1 Securities will be issued in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

The Dollar AT1 Securities will be represented by one or more global certificates registered in the name of a nominee of DTC. You will hold beneficial interests in the Dollar AT1 Securities through DTC and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg, and DTC and its direct and indirect participants will record your beneficial interest on their books.

We will not issue definitive certificated Dollar AT1 Securities except in limited circumstances set out under *Description of Certain Provisions Relating to the New AT1 Securities Special Situations When a Global Security Will Be Terminated* below. Settlement of the Dollar AT1 Securities will occur through DTC in same day funds. For information on the book-entry systems of DTC, see *Clearance and Settlement The Clearing Systems DTC* below.

Terms common to each Series of the New AT1 Securities

Interest Payments Discretionary	Interest on the New AT1 Securities will be due and payable only at the sole discretion of the Issuer, and the Issuer shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any interest payment date. If the Issuer does not make an interest payment on the relevant interest payment date (or if the Issuer elects to make a payment
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of a portion, but not all, of such interest payment), such non-payment shall evidence the Issuer's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable.

See also *Agreement to Interest Cancellation* and *Notice of Interest Cancellation* below.

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Restriction on Interest Payments

Subject to the extent permitted in the following paragraph in respect of partial interest payments, the Issuer shall not make an interest payment on the New AT1 Securities on any interest payment date (and such interest payment shall therefore be deemed to have been cancelled and thus shall not be due and payable on such interest payment date) if:

- (a) the Issuer has an amount of Distributable Items on such interest payment date that is less than the sum of (i) all distributions or interest payments made or declared by the Issuer since the end of the last financial year and prior to such interest payment date on or in respect of any Parity Securities, the New AT1 Securities and any Junior Securities and (ii) all distributions or interest payments payable by the Issuer (and not cancelled or deemed cancelled) on such interest payment date (x) on the New AT1 Securities and (y) on or in respect of any Parity Securities, in the case of each of (i) and (ii), excluding any payments already accounted for in determining the Distributable Items; or
- (b) the Solvency Condition (as defined under *Ranking* below) is not satisfied in respect of such interest payment.

The Issuer may, in its sole discretion, elect to make a partial interest payment on any Series of the New AT1 Securities on any interest payment date, only to the extent that such partial interest payment may be made without breaching the restriction in the preceding paragraph.

Distributable Items shall have the meaning assigned to such term in CRD IV as interpreted and applied in accordance with the Capital Regulations then applicable to the Issuer, but amended so that for so long as there is any reference therein to before distributions to holders of own funds instruments it shall be read as a reference to before distributions to holders of Parity Securities, the New AT1 Securities or any Junior Securities. Under CRD IV, as at the date hereof, distributable items means the amount of the profits at the end of the latest financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments less any losses brought forward, profits which are non-distributable pursuant to provisions in legislation or the institution's by-laws and sums placed to non-distributable reserves in accordance with applicable national law or the statutes of the institution, those losses and reserves being determined on the basis of the individual accounts of the institution and not on the basis of the consolidated accounts.

Junior Securities means any ordinary shares, securities or other obligations (including any guarantee, credit support or similar undertaking) of the Issuer ranking, or expressed to rank, junior to the New AT1 Securities in a winding-up or administration of the Issuer.

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Parity Securities means any preference shares, securities or other obligations (including any guarantee, credit support or similar undertaking) of the Issuer ranking, or expressed to rank, *pari passu* with the New AT1 Securities in a winding-up or administration of the Issuer.

See also *Agreement to Interest Cancellation* and *Notice of Interest Cancellation* below.

Agreement to Interest Cancellation

By acquiring the New AT1 Securities, holders of the New AT1 Securities acknowledge and agree that:

- (a) interest is payable solely at the discretion of the Issuer, and no amount of interest shall become due and payable in respect of the relevant interest period to the extent that it has been (x) cancelled (in whole or in part) by us at our sole discretion and/or (y) deemed cancelled (in whole or in part) as a result of us having insufficient Distributable Items or failing to satisfy the Solvency Condition; and
- (b) a cancellation or deemed cancellation of interest (in each case, in whole or in part) in accordance with the terms of the Indenture shall not constitute a default in payment or otherwise under the terms of the New AT1 Securities.

Interest will only be due and payable on an interest payment date to the extent it is not cancelled or deemed cancelled in accordance with the provisions described under *Interest Payments Discretionary* and *Restriction on Interest Payments* above. Any interest cancelled or deemed cancelled (in each case, in whole or in part) in the circumstances described above shall not be due and shall not accumulate or be payable at any time thereafter, and holders of the New AT1 Securities shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation or deemed cancellation.

Notice of Interest Cancellation

If practicable, we shall provide notice of any cancellation or deemed cancellation of interest (in whole or in part) to the holders of the relevant Series of New AT1 Securities through the Clearing Systems (or, if the relevant Series of New AT1 Securities are held in definitive form, to the holders at their addresses shown on the register for the relevant Series of New AT1 Securities) and to the trustee directly on or prior to the relevant interest payment date. If practicable, we shall endeavor to provide such notice at least five (5) Business Days prior to the relevant interest

payment date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of interest, or give holders of the relevant Series of New AT1 Securities any rights as a result of such failure.

Ranking

Each Series of New AT1 Securities will constitute our direct, unsecured and subordinated obligations, ranking equally without any

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preference among themselves. The rights and claims of the holders of each Series of New AT1 Securities in respect of or arising from such New AT1 Securities (including any damages (if payable)) will be subordinated to the claims of Senior Creditors.

If:

- (a) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except in any such case for a solvent winding-up solely for the purpose of a merger, reconstruction or amalgamation); or
- (b) following the appointment of an administrator of the Issuer, the administrator gives notice that it intends to declare and distribute a dividend,

then, (1) if such events specified in (a) or (b) above occur before the date on which a Capital Adequacy Trigger Event occurs, there shall be payable by the Issuer in respect of each New AT1 Security (in lieu of any other payment by the Issuer) such amount, if any, as would have been payable to a holder of New AT1 Securities if, on the day prior to the commencement of the winding-up or such administration and thereafter, such holder of New AT1 Securities were the holder of the most senior class of preference shares in the capital of the Issuer, having an equal right to a return of assets in the winding-up or such administration to, and so ranking *pari passu* with, the holders of such class of preference shares (if any) from time to time issued by the Issuer that has a preferential right to a return of assets in the winding-up or such administration, and so ranking ahead of the holders of all other classes of issued shares for the time being in the capital of the Issuer, but ranking junior to the claims of Senior Creditors, and on the assumption that the amount that such holder of New AT1 Securities was entitled to receive in respect of such preference shares, on a return of assets in such winding-up or such administration, was an amount equal to the principal amount of the relevant New AT1 Security, together with any damages (if payable) and (2) if such events specified in (a) or (b) above occur on or after the date on which a Capital Adequacy Trigger Event occurs but before the Conversion Date, then for purposes of determining the claim of a holder of New AT1 Securities in such winding-up or such administration, the Conversion Date in respect of an Automatic Conversion shall be deemed to have occurred immediately before the occurrence of such events specified in (a) or (b) above.

Senior Creditors means creditors of the Issuer (i) who are unsubordinated creditors; (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up or administration of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer but not further or otherwise; or (iii) whose claims are, or are expressed to be, junior to the claims of

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other creditors of the Issuer, whether subordinated or unsubordinated, other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the holders of the New AT1 Securities.

Furthermore, other than in the event of a winding-up or administration of the Issuer referred to above, payments in respect of or arising from the New AT1 Securities are conditional upon the Issuer being solvent at the time of payment by the Issuer and that no sum in respect of or arising from the New AT1 Securities may fall due and be paid except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (such condition referred to herein as the **Solvency Condition**). The Issuer shall be considered to be solvent at a particular point in time if (i) it is able to pay its debts owed to Senior Creditors as they fall due and (ii) the Balance Sheet Condition has been met.

Any payment of interest not due by reason of the provisions described above shall be deemed cancelled as described under *Restriction on Interest Payments*.

The **Balance Sheet Condition** shall be satisfied in relation to the Issuer if the value of its assets is at least equal to the value of its liabilities (taking into account its contingent and prospective liabilities), according to the criteria that would be applied by the High Court of Justice of England and Wales (or the relevant authority of such other jurisdiction in which the Issuer may be organized) in determining whether the Issuer is unable to pay its debts under section 123(2) of the U.K. Insolvency Act 1986 or any amendment or re-enactment thereof (or in accordance with the corresponding provisions of the applicable laws of such other jurisdiction in which the Issuer may be organized).

In addition, see *Risk Factors Risks Relating to the New AT1 Securities The Issuer is a holding company, which means that its right to participate in the assets of any of its subsidiaries upon the liquidation of such subsidiaries may be subject to prior claims of some of such subsidiary's creditors and preference shareholders.*

No Set-off

Subject to applicable law, no holder of New AT1 Securities may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under, or in connection with, the New AT1 Securities and each holder of New AT1 Securities shall, by virtue of its holding of any New AT1 Securities, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the above, if any amounts due and payable to

any holder of the New AT1 Securities by the Issuer in respect of, or arising under, the New AT1 Securities are discharged by set-off, such holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or administrator of the Issuer, as the case may be) and, until

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such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator or administrator of the Issuer, as the case may be) and, accordingly, any such discharge shall be deemed not to have taken place.

Optional Redemption

We may, at our option, redeem any or all Series of the New AT1 Securities, in whole but not in part, on any Reset Date applicable to such Series at 100% of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled as described under *Interest Payments Discretionary* or *Restriction on Interest Payments* above) to (but excluding) the date fixed for redemption. Any optional redemption will be subject to the provisions described under *Notice of Redemption* and *Condition to Redemption* below.

Regulatory Event Redemption

If there is a change in the regulatory classification of any Series of the New AT1 Securities that occurs on or after the issue date of the New AT1 Securities and that does, or would be likely to, result in: (a) the whole of the outstanding aggregate principal amount of such Series of New AT1 Securities; or (b) subject to the proviso below, any part of the outstanding aggregate principal amount of such Series of New AT1 Securities, ceasing to be included in, or counting towards, the Group's Tier 1 Capital (a **Regulatory Event**), we may, at our option, at any time, redeem such Series of New AT1 Securities, in whole but not in part, at a redemption price equal to 100% of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled as described under *Interest Payments Discretionary* or *Restriction on Interest Payments* above) to (but excluding) the date fixed for redemption; *provided that*, if the inclusion of the Issuer's right to redeem the New AT1 Securities pursuant to paragraph (b) in the terms of the New AT1 Securities is at any time not in accordance with the Capital Regulations applicable to instruments intended to qualify as additional tier 1 capital, then the Issuer shall be deemed not to have, at that time, the right to exercise its right to redeem the New AT1 Securities in accordance with paragraph (b) above and the terms of the New AT1 Securities shall be construed accordingly. Any redemption upon the occurrence of a Regulatory Event will be subject to the provisions described under *Notice of Redemption* and *Condition to Redemption* below.

Tier 1 Capital means Tier 1 capital for the purposes of the Capital Regulations (as defined herein).

Tax Redemption

We may, at our option, at any time, redeem any or all Series of the New AT1 Securities, in whole but not in part, if we determine that as a result of a change in, or amendment to, the laws or regulations of a taxing jurisdiction, including any treaty to which the relevant taxing jurisdiction is a party, or a change in an official application or interpretation of those laws or regulations on or after the issue date of the New AT1 Securities, including a decision of any court or tribunal which becomes effective on

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or after the issue date of the New AT1 Securities (and, in the case of a successor entity, which becomes effective on or after the date of that entity's assumption of our obligations):

- (a) we will or would be required to pay holders Additional Amounts (as defined herein);
- (b) we would not be entitled to claim a deduction in respect of any payments in computing our taxation liabilities or the amount of the deduction would be materially reduced;
- (c) we would not, as a result of the relevant Series of New AT1 Securities being in issue, be able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which we are or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date of issue of the New AT1 Securities or any similar system or systems having like effect as may from time to time exist); or
- (d) we would, in the future, have to bring into account a taxable credit if the principal amount of any Series of New AT1 Securities were written down or such Series of New AT1 Securities were converted into Conversion Shares

(each such change in tax law or regulation or the official application or interpretation thereof, a **Tax Event**), at a price equal to 100% of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled as described under *Interest Payments Discretionary* or *Restriction on Interest Payments* above) to (but excluding) the date fixed for redemption; *provided that* in the case of each Tax Event, the consequences of the Tax Event cannot be avoided by us taking reasonable measures available to us. Any redemption as a result of a Tax Event will also be subject to the provisions described under *Notice of Redemption* and *Condition to Redemption* below.

Notice of Redemption

Any redemption of any Series of the New AT1 Securities shall be subject to our giving not less than thirty (30) days, nor more than sixty (60) days, prior notice to the holders of such Series of the New AT1 Securities via each of the Clearing Systems (or, if the relevant Series of New AT1

Securities are held in definitive form, to the holders at their addresses shown on the register for such Series of New AT1 Securities) (such notice being irrevocable except in the limited circumstances described in the following paragraph) specifying our election to redeem the relevant Series of New AT1 Securities and the date fixed for such redemption. Notice by the Clearing Systems to participating institutions and by these participants to street name holders of beneficial interests in the relevant Series of New AT1 Securities will be made according to arrangements among them and may be subject to statutory or regulatory requirements.

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If the Issuer has elected to redeem any Series of the New AT1 Securities but the Solvency Condition is not satisfied in respect of the relevant redemption payment on the applicable redemption date, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect and no payment of the redemption amount will be due and payable. In addition, if the Issuer has elected to redeem any Series of the New AT1 Securities but prior to the payment of the redemption amount with respect to such redemption a Capital Adequacy Trigger Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, no payment of the redemption amount will be due and payable and an Automatic Conversion shall occur as described under *Automatic Conversion Upon Capital Adequacy Trigger Event* below.

If the Issuer has elected to redeem any Series of the New AT1 Securities but prior to the payment of the redemption amount with respect to such redemption the relevant U.K. resolution authority exercises its U.K. Bail-in Power with respect to the Issuer, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, and no payment of the redemption amount will be due and payable.

Condition to Redemption

Notwithstanding any other provision, we may redeem any or all Series of the New AT1 Securities (and give notice thereof to the holders of the relevant Series of New AT1 Securities) only if we have obtained the PRA's prior consent (if such consent is required by the Capital Regulations) for the redemption of such New AT1 Securities. For more information, see *Description of the New AT1 Securities Redemption Condition to Redemption* below.

Condition to Repurchase

The Issuer or any member of the Group may purchase or otherwise acquire any of the outstanding New AT1 Securities at any price in the open market or otherwise in accordance with the Capital Regulations applicable to the Group in force at the relevant time, and subject to the prior consent of the PRA (if such consent is required by the Capital Regulations) and to applicable law and regulation.

Capital Adequacy Trigger Event

A **Capital Adequacy Trigger Event** shall occur in respect of each Series of New AT1 Securities if the fully loaded CET1 Ratio (as defined below) as of any Quarterly Financial Period End Date (as defined below) or Extraordinary Calculation Date (as defined below), as the case may be, is less than 7.00% on such date.

Conversion Price

The **Conversion Price** means the Sterling AT1 Conversion Price, the Euro AT1 Conversion Price, or the Dollar AT1 Conversion Price, as applicable.

The conversion price applicable to the Sterling AT1 Securities is fixed at £1.65 per Conversion Share (the **Sterling AT1 Conversion Price**).

The conversion price applicable to the Euro AT1 Securities is fixed at 2.02 per Conversion Share (the **Euro AT1 Conversion Price**). On

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the date of issue of the Euro AT1 Securities, the Euro AT1 Conversion Price shall be equivalent to the Conversion Shares Offer Price translated into euro at an exchange rate of £1.00 = 1.2231.

The conversion price applicable to the Dollar AT1 Securities is fixed at \$2.77 per Conversion Share, (the **Dollar AT1 Conversion Price**). On the date of issue of the Dollar AT1 Securities, the Dollar AT1 Conversion Price shall be equivalent to the Conversion Shares Offer Price translated into U.S. dollars at an exchange rate of £1.00 = \$1.6769.

The Conversion Price is subject to certain anti-dilution adjustments, as described under *Description of the New AT1 Securities Anti-Dilution* below.

Automatic Conversion Upon Capital Adequacy Trigger Event

If a Capital Adequacy Trigger Event occurs as of any Quarterly Financial Period End Date or Extraordinary Calculation Date, as the case may be, then an Automatic Conversion will occur on the Conversion Date, as described under *Description of the New AT1 Securities Automatic Conversion Upon Capital Adequacy Trigger Event Automatic Conversion Procedure* below, at which point all of the Issuer's obligations under the New AT1 Securities (other than the CSO Obligations, if any) shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the New AT1 Securities) on the Conversion Date, and under no circumstances shall such released obligations be reinstated. The Automatic Conversion shall occur without delay upon the occurrence of a Capital Adequacy Trigger Event.

The Conversion Shares shall initially be registered in the name of the Conversion Shares Depository (which shall hold the Conversion Shares on behalf of the holders of the New AT1 Securities) or the relevant recipient in accordance with the terms of the New AT1 Securities and each holder of the New AT1 Securities shall be deemed to have irrevocably directed the Issuer to issue the Conversion Shares corresponding to the conversion of its holding of New AT1 Securities to the Conversion Shares Depository (or to such other relevant recipient).

The Issuer shall immediately inform the PRA of the occurrence of a Capital Adequacy Trigger Event and shall deliver an Automatic Conversion Notice to holders of the New AT1 Securities as described under *Description of the New AT1 Securities Automatic Conversion Upon Capital Adequacy Trigger Event Automatic Conversion Procedure* below.

Following an Automatic Conversion, no holder of the New AT1 Securities will have any rights against us with respect to the repayment of the principal amount of the New AT1 Securities or the

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payment of interest or any other amount on or in respect of such New AT1 Securities, which liabilities of the Issuer shall be automatically released and, accordingly, the principal amount of the New AT1 Securities shall equal zero at all times thereafter. Any interest in respect of an interest period ending on any interest payment date falling between the date of a Capital Adequacy Trigger Event and the Conversion Date shall be deemed to have been cancelled upon the occurrence of such Capital Adequacy Trigger Event and shall not be due and payable.

Provided that the Issuer issues the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient as described herein) in accordance with the terms of the New AT1 Securities as described herein, with effect from the Conversion Date, holders of the New AT1 Securities shall have recourse only to the Conversion Shares Depository (or to such other relevant recipient, as applicable) for the delivery to them of Conversion Shares or, if the Issuer elects that a Conversion Shares Offer be made as described under *Conversion Shares Offer* below, of any Conversion Shares Offer Consideration to which such holders are entitled as described herein.

Following the issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the New AT1 Securities, as applicable) on the Conversion Date, the New AT1 Securities shall remain in existence until the applicable Cancellation Date for the sole purpose of evidencing (a) the holder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository (or such other relevant recipient) and (b) the Issuer's CSO Obligations, if any. The Issuer currently expects that beneficial interests in the New AT1 Securities will be transferrable until the Suspension Date and that any trades in the New AT1 Securities would clear and settle through the Clearing Systems until such date. However, there is no guarantee that an active trading market will exist for the New AT1 Securities following the Automatic Conversion. The New AT1 Securities will cease to be admitted to trading on the SIX Swiss Exchange after the Suspension Date.

Subject to the conditions described under *Description of the New AT1 Securities Automatic Conversion Upon Capital Adequacy Trigger Event Settlement Procedure* below, (a) the Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable, will be delivered to holders of the New AT1 Securities on the applicable Conversion Share Settlement Date, (b) the cash component, if any, of any Conversion Shares Offer Consideration will be delivered to holders of the New AT1 Securities on

or around the date on which the Conversion Shares Offer Period ends and (c) the New AT1 Securities shall be cancelled on the applicable Cancellation Date.

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The New AT1 Securities are not convertible into Conversion Shares at the option of the holders at any time.

Notwithstanding any other provision herein, by its acquisition of the New AT1 Securities, each holder shall (i) agree to all the terms and conditions of the New AT1 Securities, including, without limitation, those related to (x) the occurrence of a Capital Adequacy Trigger Event and any related Automatic Conversion and (y) the appointment of the Conversion Shares Depository, the issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the New AT1 Securities) and the potential sale of the Conversion Shares pursuant to a Conversion Shares Offer, (ii) agree that effective upon, and following, an Automatic Conversion, no amount shall be due and payable to the holders under the New AT1 Securities and the liability of the Issuer to pay any such amounts (including the principal amount of, or any interest in respect of, the New AT1 Securities) shall be automatically released, and the holders shall not have the right to give a direction to the trustee with respect to the Capital Adequacy Trigger Event and any related Automatic Conversion and (iii) waive, to the extent permitted by the Trust Indenture Act, any claim against the trustee arising out of its acceptance of its trusteeship for the New AT1 Securities, including, without limitation, claims related to or arising out of or in connection with a Capital Adequacy Trigger Event and/or any Automatic Conversion.

Automatic Conversion Procedure

If a Capital Adequacy Trigger Event has occurred as of any Quarterly Financial Period End Date or Extraordinary Calculation Date, as the case may be, we shall deliver an Automatic Conversion Notice to the trustee and to the holders of the New AT1 Securities via each of the Clearing Systems:

(i) in the case of a Capital Adequacy Trigger Event that has occurred as of any Quarterly Financial Period End Date, on or within five (5) Business Days after the relevant Ordinary Reporting Date; and

(ii) in the case of a Capital Adequacy Trigger Event that has occurred as of any Extraordinary Calculation Date, on or as soon as practicable after such Extraordinary Calculation Date.

The date on which the Automatic Conversion Notice shall be deemed to have been given shall be the date on which it is dispatched by the Issuer

to each of the Clearing Systems (or if the New AT1 Securities are held in definitive form, to the trustee).

Promptly following its receipt of the Automatic Conversion Notice, pursuant to DTC's procedures currently in effect, DTC will post the Automatic Conversion Notice to its Reorganization Inquiry for Participants System, and within two (2) Business Days of its receipt of the Automatic Conversion Notice, the trustee shall transmit the

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Automatic Conversion Notice to the direct participants of DTC holding the Dollar AT1 Securities at such time.

Additionally, promptly following its receipt of the Automatic Conversion Notice, pursuant to the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear currently in effect, each of Clearstream, Luxembourg and Euroclear shall transmit the Automatic Conversion Notice to the direct participants of such Clearing System holding the Euro AT1 Securities and the Sterling AT1 Securities at such time.

The Automatic Conversion shall occur on the Conversion Date and all of the Issuer's obligations under the New AT1 Securities (other than the CSO Obligations, if any) shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the New AT1 Securities) and the principal amount of the New AT1 Securities shall equal zero at all times thereafter (although the Tradable Amount (as hereinafter defined) shall remain unchanged) as a result of the Automatic Conversion.

Within ten (10) Business Days following the Conversion Date, the Issuer shall deliver a Conversion Shares Offer Notice to the trustee directly and to the holders of the New AT1 Securities via each of the Clearing Systems.

The Conversion Shares Depository (or the relevant recipient in accordance with the terms of the New AT1 Securities, as applicable) shall hold the Conversion Shares on behalf of the holders of the New AT1 Securities, who shall be entitled to direct the Conversion Shares Depository or such other recipient, as applicable, to exercise on their behalf all rights of an ordinary shareholder (including voting rights and rights to receive dividends) except that holders shall not be able to sell or otherwise transfer the Conversion Shares until such time as they have been delivered to holders in accordance with the procedures set forth under *Description of the New AT1 Securities Automatic Conversion Upon Capital Adequacy Trigger Event Settlement Procedure* below.

Once we have delivered the Automatic Conversion Notice to each of the Clearing Systems following the occurrence of a Capital Adequacy Trigger Event (or following an Automatic Conversion (if sooner)), (a) the holders shall have no rights whatsoever under the Indenture or the New AT1 Securities to instruct the trustee to take any action whatsoever

and (b) as of the date of the Automatic Conversion Notice, except for any indemnity and/or security provided by any holder in such direction or related to such direction, any direction previously given to the trustee by any holders shall cease automatically and shall be null and void and of no further effect,

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except in each case of (a) and (b), with respect to any rights of holders with respect to any payments under the New AT1 Securities that were unconditionally due and payable prior to the date of the Automatic Conversion Notice or unless the trustee is instructed in writing by us to act otherwise.

Conversion Shares Offer

In respect of each Series of New AT1 Securities, the Issuer may, in its sole and absolute discretion, elect that the Conversion Shares Depository make an offer of all or some of the Conversion Shares to all or some of the Issuer's ordinary shareholders at such time at a cash price per Conversion Share equal to the Conversion Shares Offer Price, subject as provided below (the **Conversion Shares Offer**). The Issuer may, on behalf of the Conversion Shares Depository, appoint a Conversion Shares Offer Agent to act as placement or other agent to facilitate the Conversion Shares Offer. The Issuer will deliver a Conversion Shares Offer Notice to the trustee directly and to the holders of the New AT1 Securities via each of the Clearing Systems within ten (10) Business Days following the Conversion Date specifying whether or not it has elected that a Conversion Shares Offer be conducted. If so elected, the Conversion Shares Offer Period, during which the Conversion Shares Offer may be made, shall end no later than forty (40) Business Days after the delivery of the Conversion Shares Offer Notice.

Any Conversion Shares Offer shall be made subject to applicable laws and regulations in effect at the relevant time and shall be conducted, if at all, only to the extent that the Issuer, in its sole and absolute discretion, determines that the Conversion Shares Offer is practicable. The Issuer or the purchasers of the Conversion Shares sold in any Conversion Shares Offer shall bear the costs and expenses of any Conversion Shares Offer (other than the taxes referred to in the definition of Conversion Shares Offer Consideration), including the fees of the Conversion Shares Offer Agent, if any. If a prospectus or other offering document is required to be prepared in connection with a Conversion Shares Offer, the Issuer will facilitate the preparation of such prospectus or other offering document, and the Issuer and/or its directors will take responsibility for such prospectus or other offering document, in each case, if and to the extent then required by applicable laws and regulations then in effect. In addition, if so requested by the Conversion Shares Depository as offeror, the Issuer shall indemnify the Conversion Shares Depository for any losses incurred in connection with any Conversion Shares Offer.

Upon completion of the Conversion Shares Offer, the Issuer or the Conversion Shares Depository will provide notice to the holders of the New AT1 Securities of the composition of the Conversion Shares Offer Consideration (and of the deductions to the cash component, if any, of

the Conversion Shares Offer Consideration (as set out in the definition of Conversion Shares Offer Consideration)) per \$1,000, 1,000 or £1,000 Tradable Amount of the New AT1 Securities, as

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applicable. The Conversion Shares Offer Consideration will be delivered to holders of the New AT1 Securities pursuant to the procedures set forth under *Description of the New AT1 Securities Automatic Conversion Upon Capital Adequacy Trigger Event Settlement Procedure* below. The Issuer reserves the right, in its sole and absolute discretion, to terminate the Conversion Shares Offer at any time during the Conversion Shares Offer Period by providing at least three (3) Business Days notice to the trustee directly and to holders of the New AT1 Securities via each of the Clearing Systems, and, if it does so, the Issuer may, in its sole and absolute discretion, take steps (including changing the Suspension Date) to deliver to holders of the New AT1 Securities the Conversion Shares at a time that is earlier than the time at which they would have otherwise received the Conversion Shares Offer Consideration had the Conversion Shares Offer been completed.

By its acquisition of the New AT1 Securities, each holder of the New AT1 Securities acknowledges and agrees that if the Issuer elects, in its sole and absolute discretion, that a Conversion Shares Offer be made by the Conversion Shares Depository, such holder shall be deemed to have:

- (i) consented to any Conversion Shares Offer and to the Conversion Shares Depository using the Conversion Shares to settle any Conversion Shares Offer in accordance with the terms of the New AT1 Securities,
- (ii) consented to the transfer of the beneficial interest it holds in the Conversion Shares to the Conversion Shares Depository in connection with the Conversion Shares Offer in accordance with the terms of the New AT1 Securities, (iii) irrevocably agreed that the Issuer, the Conversion Shares Depository and the Conversion Shares Offer Agent, if any, may take any and all actions necessary to conduct the Conversion Shares Offer in accordance with the terms of the New AT1 Securities, and (iv) agreed that none of the Issuer, the trustee, the Conversion Shares Depository, if any, or the Conversion Shares Offer Agent, if any, shall, to the extent permitted by applicable law, incur any liability to the holders in respect of the Conversion Shares Offer (except for the obligations of the Conversion Shares Depository in respect of the holders' entitlement to any Conversion Shares Offer Consideration).

In the Barclays Notice of Annual General Meeting dated March 13, 2014, the Issuer informed its shareholders of its intention to give shareholders the opportunity to purchase the ordinary shares created on conversion of any equity conversion securities (such as the New AT1 Securities) on a *pro rata* basis, where practicable and subject to applicable laws and regulations. The Conversion Shares Offer may be conducted at the election of the Issuer, in its sole and absolute discretion, on the terms described above. The Issuer currently expects that in determining whether or not a Conversion Shares Offer shall be conducted and, if one is to be conducted, how and to whom such

Conversion Shares Offer shall be made, the directors of the Issuer would, in accordance with their duties, have regard to a variety of

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matters, including, without limitation, the interests of the Issuer's shareholders, taken as a whole, and the potential impact of a Conversion Shares Offer on the Issuer's financial stability. Further, neither the occurrence of a Capital Adequacy Trigger Event nor, following the occurrence of a Capital Adequacy Trigger Event, the election (if any) by the Issuer to undertake a Conversion Shares Offer on the terms set out herein, shall preclude the Issuer from undertaking a rights issue at any time on such terms as the Issuer deems appropriate, at its sole discretion, including for the avoidance of doubt the offer of ordinary shares at or below the Conversion Shares Offer Price.

Certain Definitions related to the Automatic Conversion and Conversion Shares Offer For the purposes of these provisions:

Automatic Conversion means the irrevocable and automatic release of all of the Issuer's obligations under the New AT1 Securities (other than the CSO Obligations, if any) in consideration of the Issuer's issuance of the Conversion Shares at the Conversion Price to the Conversion Shares Depository (on behalf of the holders of the New AT1 Securities) or to the relevant recipient, all in accordance with the terms of the New AT1 Securities.

Automatic Conversion Notice means the written notice to be delivered by us to the trustee directly and to the holders of the New AT1 Securities via each of the Clearing Systems (or, if the New AT1 Securities are held in definitive form, by us to the trustee directly and to the holders at their addresses shown on the register for the New AT1 Securities) specifying (i) that a Capital Adequacy Trigger Event has occurred, (ii) the Conversion Date or expected Conversion Date, (iii) the Conversion Price, (iv) that we have the option, at our sole and absolute discretion, to elect that a Conversion Shares Offer be conducted and that we will issue a Conversion Shares Offer Notice via each of the Clearing Systems within ten (10) Business Days following the Conversion Date notifying holders of our election and (v) that the New AT1 Securities shall remain in existence for the sole purpose of evidencing (a) the holder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository and (b) the Issuer's CSO Obligations, if any, and that the New AT1 Securities may continue to be transferable until the Suspension Date, which shall be specified in the Conversion Shares Offer Notice.

Cancellation Date means (i) with respect to any New AT1 Security for which a Conversion Shares Settlement Notice is received by the Conversion Shares Depository on or before the Notice Cut-off Date, the

applicable Conversion Share Settlement Date and (ii) with respect to any New AT1 Security for which a Conversion Shares Settlement Notice is not received by the Conversion Shares Depository on or before the Notice Cut-off Date, the Final Cancellation Date.

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Capital Regulations means, at any time, the laws, regulations, requirements, standards, guidelines and policies relating to capital adequacy for credit institutions of either (i) the PRA and/or (ii) any other national or European authority, in each case then in effect in the United Kingdom (or in such other jurisdiction in which the Issuer may be organized or domiciled) and applicable to the Group.

CET1 Capital means, as of any Quarterly Financial Period End Date or Extraordinary Calculation Date, the sum, expressed in pounds sterling, of all amounts that constitute common equity tier 1 capital of the Group as of such date, less any deductions from common equity tier 1 capital required to be made as of such date, in each case as calculated by the Issuer on a consolidated basis in accordance with the Capital Regulations applicable to the Group on such Quarterly Financial Period End Date or Extraordinary Calculation Date, as the case may be (which calculation shall be binding on the trustee and the holders). For the purposes of this definition, the term common equity tier 1 capital shall have the meaning assigned to such term in CRD IV as interpreted and applied in accordance with the Capital Regulations then applicable to the Group.

Conversion Date means the date on which the Automatic Conversion shall take place, or has taken place, as applicable.

Conversion Shares means ordinary shares of the Issuer to be issued to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the New AT1 Securities) following an Automatic Conversion, which ordinary shares shall be in such number as is determined by dividing the aggregate principal amount of each Series of the New AT1 Securities outstanding immediately prior to the Automatic Conversion on the Conversion Date by the Conversion Price applicable to such Series rounded down, if necessary, to the nearest whole number of ordinary shares.

Conversion Shares Depository means a financial institution, trust company, depository entity, nominee entity or similar entity to be appointed by the Issuer on or prior to any date when a function ascribed to the Conversion Shares Depository in the Indenture is required to be performed, to perform such functions and which, as a condition of such appointment, will be required to undertake, for the benefit of the holders of the New AT1 Securities, to hold the Conversion Shares (and any Conversion Shares Offer Consideration) on behalf of such holders of the New AT1 Securities in one or more segregated accounts, unless

otherwise required for the purposes of the Conversion Shares Offer and, in any event, on terms consistent with the Indenture.

Conversion Shares Offer Agent means the agent(s), if any, to be appointed on behalf of the Conversion Shares Depository by the

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Issuer, in its sole and absolute discretion, to act as placement or other agent of the Conversion Shares Depository to facilitate a Conversion Shares Offer.

Conversion Shares Offer Consideration means in respect of each Series of New AT1 Securities (i) if all of the Conversion Shares are sold in the Conversion Shares Offer, the pro rata share of the cash proceeds from the sale of the Conversion Shares attributable to such Series of New AT1 Securities in sterling, in the case of Sterling AT1 Securities or, in the case of Dollar AT1 Securities or Euro AT1 Securities, translated from sterling into U.S. dollars or euro, as applicable, at a then-prevailing exchange rate (less any foreign exchange transaction costs), (ii) if some but not all of the Conversion Shares are sold in the Conversion Shares Offer, (x) the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such Series of New AT1 Securities in sterling, in the case of Sterling AT1 Securities or, in the case of Dollar AT1 Securities or Euro AT1 Securities, translated from sterling into U.S. dollars or euro, as applicable, at a then-prevailing exchange rate (less any foreign exchange transaction costs) and (y) the *pro rata* share of the Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such Series of New AT1 Securities rounded down to the nearest whole number of Conversion Shares, and (iii) if no Conversion Shares are sold in a Conversion Shares Offer, the relevant Conversion Shares attributable to such Series of New AT1 Securities rounded down to the nearest whole number of Conversion Shares, subject in the case of (i) and (ii)(x) above to deduction from any such cash proceeds of an amount equal to the *pro rata* share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the transfer of any interest in the Conversion Shares to the Conversion Shares Depository as a consequence of the Conversion Shares Offer.

Conversion Shares Offer Notice means the written notice to be delivered by us to the trustee directly and to the holders of the New AT1 Securities via each of the Clearing Systems (or, if the New AT1 Securities are held in definitive form, by us to the trustee directly and to the holders at their addresses shown on the register for the New AT1 Securities) specifying (i) whether or not the Issuer has elected that a Conversion Shares Offer be made and, if so, the Conversion Shares Offer Period, (ii) the Suspension Date, (iii) details of the Conversion Shares Depository and (iv) if the Issuer has been unable to appoint a Conversion Shares Depository, such other arrangements for the issuance and/or delivery of the Conversion Shares or the Conversion Shares Offer Consideration, as applicable, to the holders of the New AT1 Securities as it shall consider reasonable in the circumstances.

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Conversion Shares Offer Period means the period during which the Conversion Shares Offer may occur, which period shall end no later than forty (40) Business Days after the delivery of the Conversion Shares Offer Notice.

Conversion Shares Offer Price shall mean £1.65 per Conversion Share (subject in each case to certain anti-dilution adjustments, as described under *Description of the New AT1 Securities Anti-Dilution* below).

Conversion Share Settlement Date means (i) with respect to any New AT1 Security in relation to which a Conversion Shares Settlement Notice is received by the Conversion Shares Depository on or before the Notice Cut-off Date, the later of (a) the date that is two (2) Business Days after the end of the relevant Conversion Shares Offer Period and (b) the date that is two (2) Business Days after the date on which such Conversion Shares Settlement Notice has been received by the Conversion Shares Depository and (ii) with respect to any New AT1 Security in relation to which a Conversion Shares Settlement Notice is not received by the Conversion Shares Depository on or before the Notice Cut-off Date, the date on which the Conversion Shares Depository delivers the relevant Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable.

Conversion Shares Settlement Notice means a written notice to be delivered by a holder to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the New AT1 Securities), with a copy to the trustee, no earlier than the Suspension Date containing the following information: (i) the name of the holder, (ii) the Tradable Amount of the book-entry interests in the New AT1 Securities held by such holder on the date of such notice, (iii) the name to be entered in the Issuer's share register, (iv) the details of the CREST or other clearing system account or, if the Conversion Shares are not a participating security in CREST or another clearing system, the address to which the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) and/or cash (if not expected to be delivered through the Clearing Systems) should be delivered and (v) such other details as may be required by the Conversion Shares Depository.

Conversion Shares Settlement Request Notice means the written notice to be delivered by us to the trustee directly and to the holders of the New AT1 Securities via each of the Clearing Systems (or, if the New

AT1 Securities are held in definitive form, by us to the trustee directly and to the holders at their registered addresses as shown on the register for the New AT1 Securities) on the Suspension Date requesting that holders complete a Conversion Shares Settlement Notice and specifying (i) the Notice Cut-off Date and (ii) the Final Cancellation Date.

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CSO Obligations means the obligations of the Issuer under the New AT1 Securities that may arise in connection with a Conversion Shares Offer to: (i) facilitate the preparation of a prospectus or other offering document, if applicable, and (ii) take responsibility for such prospectus or other offering document, which obligations (and any claims relating to a failure to facilitate the preparation of, or take responsibility for, such prospectus or other offering document) shall terminate in the event of the winding-up or administration of the Issuer.

Extraordinary Calculation Date means any Business Day (other than a Quarterly Financial Period End Date) on which the fully loaded CET1 Ratio is calculated upon the instruction of the PRA or at the Issuer's discretion.

Final Cancellation Date means the date on which the New AT1 Securities in relation to which no Conversion Shares Settlement Notice has been received by the Conversion Shares Depository on or before the Notice Cut-off Date shall be cancelled, which date may be up to twelve (12) Business Days following the Notice Cut-off Date.

fully loaded means, in relation to a measure that is presented or described as being on a fully loaded basis, that such measure is calculated without applying the transitional provisions set out in Part Ten of the CRD IV Regulation.

fully loaded CET1 Ratio means, as of any Quarterly Financial Period End Date or Extraordinary Calculation Date, as the case may be, the ratio of CET1 Capital as of such date to the Risk Weighted Assets as of the same date, expressed as a percentage and on the basis that all measures used in such calculation shall be calculated on a fully loaded basis.

Notice Cut-off Date means the date specified as such in the Conversion Shares Settlement Request Notice, which date shall be at least forty (40) Business Days following the Suspension Date.

Ordinary Reporting Date means each Business Day on which Quarterly Financial Information is published by the Issuer.

Quarterly Financial Information means the financial information of the Group in respect of a fiscal quarter that is contained in the principal financial report for such fiscal quarter published by the Issuer. As of the date of this prospectus, the principal financial reports published by the Issuer with respect to each fiscal quarter are: (i) the Q1 Interim Management Statement in respect of the first fiscal quarter, (ii) the Interim Results Announcement in respect of the first half of the year (including the second fiscal quarter), (iii) the Q3 Interim Management Statement in respect of the first nine months of

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the year (including the third fiscal quarter) and (iv) the Results Announcement in respect of the full year (including the fourth fiscal quarter).

Quarterly Financial Period End Date means the last day of each fiscal quarter.

Risk Weighted Assets means, as of any Quarterly Financial Period End Date or Extraordinary Calculation Date, as the case may be, the aggregate amount, expressed in pounds sterling, of the risk weighted assets of the Group as of such date, as calculated by the Issuer on a consolidated basis in accordance with the Capital Regulations applicable to the Group on such date (which calculation shall be binding on the trustee and the holders). For the purposes of this definition, the term **risk weighted assets** means the risk weighted assets or total risk exposure amount, as calculated by the Issuer in accordance with the Capital Regulations applicable to the Group.

Suspension Date means, with respect to each Clearing System, the date specified in the Conversion Shares Offer Notice as the date on which such Clearing System shall suspend all clearance and settlement of transactions in the New AT1 Securities in accordance with its rules and procedures, which date shall be no later than thirty-eight (38) Business Days after the delivery of the Conversion Shares Offer Notice to such Clearing System (and, if the Issuer elects that a Conversion Shares Offer be made, such date shall be at least two (2) Business Days prior to the end of the relevant Conversion Shares Offer Period).

See *Description of the New AT1 Securities Automatic Conversion Upon Capital Adequacy Trigger Event* for more information.

Agreement with Respect to the Exercise of U.K. Bail-in Power

The PRA has requested us to address in the terms of the New AT1 Securities the requirements in Article 55 of the European Union directive establishing a framework for the recovery and resolution of credit institutions and investment firms adopted by the EU Council on May 6, 2014 (the **Bank Recovery and Resolution Directive** or **BRRD**), and we have accordingly included the following two paragraphs in the terms of the New AT1 Securities:

By its acquisition of the New AT1 Securities, each holder of the New AT1 Securities acknowledges, agrees to be bound by, and consents to the exercise of, any U.K. Bail-in Power (as defined below) by the relevant

U.K. resolution authority (as defined below) that may result in the cancellation of all, or a portion, of the principal amount of, or interest on, the New AT1 Securities and/or the conversion of all, or a portion, of the principal amount of, or interest on, the New AT1 Securities into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the

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terms of the New AT1 Securities, in each case, to give effect to the exercise by the relevant U.K. resolution authority of such U.K. Bail-in Power. Each holder of the New AT1 Securities further acknowledges and agrees that the rights of the holders of the New AT1 Securities are subject to, and will be varied, if necessary, so as to give effect to, the exercise of any U.K. Bail-in Power by the relevant U.K. resolution authority. For the avoidance of doubt, the potential conversion of the New AT1 Securities into shares, other securities or other obligations in connection with the exercise of any U.K. Bail-in Power by the relevant U.K. resolution authority is separate and distinct from an Automatic Conversion following a Capital Adequacy Trigger Event.

For these purposes, a **U.K. Bail-in Power** is any statutory write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms incorporated in the United Kingdom in effect and applicable in the United Kingdom to the Issuer or other members of the Group, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a U.K. resolution regime under the U.K. Banking Act 2009, as amended (the **U.K. Banking Act**), or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled and/or converted into shares or other securities or obligations of the obligor or any other person (and a reference to the relevant U.K. resolution authority is to any authority with the ability to exercise a U.K. Bail-in Power).

Repayment of Principal and Payment of Interest After Exercise of U.K. Bail-In Power

No repayment of the principal amount of the New AT1 Securities or payment of interest on the New AT1 Securities shall become due and payable after the exercise of any U.K. Bail-in Power by the relevant U.K. resolution authority unless such repayment or payment would be permitted to be made by the Issuer under the laws and regulations of the United Kingdom and the European Union applicable to the Issuer.

Enforcement Events and Remedies

Winding-up

If a Winding-up Event occurs before the occurrence of a Capital Adequacy Trigger Event, subject to the subordination provisions, the principal amount of the New AT1 Securities will become immediately due and payable. For the avoidance of doubt, as the principal amount of

the New AT1 Securities will become immediately due and payable upon a Winding-up Event that occurs

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before the occurrence of a Capital Adequacy Trigger Event, neither the trustee nor the holders of the New AT1 Securities are required to declare such principal amount to be due and payable.

A **Winding-up Event** with respect to the New AT1 Securities shall result if (i) a court of competent jurisdiction in England (or such other jurisdiction in which we may be organized) makes an order for our winding-up which is not successfully appealed within 30 days of the making of such order, (ii) our shareholders adopt an effective resolution for our winding-up (other than, in the case of either (i) or (ii) above, under or in connection with a scheme of reconstruction, merger or amalgamation not involving a bankruptcy or insolvency) or (iii) following the appointment of an administrator of the Issuer, the administrator gives notice that it intends to declare and distribute a dividend.

Non-payment

If we fail to pay any amount that has become due and payable under the New AT1 Securities and the failure continues for 14 days, the trustee may give us notice of such failure. If within a period of 14 days following the provision of such notice, the failure continues and has not been cured nor waived, the trustee may at its discretion and without further notice to us institute proceedings in England (or such other jurisdiction in which we may be organized) (but not elsewhere) for our winding-up and/or prove in our winding-up and/or claim in our liquidation or administration. For the avoidance of doubt, no interest will be due and payable if such interest has been cancelled or is deemed cancelled (in each case, in whole or in part) as described under *Agreement to Interest Cancellation* above. Accordingly, no default in payment under the New AT1 Securities will have occurred or be deemed to have occurred in such circumstances.

Limited remedies for breach of obligations (other than non-payment)

In addition to the remedies for non-payment provided above, the trustee may, without further notice, institute such proceedings against the Issuer as the trustee may think fit to enforce any term, obligation or condition binding on the Issuer under the New AT1 Securities or the Indenture (other than any payment obligation of the Issuer under or arising from the New AT1 Securities or the Indenture, including, without limitation, payment of any principal or interest) (a **Performance Obligation**); *provided always that*, the trustee (acting on behalf of the holders of the New AT1 Securities) and the holders of the New AT1 Securities may not enforce, and may not be entitled to enforce or otherwise claim, against

the Issuer any judgment or other award given in such proceedings that requires the payment of money by the Issuer, whether by way of damages or otherwise (a **Monetary Judgment**), except by proving such Monetary Judgment in a winding-up of the Issuer and/or by claiming such Monetary Judgment in an administration of the Issuer.

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For the avoidance of doubt, the sole and exclusive manner by which the trustee (acting on behalf of the holders of the New AT1 Securities) and the holders of the New AT1 Securities may seek to enforce or otherwise claim a Monetary Judgment against the Issuer in connection with the Issuer's breach of a Performance Obligation shall be by proving such Monetary Judgment in a winding-up of the Issuer and/or by claiming such Monetary Judgment in an administration of the Issuer. By its acquisition of the New AT1 Securities, each holder of the New AT1 Securities acknowledges and agrees that such holder will not seek to enforce or otherwise claim, and will not direct the trustee (acting on behalf of the holders of the New AT1 Securities) to enforce or otherwise claim, a Monetary Judgment against the Issuer in connection with the Issuer's breach of a Performance Obligation, except by proving such Monetary Judgment in a winding-up of the Issuer and/or by claiming such Monetary Judgment in an administration of the Issuer. See *Risk Factors Risks Relating to the New AT1 Securities Holders of the New AT1 Securities will have limited remedies.*

No other remedies

Other than the limited remedies specified herein under *Enforcement Events and Remedies* above and subject to *Trust Indenture Act remedies* below, no remedy against us will be available to the trustee (acting on behalf of the holders of the New AT1 Securities) or the holders of the New AT1 Securities whether for the recovery of amounts owing in respect of such New AT1 Securities or under the Indenture or in respect of any breach by us of any of our obligations under or in respect of the terms of such New AT1 Securities or under the Indenture in relation thereto; *provided, however*, that such limitation shall not apply to our obligations to pay the fees and expenses of, and to indemnify, the trustee (including fees and expenses of trustee's counsel) and the trustee's rights to apply money collected to first pay its fees and expenses shall not be subject to the subordination provisions set forth in the Indenture.

Trust Indenture Act remedies

Notwithstanding the limitation on remedies specified herein under *Enforcement Events and Remedies* above, (1) the trustee will have such powers as are required to be authorized to it under the Trust Indenture Act in respect of the rights of the holders of the New AT1 Securities under the provisions of the Indenture and (2) nothing shall impair the right of a holder of the New AT1 Securities under the Trust Indenture Act, absent such holder's consent, to sue for any payment due but unpaid with respect to the New AT1 Securities; *provided* that, in the case of each of (1) and (2) above, any payments in respect of, or arising from, the New AT1 Securities, including any payments or amounts resulting or

arising from the enforcement of any rights under the Trust Indenture Act in respect of the New AT1 Securities, are subject to the subordination provisions set forth in the Indenture.

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An Automatic Conversion will not constitute a default under the Indenture.

Under the terms of the Indenture, the exercise of the U.K. Bail-in Power by the relevant U.K. resolution authority with respect to the New AT1 Securities is not a Winding-up Event or a default in payment.

Conflicts of Interest

Barclays Capital Inc., which will be participating in the Exchange Offers in the United States as Lead Dealer Manager, is an affiliate of Barclays and, as such, has a conflict of interest in this offering within the meaning of the Financial Industry Regulatory Authority (**FINRA**) Rule 5121 (or any successor rule thereto) (**Rule 5121**). Consequently, this offering is being conducted in compliance with the provisions of Rule 5121, which requires that a qualified independent underwriter participate in the preparation of this prospectus and will discharge the responsibilities of a qualified independent underwriter contemplated in the FINRA Rules. For more information, see *The Exchange Offers Dealer Managers*. Merrill Lynch, Pierce, Fenner & Smith Incorporated (**Merrill Lynch**) will act as qualified independent underwriter in respect of the Exchange Offers. Barclays Capital Inc. is not permitted to cause an account over which it exercises discretionary authority to participate in any of the Exchange Offers without the prior specific written approval of the account holder.

Business Day

Business Day means, with respect to the Sterling AT1 Securities and the Euro AT1 Securities, any weekday, other than one on which banking institutions are authorized or obligated by law to close in London, United Kingdom, and, with respect to the Dollar AT1 Securities, any weekday, other than one on which banking institutions are authorized or obligated by law or executive order to close in London, United Kingdom, or in New York City.

Tradable Amount

The **Tradable Amount** of each book-entry interest for each Series of New AT1 Securities is equal to the denomination of such book-entry interest.

Listing and Trading

The New AT1 Securities are expected to be provisionally admitted to trading on the main standard segment of the SIX Swiss Exchange from the Settlement Date. Application will be made to the SIX Swiss Exchange for listing of the New AT1 Securities. Any Series of New AT1 Securities will cease to be admitted to trading on the SIX Swiss Exchange after the third dealing day prior to the date on which such Series of New AT1 Securities is or are fully redeemed or after the Suspension Date, as applicable, in accordance with the terms of any

Series of the New AT1 Securities, as applicable.

Trustee and Principal Paying Agent

The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, United Kingdom, will act as the trustee and initial principal paying agent for the New AT1 Securities.

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Swiss Paying Agent	BNP Paribas Securities Services, Paris, Zurich branch, will act as Swiss paying agent with respect to the New AT1 Securities. The Swiss paying agent will not have a role in facilitating or making payments under the New AT1 Securities. The Swiss paying agent is being appointed solely to fulfil the listing requirements of the SIX Swiss Exchange.
Calculation Agent	The Bank of New York Mellon, London Branch, or its successor appointed by the Issuer. All determinations and any calculations made by the Calculation Agent for the purposes of calculating the applicable Mid-Market Swap Rate shall be conclusive and binding on the holders of the New AT1 Securities, the Issuer and the trustee, absent manifest error. The Calculation Agent shall not be responsible to the Issuer, holders of the New AT1 Securities or any third party for any failure of the Reference Banks to provide quotations as requested of them or as a result of the Calculation Agent having acted on any quotation or other information given by any Reference Bank which subsequently may be found to be incorrect or inaccurate in any way.
Further Issues	We may, at our sole discretion, without the consent of the holders of any Series of the New AT1 Securities, following the Exchange Offers, offer and issue for cash additional New AT1 Securities having the same ranking and same interest rate, interest cancellation terms, redemption terms, Conversion Price and other terms as such Series of the New AT1 Securities as described in this prospectus, except for the price to the public and issue date. Any such additional New AT1 Securities, together with the existing New AT1 Securities of that Series offered by this prospectus, will constitute a single series of the relevant New AT1 Securities of that Series under the Indenture. There is no limitation on the amount of New AT1 Securities that we may issue under the Indenture.
Use of Proceeds	The Issuer will not receive any cash proceeds from the Exchange Offers.
Governing Law	The Indenture and the New AT1 Securities will be governed by, and construed in accordance with, the laws of the State of New York, except for the subordination provisions and waiver of set-off provisions in Article V of the Third, Fourth and Fifth Supplemental Indentures, which will be governed by English law.
Risk Factors	Investing in the Securities offered under this prospectus involves risk. For a discussion of certain risks that should be considered in connection with an investment in the Securities, see <i>Risk Factors</i> beginning on page 50 of this prospectus, <i>Risk Review Risk factors</i> beginning on page 108 of our 2013 Form 20-F, which is incorporated by reference herein.

Table of Contents**RISK FACTORS**

You should carefully consider the risks described below and all of the information contained and incorporated by reference in this document before you decide whether to participate in the Exchange Offers.

Tendering your Existing T1 Securities in exchange for the New AT1 Securities offered under this prospectus involves significant risks. You should reach your own investment decision only after consultation with your own financial, legal and tax advisers (as you deem appropriate) about risks associated with participating in the Exchange Offers and with an investment in the New AT1 Securities and the suitability of participating in the Exchange Offers and investing in the New AT1 Securities in light of the particular characteristics and terms of the New AT1 Securities and of your particular financial circumstances. As part of making an investment decision, you should make sure you thoroughly understand the New AT1 Securities terms, such as the provisions governing an Automatic Conversion (including, in particular, the circumstances under which a Capital Adequacy Trigger Event may occur), the agreement by you to be bound by the exercise of any U.K. Bail-in Power by the relevant U.K. resolution authority, that interest is due and payable only at the sole discretion of the Issuer, and that there is no scheduled repayment date for the principal of the New AT1 Securities. You should also carefully consider the risk factors and the other information contained in this prospectus, our 2013 Form 20-F and the other information included and incorporated by reference in this prospectus before deciding to invest in the New AT1 Securities and you should evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect an investment in the New AT1 Securities and your ability to bear the loss of all or a portion of your investment. If any of the risks described herein materializes, our business, financial condition and results of operations could suffer, the New AT1 Securities could be subject to Automatic Conversion and/or the U.K. Bail-in Power, and the trading price and liquidity of the New AT1 Securities and/or our ordinary shares could decline, in which case you could lose some or all of the value of your investment.

Risks Related to the Exchange Offers

The Offerors have not obtained a third-party determination that the Exchange Offers are fair to holders of the Existing T1 Securities.

None of the Offerors, the trustee, the Dealer Managers or the Exchange Agents makes any recommendation as to whether you should exchange your Existing T1 Securities in the relevant Exchange Offer. The Offerors have not retained, and do not intend to retain, any unaffiliated representative to act on behalf of the holders of the Existing T1 Securities for purposes of negotiating the terms of the Exchange Offers, preparing a report concerning the fairness of the Exchange Offers to you or to the Offerors or determining that the total consideration offered in relevant Exchange Offer represents a fair valuation of either the Existing T1 Securities or the New AT1 Securities. If you tender your Existing T1 Securities, you may ultimately receive less value than if you choose to keep them. You must make your own independent decision regarding your participation in the relevant Exchange Offer.

The consummation of the Exchange Offers is subject to certain conditions, including a Minimum New Issue Size condition, and may not occur or may be delayed. Failure to complete any Exchange Offer could negatively affect the price of the Existing T1 Securities subject to such Exchange Offer.

The Offerors are not obligated to complete any or all of the Exchange Offers. Several conditions must be satisfied or waived in order to complete the Exchange Offers, including among others, that there has been no change or development that would or might, in the reasonable judgment of the Offerors, be expected to prohibit, prevent, restrict or delay the Exchange Offers or impair the Offerors from realizing the anticipated benefits of the Exchange Offers. See *The Exchange Offers Conditions of the Exchange Offers*. In addition, each Exchange Offer is subject to the

condition that the relevant Minimum New Issue Size is satisfied. In particular:

- (a) the Sterling Exchange Offer is subject to the condition that a sufficient number of Sterling T1 Securities are validly tendered and not validly withdrawn by the Expiration Date such that at least £150,000,000 aggregate principal amount of the Sterling AT1 Securities will be issued by Barclays;

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- (b) the Euro Exchange Offer is subject to the condition that a sufficient number of Euro T1 Securities are validly tendered and not validly withdrawn by the Expiration Date such that at least 300,000,000 aggregate principal amount of the Euro AT1 Securities will be issued by Barclays; and
- (c) the Dollar Exchange Offer is subject to the condition that a sufficient number of Dollar T1 Securities are validly tendered and not validly withdrawn by the Expiration Date such that at least \$300,000,000 aggregate principal amount of the Dollar AT1 Securities will be issued by Barclays.

The foregoing conditions may not be satisfied, and if not satisfied or waived, the relevant Exchange Offer may not occur or may be delayed. The Offerors may also extend or otherwise amend any or all of the Exchange Offers at the Offerors' sole discretion. Even if an Exchange Offer is completed, it may not be completed on the schedule described in this prospectus or any subsequent notices of extension. Accordingly, holders of Existing T1 Securities participating in the relevant Exchange Offer may have to wait longer than expected to receive their New AT1 Securities, during which time those holders of Existing T1 Securities will not be able to effect transfers of their Existing T1 Securities tendered in that Exchange Offer. In addition, if an Exchange Offer is not completed or is delayed, the market price of the applicable Existing T1 Securities may decline to the extent that the current market price of the Existing T1 Securities reflects a market assumption that such Exchange Offer has been or will be completed.

The Offerors may not accept all Existing T1 Securities tendered in the Exchange Offers.

If the specified Minimum New Issue Size for any Exchange Offer is not satisfied, the Offerors will not accept any of the relevant Existing T1 Securities tendered for exchange into the relevant corresponding New AT1 Securities and the Existing T1 Securities that you tender will be returned to you. You will not be able to effect transfers of your Existing T1 Securities tendered in the Exchange Offers unless and until any such securities are returned to you. See *The Exchange Offers Terms of the Exchange Offers*.

Late deliveries of Existing T1 Securities and other required documents could prevent a holder from exchanging its Existing T1 Securities.

Holders are responsible for complying with all Exchange Offer procedures. The issuance of New AT1 Securities in exchange for Existing T1 Securities will only occur upon completion of the procedures described in this prospectus under *The Exchange Offers*. Therefore, holders of Existing T1 Securities who wish to exchange them for New AT1 Securities should allow sufficient time for timely completion of the exchange procedure. Neither the Offerors nor the Exchange Agents are obligated to extend the offer or notify you of any failure to follow the proper procedure.

If you hold your Existing T1 Securities through a broker, dealer, commercial bank, trust company or other nominee, you should keep in mind that such entity may require you to take action with respect to the Exchange Offers a number of days before the Expiration Date in order for such entity to tender Existing T1 Securities on your behalf at or prior to the Expiration Date.

The Existing T1 Securities could increase in value following the Exchange Offers.

The trading prices of the Existing T1 Securities may be affected by a number of factors, including, among others, the results, financial condition and credit ratings of Barclays Bank or the Group. Barclays Bank's and the Group's results, financial condition or credit ratings could improve following the Exchange Offers. The value of the Existing T1 Securities not tendered in the Exchange Offers may increase in value after the Exchange Offers relative to the New AT1 Securities.

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Subsequent to the Exchange Offers, the Offerors may purchase, repay or call any Existing T1 Securities not tendered in the Exchange Offers on terms that could be more favorable to holders of Existing T1 Securities than the terms of the Exchange Offers.

The Offerors may, at any time to the extent permitted by applicable law and subject to the following sentence with respect to the Preference Shares, purchase Existing T1 Securities in the open market, in privately negotiated transactions, through subsequent tender or exchange offers or otherwise. During the Exchange Offers and until the expiration of at least ten business days after the date of termination of the relevant Exchange Offers, neither the Offerors nor any of their affiliates will make any purchases of Preference Shares otherwise than in connection with the Exchange Offers. Any other purchases may be made on the same terms or on terms which are more favorable to holders than the terms of the Exchange Offers. The Offerors also reserve the right to repay any Existing T1 Securities not tendered. The Offerors may also from time to time call the Existing T1 Securities subject to their terms. Holders that tender Existing T1 Securities in the Exchange Offers will not, in respect of such tendered Existing Securities accepted for exchange, be able to participate in any subsequent repurchase, repayment or call, which may be made on terms that are more favorable than those of the Exchange Offers. Any future decision as to the exercise of early redemption calls with respect to the Existing T1 Securities will be made with reference to the economic impact to the Group of such early redemption, prevailing market conditions and regulatory developments.

If you tender your Existing T1 Securities in the Exchange Offers, you will be unable to sell or otherwise transfer such securities until they are returned to you following withdrawal or non-acceptance.

When considering whether to tender Existing T1 Securities in the Exchange Offers, you should take into account that you will not be able to sell or otherwise transfer any tendered securities after the time of such tender. If you withdraw or the Offerors do not accept all or a portion of your tender, these transfer restrictions will continue to apply until your Existing T1 Securities are returned to you.

Each Exchange Offer may be extended, amended, limited, terminated or withdrawn at any time, subject to applicable law, and any such action may adversely affect any perceived benefits of the relevant Exchange Offer.

Completion of each Exchange Offer is conditional upon the satisfaction or waiver of the conditions to the relevant Exchange Offer set out herein. In addition, subject as provided herein, the Offerors may, subject to applicable law, extend, amend, terminate or withdraw any Exchange Offer at any time prior to the announcement of whether it accepts valid tenders of the relevant Existing T1 Securities. For details, see *The Exchange Offers Expiration Date; Extension; Termination; Amendment*.

You may not receive New AT1 Securities in the Exchange Offers if the procedures for the Exchange Offers are not followed.

Subject to the terms and conditions of the Exchange Offers, including satisfaction of the Minimum New Issue Size, we will issue New AT1 Securities in exchange for your Existing T1 Securities only if you validly tender the Existing T1 Securities and deliver a properly completed and duly executed Exchange Instruction and other required documents before the Expiration Date. The Offerors are not providing for guaranteed delivery procedures and therefore you must allow sufficient time for the necessary tender procedures to be completed during normal business hours of DTC, Euroclear and Clearstream, Luxembourg, as applicable, prior to the Expiration Date. None of the Offerors, the trustee, the Dealer Managers or the Exchange Agents is under any duty to give notification of defects or irregularities with respect to the tenders of Existing T1 Securities for exchange. If you are the beneficial owner of Existing T1 Securities that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee, and you wish to tender in the Exchange Offers, you should promptly contact the person in whose name your Existing T1

Securities are registered and instruct that person to tender your Existing T1 Securities on your behalf.

There are significant differences between the Existing T1 Securities and the New AT1 Securities.

The terms of the New AT1 Securities will be substantially different from those of the Existing T1 Securities. In addition to differences in financial terms which include, among others, the interest rate and payment dates, the

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terms of the New AT1 Securities differ, among other things, in respect of, the identity of the obligor, redemption dates, redemption prices and redemption events and in that the New AT1 Securities will be subject to a loss absorption trigger event based on the Group's capital ratios and the ability of the Issuer to decide in its sole discretion to cancel any interest payment on the New AT1 Securities. In contrast, certain Series of the Existing T1 Securities provide that Barclays Bank, as issuer, may elect to defer, rather than cancel, interest payments except in certain limited circumstances, and the Existing T1 Securities are not subject to a loss-absorption trigger event based on the Group's capital ratios. In addition, the New AT1 Securities are obligations of Barclays, whereas the Existing T1 Securities are obligations of Barclays Bank. If Barclays or Barclays Bank were wound up, liquidated or dissolved, the holders of the New AT1 Securities would have no right to proceed against the assets of Barclays Bank unlike the holders of the Existing T1 Securities who would, in a winding up, liquidation or dissolution of Barclays Bank, have a claim against the assets of Barclays Bank. For more information, see *Risks Relating to the New AT1 Securities The Issuer is a holding company, which means that its right to participate in the assets of any of its subsidiaries upon the liquidation of such subsidiaries may be subject to prior claims of some of such subsidiary's creditors and preference shareholders.*

Investors should carefully consider the differences described in the preceding paragraph in addition to those described under *Comparison of the Material Terms of the Preference Shares and the New AT1 Securities*, *Comparison of the Material Terms of the Tier One Notes and the New AT1 Securities* and *Comparison of the Material Terms of the Reserve Capital Instruments and the New AT1 Securities* in deciding whether to tender Existing T1 Securities for exchange in connection with the Exchange Offers.

Legality of purchase.

None of the Offerors, the Dealer Managers or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the New AT1 Securities by a prospective investor of the New AT1 Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

A holder's failure to consult its own advisers may result in it suffering adverse tax, accounting, financial or legal consequences.

Holders should consult their own tax, accounting, financial and legal advisers as they may deem appropriate regarding the suitability to themselves of the tax, accounting, financial and legal consequences of participating or declining to participate in the Exchange Offers and an investment in the New AT1 Securities. In particular, due to the number of different jurisdictions where tax laws may apply to a holder and except as set out under *Tax Considerations*, this prospectus does not discuss the tax consequences for holders arising from the exchange of their Existing T1 Securities in the Exchange Offers and the receipt of New AT1 Securities. Holders are urged to consult their own professional advisers regarding the possible tax consequences under the laws of the jurisdictions that apply to them. Holders are liable for their own taxes and have no recourse to Barclays, the Dealer Managers or the Exchange Agents with respect to taxes arising in connection with the Exchange Offers.

Risks to Holders of Existing T1 Securities Not Tendered or Not Accepted for Exchange

After the Exchange Offers, there may no longer be a trading market for one or more Series of the Existing T1 Securities, the market price for the Existing T1 Securities may be depressed and there may be a limited trading market for the Existing T1 Securities.

Depending on the amount of Existing T1 Securities of any Series that are accepted for exchange in the Exchange Offers, the trading market for the Existing T1 Securities of that Series that remain outstanding after the Exchange

Offers may be more limited. The trading market for Existing T1 Securities that are not exchanged could therefore become more limited than the existing trading market for the Existing T1 Securities and could cease to exist altogether due to the reduction in the principal amount of the Existing T1 Securities outstanding

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upon consummation of the Exchange Offers. A reduced trading volume may decrease the liquidity and trading price and increase the volatility of the trading price of the Existing T1 Securities of any Series that remain outstanding following the Exchange Offers. If a market for Existing T1 Securities that are not exchanged exists or develops, the Existing T1 Securities may trade at a discount to the price at which they would trade if the principal amount outstanding were not reduced. There can be no assurance that an active market in the Existing T1 Securities of any Series will exist, develop or be maintained, or as to the prices at which the Existing T1 Securities may trade, whether or not the Exchange Offers are consummated. Therefore, if your Existing T1 Securities are not exchanged for New AT1 Securities in the Exchange Offers because you do not participate in the Exchange Offers, it may become more difficult for you to sell or otherwise transfer your Existing T1 Securities.

If you tender some but not all of a Series of Existing T1 Securities you hold such that after the Exchange Offers you will retain less than the minimum denomination of such Series of Existing T1 Securities, your ability to trade such Series of the Existing T1 Securities may be limited.

The Clearing Systems limit the ability of holders to trade principal amounts of Existing T1 Securities that are lower than their relevant minimum denominations. Therefore, your ability to trade a Series of the Existing T1 Securities following the expiration of the Exchange Offers may be limited if you tender some but not all of such Series of Existing T1 Securities you hold such that you will retain less than the minimum denomination of such Series of Existing T1 Securities.

If your Preference Shares are not exchanged for New AT1 Securities in the Exchange Offers because you do not participate in the Exchange Offers, they may be subject to the implementation of certain proposals by the U.K. Government.

In April 2014, the U.K. Department for Business Innovation and Skills published the U.K. Government's response to its Discussion Paper "Transparency & Trust: Enhancing the transparency of UK company ownership and increasing trust in UK business" (published in July 2013). The response confirms the U.K. Government's intention to proceed with the majority of its proposals including (i) the creation of a central registry of beneficial ownership of companies and limited liability partnerships; (ii) a ban on the creation of new bearer shares, the compulsory surrender of existing bearer shares for conversion to registered shares and cancellation of any remaining shares; and (iii) a ban on the use of corporate directors (subject to certain exemptions).

Assuming legislation is implemented in line with the current proposals, then in respect of these proposals relating to bearer shares:

- (a) two months after Royal Assent in the United Kingdom the prohibition against issuing new bearer shares will come into force;
- (b) four months after Royal Assent in the United Kingdom bearer shareholders will be prevented from voting, receiving dividends or transferring the bearer share warrant (or their beneficial interest in it);
- (c) there will be an 11 month period after Royal Assent in the United Kingdom during which issuers will be able to arrange for shareholders to surrender their existing bearer share warrants and convert these to the registered shares specified in the warrant, notwithstanding any prohibition in the company's articles to the

contrary; and

(d) companies with bearer shares remaining at the end of the 11 month period commencing from Royal Assent will have a further three months during which the company will be required to apply to court to cancel the remaining shares. Bearer shareholders will no longer be able to surrender their share warrants at this stage. If the proposals are implemented in their current form, they are expected to extend to all of Barclays Bank's outstanding series of preference shares. If any holder fails to surrender their bearer preference shares for registered preference shares within the relevant time frame, there is a risk that such holder could lose their right

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to dividends and ultimately have their holding of bearer preference shares cancelled. The current timetable for the proposals remain unclear although the aim of the U.K. Government is to progress the relevant legislation as soon as time in the U.K. Parliament allows. There can be no assurance that the final proposals will be implemented in their current form.

Risks Relating to the New AT1 Securities***There may not be any trading market for the New AT1 Securities.***

The New AT1 Securities are a new issue of securities and have no established trading market. Although application will be made to have the New AT1 Securities admitted to listing and to trading on the SIX Swiss Exchange, there can be no assurance that an active trading market will develop. Even if an active trading market does develop, it may not be liquid and may not continue. The liquidity and the market prices for the New AT1 Securities can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence the market prices of securities. If the secondary market for the New AT1 Securities is limited, there may be few buyers for the New AT1 Securities and this may reduce the relevant market price of the New AT1 Securities.

A downgrade, suspension or withdrawal of the rating assigned by any rating agency to the New AT1 Securities could cause the liquidity or market value of the New AT1 Securities to decline.

Upon issuance, it is expected that the New AT1 Securities will be rated by nationally recognized statistical ratings organizations and may in the future be rated by additional rating agencies. However, we are under no obligation to ensure the New AT1 Securities are rated by any rating agency and any rating initially assigned to the New AT1 Securities may be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, circumstances relating to the basis of the rating, such as adverse changes to our business, so warrant. In addition, the ratings may not reflect the potential impact of all risks related to the New AT1 Securities. If the Issuer determines to no longer maintain one or more ratings, or if any rating agency lowers or withdraws its rating, such event could reduce the liquidity or market value of the New AT1 Securities.

The New AT1 Securities are not investment grade and are subject to the risks associated with non-investment grade New AT1 Securities.

The New AT1 Securities, upon issuance, will not be considered to be investment grade securities, and as such will be subject to a higher risk of price volatility than higher-rated securities. Furthermore, increases in leverage or deteriorating outlooks for the Issuer, or volatile markets, could lead to a significant deterioration in market prices of below-investment grade rated securities such as the New AT1 Securities.

The New AT1 Securities have no scheduled maturity and you do not have the right to cause the New AT1 Securities to be redeemed or otherwise accelerate the repayment of the principal amount of the New AT1 Securities except in very limited circumstances.

The New AT1 Securities are perpetual securities and have no fixed maturity date or fixed redemption date. Accordingly, we are under no obligation to repay all or any part of the principal amount of the New AT1 Securities, we have no obligation to redeem the New AT1 Securities at any time and you have no right to call for their redemption or otherwise accelerate the repayment of the principal amount of the New AT1 Securities (except in the very limited circumstances of automatic acceleration following a Winding-up Event as described under *Description of the New AT1 Securities Enforcement Events and Remedies* below).

Interest on the New AT1 Securities will be due and payable only at our sole and absolute discretion, and we may cancel interest payments (in whole or in part) at any time. Cancelled interest shall not be due and shall not accumulate or be payable at any time thereafter and you shall have no rights thereto.

Interest on the New AT1 Securities will be due and payable only at our sole discretion, and we shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment

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that would otherwise be payable on any interest payment date. Interest will only be due and payable on an interest payment date to the extent it is not cancelled in accordance with the terms of the New AT1 Securities. If we do not make an interest payment on the relevant interest payment date (or if we elect to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the exercise of our discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable.

Because the New AT1 Securities are intended to qualify as additional tier 1 capital under CRD IV, we may cancel (in whole or in part) any interest payment on the New AT1 Securities at our discretion and may pay dividends on our ordinary or preference shares notwithstanding such cancellation. In addition, we may without restriction use funds that could have been applied to make such cancelled payments to meet our other obligations as they become due.

Cancelled interest shall not be due and shall not accumulate or be payable at any time thereafter, and holders of the New AT1 Securities shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation. Furthermore, no cancellation of interest in accordance with the terms of the Indenture shall constitute a default in payment or otherwise under the terms of the New AT1 Securities. If practicable, we shall provide notice of any cancellation of interest to the holders of the New AT1 Securities through the relevant Clearing Systems on or prior to the relevant interest payment date. If practicable, we shall endeavor to provide such notice at least five (5) Business Days prior to the relevant interest payment date. However, failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of interest, or give holders of the New AT1 Securities any rights as a result of such failure. Barclays' current dividend policy provides that in determining any proposed dividend and the appropriate payout ratio, our Board of Directors will consider, among other things, the expectation of servicing more senior securities. The New AT1 Securities are senior in rank to ordinary shares. It is the Board of Directors' current intention that, whenever exercising its discretion to declare ordinary share dividends, or its discretion to cancel interest on the New AT1 Securities, the Board will take into account the relative ranking of these instruments in our capital structure. However, the Board may at any time depart from this policy at its sole discretion.

In addition to our right to cancel (in whole or in part) interest payments at any time, the terms of the New AT1 Securities also restrict us from making interest payments on the New AT1 Securities in certain circumstances, in which case such interest shall be deemed to have been cancelled. Interest that is deemed cancelled shall not be due and shall not accumulate or be payable at any time thereafter and you shall have no rights thereto.

Subject to the extent permitted in the following paragraph in respect of partial interest payments, the Issuer shall not make an interest payment on the New AT1 Securities on any interest payment date (and such interest payment shall therefore be deemed to have been cancelled and thus shall not be due and payable on such interest payment date) if:

- (a) the Issuer has an amount of Distributable Items on such interest payment date that is less than the sum of
 - (i) all distributions or interest payments made or declared by the Issuer since the end of the last financial year and prior to such interest payment date on or in respect of any Parity Securities, the New AT1 Securities and any Junior Securities and
 - (ii) all distributions or interest payments payable by the Issuer (and not cancelled or deemed cancelled) on such interest payment date (x) on the New AT1 Securities and (y) on or in respect of any Parity Securities, in the case of each of (i) and (ii), excluding any payments already accounted for in determining the Distributable Items; or

(b) the Solvency Condition is not satisfied in respect of such interest payment. Although the Issuer may, in its sole discretion, elect to make a partial interest payment on the New AT1 Securities on any interest payment date, it may only do so to the extent that such partial interest payment may be

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made without breaching the restriction in the preceding paragraph. In addition, the Issuer may elect to make a full or partial interest payment with respect to a Parity Security without making an interest payment on any or all of the New AT1 Securities on any interest payment date.

We will be responsible for determining compliance with this restriction, and neither the trustee nor any agent will be required to monitor such compliance or to perform any calculations in connection therewith.

Any interest deemed cancelled on any relevant interest payment date shall not be due and shall not accumulate or be payable at any time thereafter, and holders of the New AT1 Securities shall have no rights thereto or to receive any additional interest or compensation as a result of such deemed cancellation. Furthermore, no cancellation of interest in accordance with the terms of the Indenture shall constitute a default in payment or otherwise under the terms of the New AT1 Securities. If practicable, we shall provide notice of any deemed cancellation of interest to the holders of the New AT1 Securities through the relevant Clearing Systems on or prior to the relevant interest payment date. If practicable, we shall endeavor to provide such notice at least five (5) Business Days prior to the relevant interest payment date. However, failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of interest, or give holders of the New AT1 Securities any rights as a result of such failure.

As a holding company, the level of the Issuer's Distributable Items is affected by a number of factors, and insufficient Distributable Items may restrict the Issuer's ability to make interest payments on the New AT1 Securities.

As a holding company, the level of the Issuer's Distributable Items is affected by a number of factors, principally its ability to receive funds, directly or indirectly, from its operating subsidiaries in a manner which creates Distributable Items for the Issuer. Consequently, the Issuer's future Distributable Items, and therefore its ability to make interest payments, are a function of its existing Distributable Items, future Group profitability and the ability to distribute or dividend profits from its operating subsidiaries up the Group structure to the Issuer. In addition, the Group's Distributable Items may also be adversely affected by the servicing of more senior instruments.

The ability of the Group's subsidiaries to pay dividends and the Issuer's ability to receive distributions and other payments from its investments in other entities is subject to applicable local laws and other restrictions, including their respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws. These laws and restrictions could limit the payment of dividends, distributions and other payments to the Issuer by its subsidiaries, which could in time restrict the Issuer's ability to fund other operations or to maintain or increase its Distributable Items.

The level of the Issuer's Distributable Items may be further affected by changes to regulation or the requirements and expectations of applicable regulatory authorities. Any such potential changes, in particular the consequences of the implementation of section 165 of the Dodd-Frank Act and requirements for funding intermediate holding companies in the United States or similar local capital or ring fencing requirements in other jurisdictions, could adversely affect the Issuer's Distributable Items in the future.

Further, the Issuer's Distributable Items, and therefore its ability to make interest payments, may be adversely affected by the performance of the Group's business in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Group operates and other factors outside of the Issuer's control. In addition, adjustments to earnings, as determined by the Board, may fluctuate significantly and may materially adversely affect Distributable Items. The Issuer shall not make an interest payment on the New AT1 Securities on any interest payment date (and such interest payment shall therefore be deemed to have been cancelled and thus shall not

be due and payable on such interest payment date) if the level of Distributable Items is insufficient to fund that payment, as discussed in the risk factor *In addition to our right to cancel (in whole or in part) interest payments at any time, the terms of the New ATI Securities also*

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restrict us from making interest payments on the New AT1 Securities in certain circumstances, in which case such interest shall be deemed to have been cancelled. Interest that is deemed cancelled shall not be due and shall not accumulate or be payable at any time thereafter and you shall have no rights thereto above.

CRD IV introduces capital requirements that are in addition to the minimum capital ratio. These additional capital requirements will restrict our ability to make discretionary distributions in certain circumstances, in which case we may reduce or cancel interest payments on the New AT1 Securities.

Under CRD IV, institutions will be required to hold a minimum amount of regulatory capital of 8% of risk weighted assets (of which at least 4.5% (4% in 2014) must be CET1 capital and at least 6% (5.5% in 2014) must be tier 1 capital). In addition to this minimum own funds requirement, CRD IV also introduces capital buffer requirements that are additive to the own funds requirement and required to be met with common equity tier 1 capital. CRD IV introduces five new capital buffers: (i) the capital conservation buffer, (ii) the institution-specific counter-cyclical buffer, (iii) the global systemically important institutions buffer, (iv) the other systemically important institutions buffer and (v) the systemic risk buffer. Subject to a transitional period, the capital conservation buffer shall apply to the Group and some or all of the other buffers may be applicable to the Group from time to time as determined by a designated authority in the United Kingdom (see *Implementation of Basel III/CRD IV and additional PRA supervisory expectations*).

In addition, national supervisors may require additional capital to be held by an institution to cover its idiosyncratic risks which the supervisor assesses are not fully captured by the minimum own funds requirement. This capital guidance, referred to as Pillar 2A, is a point in time assessment which, in respect of U.K. firms, is made by the PRA, at least annually, and is expected to vary over time in accordance with individual capital guidance. The PRA has stated in its supervisory statement SS5/13, that it expects U.K. firms to meet their Pillar 2A requirement by January 1, 2015 with at least 56% common equity tier 1 capital. It has also stated that capital that firms use to meet their minimum requirements (**own funds** and **Pillar 2A**) cannot be counted towards meeting the combined buffer requirement (which is described below), meaning that the combined buffer requirement will effectively be applied above the common equity tier 1 component of both the minimum own funds and Pillar 2A requirements. The PRA is continuing to develop proposals to reform its Pillar 2 framework and, as noted in PS7/13 (PRA Policy Statement on strengthening capital standards, published in December 2013), it expects to consult on those proposals during the course of 2014. The European Banking Authority (the **EBA**) is also developing guidelines on the Supervisory Review and Evaluation Process (**SREP**) and on Pillar 2 capital, which are likely to affect how the PRA approaches Pillar 2.

Under Article 141 (*Restrictions on distributions*) of the Directive that is part of CRD IV, member states of the European Union must require that institutions that fail to meet the combined buffer requirement (broadly, as implemented in the U.K., the combination of the capital conservation buffer, the institution-specific counter-cyclical buffer and the higher of (depending on the institution), the systemic risk buffer and the global systemically important institutions buffer, in each case as applicable to the institution) will be subject to restricted discretionary payments (which are defined broadly by CRD IV as payments relating to common equity Tier 1, variable remuneration and payments on additional tier 1 instruments).

The combined buffer requirement, and the associated restrictions under Article 141 (*Restrictions on distributions*) of the Directive that is part of CRD IV, are scheduled to transition in from January 1, 2016 at a rate of 25% per annum. In the event of a breach of the combined buffer requirement, the restrictions under Article 141 will be scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of the profits of the institution since the last decision on the distribution of profits or discretionary payment of the institution. Such calculation will result in a maximum distributable amount in each relevant period. As an example, the scaling is such that in the bottom quartile of the combined buffer requirement, no discretionary distributions will be permitted to be

paid. As a consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce discretionary payments, including potentially exercising our discretion to cancel (in whole or in part) interest payments in respect of the New AT1 Securities.

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In addition to the minimum own funds requirement, the CRD IV buffers and the Pillar 2A requirement described above, there are additional tools that the PRA and other relevant authorities in the U.K. have, or are expected to have, available to them to require U.K. firms to hold additional capital to address micro-prudential or macro-prudential risks as assessed by the relevant authorities in the U.K. These include: Pillar 2B, which may be assessed by the PRA to cover risks over a forward-looking planning horizon, including with regard to firm-specific stresses; and sectoral capital requirements, which is a macro-prudential tool proposed to be available to the Financial Policy Committee of the Bank of England in the U.K. as a means for the Financial Policy Committee temporarily to increase firms' capital requirements on exposures to specific sectors. These and other measures remain subject to on-going consultation and review and there remains, therefore, considerable uncertainty as to how the additional capital requirements could be applied, including with respect to their interaction with the combined buffer requirement and Article 141 of the Directive that is part of CRD IV.

The PRA implementation of Article 141 (*Restrictions on distributions*) of the Directive that is part of CRD IV was published on April 30, 2014 in the Policy Statement PS 3/14 (*Implementing CRD IV: Capital buffers*). However, the interaction of such restriction with the capital requirements, buffers and macro-prudential tools referred to above, remains uncertain in many respects. Such uncertainty is expected to subsist while the relevant authorities in the E.U. and the U.K. continue to consult on and develop their proposals and provide guidance on the application of the rules.

The Group's capital requirements are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. Holders of the New AT1 Securities may not be able to predict accurately the proximity of the risk of discretionary payments on the New AT1 Securities being prohibited from time to time as a result of the operation of Article 141 (*Restrictions on distributions*) of the Directive that is part of CRD IV.

The New AT1 Securities may be traded with accrued interest, but under certain circumstances described above, such interest may be cancelled and not paid on the relevant interest payment date.

The New AT1 Securities may trade, and/or the prices for the New AT1 Securities may appear, on the SIX Swiss Exchange and in other trading systems with accrued interest. If this occurs, purchasers of New AT1 Securities in the secondary market will pay a price that includes such accrued interest upon purchase of the New AT1 Securities. However, if a payment of interest on any interest payment date is cancelled or deemed cancelled (in each case, in whole or in part) as described herein and thus is not due and payable, purchasers of such New AT1 Securities will not be entitled to that interest payment (or if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant interest payment date.

The interest rate on the New AT1 Securities will reset on each applicable Reset Date.

The interest rate on the Sterling AT1 Securities will initially be 7.00% per annum; the interest rate on the Euro AT1 Securities will initially be 6.50% per annum; and the interest rate on the U.S. Dollar AT1 Securities will initially be 6.625% per annum. However, the interest rate will be reset on each applicable Reset Date such that from (and including) each such Reset Date, the applicable per annum interest rate will be equal to the sum of the applicable Mid-Market Swap Rate on the relevant Reset Determination Date immediately preceding the applicable Reset Date and the applicable Interest Margin, which may be different for different Series of the New AT1 Securities. The interest rate on any Series of the New AT1 Securities following any Reset Date applicable to such Series may be less than the initial interest rate with respect to that Series and/or the interest rate that applies immediately prior to such Reset Date, which could affect the amount of any interest payments under the New AT1 Securities and so the market value of the New AT1 Securities.

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The New AT1 Securities may be subject to an Automatic Conversion and upon the occurrence of such an event you could lose all or part of the value of your investment in the New AT1 Securities.

A Capital Adequacy Trigger Event will occur if the Group's fully loaded CET1 Ratio, as of certain specified dates, falls below 7.00%. Upon the occurrence of a Capital Adequacy Trigger Event, an Automatic Conversion will occur on the Conversion Date, at which point all of the Issuer's obligations under the New AT1 Securities (other than the CSO Obligations, if any) shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depository to be held on your behalf (or to the relevant recipient in accordance with terms of the New AT1 Securities), and under no circumstances shall such released obligations be reinstated. As a result, you could lose all or part of the value of your investment in the New AT1 Securities, as, following an Automatic Conversion, you will receive only (i) the Conversion Shares (if the Issuer does not elect that a Conversion Shares Offer be made) or (ii) the Conversion Shares Offer Consideration, which shall comprise Conversion Shares and/or cash depending on the results of the Conversion Shares Offer (if the Issuer elects that a Conversion Shares Offer be made), and the realizable value of any Conversion Shares received may be significantly less than (x) the Conversion Price, in the case of the Sterling AT1 Securities, or the sterling equivalent of the Conversion Price, in the case of the Euro AT1 Securities and the Dollar AT1 Securities, and/or (y) the Conversion Shares Offer Price. See *Description of the New AT1 Securities Automatic Conversion Upon Capital Adequacy Trigger Event* for more information. See also *Holders may receive Conversion Shares Offer Consideration instead of Conversion Shares upon a Capital Adequacy Trigger Event and would not know the composition of any Conversion Shares Offer Consideration until the end of the Conversion Shares Offer Period* and *As the Conversion Price is fixed at the time of issue of the New AT1 Securities, holders will bear the risk of fluctuations in the market price of the Conversion Shares and the risk of depreciation of sterling against the U.S. dollar or the euro, as applicable.*

Furthermore, upon the occurrence of an Automatic Conversion, you will not be entitled to any compensation in the event of any improvement in the Group's fully loaded CET1 Ratio after the Conversion Date.

For more information, see *The circumstances surrounding or triggering an Automatic Conversion are unpredictable, and there are a number of factors that could affect the Group's fully loaded CET1 Ratio, Regulatory action in the event of a bank failure could materially adversely affect the value of the New AT1 Securities* and *Implementation of Basel III / CRD IV and additional PRA supervisory expectations.*

As the Conversion Price is fixed at the time of issue of the New AT1 Securities, holders will bear the risk of fluctuations in the market price of the Conversion Shares and, in respect of the Dollar AT1 Securities and the Euro AT1 Securities, the risk of depreciation of sterling against the U.S. dollar or the euro, as applicable.

Because a Capital Adequacy Trigger Event will only occur at a time when the Group's fully loaded CET1 Ratio has deteriorated significantly, a Capital Adequacy Trigger Event may be accompanied by a deterioration in the market price of the Issuer's ordinary shares, which may be expected to continue after the occurrence of the Capital Adequacy Trigger Event. Therefore, following a Capital Adequacy Trigger Event, the realizable value of the Conversion Shares may be below the Conversion Price, in the case of the Sterling AT1 Securities, or the sterling equivalent of the Conversion Price in the case of the Euro AT1 Securities and the Dollar AT1 Securities. The Conversion Price is fixed at the time of issue of the New AT1 Securities at \$2.77 and 2.02 per Conversion Share for the Dollar AT1 Securities and the Euro AT1 Securities, respectively, and at £1.65 per Conversion Share for the Sterling AT1 Securities, and is subject to certain anti-dilution adjustments, as described under *Holders do not have anti-dilution protection in all circumstances* below. As a result, the Conversion Price may not reflect the market price of ordinary shares of the Issuer, which could be significantly lower than the Conversion Price.

Moreover, as our ordinary shares are denominated and trade in sterling, the U.S. dollar and euro values of our ordinary shares, may fluctuate depending on the exchange rate between sterling and U.S. dollar and the euro, as applicable. For example, if sterling depreciates relative to the U.S. dollar and/or the euro, the U.S. dollar and/or euro value of our ordinary shares will decrease. Because the Conversion Price for the Dollar AT1 Securities

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and the Euro AT1 Securities is denominated in U.S. dollars or in euro, respectively, depreciation of sterling against the U.S. dollar or the euro may result in the U.S. dollar or euro value of any Conversion Shares received by a holder of such Series of New AT1 Securities following an Automatic Conversion being significantly less than the price implied by the Conversion Price. In addition, in respect of the Dollar AT1 Securities and the Euro AT1 Securities, if a Conversion Shares Offer is made, the sterling cash consideration received for any Conversion Shares sold in such Conversion Shares Offer will be translated from sterling into U.S. dollars or euro, as applicable, at a then-prevailing exchange rate (less any foreign exchange transaction costs). Accordingly, a decline in the value of sterling relative to the U.S. dollar and/or the euro between the issue date of the Euro AT1 Securities and the Dollar AT1 Securities and the Conversion Date will also result in the Conversion Shares Offer Price for such New AT1 Securities being less than the sterling equivalent of the Conversion Price at the Conversion Date.

In addition, there may be a delay in a holder receiving its Conversion Shares following a Capital Adequacy Trigger Event (in particular if we elect that a Conversion Shares Offer be conducted, as the Conversion Shares Offer Period may last up to forty (40) Business Days after the delivery of the Conversion Shares Offer Notice), during which time the market price of the ordinary shares of the Issuer or the exchange rate of sterling against the U.S. dollar and/or the euro may further decline. As a result, the realizable value in U.S. dollars or euro of certain of the Conversion Shares received upon a Capital Adequacy Trigger Event could be substantially lower than that implied by the U.S. dollar or euro price paid for the New AT1 Securities at the time of their issuance.

No interest or other compensation is payable in the event of a loss by a holder of New AT1 Securities due to foreign currency conversions.

Issuance of the Conversion Shares to the Conversion Shares Depository shall constitute a complete, irrevocable and automatic release of all of the Issuer's obligations in respect of the New AT1 Securities (other than the CSO Obligations, if any).

Upon an Automatic Conversion, the Issuer shall issue the Conversion Shares to the Conversion Shares Depository, which will hold the Conversion Shares on behalf of the holders of the New AT1 Securities. Issuance of the Conversion Shares to the Conversion Shares Depository shall constitute a complete, irrevocable and automatic release of all of the Issuer's obligations in respect of the New AT1 Securities (other than the CSO Obligations, if any). Provided that the Issuer issues the Conversion Shares to the Conversion Shares Depository in accordance with the terms of the New AT1 Securities as described herein, with effect from the Conversion Date, holders of the New AT1 Securities shall have recourse only to the Conversion Shares Depository for the delivery to them of Conversion Shares or, if the Issuer elects that a Conversion Shares Offer be made as described under *Description of the New AT1 Securities Automatic Conversion Upon Capital Adequacy Trigger Event Conversion Shares Offer* below, of any Conversion Shares Offer Consideration to which such holders are entitled as described herein.

In addition, we have not yet appointed a Conversion Shares Depository and we may not be able to appoint a Conversion Shares Depository if an Automatic Conversion occurs. In such a scenario, we would inform holders of the New AT1 Securities via each of the Clearing Systems or the trustee or otherwise, as practicable, of any alternative arrangements in connection with the issuance and/or delivery of the Conversion Shares and such arrangements may be disadvantageous to, and more restrictive on, the holders of the New AT1 Securities. For example, such arrangements may involve holders of the New AT1 Securities having to wait longer to receive their Conversion Shares than would be the case under the arrangements expected to be entered into with a Conversion Shares Depository. Under these circumstances, the Issuer's issuance of the Conversion Shares to the relevant recipient in accordance with these alternative arrangements shall constitute a complete, irrevocable and automatic release of all of the Issuer's obligations in respect of the New AT1 Securities (other than the CSO Obligations, if any).

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Holder s may receive Conversion Shares Offer Consideration instead of Conversion Shares upon a Capital Adequacy Trigger Event and would not know the composition of any Conversion Shares Offer Consideration until the end of the Conversion Shares Offer Period.

Holder s may not ultimately receive Conversion Shares upon a Capital Adequacy Trigger Event because the Issuer may elect, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Conversion Shares Depository in respect of one or more Series of the New AT1 Securities.

If all of the Conversion Shares are sold in the Conversion Shares Offer, holder s shall be entitled to receive, in respect of each New AT1 Security, the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such New AT1 Security, in the case of Sterling AT1 Securities, in sterling, or in the case of Dollar AT1 Securities or Euro AT1 Securities, translated from sterling into U.S. dollars or euro, as applicable, at a then-prevailing exchange rate (less any foreign exchange transaction costs). If some but not all of the Conversion Shares are sold in the Conversion Shares Offer, holder s shall be entitled to receive, in respect of each New AT1 Security, (a) the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such New AT1 Security (in the case of the Euro AT1 Securities and the Dollar AT1 Securities, translated from sterling into U.S. dollars or euro, as applicable, at a then-prevailing exchange rate (less any foreign exchange transaction costs)) together with (b) the *pro rata* share of the Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such New AT1 Security rounded down to the nearest whole number of Conversion Shares. In each case, the cash component of any Conversion Shares Offer Consideration shall be subject to deduction of an amount equal to the *pro rata* share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the transfer of Conversion Shares to the Conversion Shares Depository as a consequence of the Conversion Shares Offer.

No interest or other compensation is payable in respect of the period elapsed from the Conversion Date to the date of delivery of cash sums or Conversion Shares in the circumstances described above.

Furthermore, the Issuer or the Conversion Shares Depository will provide notice of the results of any Conversion Shares Offer only at the end of the Conversion Shares Offer Period. Accordingly, holder s of the New AT1 Securities would not know the composition of the Conversion Shares Offer Consideration to which they may be entitled until the end of the Conversion Shares Offer Period.

Following an Automatic Conversion, the New AT1 Securities will remain in existence until the applicable Cancellation Date for the sole purpose of evidencing the holder s right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository and the Issuer s CSO Obligations, if any, and the rights of the holder s of the New AT1 Securities will be limited accordingly.

Following an Automatic Conversion, the New AT1 Securities will remain in existence until the applicable Cancellation Date for the sole purpose of evidencing (a) the holder s right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository and (b) the Issuer s CSO Obligations, if any. All obligations of the Issuer under the New AT1 Securities (except for the CSO Obligations, if any) shall be irrevocably and automatically released in consideration of the Issuer s issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the New AT1 Securities) on the Conversion Date, and under no circumstances shall such released obligations be reinstated. The New AT1 Securities shall be cancelled on the applicable Cancellation Date.

Although we currently expect that beneficial interests in the New AT1 Securities will be transferrable between the Conversion Date and the Suspension Date, there is no guarantee that an active trading market will exist for any of the

New AT1 Securities following the Automatic Conversion. Accordingly, the price received for the sale of any beneficial interest under a New AT1 Security during this period may not reflect the market price

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of such New AT1 Security or the Conversion Shares. Furthermore, transfers of beneficial interests in the New AT1 Securities may be restricted following the Conversion Date, for example if the clearance and settlement of transactions in the New AT1 Securities is suspended by a Clearing System at an earlier time than currently expected. In such a situation it may not be possible to transfer beneficial interests in the New AT1 Securities in such Clearing System and trading in the New AT1 Securities may cease through such Clearing System.

In addition, we have been advised by each of the Clearing Systems that they will suspend all clearance and settlement of transactions in the New AT1 Securities on the Suspension Date. As a result, holders of the New AT1 Securities will not be able to settle the transfer of any New AT1 Securities through such Clearing System following the Suspension Date, and any sale or other transfer of the New AT1 Securities that a holder of the New AT1 Securities may have initiated prior to the Suspension Date with respect to such Clearing System that is scheduled to match or settle after the Suspension Date will be rejected by such Clearing System and will not be matched or settled through such Clearing System.

The New AT1 Securities will cease to be admitted to trading on the SIX Swiss Exchange after the Suspension Date.

Moreover, although the holders will become beneficial owners of the Conversion Shares upon the issuance of such Conversion Shares to the Conversion Shares Depository and the Conversion Shares will be registered in the name of the Conversion Shares Depository (or the relevant recipient in accordance with the terms of the New AT1 Securities), no holder will be able to sell or otherwise transfer any Conversion Shares until such time as they are finally delivered to such holder and registered in their name.

Holders will have to submit a Conversion Shares Settlement Notice in order to receive delivery of the Conversion Shares or the Conversion Share Component, if any, of any Conversion Shares Offer Consideration, as applicable.

In order to obtain delivery of the relevant Conversion Shares or the Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable, a holder must deliver a Conversion Shares Settlement Notice (and the relevant New AT1 Securities, if applicable) to the Conversion Shares Depository. The Conversion Shares Settlement Notice must contain certain information, including the holder's CREST account details. Accordingly, holders of New AT1 Securities (or their nominee, custodian or other representative) will have to have an account with CREST in order to receive the Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable. If a holder of the New AT1 Securities fails to properly complete and deliver a Conversion Shares Settlement Notice on or before the Notice Cut-off Date, the Conversion Shares Depository shall continue to hold the relevant Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration until a Conversion Shares Settlement Notice (and the relevant New AT1 Securities, if applicable) is or are so delivered. However, the relevant New AT1 Securities shall be cancelled on the Final Cancellation Date and any holder of New AT1 Securities delivering a Conversion Shares Settlement Notice after the Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Conversion Shares (or the relevant Conversion Shares component, if any, of any Conversion Shares Offer Consideration) satisfactory to the Conversion Shares Depository in its sole and absolute discretion in order to receive delivery of such Conversion Shares (or Conversion Share component of any Conversion Shares Offer Consideration).

Holders do not have anti-dilution protection in all circumstances.

The number of Conversion Shares to be issued to the Conversion Shares Depository upon an Automatic Conversion will be the aggregate principal amount of the New AT1 Securities outstanding immediately prior to the Automatic Conversion on the Conversion Date divided by the Conversion Price (rounded down to the nearest whole number of Conversion Shares). The Conversion Price will be adjusted if there is a consolidation, reclassification or subdivision

of the Issuer's ordinary shares, an issuance of ordinary shares in certain

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circumstances by way of capitalization of profits or reserves, a rights issue, an Extraordinary Dividend or a Qualifying Takeover Event (but only in the situations and only to the extent provided in *Description of the New AT1 Securities Anti-Dilution*). There is no requirement that there should be an adjustment for every corporate or other event that may affect the market price of the Conversion Shares. In particular, there will be no adjustment to the Conversion Price if a Takeover Event occurs that is not a Qualifying Takeover Event (because the Acquirer is not an Approved Entity or the New Conversion Condition is not satisfied). Furthermore, the adjustment events that are included are less extensive than those often included in the terms of convertible securities. Accordingly, the occurrence of events in respect of which no adjustment to the Conversion Price is made may adversely affect the value of the New AT1 Securities.

If a Takeover Event occurs, the New AT1 Securities may be convertible into shares in an entity other than the Issuer or into unlisted shares.

If a Takeover Event is a Qualifying Takeover Event, then following an Automatic Conversion the New AT1 Securities shall become convertible or exchangeable into the Approved Entity Shares of the Acquirer at the New Conversion Price as more fully described under *Description of the New AT1 Securities Anti-Dilution Qualifying Takeover Event* below. There can be no assurance as to the nature of any such Acquirer, or of the risks associated with becoming an actual or potential shareholder in such Acquirer and, accordingly, a Qualifying Takeover Event may have an adverse effect on the value of the New AT1 Securities.

If the Issuer's ordinary shares become delisted following a Takeover Event which is not a Qualifying Takeover Event or otherwise, there shall be no automatic adjustment to the terms of the New AT1 Securities and the New AT1 Securities will remain convertible into unlisted ordinary shares upon an Automatic Conversion. Unlisted shares may be more illiquid than listed shares and may have little or no resale value. In addition, if a Takeover Event is not a Qualifying Takeover Event because the Acquirer is a Governmental Entity, there can be no assurance as to whether the New AT1 Securities would be convertible into, or exchangeable for, any securities or other instruments of the Acquirer or any other person or entity. Accordingly, a Takeover Event that is not a Qualifying Takeover Event is likely to have an adverse effect on holders or the value of the New AT1 Securities.

In addition, the Issuer has considerable discretion in determining whether a Qualifying Takeover Event has occurred. A Qualifying Takeover Event requires the New Conversion Condition to be satisfied. For the New Conversion Condition to be satisfied, among other requirements, the Issuer must determine, in its sole and absolute discretion, that the arrangements to deliver Approved Entity Shares following an Automatic Conversion are in place and that such arrangements would be in the best interest of the Issuer and its shareholders taken as a whole having regard to the interests of its stakeholders (including, but not limited to, the holders of the New AT1 Securities) and are consistent with applicable law and regulation (including, but not limited to, the guidance of any applicable regulatory body). Therefore, the Issuer may consider factors other than the interests of holders of the New AT1 Securities in determining whether the New Conversion Condition is satisfied.

Further, a Takeover Event shall occur only where the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer has or will become unconditionally vested in an Acquirer (together with any associate). There can be no assurance that the acquisition by an Acquirer of the right to cast 50% or less of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer will not have an adverse effect on the value of the New AT1 Securities.

Holders may be subject to disclosure obligations, take-over requirements and/or may need approval from the Issuer's regulator under certain circumstances.

As the holders of the New AT1 Securities may receive Conversion Shares if a Capital Adequacy Trigger Event occurs, an investment in the New AT1 Securities may result in holders having to comply with certain disclosure, take-over and/or regulatory approval requirements pursuant to applicable laws and regulations following an Automatic Conversion. For example, pursuant to Chapter 5 of the Disclosure Rules and Transparency Rules Sourcebook of the FCA Handbook, the Issuer (and the U.K. Financial Conduct Authority

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(the FCA) must be notified by a person when the percentage of voting rights in the Issuer controlled by that person (together with its concert parties), by virtue of direct or indirect holdings of shares aggregated with direct or indirect holdings of certain financial instruments, reaches or crosses 3% and every percentage point thereafter.

Furthermore, as Conversion Shares represent voting securities of a parent undertaking of a number of regulated group entities, under the laws of the United Kingdom, the United States and other jurisdictions, ownership of the New AT1 Securities themselves (or the Conversion Shares) above certain levels may require the holder of the voting securities to obtain regulatory approval or subject the holder to additional regulation.

Non-compliance with such disclosure and/or approval requirements may lead to the incurrence of substantial fines or other criminal and/or civil penalties and/or suspension of voting rights associated with the Conversion Shares. Accordingly, each potential investor should consult its legal advisers as to the terms of the New AT1 Securities, in respect of its existing shareholding and the level of holding it would have if it receives Conversion Shares following a Capital Adequacy Trigger Event.

 Holders will bear the risk of changes in the fully loaded CET1 Ratio.

The market price of the New AT1 Securities is expected to be affected by changes in the fully loaded CET1 Ratio. Changes in the fully loaded CET1 Ratio may be caused by changes in the amount of CET1 Capital and/or Risk Weighted Assets (each of which shall be calculated by the Issuer on a fully loaded and consolidated basis and such calculation shall be binding on the trustee and the holders), as well as changes to their respective definition and interpretation under the Capital Regulations. See *The circumstances surrounding or triggering an Automatic Conversion are unpredictable, and there are a number of factors that could affect the Group's fully loaded CET1 Ratio.*

We currently only publicly report the Group's fully loaded CET1 Ratio quarterly as of the period end, and therefore during the quarterly period there is no published updating of the fully loaded CET1 Ratio and there may be no prior warning of adverse changes in the Group's fully loaded CET1 Ratio. However, any indication that the fully loaded CET1 Ratio is moving towards the level of a Capital Adequacy Trigger Event may have an adverse effect on the market price of the New AT1 Securities. A decline or perceived decline in the fully loaded CET1 Ratio may significantly affect the trading price of the New AT1 Securities.

The circumstances surrounding or triggering an Automatic Conversion are unpredictable, and there are a number of factors that could affect the Group's fully loaded CET1 Ratio.

The occurrence of a Capital Adequacy Trigger Event is inherently unpredictable and depends on a number of factors, including those discussed in greater detail in the following paragraphs, any of which may be outside our control. Although we currently publicly report the Group's fully loaded CET1 Ratio only as of each quarterly period end, the PRA, as part of its supervisory activity, may instruct us to calculate such ratio as of any date, including if we are subject to recovery and resolution actions by the relevant U.K. resolution authority, or we might otherwise determine to calculate such ratio in our own discretion. Moreover, the relevant U.K. resolution authority is likely to allow a Capital Adequacy Trigger Event to occur rather than to resort to the use of public funds. A Capital Adequacy Trigger Event could occur at any time if the Group's fully loaded CET1 Ratio is below 7.00% as of any such calculation date.

The Group's fully loaded CET1 Ratio may fluctuate during a quarterly period. The calculation of such ratio could be affected by one or more factors, including, among other things, changes in the mix of the Group's business, major events affecting our earnings, dividend payments by the Issuer, regulatory changes (including changes to definitions and calculations of regulatory capital ratios and their components, including CET1 Capital and Risk Weighted Assets)

and the Group's ability to manage Risk Weighted Assets in both its ongoing businesses and those which it may seek to exit. In addition, the Group has capital resources and risk weighted assets denominated in foreign currencies, and changes in foreign exchange rates will result in changes in the pound sterling equivalent value of foreign currency denominated capital resources and risk weighted assets. As a result, the fully loaded CET1 Ratio is exposed to foreign currency movements.

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The calculation of the Group's fully loaded CET1 Ratio may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules, or changes to regulatory adjustments which modify accounting rules, are not yet in force as of the relevant calculation date, the PRA could require us to reflect such changes in any particular calculation of the Group's fully loaded CET1 Ratio.

Accordingly, accounting changes or regulatory changes may have a material adverse impact on the Group's calculations of regulatory capital, including CET1 Capital and Risk Weighted Assets, and the Group's fully loaded CET1 Ratio.

Because of the inherent uncertainty regarding whether a Capital Adequacy Trigger Event will occur, it will be difficult to predict when, if at all, an Automatic Conversion may occur. Accordingly, the trading behavior of the New AT1 Securities is not necessarily expected to follow the trading behavior of other types of security. Any indication that a Capital Adequacy Trigger Event (and subsequent Automatic Conversion) may occur can be expected to have a material adverse effect on the market price of the New AT1 Securities.

The Group's fully loaded CET1 Ratio will be affected by our business decisions and, in making such decisions, our interests may not be aligned with those of the holders of the New AT1 Securities.

As discussed in *The circumstances surrounding or triggering an Automatic Conversion are unpredictable, and there are a number of factors that could affect the Group's fully loaded CET1 Ratio* above, the Group's fully loaded CET1 Ratio could be affected by a number of factors. It will also depend on the Group's decisions relating to its businesses and operations, as well as the management of its capital position. We will have no obligation to consider the interests of the holders of the New AT1 Securities in connection with our strategic decisions, including in respect of our capital management. Holders of the New AT1 Securities will not have any claim against us or any other member of the Group relating to decisions that affect the business and operations of the Group, including the Group's capital position, regardless of whether they result in the occurrence of a Capital Adequacy Trigger Event. Such decisions could cause holders of the New AT1 Securities to lose all or part of the value of their investment in the New AT1 Securities.

Implementation of Basel III / CRD IV and additional PRA supervisory expectations.***Introduction***

The rules applicable to the capital of financial institutions are being changed across the European Union in order to implement the Basel III measures issued by the Basel Committee on Banking Supervision. The European legislative package consists of a fourth capital requirements Directive and a new capital requirements Regulation, collectively known as CRD IV. The CRD IV entered into force in the United Kingdom on January 1, 2014.

CRD IV introduces significant changes in the prudential regulatory regime applicable to banks, including: increased minimum capital ratios; changes to the definition of capital and the calculation of risk weighted assets; and the introduction of new measures relating to leverage, liquidity and funding. CRD IV permits a transitional period for certain of the enhanced capital requirements and certain other measures, such as the CRD IV leverage ratio, which are not expected to be finally implemented until 2018. For the avoidance of doubt, the common equity tier 1 capital ratio trigger for Automatic Conversion is calculated without taking into account any such transitional arrangements (is therefore described as fully loaded). Ahead of the anticipated CRD IV timetable (and as indicated by the PRA's statements of intent set out in its CP5/13 consultation paper described below and as set out in the PRA's supervisory statement SS3/13 released on November 29, 2013), the PRA's supervisory expectation is for the Group to meet certain capital and leverage ratio targets within certain prescribed timeframes. The Group met the PRA's expectation to have

an adjusted fully loaded common equity tier 1 capital ratio of at least 7% by December 31, 2013 and will be expected to meet a PRA leverage ratio of 3% by June 30, 2014, where adjusted is a reference to certain adjustments applied by the PRA. As at March 31, 2014, the Group's estimated PRA leverage ratio was 3.1%.

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CRD IV requirements adopted in the United Kingdom may change, whether as a result of further changes to CRD IV agreed by EU legislators, binding regulatory technical standards to be developed by the EBA or changes to the way in which the PRA interprets and applies these requirements to U.K. banks (including as regards individual model approvals granted under CRD II and III). For example, further guidelines published by the Basel Committee in January 2014 regarding the calculation of the leverage ratio are expected to be incorporated into EU and U.K. law during 2014. In addition the Financial Policy Committee of the Bank of England has legal powers, where this is required to protect financial stability, to make recommendations about the application of prudential requirements, and has, or may be given, other powers including powers to direct the PRA and FCA to adjust capital requirements through sectoral capital requirements. Directions would apply to all U.K. banks and building societies, rather than to the Group specifically.

Such changes, either individually and/or in aggregate, may lead to further unexpected enhanced requirements in relation to the Group's CRD IV capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated. The PRA's policy statement PS 7/13 released on December 19, 2013 sets out, among other things, changes to the PRA rules in order to implement certain aspects of CRD IV in the U.K. Nonetheless, if the PRA rules, guidance or expectations in relation to capital or leverage were to be amended in the future in a manner other than as set out in the statements, and depending on the content of final binding regulatory technical standards developed by the EBA, it could be materially more difficult for the Group to maintain compliance with prudential requirements. This may result in a need for further management actions to meet the changed requirements, such as: increasing capital, reducing leverage and risk weighted assets, modifying legal entity structure (including with regard to issuance and deployment of capital and funding for the Group) and changing the Group's business mix or exiting other businesses and/or undertaking other actions to strengthen the Issuer's capital position.

Fully loaded CET1 Ratio: CRD IV introduces a new calculation of common equity tier 1 capital and risk weighted assets. Future regulatory changes to the calculation of common equity tier 1 capital and/or risk weighted assets may negatively affect the Group's fully loaded CET1 Ratio and thus increase the risk of a Capital Adequacy Trigger Event, which will lead to an Automatic Conversion, as a result of which you could lose all or part of the value of your investment in the New AT1 Securities.

Under CRD IV, we will be required to calculate the Group's capital resources for regulatory purposes on the basis of common equity tier 1 capital instead of core tier 1 capital and calculate the Group's risk weighted assets or total risk exposure amount, which represent the Group's assets adjusted for their associated risk, on a different basis than we did prior to CRD IV. The CRD IV legislation sets out a minimum pace of introduction of these enhanced capital requirements (the **Transitional Provisions**). The Transitional Provisions are designed to implement certain CRD IV requirements in stages over a prescribed period; however, each of the European Union Member States has the discretion to accelerate that minimum pace of transition.

In the United Kingdom, the PRA accelerated the introduction of certain of the enhanced capital requirements under CRD IV and, in accordance with the PRA's rules and supervisory statements of December 19, 2013, the PRA requires the Group to meet certain capital targets within certain prescribed timeframes, without having regard to any Transitional Provisions in that respect. Therefore, for the purposes of the New AT1 Securities, we will calculate the Group's CET1 Capital and Risk Weighted Assets without applying the Transitional Provisions and will instead calculate the Group's CET1 Ratio on a so-called 'fully loaded' basis, which is a more stringent basis than under the CRD IV regime and will lead to the CET1 Ratio as defined for purposes of the New AT1 Securities to be lower than it would be were we to calculate the common equity tier 1 ratio applying the Transitional Provisions to our calculation of common equity tier 1 capital and risk weighted assets.

The Group's fully loaded CET1 Ratio as of March 31, 2014 was estimated to be approximately 9.6%. We calculate the Group's fully loaded CET1 Ratio without applying the Transitional Provisions and assuming all of

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CRD IV is applied in the form that we currently expect it to apply. The Group's interpretation of CRD IV and the basis of its calculation of the fully loaded CET1 Ratio may be different from those of other financial institutions. For more information on how this ratio is calculated, see pages 178-179 of our 2013 Form 20-F and pages 42-44 of Exhibit 99.1 to our May 6 6-K, which are incorporated by reference into this prospectus.

Any changes that may occur in the application of the CRD IV rules in the United Kingdom subsequent to the date of this prospectus and/or any subsequent changes to such rules and other variables may individually and/or in the aggregate negatively affect the Group's fully loaded CET1 Ratio and thus increase the risk of a Capital Adequacy Trigger Event, which will lead to an Automatic Conversion, as a result of which you could lose all or part of the value of your investment in the New AT1 Securities.

We may redeem any or all Series of the New AT1 Securities at our option in certain situations.

We may, at our option, at any time, redeem any or all Series of the New AT1 Securities, in whole but not in part, at a price equal to 100% of the principal amount of such Series, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled as described under *Description of the New AT1 Securities Interest Cancellation* below) to (but excluding) the date fixed for redemption, if a Regulatory Event or a Tax Event has occurred with respect to such Series, as more particularly described under *Description of the New AT1 Securities Redemption Regulatory Event Redemption* and *Description of the New AT1 Securities Redemption Tax Redemption*, respectively. In addition, we may, at our option, redeem any or all Series of the New AT1 Securities, in whole but not in part, on each Reset Date applicable to such Series at a redemption price equal to 100% of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled as described under *Description of the New AT1 Securities Interest Cancellation* below) to (but excluding) the date fixed for redemption. If we redeem any Series of the New AT1 Securities, you may not be able to reinvest the redemption proceeds in securities offering a comparable yield. In addition, any early redemption of the New AT1 Securities is subject to receipt of the PRA's prior consent, regardless of whether such redemption would be favorable or unfavorable to you. Furthermore, you have no right to require us to redeem the New AT1 Securities.

Our obligations under the New AT1 Securities will be unsecured and subordinated, and the rights of the holders of Conversion Shares will be further subordinated.

Our obligations under the New AT1 Securities will be unsecured and subordinated to all of the Issuer's existing and future obligations to Senior Creditors. In addition, payment of principal or interest in respect of the New AT1 Securities cannot be made in respect of the New AT1 Securities except to the extent that the Issuer could make such payment and still satisfy the Solvency Condition (as defined under *Description of the New AT1 Securities Ranking* below) immediately thereafter.

If (a) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except in any such case for a solvent winding-up solely for the purpose of a merger, reconstruction or amalgamation); or (b) following the appointment of an administrator of the Issuer, the administrator gives notice that it intends to declare and distribute a dividend, then, (1) if such events specified in (a) or (b) above occur before the date on which a Capital Adequacy Trigger Event occurs, there shall be payable by the Issuer in respect of each New AT1 Security (in lieu of any other payment by the Issuer) such amount, if any, as would have been payable to a holder of New AT1 Securities if, on the day prior to the commencement of the winding-up or such administration and thereafter, such holder of New AT1 Securities were the holder of the most senior class of preference shares in the capital of the Issuer, having an equal right to a return of assets in the winding-up or such administration to, and so ranking pari passu with, the holders of such class of preference shares (if any) from time to time issued by the Issuer that has a preferential right to a return of assets in the winding-up or such administration, and so ranking ahead of the holders of all other classes of issued

shares for the time being in the capital of the Issuer, but ranking junior to the claims of Senior Creditors (as defined under *Description of the New AT1 Securities Ranking* below), and on the assumption that the amount that such holder of New AT1 Securities was entitled to receive in

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respect of such preference shares, on a return of assets in such winding-up or such administration, was an amount equal to the principal amount of the relevant New AT1 Security, together with any damages (if payable) and (2) if such events specified in (a) or (b) above occur on or after the date on which a Capital Adequacy Trigger Event occurs but before the Conversion Date, then for the purposes of determining the claim of a holder of New AT1 Securities in such winding-up or such administration, the Conversion Date in respect of an Automatic Conversion shall be deemed to have occurred immediately before the occurrence of such events specified in (a) or (b) above.

Therefore, if Barclays were to be wound up or placed into administration, the Barclays liquidator or administrator would first apply assets of Barclays to satisfy all rights and claims of Senior Creditors. If Barclays does not have sufficient assets to settle claims of such Senior Creditors in full, the claims of the holders of the New AT1 Securities will not be settled and, as a result, the holders will lose the entire amount of their investment in the New AT1 Securities. The New AT1 Securities will share equally in payment with claims under Parity Securities (or, with claims in respect of ordinary shares, in the event of a winding-up or administration occurring in the intervening period between a Capital Adequacy Trigger Event and the Conversion Date) if Barclays does not have sufficient funds to make full payments on all of them, as applicable. In such a situation, holders could lose all or part of their investment.

In addition, holders should be aware that, upon the occurrence of an Automatic Conversion, all of the Issuer's obligations under the New AT1 Securities (other than the CSO Obligations, if any) shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the New AT1 Securities), and each holder will be effectively further subordinated due to the change in their status on a winding-up or administration after the Conversion Date from being the holder of a debt instrument ranking ahead of holders of ordinary shares to being the holder of ordinary shares of the Issuer or the beneficial owner of ordinary shares of the Issuer as evidenced by the New AT1 Security. As a result, upon the occurrence of an Automatic Conversion, the holders could lose all or part of their investment in the New AT1 Securities irrespective of whether the Issuer has sufficient assets available to settle what would have been the claims of the holders of the New AT1 Securities or other securities subordinated to the same extent as the New AT1 Securities, in winding-up proceedings or otherwise. Therefore, even if other securities that rank *pari passu* with the New AT1 Securities are paid in full, following the Conversion Date in respect of an Automatic Conversion, the holders will have no rights to the repayment of the principal amount of the New AT1 Securities or the payment of interest on the New AT1 Securities and will rank as holders of ordinary shares of the Issuer (or beneficial owners of ordinary shares of the Issuer).

The Issuer is a holding company, which means that its right to participate in the assets of any of its subsidiaries upon the liquidation of such subsidiaries may be subject to prior claims of some of such subsidiary's creditors and preference shareholders.

The Issuer is a holding company that currently has no significant assets other than its investment in Barclays Bank. As a holder of ordinary shares in Barclays Bank (or any of its subsidiaries), the Issuer's right to participate in the assets of Barclays Bank (or any other subsidiary) if such subsidiary is liquidated will be subject to the prior claims of such subsidiary's creditors and preference shareholders, except in the limited circumstance where the Issuer is a creditor with claims that are recognized to be ranked ahead of or *pari passu* with such claims of other of the subsidiary's creditors and/or preference shareholders against such subsidiary. Accordingly, if Barclays Bank or any of the Issuer's other subsidiaries were to be wound up, liquidated or dissolved, (i) the holders of the New AT1 Securities would have no right to proceed against the assets of Barclays Bank or such other subsidiary, and (ii) the liquidator of Barclays Bank or such other subsidiary would first apply the assets of Barclays Bank or such other subsidiary to settle the claims of the creditors of Barclays Bank or such other subsidiary, including holders (which may include the Issuer) of preference shares and other Tier 1 capital instruments of Barclays Bank or such other subsidiary, before the Issuer, to the extent it is as an ordinary shareholder of Barclays Bank or such other subsidiary, would be entitled to receive any

distributions from Barclays Bank or such other subsidiary.

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There is no restriction on the amount or type of further securities or indebtedness that we or our subsidiaries may issue, incur or guarantee.

Subject to complying with applicable regulatory requirements in respect of the Group's leverage and capital ratios, there is no restriction on the amount or type of further securities or indebtedness that we or our subsidiaries may issue, incur or guarantee, as the case may be, that rank senior to, or *pari passu* with, the New AT1 Securities offered hereby. The issue or guaranteeing of any such further securities or indebtedness may reduce the amount recoverable by holders of the New AT1 Securities on a liquidation or winding-up of Barclays and may limit our ability to meet our obligations under the New AT1 Securities. In addition, the New AT1 Securities do not contain any restriction on Barclays issuing securities that may have preferential rights to the New AT1 Securities or securities with similar or different provisions to those described herein.

Holders of the New AT1 Securities will have limited remedies.

Payment of principal on the New AT1 Securities shall be accelerated only in the event of certain events of a winding-up or administration involving us that constitute a Winding-up Event before the occurrence of a Capital Adequacy Trigger Event. Under the terms of the Indenture, a Winding-up Event results if either (i) a court of competent jurisdiction in England (or such other jurisdiction in which we may be organized) makes an order for our winding-up which is not successfully appealed within 30 days of the making of such order, (ii) our shareholders adopt an effective resolution for our winding-up (other than, in the case of either (i) or (ii) above, under or in connection with a scheme of reconstruction, merger or amalgamation not involving a bankruptcy or insolvency) or (iii) following the appointment of an administrator, the administrator gives notice that it intends to declare and distribute a dividend. There is no right of acceleration in the case of non-payment of principal or interest on the New AT1 Securities or of our failure to perform any of our obligations under or in respect of the New AT1 Securities.

The sole remedy against us available for recovery of amounts owing in respect of any non-payment of any amount that has become due and payable under the New AT1 Securities is, subject to certain conditions and to the provisions set forth in *Description of the New AT1 Securities Enforcement Events and Remedies Trust Indenture Act remedies*, for the trustee to institute proceedings in England (or such other jurisdiction in which we may be organized) (but not elsewhere) for our winding-up and/or prove in our winding-up and/or claim in our liquidation or administration.

Although the trustee may institute such proceedings against us as it may think fit to enforce any term, obligation or condition binding on us under the New AT1 Securities or the Indenture (other than any payment obligation of the Issuer under or arising from the New AT1 Securities or the Indenture, including, without limitation, payment of any principal or interest) (referred to herein as Performance Obligations), provided always that the trustee (acting on behalf of the holders of the New AT1 Securities) and the holders of the New AT1 Securities may not enforce, and may not be entitled to enforce or otherwise claim, against the Issuer any judgment or other award given in such proceedings that requires the payment of money by the Issuer, whether by way of damages or otherwise (a **Monetary Judgment**), except by proving such Monetary Judgment in a winding-up of the Issuer and/or by claiming such Monetary Judgment in an administration of the Issuer.

For the avoidance of doubt, the sole and exclusive manner by which the trustee (acting on behalf of holders of the New AT1 Securities) and the holders of the New AT1 Securities may seek to enforce or otherwise claim a Monetary Judgment against the Issuer in connection with the Issuer's breach of a Performance Obligation shall be by proving such Monetary Judgment in a winding-up of the Issuer and/or by claiming such Monetary Judgment in an administration of the Issuer. By its acquisition of the New AT1 Securities, each holder of the New AT1 Securities acknowledges and agrees that such holder will not seek to enforce or otherwise claim, and will not direct the trustee (acting on behalf of the holders of the New AT1 Securities) to enforce or otherwise claim, a Monetary Judgment

against the Issuer in connection with the Issuer's breach of a Performance Obligation, except by proving such Monetary Judgment in a winding-up of the Issuer and/or by claiming such Monetary Judgment in an administration of the Issuer.

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The remedies under the New AT1 Securities are more limited than those typically available to our unsubordinated creditors.

No interest will be due and payable if such interest has been cancelled or deemed cancelled (in each case, in whole or in part) as described under *Description of the New AT1 Securities Interest Cancellation* below. Accordingly, no default in payment or otherwise under the New AT1 Securities will have occurred or be deemed to have occurred in such circumstances.

Following the occurrence of an Automatic Conversion, all of the Issuer's obligations under the New AT1 Securities (other than the CSO Obligations, if any) shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the New AT1 Securities) on the Conversion Date, and no principal or interest can become due and payable after such date. An Automatic Conversion will not constitute a default or a Winding-up Event under the Indenture.

Under the terms of the Indenture, the exercise of the U.K. Bail-in Power by the relevant U.K. resolution authority with respect to the New AT1 Securities is not a Winding-up Event or a default in payment or otherwise.

For further detail regarding the limited remedies of the trustee and the holders of the New AT1 Securities, see *Description of the New AT1 Securities Enforcement Events and Remedies* and *Description of the New AT1 Securities Trustee's Duties* in this prospectus.

Regulatory action in the event of a bank failure could materially adversely affect the value of the New AT1 Securities.

European resolution regime and loss absorption at the point of non-viability.

On May 6, 2014, the EU Council adopted the BRRD. The BRRD is yet to be published in the Official Journal of the European Union; it is expected to enter into force before January 1, 2015 (the expected implementation dates are set out below). The stated aim of the BRRD is to provide supervisory authorities, including the relevant U.K. resolution authority, with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimize taxpayers' exposure to losses.

The powers to be granted to supervisory authorities under the BRRD include (but are not limited to) the introduction of a statutory write-down and conversion power and a bail-in power, which will give the relevant U.K. resolution authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the New AT1 Securities) of a failing financial institution and/or to convert certain debt claims (which could include the New AT1 Securities) into another security, including ordinary shares of the surviving Group entity, if any. The majority of measures set out in the BRRD (including the write-down and conversion powers relating to Tier 1 capital instruments, such as the New AT1 Securities, and Tier 2 capital instruments) will need to be implemented with effect from January 1, 2015, with the bail-in power for other eligible liabilities to apply from January 1, 2016 at the latest. However, as noted above, the BRRD has not been published in the Official Journal of the European Union. Moreover, as discussed under *Bail-in option in the U.K. Banking Act* below, the amendments to the U.K. Banking Act are likely to accelerate the implementation timeframe of some or all of these resolution powers in the United Kingdom. See also *Under the terms of the New AT1 Securities, you have agreed to be bound by the exercise of any U.K. Bail-in Power by the relevant U.K. resolution authority.*

In addition to a write-down and conversion power and a bail-in power, the powers currently proposed to be granted to the relevant U.K. resolution authority under the BRRD include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a bridge bank (a publicly controlled

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entity) and (iii) transfer the impaired or problem assets of the relevant financial institution to an asset management vehicle to allow them to be managed over time. In addition, among the broader powers to be granted to the relevant resolution authority under the BRRD, the BRRD will provide powers to the relevant resolution authority to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments.

The BRRD contains safeguards for shareholders and creditors in respect of the application of the write down and conversion and bail-in powers which aim to ensure that they do not incur greater losses than they would have incurred had the relevant financial institution been wound up under normal insolvency proceedings.

Until fully implemented, it is not possible to assess the full impact of the BRRD on the Issuer, the Group and on holders of the New AT1 Securities, and there can be no assurance that, once it is implemented, the manner in which it is implemented or the taking of any actions by the relevant U.K. resolution authority currently contemplated in the BRRD would not adversely affect the rights of holders of the New AT1 Securities, the price or value of an investment in the New AT1 Securities and/or our ability to satisfy our obligations under the New AT1 Securities.

Recital 45 and Article 518 of the CRD IV Regulation state that if measures of the type included in the BRRD are not adopted by December 31, 2015, the European Commission should review and report whether the CRD IV Regulation should be amended so as to include write-down and conversion powers in order to ensure that relevant capital instruments fully absorb losses at the point of non-viability of the issuing institution and before any other resolution action is taken. Given the adoption of the BRRD, it is likely that no such amendment to the CRD IV Regulation would be necessary. However, there is a risk that should such an amendment be necessary, it would result in any New AT1 Securities being used to absorb losses on the occurrence of a non-viability event.

The exercise of any such power or any suggestion of such exercise could, therefore, materially adversely affect the value of any New AT1 Securities subject to the BRRD and could lead to the holders of the New AT1 Securities losing some or all of their investment in the New AT1 Securities.

U.K. resolution regime.

In the United Kingdom, the U.K. Banking Act provides for a regime (the **resolution regime**) to allow the Bank of England (or, in certain circumstances, U.K. HM Treasury (the **U.K. Treasury**)) to resolve failing banks in the United Kingdom, in consultation with the PRA, the FCA and U.K. Treasury, as appropriate. Under the U.K. Banking Act, these authorities are given powers, including (a) the power to make share transfer orders pursuant to which all or some of the securities issued by a U.K. bank may be transferred to a commercial purchaser or the U.K. government; and (b) the power to transfer all or some of the property, rights and liabilities of a U.K. bank to a commercial purchaser or Bank of England entity. A share transfer order can extend to a wide range of securities, including shares and bonds issued by a U.K. bank (including Barclays Bank) or its holding company (the Issuer) and warrants for such shares and bonds. Certain of these powers have been extended to companies within the same group as a U.K. bank.

The U.K. Banking Act also gives the authorities powers to override events of default or termination rights that might be invoked as a result of the exercise of the resolution powers. The U.K. Banking Act powers apply regardless of any contractual restrictions and compensation may be payable in the context of both share transfer orders and property appropriation.

The U.K. Banking Act also gives the Bank of England the power to override, vary or impose contractual obligations between a U.K. bank, its holding company and its group undertakings for reasonable consideration, in order to enable any transferee or successor bank to operate effectively. There is also power for the U.K. Treasury to amend the law

(excluding provisions made by or under the U.K. Banking Act) for the purpose of enabling it to use the regime powers effectively, potentially with retrospective effect.

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If these powers were to be exercised in respect of the Issuer (or any member of the Group), there could be a material adverse effect on the rights of holders of New AT1 Securities, including through a material adverse effect on the price of the New AT1 Securities.

Bail-in option in the U.K. Banking Act.

On December 18, 2013, the Financial Services (Banking Reform) Act 2013 (the **U.K. Banking Reform Act**) became law in the United Kingdom. Among the changes introduced by the U.K. Banking Reform Act, the U.K. Banking Act is amended to insert a bail-in option as part of the powers of the U.K. resolution authority. The bail-in option will come into force when stipulated by the U.K. Treasury. On March 13, 2014, the U.K. Treasury published a consultation on three statutory instruments relating to the bail-in powers, which closed on May 7, 2014. In its consultation, the U.K. Government noted that in order to complete the legislation and commence the bail-in powers in the U.K. Banking Reform Act, a number of pieces of secondary legislation are to be made.

The bail-in option is being introduced as an additional power available to the U.K. resolution authority, to enable it to recapitalize a failed institution by allocating losses to its shareholders and unsecured creditors in a manner that ought to respect the hierarchy of claims in an insolvency of a relevant financial institution, consistent with shareholders and creditors of financial institutions not receiving less favorable treatment than they would have done in insolvency. The bail-in option includes the power to cancel a liability or modify the terms of contracts for the purposes of reducing or deferring the liabilities of the bank under resolution and the power to convert a liability from one form to another. The conditions for use of the bail-in option are, in summary, that (i) the regulator determines that the bank is failing or likely to fail, (ii) it is not reasonably likely that (ignoring the other stabilization powers under the U.K. Banking Act) any other action can be taken to avoid the bank's failure and (iii) the U.K. resolution authority determines that it is in the public interest to exercise the bail-in power.

The U.K. Government has stated that the bail-in powers introduced by the U.K. Banking Reform Act will require some minor modifications in order to fully transpose the BRRD requirements; however, the U.K. Government's view is that such amendments will not change the fundamental characteristic of the bail-in power.

The exercise of any bail-in power as set out in the U.K. Banking Act or any suggestion of any such exercise could materially adversely affect the value of any New AT1 Securities and could lead to holders of the New AT1 Securities losing some or all of the value of their investment in the New AT1 Securities.

In addition, the U.K. Banking Act may be amended and/or other legislation may be introduced in the United Kingdom to amend the resolution regime that would apply in the event of a bank failure or to provide regulators with other resolution powers.

For more information on changes in law, see *Other changes in law may adversely affect the rights of holders of the New AT1 Securities.*

Under the terms of the New AT1 Securities, you have agreed to be bound by the exercise of any U.K. Bail-in Power by the relevant U.K. resolution authority.

By its acquisition of the New AT1 Securities, each holder of the New AT1 Securities acknowledges, agrees to be bound by, and consents to the exercise of, any U.K. Bail-in Power by the relevant U.K. resolution authority that may result in the cancellation of all, or a portion, of the principal amount of, or interest on, the New AT1 Securities and/or the conversion of all or a portion of the principal amount of, or interest on, the New AT1 Securities into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of

the New AT1 Securities to give effect to the exercise by the relevant U.K. resolution authority of such bail-in power. Each holder of the New AT1 Securities further acknowledges and agrees that the rights of the holders of the New AT1 Securities are subject to, and will be varied, if necessary, so as to give effect to, the exercise of any U.K. Bail-in Power by the relevant U.K. resolution authority. Accordingly, any U.K. Bail-

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in Power may be exercised in such a manner as to result in you and other holders of the New AT1 Securities losing all or a part of the value of your investment in the New AT1 Securities or receiving a different security from the New AT1 Securities, which may be worth significantly less than the New AT1 Securities and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the relevant U.K. resolution authority may exercise its authority to implement the U.K. Bail-in Power without providing any advance notice to the holders of the New AT1 Securities. For more information, see *Description of the New AT1 Securities Agreement with Respect to the Exercise of U.K. Bail-in Power*. See also *Regulatory action in the event of a bank failure could materially adversely affect the value of the New AT1 Securities*.

The circumstances under which the relevant U.K. resolution authority would exercise its proposed U.K. Bail-in Power are currently uncertain.

Despite there being proposed pre-conditions for the exercise of the U.K. Bail-in Power, there remains uncertainty regarding the specific factors which the relevant U.K. resolution authority would consider in deciding whether to exercise the U.K. Bail-in Power with respect to the relevant financial institution and/or securities, such as the New AT1 Securities, issued by that institution.

Moreover, as the final criteria that the relevant U.K. resolution authority would consider in exercising any U.K. Bail-in Power are expected to provide it with considerable discretion, holders of the New AT1 Securities may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such U.K. Bail-in Power and consequently its potential effect on the Group and the New AT1 Securities.

The rights of holders of the New AT1 Securities to challenge the exercise of any U.K. Bail-in Power by the relevant U.K. resolution authority are likely to be limited.

There is some uncertainty as to the extent of any due process rights or procedures that will be provided to holders of securities (including the New AT1 Securities) subject to the U.K. Bail-in Power and to the broader resolution powers of the relevant U.K. resolution authority when the BRRD is implemented in the United Kingdom. Holders of the New AT1 Securities may have only limited rights to challenge and/or seek a suspension of any decision of the relevant U.K. resolution authority to exercise its U.K. Bail-in Power or to have that decision reviewed by a judicial or administrative process or otherwise.

Other changes in law may adversely affect the rights of holders of the New AT1 Securities.

Changes in law after the date hereof may affect the rights of holders as well as the market value of the New AT1 Securities. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the New AT1 Securities, which may have an adverse effect on an investment in the New AT1 Securities.

In addition, any change in law or regulation that triggers a Regulatory Event or a Tax Event would entitle us, at our option (subject to a requirement to obtain the PRA's prior consent), to redeem any relevant Series of the New AT1 Securities, in whole but not in part, as more particularly described under *Description of the New AT1 Securities Redemption Regulatory Event Redemption* and *Description of the New AT1 Securities Redemption Tax Redemption*, respectively. See also *We may redeem any or all Series of the New AT1 Securities at our option in certain situations*.

Such legislative and regulatory uncertainty could also affect an investor's ability to accurately value the New AT1 Securities and, therefore, affect the trading price of the New AT1 Securities given the extent and impact on the New AT1 Securities that one or more regulatory or legislative changes, including those described above, could have on the

New AT1 Securities.

The financial services industry continues to be the focus of significant regulatory reforms which may adversely affect the Group's business, financial performance and capital plans.

A number of regulators are currently proposing, considering or implementing legislation and rule making that could have a significant impact on the future legal entity structure, business mix and management of the

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Group. These initiatives include (a) the U.K. Banking Reform Act, which gives U.K. authorities the power to implement key recommendations of the Independent Commission on Banking, (b) the European Commission proposals of January 2014 for a directive to implement recommendations of the EU High Level Expert Group Review (the Liikanen Review), (c) the final rules issued by the U.S. Board of Governors of the Federal Reserve System implementing various enhanced prudential standards under Section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 applicable to certain foreign banking organizations and their U.S. operations and (d) the European Commission's proposal for a directive providing for a new European Union framework for the recovery and resolution of credit institutions and investment firms. These laws and regulations and the way in which they are interpreted and implemented by regulators may have a number of significant consequences, including changes to the legal entity structure of the Group, changes to how and where capital and funding is raised and deployed within the Group, increased requirements for loss-absorbing capacity within the Group and/or at the level of certain legal entities or sub-groups within the Group and potential modifications to the Group's business mix and model (including potential exit of certain business activities). These and other regulatory changes, and the resulting actions taken to address such regulatory changes, may have an adverse impact on the Group's, and therefore the Issuer's, performance and financial condition, which could in turn affect the levels of CET1 Capital and Risk Weighted Assets and, therefore, the resulting fully loaded CET1 Ratio. It is not yet possible to predict the detail of such legislation or regulatory rulemaking or the ultimate consequences to the Group or the holders of the New AT1 Securities which could be material.

See also *Implementation of Basel III / CRD IV and additional PRA supervisory expectations.*

You may be subject to U.S. tax upon adjustments (or failure to make adjustments) to the Conversion Price and the Conversion Shares Offer Price even though you do not receive a corresponding cash distribution.

The Conversion Price and the Conversion Shares Offer Price are subject to adjustment in certain circumstances, as described under *Description of the New AT1 Securities Anti-Dilution* below. If, as a result of adjustments (or failure to make adjustments), your proportionate interest in our assets or earnings were deemed to be increased for U.S. federal income tax purposes, you may be treated as having received a taxable distribution for these purposes, without the receipt of any cash or property. See *Tax Considerations Certain U.S. Federal Income Tax Considerations Related to Ownership of the New AT1 Securities Tax Consequences for U.S. Holders Adjustment of the Conversion Price and the Conversion Shares Offer Price* for a further discussion of these U.S. federal tax implications.

The proposed financial transactions tax (FTT) may negatively affect holders of the Existing T1 Securities and the New AT1 Securities or the Issuer.

On February 14, 2013, the European Commission published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**).

The proposed FTT has very broad scope. If introduced in the form proposed on February 14, 2013, it could apply to certain dealings in the Existing T1 Securities and the New AT1 Securities (including secondary market transactions) in certain circumstances.

Under the February 14, 2013 proposal, the FTT could apply in certain circumstances to persons both within and outside the participating Member States. Generally, it would apply to certain dealings in the New AT1 Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, established in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the

financial instrument which is subject to the dealings is issued in a participating Member State.

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The FTT proposal remains subject to negotiation between the participating Member States. Additional EU Member States may decide to participate, although certain other Member States have expressed strong objections to the proposal. The FTT proposal may therefore be altered prior to any implementation, the timing of which remains unclear. Holders of Existing T1 Securities and prospective holders of the New AT1 Securities are advised to seek their own professional advice in relation to the FTT.

Although the effect of these proposals on us will not be known until the legislation is finalized, the FTT may also adversely affect certain of our businesses.

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RECENT DEVELOPMENTS

On May 6, 2014, we published our Interim Management Statement (**IMS**) relating to our results for the quarter ended March 31, 2014. We filed the May 6 6-K relating to this IMS.

On May 8, 2014, we announced the results of our Group Strategy Review in which we outlined our proposals to make significant changes in our businesses. We filed the May 9 6-K relating to the results of the Group Strategy Review.

These are important developments and you should review the Form 6-Ks which are incorporated by reference into this prospectus. The liquidity and market price of our securities (including the New AT1 Securities) may be affected by many factors, including the impact on market sentiment towards us or our securities or on the ratings assigned by rating agencies to our securities or the proposals announced in the Group Strategy Review and any perceived risks to implementation of those proposals.

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION

Our historical financial statements and the accompanying notes in the 2013 Form 20-F are incorporated by reference herein. The Group's summary financial information and its ratio of earnings to fixed charges as at, and for the years ended, December 31, 2013, 2012, 2011, 2010 and 2009 are set out in the 2013 Form 20-F, which is incorporated by reference herein.

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USE OF PROCEEDS

The Issuer will not receive any cash proceeds from the Exchange Offers.

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Table of Contents**CAPITALIZATION AND INDEBTEDNESS**

The following table shows our actual capitalization as of December 31, 2013 and our capitalization as of December 31, 2013, as adjusted for the Exchange Offers.

The information in the following table is derived from the audited consolidated financial statements of the Group as of and for the year ended December 31, 2013 and incorporated by reference into this prospectus. This table should be read together with such audited consolidated financial statements and the notes thereto. The adjusted figures in the table below have been prepared for illustrative purposes only on the basis that 30% of the aggregate principal amount of each Series of Existing T1 Security is tendered and accepted in the Exchange Offers, and do not necessarily give a true picture of our financial condition following completion of the Exchange Offers.

New AT1 Securities will be exchanged for Existing T1 Securities as described in this prospectus upon our receipt of Existing T1 Securities. Accordingly, the completion of the Exchange Offers will not generate any proceeds to us. In accordance with IFRS, certain Existing T1 Securities are classified as equity and included in non-controlling interests in the table below and other Existing T1 Securities are classified as debt and included in subordinated liabilities in the table below. All New AT1 Securities will be classified as equity under IFRS.

	As at December 31, 2013 £ million	Adjustments for the Exchange Offers £ million	As Adjusted for the Exchange Offers £ million
Group shareholders equity			
Called up share capital	4,028		4,028
Share premium account	15,859		15,859
Other reserves	249		249
Other shareholders funds			
Other equity instruments	2,063	1,143	3,206
Retained earnings	33,186		33,186
Shareholders equity excluding non-controlling interests	55,385		56,528
Non-controlling interests	8,564	-678	7,886
Total shareholders equity	63,949		64,414
Group indebtedness⁽¹⁾			
Subordinated liabilities	21,695	-465	21,229
Debt securities in issue	86,693		86,693
Total indebtedness	108,388		107,922
Total capitalization and indebtedness	172,337		172,337
Group contingent liabilities			
	15,226		15,226

Guarantees and letters of credit pledged as collateral security		
Performance guarantees, acceptances and endorsements	5,958	5,958
Total contingent liabilities	21,184	21,184
Documentary credits and other short-term trade related transactions	780	780
Standby facilities, credit lines and other commitments	274,791	274,791

(1) Group indebtedness includes interest accrued as at December 31, 2013 in accordance with IFRS.

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THE EXCHANGE OFFERS

Purpose of the Exchange Offers

The Offerors are inviting holders of Existing T1 Securities issued by Barclays Bank to exchange these securities into CRD IV-compliant additional tier 1 securities to be issued by Barclays as the next step in the transition of the Group's capital structure. The exchange will accelerate the transition of the Group's capital structure, contribute to the Group's leverage ratio target and manage the interest cost associated with legacy non-CRD IV-compliant securities.

We note that any future decision as to the exercise of early redemption calls with respect to the Existing T1 Securities will be made with reference to the economic impact to the Group of such early redemption, prevailing market conditions and regulatory developments.

Terms of the Exchange Offers

General

We, or as applicable our wholly-owned subsidiary, Barclays Bank, are offering to holders of Existing T1 Securities an opportunity to exchange:

Sterling AT1 Securities and any applicable Cash Payment Amount and cash amounts in lieu of any fractional New AT1 Securities for any and all Sterling T1 Securities (referred to herein as the Sterling Exchange Offer);

Euro AT1 Securities and any applicable Cash Payment Amount and cash amounts in lieu of any fractional New AT1 Securities for any and all Euro T1 Securities (referred to herein as the Euro Exchange Offer); and

Dollar AT1 Securities and any applicable Cash Payment Amount and cash amounts in lieu of any fractional New AT1 Securities for any and all Dollar T1 Securities (referred to herein as the Dollar Exchange Offer), in the manner, and subject to the terms and conditions, described in this prospectus.

Barclays is the Offeror with respect to the Preference Shares, and Barclays Bank is the Offeror with respect to the TONs and the RCIs.

Minimum New Issue Size

Each Exchange Offer is subject to a Minimum New Issue Size. In particular:

the Sterling Exchange Offer is subject to the condition that a sufficient number of Sterling T1 Securities are validly tendered and not validly withdrawn by the Expiration Date such that at least £150,000,000 aggregate principal amount of the Sterling AT1 Securities will be issued by Barclays;

the Euro Exchange Offer is subject to the condition that a sufficient number of Euro T1 Securities are validly tendered and not validly withdrawn by the Expiration Date such that at least 300,000,000 aggregate principal amount of the Euro AT1 Securities will be issued by Barclays; and

the Dollar Exchange Offer is subject to the condition that a sufficient number of Dollar T1 Securities are validly tendered and not validly withdrawn by the Expiration Date such that at least \$300,000,000 aggregate principal amount of the Dollar AT1 Securities will be issued by Barclays.

The Exchange Offers are also subject to certain other conditions which the Offerors may waive at their sole discretion. See *Conditions of the Exchange Offers*.

Table of Contents*Minimum Denomination*

The New AT1 Securities will be issued in the following denominations:

Sterling AT1 Securities	£200,000 and integral multiples of £1,000 in excess thereof.
Euro AT1 Securities	200,000 and integral multiples of 1,000 in excess thereof.
Dollar AT1 Securities	\$200,000 and integral multiples of \$1,000 in excess thereof.

Offer Consideration

Each of the Existing T1 Securities will be exchanged into New AT1 Securities, plus any applicable Cash Payment Amount, plus any cash amounts (if applicable) in lieu of any fractional New AT1 Securities. Only holders who validly tender their Existing T1 Securities prior to the Expiration Date, who do not validly withdraw their tenders and whose tenders are accepted for exchange will receive New AT1 Securities and any applicable Cash Payment Amount and cash amounts in lieu of any fractional New AT1 Securities in the currency of the relevant Series of New AT1 Securities.

The tables show, with respect to each Series of Existing T1 Securities, the aggregate principal amount of the relevant Series of New AT1 Securities that a holder will receive for each £1,000, 1,000 and \$1,000 principal amount, as applicable, of the relevant Existing T1 Securities validly tendered and accepted for exchange. For the avoidance of doubt, the Exchange Price columns in the tables below do not take into account any Cash Payment Amount due to holders of the Existing T1 Securities. The Cash Payment Amount will be paid to tendering holders, if applicable, as a separate cash payment.

Table of Contents*(a) Sterling Exchange Offer:*

In the Sterling Exchange Offer, we, or as applicable our wholly-owned subsidiary, Barclays Bank, are offering to exchange any and all of the Sterling T1 Securities listed in the immediately following table for the Sterling AT1 Securities described in the next following table. For each £1,000 of the Sterling T1 Securities validly tendered and accepted for exchange, holders of a particular Series will be eligible to receive a principal amount of the Sterling AT1 Securities set out in the immediately following table under Exchange Price.

Existing T1 Securities	ISIN	Interest Rate / Dividend	First Optional Call Date	Principal Amount Outstanding	Exchange Price (per £1,000 principal amount of Sterling T1 Securities)
Sterling 6% TONs	XS0150052388	6% to (but excluding) June 15, 2032. From (and including) June 15, 2032, six-month Sterling LIBOR plus 0.89% per annum.	June 15, 2032	£90,501,000	£1,040 principal amount of Sterling AT1 Securities
Sterling 5.3304% RCIs	XS0248675364	5.3304% to (but excluding) December 15, 2036. From (and including) December 15, 2036, three-month Sterling LIBOR plus 1.985%.	December 15, 2036	£81,481,000	£960 principal amount of Sterling AT1 Securities
Sterling 6.3688% RCIs	XS0305103482	6.3688% to (but excluding) December 15, 2019. From (and including) December 15, 2019, three-month Sterling LIBOR plus 1.70%.	December 15, 2019	£94,703,000	£1,050 principal amount of Sterling AT1 Securities
Sterling 6.0% Preference Shares	XS0222208539	6.0% to (but excluding) December 15, 2017. From (and including) December 15, 2017, three-month Sterling LIBOR plus 1.42% per annum.	December 15, 2017	£750,000,000	£1,030 principal amount of Sterling AT1 Securities

New AT1 Securities	ISIN	Initial Interest Rate	Reset Sterling Interest Margin	Conversion Price	First Call Date	Minimum New Issue Size
Sterling AT1 Securities	XS1068561098	7.00%	5.084%	£1.65	September 15, 2019	£150,000,000

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In the Euro Exchange Offer, we are offering to exchange any and all of the Euro T1 Securities listed in the immediately following table for the Euro AT1 Securities described in the next following table. For each 1,000 of the Euro T1 Securities validly tendered and accepted for exchange, holders of such securities will be eligible to receive a principal amount of the Euro AT1 Securities set out in the immediately following table under Exchange Price.

Existing T1 Securities	ISIN	Interest Rate /Dividend	First Optional Call Date	Principal Amount Outstanding	Exchange Price (per 1,000 principal amount of Euro T1 Securities)
4.75% Non-Cumulative Callable Preference Shares (referred to herein as the Euro T1 Securities)	XS0214398199	4.75% to (but excluding) March 15, 2020. From (and including) March 15, 2020, three-month EURIBOR plus 0.71% per annum.	March 15, 2020	1,400,000,000	1,000 principal amount of Euro AT1 Securities

New AT1 Securities	ISIN	Initial Interest Rate	Reset Euro Interest Margin	Conversion Price	First Call Date	Minimum New Issue Size
Euro AT1 Securities	XS1068574828	6.50%	5.875%	2.02	September 15, 2019	300,000,000

(c) Dollar Exchange Offer:

In the Dollar Exchange Offer, we, or as applicable our wholly-owned subsidiary, Barclays Bank, are offering to exchange any and all of the Dollar T1 Securities listed in the immediately following table for the Dollar AT1 Securities described in the next following table. For each \$1,000 of the Dollar T1 Securities validly tendered and accepted for exchange, holders of a particular Series will be eligible to receive a principal amount of the Dollar AT1 Securities set out in the immediately following table under Exchange Price.

Existing T1 Securities	ISIN / CUSIP	Interest Rate / Dividend	First Optional Call Date	Principal Amount Outstanding	Exchange Price (per \$1,000 principal amount of Dollar T1 Securities)
U.S. Dollar 6.86% TONs	XS0155141830; US06738CAG42 / 06738CAG4	6.86% to (but excluding) June 15, 2032. From (and including) June 15, 2032, six-month U.S. dollar LIBOR plus 1.73% per annum.	June 15, 2032	\$681,013,000	\$1,135 principal amount of Dollar AT1 Securities

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U.S. Dollar 5.926% RCIs	XS0269453139; US06739FEY34 / 06739FEY3	5.926% to (but excluding) December 15, 2016. From (and including) December 15, 2016, three-month U.S. dollar LIBOR plus 1.75%.	December 15, 2016	\$533,064,000	\$1,090 principal amount of Dollar AT1 Securities
U.S. Dollar 7.434% RCIs	XS0322792010; US06739GAD16 / 06739GAD1	7.434% to (but excluding) December 15, 2017. From (and including) December 15, 2017, three-month U.S. dollar LIBOR plus 3.17%.	December 15, 2017	\$346,565,000	\$1,155 principal amount of Dollar AT1 Securities

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Existing T1 Securities	ISIN / CUSIP	Interest Rate / Dividend	First Optional Call Date	Principal Amount Outstanding	Exchange Price (per \$1,000 principal amount of Dollar T1 Securities)
U.S. Dollar 6.278% Preference Shares	US06738C8284 / 06738C828	6.278% to (but excluding) December 15, 2034. From (and including) December 15, 2034, three-month U.S. dollar LIBOR plus 1.55% per annum.	December 15, 2034	\$1,000,000,000	\$1,060 principal amount of Dollar AT1 Securities

New AT1 Securities	ISIN / CUSIP	Initial Interest Rate	Reset Interest Rate	Dollar Margin	Conversion Price	First Call Date	Minimum New Issue Size
Dollar AT1 Securities	US06738EAB11 / 06738EAB1	6.625%	5.022%	\$	2.77	September 15, 2019	\$ 300,000,000

No Priority of Acceptance

Upon the terms and subject to the conditions of the Exchange Offers, we, or as applicable our wholly-owned subsidiary, Barclays Bank, will accept tenders for any and all Existing T1 Securities and there will be no priority of acceptance between the different Series of Existing T1 Securities with respect to any Exchange Offer.

Issue Price

Each New AT1 Security will be issued at a price (the **Issue Price**) equal to 100% of the nominal principal amount of such New AT1 Security.

Cash Payment Amount

Holders whose Existing T1 Securities are accepted for exchange will receive an amount paid in cash equivalent to the accrued and unpaid interest or dividends, as the case may be, on the relevant Existing T1 Security from (and including) the immediately preceding Distribution Date to (and excluding) the relevant Settlement Date of an Exchange Offer as part of the consideration under the relevant Exchange Offer and not, for the avoidance of doubt, as a payment of interest or a dividend on the Existing T1 Securities.

Fractional Entitlements

No fractional New AT1 Securities will be delivered pursuant to the Exchange Offers. Instead, each tendering holder of Existing T1 Securities who would otherwise be entitled to a fractional New AT1 Security will receive cash in an amount equal to such fractional entitlement in the currency of the relevant Series of New AT1 Securities. For the avoidance of doubt, those holders whose holding of a particular Series of Existing T1 Securities would not be sufficient to be exchanged for the minimum denomination of the New AT1 Securities will, if they tender their

Existing T1 Securities for which they would otherwise be entitled to a fractional New AT1 Security, receive cash in an amount equal to such fractional entitlement. Further, each holder tendering Existing T1 Securities shall be deemed to make the representations, warranties and undertakings specified under *The Exchange Offers Acknowledgements, Representations, Warranties and Undertakings*, including that such holder will only submit (or arrange to submit) one Exchange Instruction in respect of any one Series of the Existing T1 Securities tendered by it in the relevant Exchange Offer.

We will calculate the Cash Payment Amount and cash amounts in lieu of any fractional New AT1 Securities payable in respect of the Existing T1 Securities, and our calculations will be final and binding absent manifest error. Under no circumstances will any interest be payable because of any delay by the Exchange Agents, DTC, Euroclear or Clearstream, Luxembourg in the transmission of funds to the holders of accepted Existing T1 Securities or otherwise.

Initial Interest Rate

The New AT1 Securities will bear interest at the rates set forth in the tables above (the **Initial Interest Rates**) in respect of the period from (and including) the relevant date of issuance of the New AT1 Securities to (but excluding) September 15, 2019.

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Conditions of the Exchange Offers

The Offerors will not be required to accept for exchange, or to issue New AT1 Securities or pay any applicable Cash Payment Amounts or cash in lieu of any fractional shares in respect of, any Existing T1 Securities tendered pursuant to an Exchange Offer unless the Minimum New Issue Size with respect to the relevant Exchange Offer is satisfied or waived. The Offerors may also terminate, extend or amend each Exchange Offer and may (subject to Rule 14e-1 under the Exchange Act) postpone the acceptance for exchange of, and issuance of New AT1 Securities and payment of cash amounts (including any Cash Payment Amounts) in respect of, any Existing T1 Securities so tendered in the relevant Exchange Offer, if any of the following conditions are not satisfied or waived as of the Expiration Date:

there shall not have been any change or development that in the Offerors' reasonable judgment might be expected to prohibit, prevent, restrict or delay the consummation of the Exchange Offer or otherwise materially reduce the anticipated benefits to the Offerors of the Exchange Offer or that has had, or could reasonably be expected to have, a material adverse effect on the Offerors, their businesses, condition (financial or otherwise) or prospects, the Existing T1 Securities or the New AT1 Securities;

there shall not have been instituted or threatened any action, proceeding or investigation by or before, and no injunction, order or decree shall have been issued by, and no statute, rule or regulation shall be proposed, introduced, enacted, promulgated or deemed applicable to the Exchange Offer by, any governmental authority, including any court, governmental, regulatory or administrative branch or agency, tribunal or instrumentality, that relates in any manner to the Exchange Offer and that in the Offerors' reasonable judgment makes it advisable to the Offerors to terminate the Exchange Offer;

there shall not have occurred:

any general suspension of or limitation on trading in securities in the United States or the United Kingdom securities or financial markets, whether or not mandatory;

any disruption in the trading of the Offerors' securities or material change in the trading prices of the Existing T1 Securities;

a declaration, whether or not mandatory, of a banking moratorium or any suspension of payments with respect to banks in the United States or the United Kingdom or any limitation, whether or not mandatory, by any governmental agency or authority which adversely affects the extension of credit;

any limitation, whether or not mandatory, by a governmental agency or authority which may adversely affect the Offerors' ability to complete the Exchange Offer;

a commencement of a war or armed hostilities or other national or international calamity, including but not limited to, catastrophic terrorist attacks against the United States or the United Kingdom or their respective citizens; or

in the case of any of the foregoing existing at the time of the commencement of the Exchange Offer, a material acceleration or worsening thereof; and

the registration statement of which this document forms a part shall have become effective, no stop order suspending its effectiveness shall have been issued, and no proceedings for that purpose shall have been instituted or shall be pending or, to our knowledge, shall be contemplated or threatened by the SEC.

Although the Offerors have no present plans to do so, the Offerors expressly reserve the right to extend, amend or terminate the Exchange Offers even if all the conditions to the Exchange Offers are satisfied. The Offerors may also reject for exchange any Existing T1 Securities not previously accepted for exchange, if any of the conditions to the Exchange Offers specified above are not satisfied. In addition, the Offerors expressly reserve the right, at any time or at various times, to waive any conditions to the Exchange Offers, in whole or in part, except as to the requirement that the registration statement be declared effective, which condition the

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Offerors cannot waive. The Offerors will give oral or written notice (with any oral notice to be promptly confirmed in writing) of any extension, amendment, non-acceptance, termination or waiver to the Exchange Agents as promptly as practicable, followed by a timely public announcement.

These conditions are for the sole benefit of the Offerors, and the Offerors may assert them regardless of the circumstances that may give rise to them, or waive them in whole or in part, at any or at various times in the sole discretion of the Offerors. If the Offerors fail at any time to exercise any of the foregoing rights, this failure will not constitute a waiver of such right. Each such right will be deemed an ongoing right that the Offerors may assert at any time or at various times. Any determination made by the Offerors concerning an event, development or circumstance described or referred to above will be conclusive and binding.

In addition, as described below under *Expiration Date; Extension; Termination; Amendment*, subject to applicable law, the Offerors may in the Offerors' absolute discretion terminate any or all of the Exchange Offers for any reason even if all the conditions to the Exchange Offers are satisfied.

Expiration Date; Extension; Termination; Amendment

The Expiration Date is 11:59 p.m., New York City time, on June 12, 2014, unless extended, in which case the Expiration Date will be such time and date to which the Expiration Date is extended.

The Offerors reserve the right to extend the Expiration Date for any or all of the Exchange Offers, and delay acceptance for exchange of the Existing T1 Securities tendered in any or all of the Exchange Offers, by giving oral or written notice to the Exchange Agents and by a public announcement no later than 9:00 a.m., New York City time, on the next Business Day after the previously scheduled Expiration Date. During any such extension, all Existing T1 Securities you have previously tendered in any Exchange Offer will remain subject to the Exchange Offer and subject to your right to withdraw in accordance with such Exchange Offer.

The Offerors reserve the right, regardless of whether or not the conditions to the Exchange Offers have been satisfied but subject to applicable law, to terminate any or all of the Exchange Offers prior to the Expiration Date or to amend it in any respect. If the Offerors terminate or amend an Exchange Offer, the Offerors will notify the Exchange Agents by oral or written notice and will issue a timely public announcement regarding the termination or amendment. Upon termination of an Exchange Offer for any reason, any Existing T1 Securities previously tendered in the Exchange Offer will be promptly returned to the tendering holders.

If the Offerors make a material change in the terms of an Exchange Offer or the information concerning an Exchange Offer, or waive a material condition of the Exchange Offer, the Offerors will promptly disseminate disclosure regarding the change or waiver, and extend the Exchange Offer, if required by law, so that the Exchange Offer remains open for a minimum of five (5) Business Days from the date the Offerors disseminate that disclosure.

The Offerors may amend the consideration offered in an Exchange Offer, including any amendment to the relevant Initial Interest Rate, no later than 5:00 p.m., New York City time, on May 29, 2014 without extending the Expiration Date. If the Offerors make any such amendment after 5:00 p.m., New York City time, on May 29, 2014, the Offerors will extend the relevant Exchange Offer, if required by law, so that the Exchange Offer remains open a minimum of ten (10) Business Days from the date the Offerors disseminate that disclosure. If the Offerors make any such amendment, the Offerors will promptly disseminate disclosure regarding the change through a supplement to this prospectus.

Procedures for Tendering DTC-settled Dollar T1 Securities

DTC-settled Dollar T1 Securities means collectively, (i) the U.S. Dollar 6.278% Preference Shares and (ii) the portion of the U.S. Dollar 6.86% TONs, U.S. Dollar 5.926% RCIs and U.S. Dollar 7.434% RCIs settled through DTC.

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How to Tender If You Are a Beneficial Owner but Not a DTC Participant

Any beneficial owner whose DTC-settled Dollar T1 Securities are held through DTC by a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender DTC-settled Dollar T1 Securities should contact such nominee promptly and instruct such entity to tender DTC-settled Dollar T1 Securities on such beneficial owner's behalf.

If you hold your DTC-settled Dollar T1 Securities through a broker, dealer, commercial bank, trust company or other nominee, you should keep in mind that such entity may require you to take action with respect to the Exchange Offers a number of days before the Expiration Date in order for such entity to tender DTC-settled Dollar T1 Securities on your behalf at or prior to the Expiration Date.

How to Tender If You Are a DTC Participant

To participate in the offer, a DTC participant must comply with the ATOP procedures of DTC described below. In addition, either:

the Dollar Exchange Agent must receive, prior to the Early Exchange Date or the Expiration Date, as applicable, a properly transmitted Agent's Message (as described below under *Tendering through DTC's ATOP*); or

the Dollar Exchange Agent must receive, prior to the Expiration Date, as applicable, a timely confirmation of book-entry transfer of tendered DTC-settled Dollar T1 Securities into the Exchange Agent's account at DTC according to the procedure for book-entry transfer described below.

There is no separate letter of transmittal in connection with the Exchange Offers.

The U.S. Dollar 6.86% TONs may be tendered and accepted for payment only in principal amounts equal to minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The U.S. Dollar 5.926% RCIs and the U.S. Dollar 7.434% RCIs may be tendered and accepted for payment only in principal amounts equal to minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof and the U.S. Dollar 6.278% Preference Shares may be tendered and accepted for payment only in principal amounts equal to minimum denominations of \$10,000 and integral multiples of \$1,000 in excess thereof. No alternative, conditional or contingent tenders will be accepted. Holders who tender less than all of their DTC-settled Dollar T1 Securities must continue to hold DTC-settled Dollar T1 Securities in the minimum authorized denominations specified above.

Tenders of DTC-settled Dollar T1 Securities pursuant to the procedures described above, and acceptance thereof by the Offerors, will constitute a binding agreement between the tendering holder and the Offerors upon the terms and subject to the conditions of the Dollar Exchange Offer, which agreement will be governed by the laws of the State of New York.

No documents should be sent to the Offerors or the Dealer Managers. Delivery of an Agent's Message transmitted through ATOP is at the election and risk of the person delivering or transmitting, and delivery will be deemed made only when actually received by the Dollar Exchange Agent.

By tendering DTC-settled Dollar T1 Securities pursuant to the Dollar Exchange Offer, you will be deemed to have agreed that the delivery and surrender of the DTC-settled Dollar T1 Securities is not effective, and the risk of loss of the DTC-settled Dollar T1 Securities does not pass to the Dollar Exchange Agent, until receipt by the Dollar Exchange Agent of the items listed above together with all accompanying evidences of authority and any other required documents in form satisfactory to the Offerors. In all cases, you should allow sufficient time to assure delivery to the Dollar Exchange Agent on or prior to the Expiration Date, as applicable.

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By tendering DTC-settled Dollar T1 Securities pursuant to the Exchange Offers, you will be deemed to have made the acknowledgements, representations, warranties and undertakings set out below under *Acknowledgements, Representations, Warranties and Undertakings*, including that each holder will only submit (or arrange to have submitted on its behalf) one Agent's Message in respect of any one Series of the DTC-settled Dollar T1 Securities tendered by it in the Exchange Offers, to the Dollar Exchange Agent at the Expiration Date and the time of settlement on the Settlement Date (if a holder or Direct Participant is unable to make any such agreement or acknowledgement or give any such representation, warranty or undertaking, such holder or Direct Participant should contact the Dollar Exchange Agent immediately). You will also be deemed to have agreed to, upon request, execute and deliver any additional documents deemed by the Dollar Exchange Agent or by the Offerors to be necessary or desirable to complete the sale, assignment and transfer of the DTC-settled Dollar T1 Securities tendered thereby.

The Offerors have not provided guaranteed delivery provisions in connection with the Exchange Offers. You must tender your DTC-settled Dollar T1 Securities in accordance with the procedures set forth herein.

Tendering through DTC's ATOP

The Dollar Exchange Agent will establish an account at DTC with respect to the DTC-settled Dollar T1 Securities for purposes of the Dollar Exchange Offer, and any financial institution that is a DTC participant may make book-entry delivery of eligible DTC-settled Dollar T1 Securities by causing DTC to transfer such DTC-settled Dollar T1 Securities into the Dollar Exchange Agent's account in accordance with DTC's procedures for such transfer.

The Exchange Agents and DTC have confirmed that DTC-settled Dollar T1 Securities held in book-entry form through DTC that are to be tendered in the Dollar Exchange Offer are eligible for ATOP. To effectively tender DTC-settled Dollar T1 Securities through ATOP, DTC participants must electronically transmit their acceptance through ATOP, and DTC will then verify the acceptance, execute a book-entry delivery to the Dollar Exchange Agent's account at DTC and send an Agent's Message to the Dollar Exchange Agent for its acceptance. The confirmation of a book-entry transfer into the Dollar Exchange Agent's account at DTC as described above is referred to herein as a **Book-Entry Confirmation**. Delivery of documents to DTC does not constitute delivery to the Dollar Exchange Agent.

The term **Agent's Message** means a message transmitted by DTC to, and received by, the Dollar Exchange Agent and forming a part of the Book-Entry Confirmation, which states that DTC has received an express acknowledgement from the DTC participant described in such Agent's Message, stating that such participant has received and agrees to be bound by the terms and conditions of the Dollar Exchange Offer as set forth in this prospectus, and that the Offerors may enforce such agreement against such participant.

If you desire to tender your DTC-settled Dollar T1 Securities on the Expiration Date through ATOP, you should note that you must allow sufficient time for completion of the ATOP procedures during the normal business hours of DTC on such date. To tender DTC-settled Dollar T1 Securities effectively after 5:00 p.m., New York City time, on the Expiration Date, but prior to 11:59 p.m., New York City time, on Expiration Date, DTC participants may complete and sign a DTC Voluntary Offering Instructions form and deliver it via facsimile to the Dollar Exchange Agent at the facsimile number shown on the back cover of this prospectus. Copies of the DTC Voluntary Offering Instructions form may be obtained from the Dollar Exchange Agent who may be contacted at any of its telephone numbers listed on the back cover of this prospectus. Immediately after delivering the DTC Voluntary Offering Instructions form, a DTC Participant should telephone the Dollar Exchange Agent at its telephone number listed on the back cover of this prospectus to confirm receipt and determine if any further action is required.

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Procedures for Tendering Euroclear/Clearstream-settled Dollar T1 Securities

Euroclear/Clearstream-settled Dollar T1 Securities means the portion of the U.S. Dollar 6.86% TONs, U.S. Dollar 5.926% RCIs and U.S. Dollar 7.434% RCIs that settle through Euroclear or Clearstream, Luxembourg.

The offering of Euroclear/Clearstream-settled Dollar T1 Securities for exchange by a holder will be deemed to have occurred upon receipt by the Dollar Exchange Agent from Euroclear or Clearstream, Luxembourg of a valid Tender and Blocking Instruction submitted in accordance with the requirements of such Clearing System. The receipt of such Tender and Blocking Instruction by Euroclear or Clearstream, Luxembourg will be acknowledged in accordance with the standard practices of such Clearing System and will result in the blocking of the relevant Euroclear/Clearstream-settled Dollar T1 Securities in the holder's account with the relevant Clearing System so that no transfers may be effected in relation to such Euroclear/Clearstream-settled Dollar T1 Securities.

If you hold your Euroclear/Clearstream-settled Dollar T1 Securities through a broker, dealer, commercial bank, trust company or other nominee, you should keep in mind that such entity may require you to take action with respect to the Exchange Offers a number of days before the Expiration Date in order for such entity to tender Euroclear/Clearstream-settled Dollar T1 Securities on your behalf at or prior to the Expiration Date.

Holders and Direct Participants must take the appropriate steps through the relevant Clearing System so that no transfers may be effected in relation to such blocked Euroclear/Clearstream-settled Dollar T1 Securities at any time after the date of submission of such Tender and Blocking Instruction, in accordance with the requirements of the relevant Clearing System and the deadlines required by such Clearing System. By blocking such Euroclear/Clearstream-settled Dollar T1 Securities in the relevant Clearing System, each Direct Participant will be deemed to consent to have the relevant Clearing System provide details concerning such Direct Participant's identity to the Dollar Exchange Agent (and for the Dollar Exchange Agent to provide such details to the Offerors, the Dealer Managers and their legal advisers).

Only Direct Participants may submit Tender and Blocking Instructions. Each holder that is not a Direct Participant must arrange for the Direct Participant through which such holder holds its Euroclear/Clearstream-settled Dollar T1 Securities to submit a valid Tender and Blocking Instruction on its behalf to Euroclear or Clearstream, Luxembourg before the deadlines specified by the relevant Clearing System.

The U.S. Dollar 6.86% TONs may be tendered and accepted for payment only in principal amounts equal to minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The U.S. Dollar 5.926% RCIs and the U.S. Dollar 7.434% RCIs may be tendered and accepted for payment only in principal amounts equal to minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof. No alternative, conditional or contingent tenders will be accepted. A holder whose Euroclear/Clearstream-settled Dollar T1 Securities are accepted for exchange pursuant to the Dollar Exchange Offer, and who, following the tender of the Dollar T1 Securities on the Settlement Date, continues to hold in its account with the relevant Clearing System further Euroclear/Clearstream-settled Dollar T1 Securities in an aggregate principal amount outstanding of less than the minimum specified denomination of the Euroclear/Clearstream-settled Dollar T1 Securities, would need to purchase an aggregate principal amount of Euroclear/Clearstream-settled Dollar T1 Securities, such that its holding amounts to at least the applicable minimum specified denomination of the Euroclear/Clearstream-settled Dollar T1 Securities before such Euroclear/Clearstream-settled Dollar T1 Securities it continues to hold may be traded in the relevant Clearing Systems.

By submitting a valid Tender and Blocking Instruction to Euroclear or Clearstream, Luxembourg in accordance with the standard procedures of such Clearing System, a holder and any Direct Participant submitting such Tender and

Blocking Instruction on such holder's behalf shall be deemed to make the acknowledgements, representations, warranties and undertakings set out below under *Acknowledgements, Representations, Warranties and Undertakings*, to the Offerors, the Dollar Exchange Agent and the Dealer Managers at the Expiration Deadline and the time of settlement on the Settlement Date (if a holder or Direct Participant is unable to make any such agreement or acknowledgement or give any such representation, warranty or undertaking, such holder or Direct Participant should contact the Dollar Exchange Agent immediately).

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Holders should note that only one Tender and Blocking Instruction may be submitted by or on behalf of a beneficial owner in respect of a particular Series of Euroclear/Clearstream-settled Dollar T1 Securities. Multiple Tender and Blocking Instructions submitted by or on behalf of a beneficial owner in respect of any one Series of Euroclear/Clearstream-settled Dollar T1 Securities will be invalid and may be rejected by the Offerors.

Holders must provide the following additional information in the relevant Tender and Blocking Instruction for the purposes of receiving Dollar AT1 Securities:

- (a) the event or reference number issued by Euroclear or Clearstream, Luxembourg;
- (b) the name of the beneficial holder, account holder and the securities account number in which the Euroclear/Clearstream-settled Dollar T1 Securities the holder wishes to tender are held; and
- (c) the Euroclear or Clearstream, Luxembourg account to which the Dollar AT1 Securities should be credited.

The Offerors may not accept any tenders of Euroclear/Clearstream-settled Dollar T1 Securities if the information set out above is not provided as part of the relevant Tender and Blocking Instruction.

The Dollar AT1 Securities offered in exchange for Euroclear/Clearstream-settled Dollar T1 Securities will be available initially only in book-entry form, represented in one or more global securities registered in the name of a nominee of DTC. You will hold beneficial interests in the Dollar AT1 Securities through DTC and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg, and DTC and its direct and indirect participants will record your beneficial interest on their books.

Procedures for Tendering Sterling T1 Securities and Euro T1 Securities

To tender Sterling T1 Securities and Euro T1 Securities held through Euroclear or Clearstream, Luxembourg, a holder who is not a Direct Participant in Euroclear or Clearstream, Luxembourg must arrange for a Direct Participant to deliver its Electronic Acceptance Instruction, which includes its Security Instructions (as defined below), to Euroclear or Clearstream, Luxembourg in accordance with the deadlines specified by Euroclear or Clearstream, Luxembourg on or prior to the Expiration Date, as the case may be. Only a Direct Participant in Euroclear or Clearstream, Luxembourg may submit an Electronic Acceptance Instruction to Euroclear or Clearstream, Luxembourg.

The term **Security Instructions** means, with respect to securities held through Euroclear or Clearstream, Luxembourg, irrevocable instructions: (i) to block any attempt to transfer a holder's Sterling T1 Securities and Euro T1 Securities on or prior to the applicable Settlement Date; and (ii) to debit the holder's account on the applicable Settlement Date in respect of the Sterling T1 Securities and Euro T1 Securities that have been tendered by the holder. By submitting a Security Instruction, holders authorize Euroclear and Clearstream, Luxembourg to disclose the name of the Direct Participant to the Offerors and the Sterling and Euro Exchange Agent. All of the Sterling T1 Securities and Euro T1 Securities tendered by the holder will be debited from the holder's account. The debit will occur upon receipt of an instruction from the Sterling and Euro Exchange Agent on the Settlement Date. In the event that an Exchange Offer is terminated by the Offerors prior to the applicable Settlement Date, as notified to Euroclear or Clearstream, Luxembourg by the Sterling and Euro Exchange Agent, the irrevocable instructions will be automatically withdrawn. Security Instructions can be delivered only by Direct Participants in Euroclear and Clearstream,

Luxembourg.

A holder's Electronic Acceptance Instruction, which includes its Security Instructions, must be delivered and received by Euroclear or Clearstream, Luxembourg in accordance with the procedures established by them and on or prior to the deadlines established by each of those clearing systems. Holders are responsible for informing themselves of these deadlines and for arranging the due and timely delivery of Security Instructions to Euroclear or Clearstream, Luxembourg.

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Beneficial owners that hold Sterling T1 Securities or Euro T1 Securities through a custodian may not submit an Electronic Acceptance Instruction directly. Such holders should contact their relevant custodians to submit an Electronic Acceptance Instruction on their behalf.

If you hold your Sterling T1 Securities or Euro T1 Securities through a broker, dealer, commercial bank, trust company or other nominee, you should keep in mind that such entity may require you to take action with respect to the Exchange Offers a number of days before the Expiration Date in order for such entity to tender Sterling T1 Securities and Euro T1 Securities on your behalf at or prior to the Expiration Date.

The Sterling 6% TONs may be tendered and accepted for payment only in principal amounts equal to minimum denominations of £1,000 and integral multiples of £1,000 in excess thereof. The Sterling 5.3304% RCIs and Sterling 6.3688% RCIs may be tendered and accepted for payment only in principal amounts equal to minimum denominations of £50,000 and integral multiples of £1,000 in excess thereof. The Sterling 6.0% Preference Shares may be tendered and accepted for payment only in principal amounts equal to minimum denominations of £10,000 and integral multiples of £10,000 in excess thereof. The Euro T1 Securities may be tendered and accepted for payment only in principal amounts equal to minimum denominations of 10,000 and integral multiples of 10,000 in excess thereof. A holder whose Sterling T1 Securities or Euro T1 Securities are accepted for exchange pursuant to the Sterling Exchange Offer and Euro Exchange Offer, respectively, and who, following the tender of the relevant Sterling T1 Securities or Euro T1 Securities on the Settlement Date, continues to hold in its account with the relevant Clearing System further Sterling T1 Securities or Euro T1 Securities in an aggregate principal amount outstanding of less than the minimum specified denomination of the Sterling T1 Securities or Euro T1 Securities, as applicable, would need to purchase an aggregate principal amount of Sterling T1 Securities or Euro T1 Securities, as the case may be, such that its holding amounts to at least the applicable minimum specified denomination of the Sterling T1 Securities or Euro T1 Securities before such Sterling T1 Securities or Euro T1 Securities it continues to hold may be traded in the relevant Clearing Systems.

By submitting a valid Electronic Acceptance Instruction to the relevant Clearing System in accordance with the standard procedures of such Clearing System, a holder and any Direct Participant submitting such Electronic Acceptance Instruction on such holder's behalf shall be deemed to make the acknowledgements, representations, warranties and undertakings set out below under *Acknowledgements, Representations, Warranties and Undertakings*, including that each holder will only submit (or arrange to have submitted on its behalf) one Electronic Acceptance Instruction in respect of any one Series of the Existing T1 Securities tendered by it in the Exchange Offers, to the Offerors, the Sterling and Euro Exchange Agent and the Dealer Managers at the Expiration Date and the time of settlement on the Settlement Date (if a holder or Direct Participant is unable to make any such agreement or acknowledgement or give any such representation, warranty or undertaking, such holder or Direct Participant should contact the Sterling and Euro Exchange Agent immediately).

Holders must provide the following additional information in the relevant Electronic Acceptance Instruction for the purposes of receiving Sterling AT1 Securities or Euro AT1 Securities:

- (a) the event or reference number issued by Euroclear or Clearstream, Luxembourg;
- (b) the name of the beneficial holder, account holder and the securities account number in which the Sterling T1 Securities or Euro T1 Securities the holder wishes to tender are held; and

- (c) the Euroclear or Clearstream, Luxembourg account to which the Sterling AT1 Securities or Euro AT1 Securities should be credited.

The Offerors may not accept any tenders of Sterling T1 Securities or Euro T1 Securities if the information set out above is not provided as part of the relevant Electronic Acceptance Instruction.

No Guaranteed Delivery

There are no guaranteed delivery provisions applicable to the Exchange Offers. Holders must tender their Existing T1 Securities in accordance with the proper procedures for tendering.

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Responsibility for Delivery of Exchange Instructions

None of the Offerors, the Dealer Managers or the Exchange Agents, as the case may be, will be responsible for the communication of tenders and corresponding Exchange Instructions by (i) beneficial owners to the Direct Participant through which they hold Existing T1 Securities or (ii) the Direct Participant to the relevant Clearing System.

If a beneficial owner holds its Existing T1 Securities through a Direct Participant, such beneficial owner should contact that Direct Participant to discuss the manner in which exchange acceptances and transmission of the corresponding Exchange Instruction and, as the case may be, transfer instructions may be made on its behalf.

In the event that the Direct Participant through which a beneficial owner holds its Existing T1 Securities is unable to submit an Exchange Instruction, such beneficial owner should telephone the Exchange Agent, as applicable, for assistance on the numbers provided in this prospectus.

Holder, Direct Participants and beneficial owners are solely responsible for arranging the timely delivery of their Exchange Instructions.

If a beneficial owner offers its Existing T1 Securities through a Direct Participant, such beneficial owner should consult with that Direct Participant as to whether it will charge any service fees in connection with the participation in the Exchange Offer.

Determination of Validity

All questions as to the form of all documents and the validity (including time of receipt) and acceptance of tenders and withdrawals of Existing T1 Securities will be determined by the Offerors, in their sole discretion, which determination shall be final and binding. Alternative, conditional or contingent tenders will not be considered valid. The Offerors reserve the absolute right to reject any or all tenders of Existing T1 Securities that the Offerors determine are not in proper form or not properly tendered or the acceptance of which would, in the Offerors' opinion, be unlawful. The Offerors also reserve the right to waive any defects, irregularities or conditions of tender as to particular Existing T1 Securities. A waiver of any defect or irregularity with respect to the tender of one Existing T1 Security shall not constitute a waiver of the same or any other defect or irregularity with respect to the tender of any other Existing T1 Securities except to the extent the Offerors may otherwise so provide. The Offerors' interpretations of the terms and conditions of the Exchange Offers, including the terms and instructions in any Exchange Instruction, will be final and binding. Tenders of Existing T1 Securities shall not be deemed to have been made until any defects or irregularities have been waived by the Offerors or cured. None of the Offerors, the trustee (if any), the Exchange Agents, the Dealer Managers or any other person will be under any duty to give notice of any defects or irregularities in tenders of Existing T1 Securities, or will incur any liability to you for failure to give any such notice.

Acceptance of Existing T1 Securities for Purchase; Delivery of New AT1 Securities

Upon the terms and subject to the conditions of the Exchange Offers, the Offerors will accept for exchange, and promptly deliver the New AT1 Securities and any applicable Cash Payment Amount and cash amounts in lieu of any fractional New AT1 Securities in exchange for, validly tendered Existing T1 Securities that were not validly withdrawn pursuant to the Exchange Offers.

For purposes of the Exchange Offers, the Offerors will be deemed to have accepted Existing T1 Securities for exchange if, as and when the Offerors give oral (promptly confirmed in writing) or written notice thereof to the Exchange Agents.

The Offerors will deliver New AT1 Securities and any applicable Cash Payment Amount and cash amounts in lieu of any fractional New AT1 Securities in exchange for Existing T1 Securities accepted for exchange in the

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Exchange Offers as soon as practicable after the Expiration Date, if any, by delivering the New AT1 Securities and paying any applicable cash consideration on the Settlement Date to the Clearing Systems accounts in which the relevant Existing T1 Securities are held. The delivery of such New AT1 Securities and payment of such cash amounts to the Clearing Systems will discharge the obligation of the Offerors to all such tendering holders in respect of the delivery of the New AT1 Securities and payment of any applicable Cash Payment Amount and cash amounts in lieu of any fractional New AT1 Securities.

The Offerors expressly reserve the right, subject to applicable law, to (1) delay acceptance for exchange of Existing T1 Securities tendered under the Exchange Offers or the delivery of New AT1 Securities, Cash Payment Amount and cash amounts in lieu of any fractional New AT1 Securities in exchange for the Existing T1 Securities accepted for purchase (subject to Rule 14e-1 under the Exchange Act, which requires that the Offerors pay the consideration offered or return the Existing T1 Securities deposited by or on behalf of the holders promptly after the termination or withdrawal of any of the Exchange Offers), or (2) terminate the Exchange Offers at any time.

If, for any reason, acceptance for exchange of validly tendered Existing T1 Securities pursuant to the Exchange Offers are delayed, or the Offerors are unable to accept for exchange validly tendered Existing T1 Securities pursuant to the Exchange Offers, then the Exchange Agents may, nevertheless, on behalf of the Offerors, retain (subject to Rule 14e-1 described above) tendered Existing T1 Securities, without prejudice to the rights of the Offerors described under *Expiration Date; Extension; Termination; Amendment* and *Conditions of the Exchange Offers* above and *Withdrawal of Tenders* below.

You will not be obliged to pay brokerage commissions or fees to the Dealer Managers, the Exchange Agents or the Offerors with respect to the Exchange Offers.

The Offerors will not be liable for any interest as a result of a delay by the Exchange Agents, DTC, Euroclear or Clearstream, Luxembourg in distributing the consideration for the Exchange Offers.

Withdrawal of Tenders

You may withdraw your tender of Existing T1 Securities at any time on or prior to the Expiration Date. You may only withdraw your tender of Existing T1 Securities after the Expiration Date as permitted by law.

For a withdrawal of a tender of Existing T1 Securities in DTC to be effective, a written or facsimile transmission notice of withdrawal must be received by the Dollar Exchange Agent on or prior to the Expiration Date, by mail, fax or hand delivery at the address set forth on the back cover of this prospectus or by a properly transmitted Request Message through ATOP. Any such notice of withdrawal must:

specify the name of the person who tendered the Existing T1 Securities to be withdrawn and the name of the DTC participant whose name appears on the security position listing as the owner of such Existing T1 Securities, if different from that of the person who deposited the Existing T1 Securities, and

identify the Existing T1 Securities to be withdrawn (including the principal amount of such Existing T1 Securities).

If you tendered DTC-settled Dollar T1 Securities through a broker, dealer, commercial bank, trust company or other nominee and you wish to withdraw your DTC-settled Dollar T1 Securities after 5:00 p.m., New York City time, on the

Expiration Date, you must make arrangements with your nominee for such nominee to fax a DTC notice of withdrawal to the Dollar Exchange Agent at its number on the back cover of this prospectus on your behalf prior to 11:59 p.m., New York City time, on the Expiration Date. Copies of the DTC notice of withdrawal may be obtained from the Dollar Exchange Agent who may be contacted at any of its telephone numbers listed on the back cover of this prospectus.

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For a withdrawal to be effective for Euroclear or Clearstream, Luxembourg participants, holders must comply with their respective standard operating procedures for electronic tenders and the Exchange Agents must receive an electronic notice of withdrawal from Euroclear or Clearstream, Luxembourg. Any notice of withdrawal must specify the name and number of the account at Euroclear or Clearstream, Luxembourg and otherwise comply with the procedures of Euroclear or Clearstream, Luxembourg as applicable.

Holders may not rescind their valid withdrawals of tendered Existing T1 Securities, and any Existing T1 Securities properly withdrawn will thereafter be deemed not validly tendered for purposes of the Exchange Offers. However, Existing T1 Securities validly withdrawn may thereafter be retendered at any time on or prior to the Expiration Date by following the procedures described under *Procedures for Tendering DTC-settled Dollar T1 Securities*, *Procedures for Tendering Euroclear/Clearstream-settled Dollar T1 Securities* and *Procedures for Tendering Sterling T1 Securities and Euro T1 Securities*.

All questions as to the form and validity (including time of receipt) of any notice of withdrawal of a tender will be determined by the Offerors, which determination shall be final and binding. The Offerors reserve the absolute right to reject any or all attempted withdrawals of Existing T1 Securities that are not in proper form or the acceptance of which would, in the opinion of the Offerors, be unlawful. The Offerors also reserve the right to waive any defects, irregularities or conditions of a withdrawal as to particular Existing T1 Securities. A waiver of any defect or irregularity with respect to the withdrawal of one Existing T1 Security shall not constitute a waiver of the same or any other defect or irregularity with respect to the withdrawal of any other Existing T1 Securities except to the extent the Offerors may otherwise so provide. Withdrawals of Existing T1 Securities shall not be deemed to have been made until any defects or irregularities have been waived by the Offerors or cured. None of the Offerors, the trustee, the Exchange Agents, the Dealer Managers or any other person will be under any duty to give notification of any defect or irregularity in any notice of withdrawal of a tender or incur any liability for failure to give any such notification.

Withdrawal of Existing T1 Securities may be accomplished only in accordance with the foregoing procedures.

Acknowledgements, Representations, Warranties and Undertakings

By submitting an Exchange Instruction, each holder and the relevant Direct Participant (on behalf of the relevant holder) represents, warrants and undertakes that:

- (a) it will only submit (or arrange to have submitted on its behalf) one Exchange Instruction in respect of any one Series of the Existing T1 Securities tendered by it in the Exchange Offers;
- (b) it has received a copy of this prospectus and has agreed and acknowledged the selling restrictions set forth in this prospectus;
- (c) it is assuming all the risks inherent in participating in the Exchange Offers and has undertaken all the appropriate analysis of the implications of the Exchange Offers, without reliance on Barclays, the Dealer Managers or the Exchange Agents;
- (d)

by blocking Existing T1 Securities in the relevant Clearing System it will be deemed to consent to the relevant Clearing System providing details concerning its identity to Barclays, the Dealer Managers or the Exchange Agents and their respective legal advisers;

- (e) upon the terms and subject to the conditions of the Exchange Offers, it offers to exchange the principal amount of Existing T1 Securities in its account in the relevant Clearing System that is the subject of the relevant Exchange Instruction for the relevant number of New AT1 Securities;
- (f) it agrees to ratify and confirm each and every act or thing that may be done or effected by Barclays, any of its directors or any person nominated by Barclays in the proper exercise of his or her powers and/or authority hereunder;

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- (g) it agrees to do all such acts and things as shall be necessary and execute any additional documents deemed by Barclays to be desirable, in each case to complete the transfer of the Existing T1 Securities to Barclays, as the case may be, or its nominee in exchange for the New AT1 Securities and/or to perfect any of the authorities expressed to be given hereunder;
- (h) it has observed the laws of all relevant jurisdictions; obtained all requisite governmental, exchange control or other required consents; complied with all requisite formalities; and paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any offer or acceptance in any jurisdiction and that it has not taken or omitted to take any action in breach of the terms of the Exchange Offers, or which will or may result in Barclays, the Dealer Managers or the Exchange Agents, or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Exchange Offers;
- (i) all authority conferred or agreed to be conferred pursuant to its representations, warranties and undertakings and all of its obligations shall be binding upon its successors, assigns, heirs, executors, trustees in bankruptcy, insolvency practitioners and legal representatives and shall not be affected by, and shall survive, its death, incapacity, bankruptcy, insolvency, or any other similar proceedings;
- (j) except to the extent of the information set forth under *Tax Considerations*, no information has been provided to it by Barclays, the Dealer Managers or the Exchange Agents with regard to the tax consequences to holders, beneficial owners or Direct Participants arising from the exchange of Existing T1 Securities in the Exchange Offers or the receipt of New AT1 Securities. It hereby acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Exchange Offers, and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against Barclays, the Dealer Managers, the Exchange Agents or any other person in respect of such taxes and payments;
- (k) it is not a person to whom it is unlawful to make an invitation pursuant to the Exchange Offers under applicable laws and has (before submitting, or arranging for the submission on its behalf, as the case may be, of the Exchange Instruction in respect of the Existing T1 Securities which it is offering for exchange) complied with all laws and regulations applicable to it for the purposes of its participation in the Exchange Offers;
- (l) it is not resident and/or located in the United Kingdom or, if it is resident and/or located in the United Kingdom, it is a person falling within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Financial Promotion Order**), or any other person to whom these documents and/or materials may lawfully be communicated in accordance with the Financial Promotion Order;
- (m) it is outside Belgium or, if it is located in Belgium, (i) it is a person which is a qualified investor in the sense of Article 10 of the Belgian Prospectus Law, acting on its own account or (ii) there are other

circumstances set out in Article 6, §4 of the Belgian Takeover Law and Article 3, §4 of the Belgian Prospectus Law which provide an exemption from the public offer requirements set out in the Belgian Takeover Law and the Belgian Prospectus Law;

- (n) it is not located or resident in France or, if it is located or resident in France, it is a (i) provider of investment services relating to portfolio management for the account of third parties (personnes fournissant le service d investissement de gestion de portefeuille pour compte de tiers) and/or (ii) qualified investor (investisseur qualifié) other than individuals, acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French Code monétaire et financier;
- (o) it is outside Italy or, if it is located in Italy, it is a qualified investor (investitori qualificati) pursuant to article 34-ter, paragraph 1, letter (b) of the Consob Regulation acting on its own

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account; or there are other circumstances where an express exemption from compliance with the restrictions on public purchases or exchange offers applies pursuant to the Financial Services Act or the Consob Regulation;

- (p) it is not located or resident in The Netherlands or, if it is located or resident in The Netherlands, it is a qualified investor (*gekwalificeerde belegger*) within the meaning of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*);
- (q) it has full power and authority to submit for exchange and transfer the Existing T1 Securities hereby submitted for exchange and if such Existing T1 Securities are accepted for exchange, such Existing T1 Securities will be transferred to, or to the order of, Barclays with full title free from all liens, charges and encumbrances, not subject to any adverse claim and together with all rights attached thereto;
- (r) in the case of the Euroclear/Clearstream-settled Dollar T1 Securities, the Sterling T1 Securities or the Euro T1 Securities, it holds and will hold, until the time of settlement on the Settlement Date, the Euroclear/Clearstream-settled Dollar T1 Securities, the Sterling T1 Securities or the Euro T1 Securities, as the case may be, blocked in Euroclear or Clearstream, Luxembourg and, in accordance with the requirements of Euroclear or Clearstream, Luxembourg and by the deadline required by Euroclear or Clearstream, Luxembourg, it has submitted, or has caused to be submitted, an Electronic Acceptance Instruction to the relevant Clearing System, as the case may be, to authorize the blocking of the submitted Existing T1 Securities with effect on and from the date thereof so that, at any time pending the transfer of such Existing T1 Securities on the Settlement Date to Barclays, or its agents on its behalf, no transfers of such Existing T1 Securities may be effected;
- (s) the terms and conditions of the Exchange Offers shall be deemed to be incorporated in, and form a part of, the Exchange Instruction which shall be read and construed accordingly and that the information given by or on behalf of such existing Holder in the Exchange Instruction is true and will be true in all respects at the time of the exchange; and
- (t) it understands and agrees that Barclays, the Dealer Managers and the Exchange Agents will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings.

The receipt from a holder or from a Direct Participant on behalf of a beneficial owner of an Exchange Instruction by the relevant Clearing System will constitute instructions to debit from such holder's or Direct Participant's account on the Settlement Date the principal amount of Existing T1 Securities that such holder or Direct Participant has tendered for exchange and which have been accepted, upon receipt by the relevant Clearing System of an instruction from the Exchange Agent to receive those Existing T1 Securities for the account of Barclays, and (where applicable) against delivery of New AT1 Securities subject to the automatic withdrawal of those instructions in the event that the Exchange Offers are terminated by the Offerors or the withdrawal of such Exchange Instruction (in the circumstances in which such withdrawal is permitted) in accordance with the procedure set out in this prospectus.

Return of Unaccepted Existing T1 Securities

Any tendered Existing T1 Securities that are not accepted for exchange will be returned without expense to the tendering holder. Such Existing T1 Securities will be credited to the account maintained at DTC, Euroclear or Clearstream, Luxembourg from which they were delivered and returned promptly after the expiration or termination of any Exchange Offer.

Consequences of Failure to Exchange Existing T1 Securities

Depending on the amount of Existing T1 Securities that are accepted for exchange in the Exchange Offers, the trading market for the Existing T1 Securities that remain outstanding after the Exchange Offers may be more

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limited. A reduced trading volume may decrease the price and increase the volatility of the trading price of the Existing T1 Securities that remain outstanding following the Exchange Offers. If the Exchange Offers are successful, the market price for the Existing T1 Securities may be depressed and there may be a limited trading market for the Existing T1 Securities.

Existing T1 Securities not tendered and purchased in the Exchange Offers will remain outstanding. The terms and conditions governing the Existing T1 Securities will remain unchanged. No amendments to the terms and conditions of the Existing T1 Securities are being sought.

No Appraisal or Dissenters' Rights

No appraisal or dissenters' rights are available to holders of Existing T1 Securities under applicable law in connection with the Exchange Offers.

Accounting Treatment

Certain instruments currently (i) classified as debt under IFRS, and (ii) currently classified as equity under IFRS, will be exchanged for New AT1 Securities classified as equity under IFRS.

Under IFRS, an exchange of instruments classified as debt for accounting purposes for new instruments classified as equity for accounting purposes, would result in the original debt instruments being derecognized and new equity instruments being recognized. A gain or loss will be recognized in the income statement as the difference between the fair value of the new equity instruments issued and the carrying value of the debt instruments derecognized.

An exchange for instruments classified as equity for accounting purposes for new instruments classified as equity for accounting purposes, would result in the original equity instruments being derecognized and new equity instruments being recognized. No gain or loss will be recognized in the Group's income statement.

Subsequent Repurchases

From time to time before or after completion of the Exchange Offers (subject to the following sentence with respect to the Preference Shares), the Offerors or their affiliates may acquire additional Existing T1 Securities in the open market, privately negotiated transactions, exchange offers, tender offers, redemption or otherwise. During the Exchange Offers and until the expiration of at least ten business days after the date of termination of the relevant Exchange Offers, neither the Offerors nor any of their affiliates will make any purchases of Preference Shares otherwise than in connection with the Exchange Offers. Future purchases of Existing T1 Securities may be on terms that are more or less favorable than those of the Exchange Offers. Future purchases, if any, will depend on many factors, including market conditions and the condition of our business.

Exchange Agents

Global Bondholder Services Corporation is the Dollar Exchange Agent for the Dollar Exchange Offer, and Lucid Issuer Services Limited is the Sterling and Euro Exchange Agent for the Sterling Exchange Offer and the Euro Exchange Offer. All correspondence in connection with each Exchange Offer should be sent or delivered by each holder of Existing T1 Securities, or a beneficial owner's bank, broker, custodian or other nominee, to the relevant Exchange Agent at the address listed on the back cover page of this prospectus. The Offerors will pay each Exchange Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses.

Dealer Managers

The Dealer Managers for the Exchange Offers are Barclays Capital Inc., Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, ING Financial Markets LLC, Lloyds Securities Inc., Merrill Lynch Pierce Fenner & Smith Incorporated, Natixis, SMBC Capital Markets Limited, Swedbank AB (publ) and UBS Limited.

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As Dealer Managers for the Exchange Offers, Barclays Capital Inc., Banco Bilbao Vizcaya Argentaria, S.A., Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, ING Financial Markets LLC, Lloyds Securities Inc., Merrill Lynch Pierce Fenner & Smith Incorporated, Natixis, SMBC Capital Markets Limited, Swedbank AB (publ) and UBS Limited will perform services customarily provided by investment banking firms acting as Dealer Managers of exchange offers of a like nature, including, but not limited to, soliciting tenders of Existing T1 Securities pursuant to the Exchange Offers and communicating generally regarding the Exchange Offers with banks, brokers, custodians, nominees and other persons, including holders of Existing T1 Securities. The obligation of the Dealer Managers to perform their functions is subject to customary conditions. The Offerors will pay the Dealer Managers reasonable and customary fees for their services, which fees will be in an aggregate amount of up to 0.90% of the sterling equivalent of the aggregate principal amount of the New AT1 Securities issued in the Exchange Offers. The Offerors will also reimburse the Dealer Managers for certain of their reasonable out-of-pocket expenses, which reimbursement will not exceed \$550,000. The Offerors have also agreed to indemnify the Dealer Managers and their respective affiliates against certain liabilities in connection with their services, including liabilities under the federal securities laws.

At any given time, the Dealer Managers may trade in the Existing T1 Securities or other securities of the Offerors for their own accounts or for the accounts of customers, and accordingly, may hold a long or a short position in the Existing T1 Securities or such other securities. The Dealer Managers are not obligated to make a market in the New AT1 Securities. The Dealer Managers may also tender into the Exchange Offers the Existing T1 Securities they may hold or acquire, but are under no obligation to do so.

The Dealer Managers and their affiliates have provided in the past, are currently providing and may provide in the future, other investment banking, commercial banking and financial advisory services to the Offerors and their affiliates for customary fees and expenses in the ordinary course of business.

None of the Dealer Managers assumes any responsibility for the accuracy or completeness of the information concerning the Exchange Offers, the Offerors, any of their affiliates, the Existing T1 Securities or the New AT1 Securities contained in this prospectus or in the documents incorporated by reference herein, or for any failure by the Offerors to disclose events that may have occurred and may affect the significance or accuracy of that information.

Market-Making Resales

This prospectus may be used by an affiliate of Barclays in market-making activities in connection with the New AT1 Securities. In a market-making transaction, such affiliate may resell the New AT1 Securities it acquires from other holders, after the original offering of the New AT1 Securities. Resales of this kind may occur in the open market or may be privately negotiated, at prevailing market prices at the time of resale or at related or negotiated prices. In these transactions, such affiliate may act as principal, or agent, including as agent for the counterparty in a transaction in which such affiliate acts as principal, or as agent for both counterparties in a transaction in which such affiliate does not act as principal. Such affiliate may receive compensation in the form of discounts and commissions, including from both counterparties in some cases.

The Issuer does not expect to receive any proceeds from market-making transactions.

Information about the trade and settlement dates, as well as the purchase price, for a market-making transaction will be provided to the purchaser in a separate confirmation of sale.

Conflicts of Interest

Barclays Capital Inc., which will be participating in the Exchange Offers in the United States as the Lead Dealer Manager, is an affiliate of Barclays and, as such, has a conflict of interest in this offering within the meaning of FINRA Rule 5121 (or any successor rule thereto). Consequently, this offering is being conducted in compliance with the provisions of Rule 5121. Barclays Capital Inc. is not permitted to cause an account over which it exercises discretionary authority to participate in any of the Exchange Offers without the prior specific written approval of the account holder.

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The New AT1 Securities offered hereby are not exempt from the requirements of FINRA Rule 5121(a), which requires in certain circumstances the designation of a qualified independent underwriter. Merrill Lynch will act as qualified independent underwriter in respect of the Exchange Offers. Merrill Lynch has advised the Issuer that it complies with the requirements set forth in FINRA Rule 5121(f)(12). Merrill Lynch, as qualified independent underwriter, has participated in the preparation of this prospectus and will discharge the responsibilities of a qualified independent underwriter contemplated in the FINRA Rules. Merrill Lynch will not receive any additional compensation in connection with acting as a qualified independent underwriter in respect of the Exchange Offers.

Brokerage Commissions

Holders that tender their Existing T1 Securities to the Exchange Agents do not have to pay a brokerage fee or commission to the Offerors, the Dealer Managers or the Exchange Agents in connection with the tender of such securities. However, if a tendering holder handles the transaction through its bank, broker, custodian or nominee, that holder may be required to pay that bank, broker, custodian or nominee brokerage fees or commissions.

Fees and Expenses

Any charges, costs and expenses incurred by the holders or any intermediary in connection with the Exchange Offers shall be borne by such holder. No brokerage costs are being levied by the Dealer Managers or the Exchange Agents. Holders should check whether their brokers or custodians will charge any fees.

Announcements

Unless stated otherwise, announcements in connection with the Exchange Offers will be made (i) by the issue of a press release to a Notifying News Service, (ii) by the delivery of notices to the relevant Clearing System for communication to direct participants and (iii) through RNS and on the Luxembourg Stock Exchange's website at www.bourse.lu, and may also be found on the relevant Reuters International Insider Screen. Copies of all such announcements, press releases and notices can also be obtained from the Exchange Agents, the contact details for whom are at the end of this prospectus. Any announcement of an extension of an Exchange Offer will be made prior to 9:00 a.m., New York City time, on the Business Day immediately following the previously scheduled Expiration Date.

No Recommendation

None of the Offerors, the trustee, the Dealer Managers or the Exchange Agents makes any recommendation as to whether you should exchange your Existing T1 Securities in the Exchange Offers. The Offerors have not retained, and do not intend to retain, any unaffiliated representative to act on behalf of the holders of the Existing T1 Securities for purposes of negotiating the Exchange Offers, preparing a report concerning the fairness of the Exchange Offers to you or to the Offerors or determining that the total consideration offered in the Exchange Offers represents a fair valuation of either the Existing T1 Securities or the New AT1 Securities. If you tender your Existing T1 Securities, you may not receive more value than if you choose to keep them. The value of the New AT1 Securities to be issued in the Exchange Offers may not equal or exceed the value of the Existing T1 Securities tendered. You must make your own independent decision regarding your participation in the Exchange Offers. See *Risk Factors Risks Related to the Exchange Offers* *The Offerors have not obtained a third-party determination that the Exchange Offers are fair to holders of the Existing T1 Securities.*

Certain Matters Relating to Non-U.S. Jurisdictions

Although the Offerors will mail this document to holders of the Existing T1 Securities to the extent required by U.S. law, this document is not an offer to sell or exchange and it is not a solicitation of an offer to buy or exchange securities in any jurisdiction in which such offer, sale, purchase or exchange is not permitted. Countries outside the United States generally have their own legal requirements that govern securities offerings

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made to persons resident in those countries and often impose stringent requirements about the form and content of offers made to the general public. The Offerors have not taken any action under those non-U.S. regulations to facilitate a public offer to exchange outside the United States. Therefore, the ability of any non-U.S. person to tender Existing T1 Securities in the Exchange Offers will depend on whether there is an exemption available under the laws of such person's home country that would permit the person to participate in the Exchange Offers without the need for the Offerors to take any action to facilitate a public offering in that country or otherwise. For example, some countries exempt transactions from the rules governing public offerings if they involve persons who meet certain eligibility requirements relating to their status as sophisticated or professional investors. Non-U.S. holders should consult their advisers in considering whether they may participate in the Exchange Offers in accordance with the laws of their home countries and, if they do participate, whether there are any restrictions or limitations on transactions in the New AT1 Securities that may apply in their home countries. The Offerors and the Dealer Managers cannot provide any assurance about whether such limitations may exist.

No action has been or will be taken by Barclays, the Dealer Managers or the Exchange Agents in any jurisdiction outside the United States that would constitute a public offering of the New AT1 Securities other than the preparation of this prospectus in compliance with articles 652a and 1156 of the Swiss Code of Obligations for purposes of making the Exchange Offers in Switzerland.

United Kingdom

The communication of this prospectus and any other documents or materials relating to the Exchange Offers is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the Financial Services and Markets Act 2000 (the **FSMA**). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials in the United Kingdom is only directed at and may be communicated to (1) those persons who are within Article 43 of the Financial Promotion Order, and (2) any other persons to whom these documents and/or materials may lawfully be communicated under the Financial Promotion Order.

Isle of Man

The communication of the prospectus and any other documents or materials relating to the Exchange Offers is not being made by, and such documents will not be registered or filed as a prospectus with any governmental or other authority in the Isle of Man and the prospectus and the issue of the New AT1 Securities have not been approved by the Isle of Man Financial Supervision Commission. Any offer for subscription, sale or exchange of the New AT1 Securities in or from the Isle of Man must be made:

- (a) by an Isle of Man financial services licence holder appropriately licensed under section 7 of the Financial Services Act 2008 to do so;
- (b) in accordance with any relevant exclusion contained within the Regulated Activities Order 2011; or
- (c) in accordance with any available relevant exemption contained within the Financial Services (Exemptions) Regulations 2011.

Guernsey

The communication of the prospectus and any other documents or materials relating to the Exchange Offers has not been made by, and such documents have not been approved or authorized by the Guernsey Financial Services Commission for circulation in Guernsey. The prospectus and any other documents or materials relating to the Exchange Offers may not be distributed or circulated directly or indirectly to any persons in the Bailiwick of Guernsey other than (i) by a person licensed to do so under the terms of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, or (ii) to those persons regulated by the Guernsey Financial Services

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Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and company Directors etc. (Bailiwick of Guernsey) Law, 2000.

Jersey

The communication of the prospectus and any other documents or materials relating to the Exchange Offers is not being made by, and such documents are not subject to and have not received approval from either the Jersey Financial Services Commission or the Registrar of Companies in Jersey and no statement to the contrary, explicit or implicit, is authorized to be made in this regard. The New AT1 Securities may be offered or sold in Jersey only in compliance with the provisions of the Control of Borrowing (Jersey) Order 1958.

Belgium

Neither this prospectus nor any other documents or materials relating to the Exchange Offers have been submitted to or will be submitted for approval or recognition to the Financial Services and Markets Authority (*Autorité des services et marchés financiers / Autoriteit voor financiële diensten en markten*) and, accordingly, the Exchange Offers may not be made in Belgium by way of a public offering, as defined in Articles 3 and 6 of the Belgian Law of April 1, 2007 on public takeover bids (the **Belgian Takeover Law**) or as defined in Article 3 of the Belgian Law of June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets (the **Belgian Prospectus Law**), both as amended or replaced from time to time. Accordingly, the Exchange Offers may not be advertised and the Exchange Offers will not be extended, and neither this prospectus nor any other documents or materials relating to the Exchange Offers (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than (i) to persons who are qualified investors in the sense of Article 10 of the Belgian Prospectus Law acting on their own account or (ii) in any other circumstances set out in Article 6, §4 of the Belgian Takeover Law and Article 3, §4 of the Belgian Prospectus Law. This prospectus has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Exchange Offers. Accordingly, the information contained in this prospectus may not be used for any other purpose or disclosed to any other person in Belgium.

France

The Exchange Offers are not being made, directly or indirectly, to the public in France. Neither this prospectus nor any other documents or offering materials relating to the Exchange Offers, has been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French Code monétaire et financier, are eligible to participate in the Exchange Offers. This prospectus has not been and will not be submitted for clearance procedures (visa) of the Autorité des marchés financiers.

Italy

None of the Exchange Offers, this prospectus or any other documents or materials relating to the Exchange Offers has been or will be submitted to the clearance procedure of the Commissione Nazionale per le Società e la Borsa (**CONSOB**), pursuant to Italian laws and regulations. The Exchange Offers are being carried out in the Republic of Italy as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of

February 24, 1998, as amended (the **Financial Services Act**) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the **Issuers Regulation**).

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Accordingly, the Exchange Offers are only addressed to holders of Existing T1 Securities located in the Republic of Italy who are qualified investors (*investitori qualificati*) as defined pursuant to and within the meaning of Article 100 of the Financial Services Act and article 34-ter, paragraph 1, letter b) of the Issuers' Regulation.

Holders or beneficial owners of the Existing T1 Securities located in the Republic of Italy that qualify as qualified investors can tender the Existing T1 Securities through authorized persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of October 29, 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Existing T1 Securities or the Exchange Offers.

Denmark

The Exchange Offers have not been and will not be registered with or approved by the Danish Financial Supervisory Authority (*Finanstilsynet*).

The offering of the New AT1 Securities under the Exchange Offers and the New AT1 Securities will only be directed to persons in Denmark who acquire the securities in accordance with the exemptions from the requirement to prepare and publish a prospectus in the Danish Securities Trading Act (*Værdipapirhandelsloven*) or any executive orders issued pursuant thereto.

The Exchange Offers will not be made available to any other person in Denmark nor will the New AT1 Securities otherwise be marketed or offered for sale in Denmark.

The Netherlands

The Exchange Offers may exclusively be made, and this prospectus and any other documents or offering materials relating to the Exchange Offers may only be distributed, in The Netherlands to legal entities qualifying as qualified investors (*gekwalificeerde beleggers*) within the meaning of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Grand Duchy of Luxembourg

Neither this prospectus nor any other documents or materials relating to the Exchange Offers (the **Exchange Offers Documentation**) have been or shall be offered, distributed or sold to the public within the territory of the Grand Duchy of Luxembourg unless:

- (a) it has been duly approved by the Commission de Surveillance du Secteur Financier (the **CSSF**) pursuant to part II of the Luxembourg law dated 10 July 2005 on prospectuses for securities, as amended (the **Luxembourg Prospectus Law**), implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended through Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 (the **Prospectus Directive**), if Luxembourg is the home Member State as

defined under the Luxembourg Prospectus Law; or

- (b) if Luxembourg is not the home Member State, the CSSF has been provided by the competent authority in the home Member State with a certificate of approval attesting that the Exchange Offers Documentation has been drawn up in accordance with the Prospectus Directive and with a copy of the said prospectus; or

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- (c) the Exchange Offers Documentation benefits from an exemption from or constitutes a transaction not subject to, the requirement to publish a prospectus pursuant to the Luxembourg Prospectus Law.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of New AT1 Securities may not be circulated or distributed, nor may New AT1 Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where New AT1 Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New AT1 Securities pursuant to an offer made under Section 275 of the SFA except: (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (ii) where no consideration is or will be given for the transfer; (iii) where the transfer is by operation of law; or (iv) as specified in Section 276(7) of the SFA.

Hong Kong

The New AT1 Securities have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a prospectus as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document relating to the New AT1 Securities (including this prospectus) has been issued or been in the possession of the Dealer Managers for the purposes of issue, and will not be issued or be in the possession of the Dealer Managers for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New AT1 Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New AT1 Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948) (the **FIEA**) has been made or will be made with respect to the solicitation of the

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application for the acquisition of the New AT1 Securities as such solicitation falls within a Solicitation Only for Qualified Institutional Investors (as defined in Article 23-13 paragraph 1 of the FIEA). Accordingly, the New AT1 Securities have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold 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 organized 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 in compliance with the requirements for the application of a Qualified Institutional Investors Private Placement Exemption under Article 2, paragraph 3, item 2 (a) of the FIEA and the other applicable laws and regulations of Japan.

Pursuant to the Qualified Institutional Investors Private Placement Exemption, the New AT1 Securities may not be transferred except to (i) a non-resident of Japan or (ii) a Qualified Institutional Investor (as defined in Article 2, paragraph 3, item 1 of the FIEA).

General

The Exchange Offers do not constitute an offer to buy or the solicitation of an offer to sell Existing T1 Securities and/or New AT1 Securities in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities or other laws require the Exchange Offers to be made by a licensed broker or dealer and the Dealer Manager or, where the context so requires, any of its affiliates is such a licensed broker or dealer in that jurisdiction, the Exchange Offers shall be deemed to be made on behalf of Barclays by such Dealer Manager or affiliate (as the case may be) in such jurisdiction.

The issue of the New AT1 Securities and the performance of Barclays obligations thereunder have been duly authorized by resolutions of the Board of Directors of Barclays passed on December 12, 2013, approval of the Group Finance Director and a written resolution of the treasury committee dated May 12, 2014.

Table of Contents**DESCRIPTION OF THE NEW AT1 SECURITIES**

The New AT1 Securities will constitute up to three Series (depending on whether the Minimum New Issue Size is satisfied with respect to each Series of the New AT1 Securities) of contingent convertible securities issued under the Contingent Convertible Securities Indenture entered into on November 20, 2013 (the **Original Indenture**) between us and The Bank of New York Mellon, London Branch, as trustee, as supplemented by the Third, Fourth and Fifth Indentures (as applicable) expected to be entered into on or about June 17, 2014 (each, a **Supplemental Indenture** and each such Supplemental Indenture together with the Original Indenture shall be referred to herein as the **Indenture**). The terms of the New AT1 Securities include those stated in the Indenture and any supplements thereto, and those terms made part of the Indenture by reference to the Trust Indenture Act. Certain terms used in this prospectus, unless otherwise defined herein, have the meaning given to them in the Indenture. We filed the Original Indenture as an exhibit to the Form F-3 filed on May 2, 2014, and we have filed a form of Supplemental Indenture for each Series of New AT1 Securities as an exhibit to the registration statement of which this prospectus forms a part.

Terms Specific to the Sterling AT1 Securities

The Sterling AT1 Securities will have no fixed maturity or fixed redemption date. From (and including) the date of issuance to (but excluding) September 15, 2019, the interest rate on the Sterling AT1 Securities will be 7.00% per annum. From (and including) each Sterling Reset Date to (but excluding) the next following Sterling Reset Date, the applicable per annum interest rate will be equal to the sum of the applicable Sterling Mid-Market Swap Rate on the relevant Sterling Reset Determination Date and 5.084% (such percentage, the **Sterling Interest Margin**). Subject to the conditions described under *Terms Common to each Series of the New AT1 Securities Interest Cancellation* below and to the following sentence, interest, if any, will be payable quarterly in arrear on March 15, June 15, September 15 and December 15 of each year. The first date on which interest may be paid will be September 15, 2014 for the period commencing on (and including) the date of issuance, and ending on (but excluding) September 15, 2014. Subject to the conditions described herein, interest on the Sterling AT1 Securities, if any, will be computed and payable in arrear and on the basis of a year of 365 days and the actual number of days elapsed in the relevant interest period.

The regular record dates for the Sterling AT1 Securities will be the close of business (in the relevant Clearing System) on the Clearing System Business Day immediately preceding each interest payment date (or, if the Sterling AT1 Securities are held in definitive form, the 15th Business Day preceding each interest payment date). The Sterling Reset Dates are September 15, 2019 and each fifth anniversary date thereafter, commencing on September 15, 2024. The Sterling Reset Determination Date is the second Payment Business Day immediately preceding each Sterling Reset Date.

Sterling Mid-Market Swap Rate is the mid-market sterling swap rate LIBOR basis having a five-year maturity appearing on Reuters page ISDAFIX4 (or such other page as may replace such page on Reuters, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) at 11:00 a.m. (London time) on the relevant Sterling Reset Determination Date, as determined by the Calculation Agent. If such swap rate does not appear on such page (or such other page or service), the Sterling Mid-Market Swap Rate shall instead be determined by the Calculation Agent on the basis of (i) Sterling Five-year Mid-Market Swap Rate Quotations provided by the principal office of each of four major banks in the sterling swap rate market (which banks shall be selected by the Calculation Agent in consultation with the Issuer no less than 20 calendar days prior to the relevant Sterling Reset Determination Date) (the **Sterling Reference Banks**) at approximately 11:00 a.m. (London time) (or thereafter on such date, with the Calculation Agent acting on a best efforts basis) on the relevant Sterling Reset Determination Date and (ii) the arithmetic mean expressed as a percentage and rounded, if necessary, to the nearest 0.001% (0.0005% being rounded upwards) of such Sterling Five-year Mid-Market Swap Rate Quotations. If the relevant Sterling Mid-Market Swap Rate is still not determined on the

relevant Sterling Reset Determination Date in accordance with the foregoing procedures, the relevant Sterling Mid-Market Swap Rate shall be the mid-market sterling swap rate LIBOR basis having a five-year maturity that appeared on the most recent Reuters page ISDAFIX4

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(or such other page as may replace such page on Reuters, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) that was last available prior to 11:00 a.m. (London time) on each Sterling Reset Determination Date, as determined by the Calculation Agent.

Sterling Five-year Mid-Market Swap Rate Quotations means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on an Actual/365 day count basis) of a fixed-for-floating Sterling interest rate swap transaction which: (i) has a term of five years commencing on the applicable Sterling Reset Date; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and (iii) has a floating leg based on six-month LIBOR (calculated on an Actual/365 day count basis).

If any interest payment date in respect of the Sterling AT1 Securities is not a Payment Business Day, we will pay interest (if any) on the next Payment Business Day, but interest on that payment will not accrue during the period from and after the interest payment date. If a date of redemption in respect of the Sterling AT1 Securities is not a Payment Business Day, we may pay interest (if any) and principal on the next succeeding Payment Business Day, but interest on that payment will not accrue during the period from and after the date of redemption.

Book-entry interests in the Sterling AT1 Securities will be issued in minimum denominations of £200,000 and integral multiples of £1,000 in excess thereof.

The term **Clearing System Business Day** means a day on which each of Euroclear and Clearstream, Luxembourg, to the extent any global certificate is being held with respect to either of them, is open for business.

The term **Payment Business Day** means, with respect to the Sterling AT1 Securities, any day on which banks are open for general business (including dealings in foreign currencies) in London, United Kingdom or, if the Sterling AT1 Securities are held in definitive form, in the case of payment by transfer to a sterling account, any day on which dealings in foreign currencies may be carried on in London, United Kingdom; and in the case of surrender (or, in the case of part payment only, endorsement) of any Sterling AT1 Securities in definitive form, any day on which banks are open for general business (including dealings in foreign currencies) in the place in which the Sterling AT1 Securities in definitive form are surrendered (or, as the case may be, endorsed).

Terms Specific to the Euro AT1 Securities

The Euro AT1 Securities will have no fixed maturity or fixed redemption date. From (and including) the date of issuance to (but excluding) September 15, 2019, the interest rate on the Euro AT1 Securities will be 6.50% per annum. From (and including) each Euro Reset Date to (but excluding) the next following Euro Reset Date, the applicable per annum interest rate will be equal to the sum of the applicable Euro Mid-Market Swap Rate (as defined below) on the relevant Euro Reset Determination Date and 5.875% (such percentage, the **Euro Interest Margin**). Subject to the conditions described under *Terms Common to each Series of the New AT1 Securities Interest Cancellation* below and to the following sentence, interest, if any, will be payable quarterly in arrear on March 15, June 15, September 15 and December 15 of each year. The first date on which interest may be paid will be September 15, 2014 for the period commencing on (and including) the date of issuance, and ending on (but excluding) September 15, 2014. Subject to the conditions described herein, interest on the Euro AT1 Securities, if any, will be computed and payable in arrear and on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.

The regular record dates for the Euro AT1 Securities will be the close of business (in the relevant Clearing System) on the Clearing System Business Day immediately preceding each interest payment date (or, if the Euro AT1 Securities are held in definitive form, the 15th Business Day preceding each interest payment date). The **Euro Reset Dates** are September 15, 2019 and each fifth anniversary date thereafter, commencing on September 15, 2024. The **Euro Reset Determination Date** is the second Payment Business Day immediately preceding each Euro Reset Date.

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Euro Mid-Market Swap Rate is the mid-market euro swap rate EURIBOR basis having a five-year maturity appearing on Reuters page ISDAFIX2 (or such other page as may replace such page on Reuters, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) at 11:00 a.m. (Frankfurt time) on the relevant Euro Reset Determination Date, as determined by the Calculation Agent. If such swap rate does not appear on such page (or such other page or service), the Euro Mid-Market Swap Rate shall instead be determined by the Calculation Agent on the basis of (i) Euro Five-year Mid-Market Swap Rate Quotations provided by the principal office of each of four major banks in the euro swap rate market (which banks shall be selected by the Calculation Agent in consultation with the Issuer no less than 20 calendar days prior to the relevant Euro Reset Determination Date) (the **Euro Reference Banks**) at approximately 11:00 a.m. (Frankfurt time) (or thereafter on such date, with the Calculation Agent acting on a best efforts basis) on the relevant Euro Reset Determination Date and (ii) the arithmetic mean expressed as a percentage and rounded, if necessary, to the nearest 0.001% (0.0005% being rounded upwards) of such Euro Five-year Mid-Market Swap Rate Quotations. If the relevant Euro Mid-Market Swap Rate is still not determined on the relevant Euro Reset Determination Date in accordance with the foregoing procedures, the relevant Euro Mid-Market Swap Rate shall be the mid-market euro swap rate EURIBOR basis having a five-year maturity that appeared on the most recent Reuters page ISDAFIX2 (or such other page as may replace such page on Reuters, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) that was last available prior to 11:00 a.m. (Frankfurt time) on each Euro Reset Determination Date, as determined by the Calculation Agent.

Euro Five-year Mid-Market Swap Rate Quotations means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap transaction which: (i) has a term of five years commencing on the applicable Reset Date; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and (iii) has a floating leg based on six-month EURIBOR (calculated on an Actual/360 day count basis).

If any interest payment date in respect of the Euro AT1 Securities is not a Payment Business Day, we may pay interest (if any) on the next Payment Business Day, but interest on that payment will not accrue during the period from and after the interest payment date. If a date of redemption in respect of the Euro AT1 Securities is not a Payment Business Day, we may pay interest (if any) and principal on the next succeeding Payment Business Day, but interest on that payment will not accrue during the period from and after the date of redemption.

Book-entry interests in the Euro AT1 Securities will be issued in minimum denominations of 200,000 and integral multiples of 1,000 in excess thereof.

The term **Payment Business Day** means, with respect to the Euro AT1 Securities, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in London, United Kingdom or, if the Euro AT1 Securities are held in definitive form, in the case of payment by transfer to a euro account (or other account to which euro may be credited or transferred), any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in London, United Kingdom; and in the case of surrender (or, in the case of part payment only, endorsement) of any Euro AT1 Securities in definitive form, any day on which banks are open for general business (including dealings in foreign currencies) in the place in which the Euro AT1 Securities in definitive form are surrendered (or, as the case may be, endorsed).

TARGET2 means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on November 19, 2007.

TARGET Settlement Day means any day on which TARGET2 is open for the settlement of payments in euro.

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The Dollar AT1 Securities will have no fixed maturity or fixed redemption date. From (and including) the date of issuance to (but excluding) September 15, 2019, the interest rate on the Dollar AT1 Securities will be 6.625% per annum. From (and including) each U.S. Reset Date to (but excluding) the next following U.S. Reset Date, the applicable per annum interest rate will be equal to the sum of the applicable Dollar Mid-Market Swap Rate on the relevant U.S. Reset Determination Date and 5.022% (such percentage, the **Dollar Interest Margin**). Subject to the conditions described under *Terms Common to each Series of the New AT1 Securities Interest Cancellation* below and to the following sentence, interest, if any, will be payable quarterly in arrear on March 15, June 15, September 15 and December 15 of each year. The first date on which interest may be paid will be September 15, 2014 for the period commencing on (and including) the date of issuance, and ending on (but excluding) September 15, 2014. Subject to the conditions described herein, interest on the Dollar AT1 Securities, if any, will be computed and payable in arrear and on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.

The regular record dates for the Dollar AT1 Securities will be the Business Day immediately preceding each interest payment date (or, if the Dollar AT1 Securities are held in definitive form, the 15th Business Day preceding each interest payment date). The **U.S. Reset Dates** are September 15, 2019 and each fifth anniversary date thereafter, commencing on September 15, 2024. The **U.S. Reset Determination Date** is the second Business Day immediately preceding each U.S. Reset Date.

Dollar Mid-Market Swap Rate is the mid-market U.S. dollar swap rate Libor basis having a five-year maturity appearing on Bloomberg page ISDA01 (or such other page as may replace such page on Bloomberg, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) at 11:00 a.m. (New York time) on the relevant U.S. Reset Determination Date, as determined by the Calculation Agent. If such swap rate does not appear on such page (or such other page or service), the Dollar Mid-Market Swap Rate shall instead be determined by the Calculation Agent on the basis of (i) quotations provided by the principal office of each of four major banks in the U.S. dollar swap rate market (which banks shall be selected by the Calculation Agent in consultation with the Issuer no less than 20 calendar days prior to the relevant U.S. Reset Determination Date) (the **U.S. Reference Banks**) of the rates at which swaps in U.S. dollars are offered by it at approximately 11:00 a.m. (New York time) (or thereafter on such date, with the Calculation Agent acting on a best efforts basis) on the relevant U.S. Reset Determination Date to participants in the U.S. dollar swap rate market for a five-year period and (ii) the arithmetic mean expressed as a percentage and rounded, if necessary, to the nearest 0.001% (0.0005% being rounded upwards) of such quotations. If the relevant Dollar Mid-Market Swap Rate is still not determined on the relevant U.S. Reset Determination Date in accordance with the foregoing procedures, the relevant Dollar Mid-Market Swap Rate shall be the mid-market U.S. dollar swap rate Libor basis having a five-year maturity that appeared on the most recent Bloomberg page ISDA01 (or such other page as may replace such page on Bloomberg, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) that was last available prior to 11:00 a.m. (New York time) on each U.S. Reset Determination Date, as determined by the Calculation Agent.

If any interest payment date in respect of the Dollar AT1 Securities is not a Business Day, we will pay interest (if any) on the next Business Day, but interest on that payment will not accrue during the period from and after the interest payment date. If a date of redemption in respect of the Dollar AT1 Securities is not a Business Day, we may pay interest (if any) and principal on the next succeeding Business Day, but interest on that payment will not accrue during the period from and after the date of redemption.

Book-entry interests in the Dollar AT1 Securities will be issued in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

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We will issue the New AT1 Securities in fully registered form. Each of the Sterling AT1 Securities and Euro AT1 Securities will be represented by one or more global certificates deposited with a common depository for Clearstream, Luxembourg and/or Euroclear and registered in the name of such common depository or its nominee. You will hold beneficial interests in the Sterling AT1 Securities and Euro AT1 Securities through Clearstream, Luxembourg and/or Euroclear and their respective direct and indirect participants, and such direct and indirect participants will record your beneficial interest on their books. The Dollar AT1 Securities will be represented by one or more global certificates registered in the name of a nominee of DTC. You will hold beneficial interests in the Dollar AT1 Securities through DTC and its participants, including Euroclear and Clearstream, Luxembourg. We expect to deliver the Sterling AT1 Securities and the Euro AT1 Securities through the facilities of Clearstream, Luxembourg and/or Euroclear on or about June 17, 2014. We expect to deliver the Dollar AT1 Securities through the facilities of DTC on or about June 17, 2014. Secondary market trading with respect to any of the New AT1 Securities through Clearstream, Luxembourg and/or Euroclear will occur in the ordinary way following the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear. Indirect holders trading their beneficial interests in the Dollar AT1 Securities through DTC must trade in DTC's same-day funds settlement system and pay in immediately available funds. See *Clearance and Settlement* below for more information about these clearing systems.

Book-entry interests in the New AT1 Securities will be issued as follows: (a) with respect to the Sterling AT1 Securities, in minimum denominations of £200,000 and integral multiples of £1,000 in excess thereof; (b) with respect to the Euro AT1 Securities, in minimum denominations of 200,000 and integral multiples of 1,000 in excess thereof; and (c) with respect to the Dollar AT1 Securities, in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof (in each case, the denomination of each book-entry interest being the **Tradable Amount** of such book-entry interest). Prior to an Automatic Conversion, the aggregate Tradable Amount of the book-entry interests in each New AT1 Security shall be equal to such New AT1 Security's principal amount. Following an Automatic Conversion, the principal amount of each New AT1 Security shall be zero (as described below under *Automatic Conversion Upon Capital Adequacy Trigger Event*) but the Tradable Amount of the book-entry interests in each New AT1 Security shall remain unchanged.

New AT1 Securities will only be issued in definitive form in the limited circumstances described under *Description of Certain Provisions Relating to the New AT1 Securities - Special Situations When a Global Security Will be Terminated* below.

Payment of principal of and interest (if any) on the New AT1 Securities, so long as the New AT1 Securities are represented by global certificates, will be made in immediately available funds. Beneficial interests in the global certificates with respect to the New AT1 Securities will trade in the same-day funds settlement system of the relevant Clearing Systems, and secondary market trading activity in such interests will therefore settle in same-day funds. Owners of book-entry interests in the Sterling AT1 Securities, Euro AT1 Securities and Dollar AT1 Securities will receive payments relating to their New AT1 Securities in pounds sterling, euro and U.S. dollars, respectively. The Issuer currently expects such trading and settlement to continue in the period between the Conversion Date and the Suspension Date.

The principal corporate trust office of the trustee in the City of London is designated as the principal paying agent. We may at any time designate additional paying agents or rescind the designation of paying agents or approve a change in the office through which any paying agent acts.

The term **Business Day** means, with respect to the Euro AT1 Securities and the Sterling AT1 Securities, any weekday, other than one on which banking institutions are authorized or obligated by law to close in London, United Kingdom, and, with respect to the Dollar AT1 Securities, any weekday, other than one on which banking institutions are authorized or obligated by law or executive order to close in London, United Kingdom, or in New York City.

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We may, at our sole discretion, without the consent of the holders of any Series of the New AT1 Securities, following the Exchange Offers, offer and issue for cash additional New AT1 Securities having the same ranking and same interest rate, interest cancellation terms, redemption terms, Conversion Price and other terms as such Series of the New AT1 Securities as described in this prospectus, except for the price to the public and issue date. Any such additional New AT1 Securities, together with the existing New AT1 Securities of that Series offered by this prospectus, will constitute a single series of the relevant New AT1 Securities of that Series under the Indenture. There is no limitation on the amount of New AT1 Securities that we may issue under the Indenture.

Interest Cancellation***Interest Payments Discretionary***

Interest on the New AT1 Securities will be due and payable only at the sole discretion of the Issuer, and the Issuer shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any interest payment date. If the Issuer does not make an interest payment on the relevant interest payment date (or if the Issuer elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Issuer's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable. For the avoidance of doubt, if the Issuer provides notice to cancel a portion, but not all, of an interest payment and the Issuer subsequently does not make a payment of the remaining portion of such interest payment on the relevant interest payment date, such non-payment shall evidence the Issuer's exercise of its discretion to cancel such remaining portion of the interest payment, and accordingly such remaining portion of the interest payment shall also not be due and payable.

Because the New AT1 Securities are intended to qualify as additional tier 1 capital under CRD IV, the Issuer may cancel (in whole or in part) any interest payment at its discretion and may pay dividends on its ordinary or preference shares notwithstanding such cancellation. In addition, the Issuer may use such cancelled payments without restriction to meet its other obligations as they become due.

See also *Agreement to Interest Cancellation* and *Notice of Interest Cancellation* below.

Restriction on Interest Payments

Subject to the extent permitted in the following paragraph in respect of partial interest payments, the Issuer shall not make an interest payment on the New AT1 Securities on any interest payment date (and such interest payment shall therefore be deemed to have been cancelled and thus shall not be due and payable on such interest payment date) if:

- (a) the Issuer has an amount of Distributable Items on such interest payment date that is less than the sum of
 - (i) all distributions or interest payments made or declared by the Issuer since the end of the last financial year and prior to such interest payment date on or in respect of any Parity Securities, the New AT1 Securities and any Junior Securities and
 - (ii) all distributions or interest payments payable by the Issuer (and not cancelled or deemed cancelled) on such interest payment date (x) on the New AT1 Securities and (y) on or in respect of any Parity Securities, in the case of each of (i) and (ii), excluding any payments already accounted for in determining the Distributable Items; or

(b) the Solvency Condition (as defined under *Ranking* below) is not satisfied in respect of such interest payment. The Issuer may, in its sole discretion, elect to make a partial interest payment on any Series of the New AT1 Securities on any interest payment date, only to the extent that such partial interest payment may be made without breaching the restriction in the preceding paragraph.

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Distributable Items shall have the meaning assigned to such term in CRD IV as interpreted and applied in accordance with the Capital Regulations then applicable to the Issuer, but amended so that for so long as there is any reference therein to before distributions to holders of own funds instruments it shall be read as a reference to before distributions to holders of Parity Securities, the New AT1 Securities or any Junior Securities. Under CRD IV, as at the date hereof, distributable items means the amount of the profits at the end of the latest financial year plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments less any losses brought forward, profits which are non-distributable pursuant to provisions in legislation or the institution's by-laws and sums placed to non-distributable reserves in accordance with applicable national law or the statutes of the institution, those losses and reserves being determined on the basis of the individual accounts of the institution and not on the basis of the consolidated accounts.

Junior Securities means any ordinary shares, securities or other obligations (including any guarantee, credit support or similar undertaking) of the Issuer ranking, or expressed to rank, junior to the New AT1 Securities in a winding-up or administration of the Issuer.

Parity Securities means any preference shares, securities or other obligations (including any guarantee, credit support or similar undertaking) of the Issuer ranking, or expressed to rank, *pari passu* with the New AT1 Securities in a winding-up or administration of the Issuer.

See also *Agreement to Interest Cancellation* and *Notice of Interest Cancellation* below.

Agreement to Interest Cancellation

By acquiring the New AT1 Securities, holders of the New AT1 Securities acknowledge and agree that:

- (a) interest is payable solely at the discretion of the Issuer, and no amount of interest shall become due and payable in respect of the relevant interest period to the extent that it has been (x) cancelled (in whole or in part) by us at our sole discretion and/or (y) deemed cancelled (in whole or in part) as a result of us having insufficient Distributable Items or failing to satisfy the Solvency Condition; and
- (b) a cancellation or deemed cancellation of interest (in each case, in whole or in part) in accordance with the terms of the Indenture shall not constitute a default in payment or otherwise under the terms of the New AT1 Securities.

Interest will only be due and payable on an interest payment date to the extent it is not cancelled or deemed cancelled in accordance with the provisions described under *Interest Payments Discretionary* and *Restriction on Interest Payments* above. Any interest cancelled or deemed cancelled (in each case, in whole or in part) in the circumstances described above shall not be due and shall not accumulate or be payable at any time thereafter, and holders of the New AT1 Securities shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation or deemed cancellation.

Notice of Interest Cancellation

If practicable, we shall provide notice of any cancellation or deemed cancellation of interest (in whole or in part) to the holders of the relevant Series of New AT1 Securities through the Clearing Systems (or, if the relevant Series of New AT1 Securities are held in definitive form, to the holders at their addresses shown on the register for the relevant

Series of New AT1 Securities) and to the trustee directly on or prior to the relevant interest payment date. If practicable, we shall endeavor to provide such notice at least five (5) Business Days prior to the relevant interest payment date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of interest, or give holders of the relevant Series of New AT1 Securities any rights as a result of such failure.

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Each Series of New AT1 Securities will constitute our direct, unsecured and subordinated obligations, ranking equally without any preference among themselves. The rights and claims of the holders of each Series of New AT1 Securities in respect of or arising from such New AT1 Securities (including any damages (if payable)) will be subordinated to the claims of Senior Creditors.

If:

(a) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except in any such case for a solvent winding-up solely for the purpose of a merger, reconstruction or amalgamation); or

(b) following the appointment of an administrator of the Issuer, the administrator gives notice that it intends to declare and distribute a dividend,

then, (1) if such events specified in (a) or (b) above occur before the date on which a Capital Adequacy Trigger Event occurs, there shall be payable by the Issuer in respect of each New AT1 Security (in lieu of any other payment by the Issuer) such amount, if any, as would have been payable to a holder of New AT1 Securities if, on the day prior to the commencement of the winding-up or such administration and thereafter, such holder of New AT1 Securities were the holder of the most senior class of preference shares in the capital of the Issuer, having an equal right to a return of assets in the winding-up or such administration to, and so ranking *pari passu* with, the holders of such class of preference shares (if any) from time to time issued by the Issuer that has a preferential right to a return of assets in the winding-up or such administration, and so ranking ahead of the holders of all other classes of issued shares for the time being in the capital of the Issuer, but ranking junior to the claims of Senior Creditors, and on the assumption that the amount that such holder of New AT1 Securities was entitled to receive in respect of such preference shares, on a return of assets in such winding-up or such administration, was an amount equal to the principal amount of the relevant New AT1 Security, together with any damages (if payable) and (2) if such events specified in (a) or (b) above occur on or after the date on which a Capital Adequacy Trigger Event occurs but before the Conversion Date, then for purposes of determining the claim of a holder of New AT1 Securities in such winding-up or such administration, the Conversion Date in respect of an Automatic Conversion shall be deemed to have occurred immediately before the occurrence of such events specified in (a) or (b) above.

Furthermore, other than in the event of a winding-up or administration of the Issuer referred to above, payments in respect of or arising from the New AT1 Securities are conditional upon the Issuer being solvent at the time of payment by the Issuer and that no sum in respect of or arising from the New AT1 Securities may fall due and be paid except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (such condition referred to herein as the **Solvency Condition**). The Issuer shall be considered to be solvent at a particular point in time if (i) it is able to pay its debts owed to Senior Creditors as they fall due and (ii) the Balance Sheet Condition has been met.

Any payment of interest not due by reason of the provisions described above shall be deemed cancelled as described under *Restriction on Interest Payments* above.

Senior Creditors means creditors of the Issuer (i) who are unsubordinated creditors; (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up or administration of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer but not further or otherwise; or (iii) whose claims are, or are expressed to be, junior to the claims of other creditors of the Issuer, whether subordinated or

unsubordinated, other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the holders of the New AT1 Securities.

The **Balance Sheet Condition** shall be satisfied in relation to the Issuer if the value of its assets is at least equal to the value of its liabilities (taking into account its contingent and prospective liabilities), according to the criteria that would be applied by the High Court of Justice of England and Wales (or the relevant authority of

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such other jurisdiction in which the Issuer may be organized) in determining whether the Issuer is unable to pay its debts under section 123(2) of the U.K. Insolvency Act 1986 or any amendment or re-enactment thereof (or in accordance with the corresponding provisions of the applicable laws of such other jurisdiction in which the Issuer may be organized).

Because of the subordination described above, in the event of our winding-up in England (or in any other jurisdiction which we are incorporated), our Senior Creditors may recover more, ratably, than the holders of the New AT1 Securities and any Parity Securities. Currently, we have no limitations on issuing indebtedness which would constitute the claims of Senior Creditors.

In addition, the Issuer is a holding company that currently has no significant assets other than its investment in Barclays Bank. As a holder of ordinary shares in Barclays Bank (or any of its subsidiaries), the Issuer's right to participate in the assets of Barclays Bank (or any other subsidiary) if such subsidiary is liquidated will be subject to the prior claims of such subsidiary's creditors and preference shareholders, except in the limited circumstance where the Issuer is a creditor with claims that are recognized to be ranked ahead of or *pari passu* with such claims of other of the subsidiary's creditors and/or preference shareholders against such subsidiary. See *Risk Factors Risks Relating to the New AT1 Securities The Issuer is a holding company, which means that its right to participate in the assets of any of its subsidiaries upon the liquidation of such subsidiaries may be subject to prior claims of some of such subsidiary's creditors and preference shareholders.*

No Set-off

Subject to applicable law, no holder of New AT1 Securities may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under, or in connection with, the New AT1 Securities and each holder of New AT1 Securities shall, by virtue of its holding of any New AT1 Securities, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the above, if any amounts due and payable to any holder of the New AT1 Securities by the Issuer in respect of, or arising under, the New AT1 Securities are discharged by set-off, such holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or administrator of the Issuer, as the case may be) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator or administrator of the Issuer, as the case may be) and, accordingly, any such discharge shall be deemed not to have taken place.

Agreement with Respect to the Exercise of U.K. Bail-in Power

The PRA has requested us to address in the terms of the New AT1 Securities the requirements in Article 55 of the BRRD, and we have accordingly included the following two paragraphs in the terms of the New AT1 Securities:

By its acquisition of the New AT1 Securities, each holder of the New AT1 Securities acknowledges, agrees to be bound by, and consents to the exercise of, any U.K. Bail-in Power by the relevant U.K. resolution authority that may result in the cancellation of all, or a portion, of the principal amount of, or interest on, the New AT1 Securities and/or the conversion of all, or a portion, of the principal amount of, or interest on, the New AT1 Securities into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the New AT1 Securities, in each case, to give effect to the exercise by the relevant U.K. resolution authority of such U.K. Bail-in Power. Each holder of the New AT1 Securities further acknowledges and agrees that the rights of the holders of the New AT1 Securities are subject to, and will be varied, if necessary, so as to give effect to, the exercise of any U.K. Bail-in Power by the relevant U.K. resolution authority. For the avoidance of doubt, the potential conversion of the New AT1 Securities into shares, other securities or other obligations in connection with the exercise

of any U.K. Bail-in Power by the relevant U.K. resolution authority is separate and distinct from an Automatic Conversion following a Capital Adequacy Trigger Event.

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For these purposes, a **U.K. Bail-in Power** is any statutory write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms incorporated in the United Kingdom in effect and applicable in the United Kingdom to the Issuer or other members of the Group, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a U.K. resolution regime under the U.K. Banking Act, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled and/or converted into shares or other securities or obligations of the obligor or any other person (and a reference to the **relevant U.K. resolution authority** is to any authority with the ability to exercise a U.K. Bail-in Power).

According to the principles proposed in the BRRD, we expect that the relevant U.K. resolution authority would exercise its U.K. Bail-in Powers in respect of the New AT1 Securities having regard to the hierarchy of creditor claims and that the holders of the New AT1 Securities would be treated *pari passu* with all claims under Parity Securities at that time being subjected to the exercise by the relevant U.K. resolution authority of the U.K. Bail-in Powers (or, with claims in respect of ordinary shares, in the event the exercise of such U.K. Bail-in Power occurs in the intervening period between a Capital Adequacy Trigger Event and the Conversion Date).

No repayment of the principal amount of the New AT1 Securities or payment of interest on the New AT1 Securities shall become due and payable after the exercise of any U.K. Bail-in Power by the relevant U.K. resolution authority unless such repayment or payment would be permitted to be made by the Issuer under the laws and regulations of the United Kingdom and the European Union applicable to the Issuer.

See also *Risk Factors Risks Relating to the New AT1 Securities Under the terms of the New AT1 Securities, you have agreed to be bound by the exercise of any U.K. Bail-in Power by the relevant U.K. resolution authority.*

By its acquisition of the New AT1 Securities, each holder of the New AT1 Securities, to the extent permitted by the Trust Indenture Act, waives any and all claims against the trustee for, agrees not to initiate a suit against the trustee in respect of, and agrees that the trustee shall not be liable for, any action that the trustee takes, or abstains from taking, in either case in accordance with the exercise of the U.K. Bail-in Power by the relevant U.K. resolution authority with respect to the New AT1 Securities.

Upon the exercise of the U.K. Bail-in Power by the relevant U.K. resolution authority with respect to the New AT1 Securities, the Issuer shall provide a written notice to the Clearing Systems as soon as practicable regarding such exercise of the U.K. Bail-in Power for purposes of notifying holders of such occurrence. The Issuer shall also deliver a copy of such notice to the trustee for information purposes.

Payment of Additional Amounts

We will pay any amounts to be paid by us on the New AT1 Securities without deduction or withholding for, or on account of, any and all present or future income, stamp and other taxes, levies, imposts, duties, charges, fees, deductions or withholdings (**taxes**) now or hereafter imposed, levied, collected, withheld or assessed by, or on behalf of, the United Kingdom or any U.K. political subdivision or authority thereof or therein that has the power to tax (each, a **taxing jurisdiction**), unless the deduction or withholding is required by law. At any time a U.K. taxing jurisdiction requires us to deduct or withhold taxes, we will pay the additional amounts of, or in respect of, the principal of, and any interest on, the New AT1 Securities (**Additional Amounts**) that are necessary so that the net amounts paid to the holders, after the deduction or withholding, shall equal the amounts which would have been

payable had no such deduction or withholding been required. However, we will not pay Additional Amounts for taxes that are payable because:

the holder or the beneficial owner of the New AT1 Securities is a domiciliary, national or resident of, or engages in business or maintains a permanent establishment or is physically present in, a U.K. taxing

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jurisdiction requiring that deduction or withholding, or otherwise has some connection with the U.K. taxing jurisdiction other than the holding or ownership of the New AT1 Security, or the collection of any payment of, or in respect of, the principal of, or any interest on, any New AT1 Securities;

except in the case of our winding-up in England the relevant New AT1 Security is presented for payment in the United Kingdom;

the relevant New AT1 Security is presented for payment more than 30 days after the date payment became due or was provided for, whichever is later, except to the extent that the holder would have been entitled to the Additional Amounts on presenting the New AT1 Security for payment at the close of such 30-day period;

the holder or the beneficial owner of the relevant New AT1 Securities or the beneficial owner of any payment of (or in respect of) principal of, or any interest on New AT1 Securities failed to make any necessary claim or to comply with any certification, identification or other requirements concerning the nationality, residence, identity or connection with the taxing jurisdiction of such holder or beneficial owner, if such claim or compliance is required by statute, treaty, regulation or administrative practice of the taxing jurisdiction as a condition to relief or exemption from such taxes;

such taxes are imposed on a payment to an individual and are required to be made pursuant to the European Union Directive on the taxation of savings income, adopted on June 3, 2003, or any law implementing or complying with, or introduced in order to conform to, such Directive;

the relevant New AT1 Security is presented for payment by, or on behalf of, a holder who would have been able to avoid such deduction or withholding by presenting the relevant New AT1 Security to another paying agent in a member state of the European Union or elsewhere; or

if the taxes would not have been imposed or would have been excluded under one of the preceding points if the beneficial owner of, or person ultimately entitled to obtain an interest in, the New AT1 Securities had been the holder of the New AT1 Securities.

Whenever we refer in this prospectus to the payment of the principal of, or any interest on, or in respect of, the New AT1 Securities, we mean to include the payment of Additional Amounts to the extent that, in context, Additional Amounts are, were or would be payable.

For the avoidance of doubt, any amounts to be paid by us on the New AT1 Securities will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (a **FATCA Withholding Tax**), and we will not be required to pay Additional Amounts on account of any FATCA Withholding Tax.

Any paying agent shall be entitled to make a deduction or withholding from any payment which it makes under the New AT1 Securities and the Indenture for or on account of (i) any present or future taxes, duties or charges if and to the extent so required by any applicable law and (ii) any FATCA Withholding Tax (together, **Applicable Law**). In either case, the paying agent shall make any payment after a deduction or withholding has been made pursuant to Applicable Law and shall report to the relevant authorities the amount so deducted or withheld. However, such deduction or withholding will not apply to payments made under the New AT1 Securities and the Indenture through the relevant clearing systems. In all cases, the paying agent shall have no obligation to gross up any payment made subject to any deduction or withholding pursuant to Applicable Law. In addition, amounts deducted or withheld by a paying agent as described in this paragraph will be treated as paid to the holder of the New AT1 Securities, and we will not pay Additional Amounts in respect of such deduction or withholding, except to the extent the provisions in this paragraph explicitly provide otherwise.

Table of Contents**Redemption*****Optional Redemption***

We may, at our option, redeem any or all Series of the New AT1 Securities, in whole but not in part, on any Reset Date applicable to such Series at 100% of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled as described under *Interest Cancellation* above) to (but excluding) the date fixed for redemption. Any optional redemption will be subject to the provisions described under *Notice of Redemption* and *Condition to Redemption* below.

Regulatory Event Redemption

If there is a change in the regulatory classification of any Series of the New AT1 Securities that occurs on or after the issue date of such New AT1 Securities and that does, or would be likely to, result in:

(a) the whole of the outstanding aggregate principal amount of such Series of New AT1 Securities; or

(b) subject to the proviso below, any part of the outstanding aggregate principal amount of such Series of New AT1 Securities,

ceasing to be included in, or counting towards, the Group's Tier 1 Capital (a **Regulatory Event**), we may, at our option, at any time, redeem such Series of New AT1 Securities, in whole but not in part, at a redemption price equal to 100% of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled as described under *Interest Cancellation* above) to (but excluding) the date fixed for redemption; *provided that*, if the inclusion of the Issuer's right to redeem the New AT1 Securities pursuant to paragraph (b) in the terms of the New AT1 Securities is at any time not in accordance with the Capital Regulations applicable to instruments intended to qualify as additional tier 1 capital, then the Issuer shall be deemed not to have, at that time, the right to exercise its right to redeem the New AT1 Securities in accordance with paragraph (b) above and the terms of the New AT1 Securities shall be construed accordingly. Any redemption upon the occurrence of a Regulatory Event will be subject to the provisions described under *Notice of Redemption* and *Condition to Redemption* below.

Tier 1 Capital means Tier 1 capital for the purposes of the Capital Regulations.

As a financial institution, we are required to hold certain kinds and amounts of capital to help us meet our obligations as they fall due. Under CRD IV, this capital includes both Tier 1 capital and Tier 2 capital, with Tier 1 capital divided into common equity Tier 1 capital and additional tier 1 capital. The New AT1 Securities are intended to qualify as additional tier 1 capital under CRD IV. Additional tier 1 capital under CRD IV consists of (i) perpetual subordinated capital instruments that meet the requirements set out in CRD IV to ensure that they are sufficiently loss absorbent on a going concern basis (i.e., capital that absorbs losses enabling the relevant credit institution to avoid insolvency) and (ii) the share premium account related to such instruments. Under CRD IV, Tier 2 capital broadly includes qualifying subordinated debt that provides loss absorption on a gone concern basis (i.e., capital that absorbs losses in an insolvency prior to senior creditors suffering any losses). Both Tier 1 capital and Tier 2 capital items are subject to deductions that are specific to each type of capital as provided under CRD IV. For more information, see *Risk Factors Risks Relating to the New AT1 Securities Other changes in law may adversely affect the rights of holders of the New AT1 Securities.* and *Risk Factors Risks Relating to the New AT1 Securities Implementation of Basel III / CRD IV and additional PRA supervisory expectations.*

Tax Redemption

We may, at our option, at any time, redeem any Series of the New AT1 Securities, in whole but not in part, if we determine that as a result of a change in, or amendment to, the laws or regulations of a taxing jurisdiction, including any treaty to which the relevant taxing jurisdiction is a party, or a change in an official application or

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interpretation of those laws or regulations on or after the issue date of the New AT1 Securities, including a decision of any court or tribunal which becomes effective on or after the issue date of the New AT1 Securities (and, in the case of a successor entity, which becomes effective on or after the date of that entity's assumption of our obligations):

- (a) we will or would be required to pay holders Additional Amounts;
- (b) we would not be entitled to claim a deduction in respect of any payments in computing our taxation liabilities or the amount of the deduction would be materially reduced;
- (c) we would not, as a result of the relevant Series of New AT1 Securities being in issue, be able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which we are or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date of issue of the New AT1 Securities or any similar system or systems having like effect as may from time to time exist); or
- (d) we would, in the future, have to bring into account a taxable credit if the principal amount of any Series of New AT1 Securities were written down or such Series of New AT1 Securities were converted into Conversion Shares;

(each such change in tax law or regulation or the official application or interpretation thereof, a **Tax Event**); *provided that* in the case of each Tax Event, the consequences of the Tax Event cannot be avoided by us taking reasonable measures available to us.

In each case, before we give a notice of redemption, we will be required to deliver to the trustee an opinion of independent counsel of recognized standing, chosen by us, in a form satisfactory to the trustee confirming that we are entitled to exercise our right of redemption. The redemption price will be equal to 100% of the principal amount of the relevant Series of New AT1 Securities being redeemed, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled as described under *Interest Cancellation* above) to (but excluding) the date fixed for redemption.

Any redemption as a result of a Tax Event will also be subject to the provisions described under *Notice of Redemption* and *Condition to Redemption* below.

Notice of Redemption

Any redemption of any Series of the New AT1 Securities shall be subject to our giving not less than thirty (30) days, nor more than sixty (60) days, prior notice to the holders of such Series of the New AT1 Securities via each of the Clearing Systems (or, if the relevant Series of New AT1 Securities are held in definitive form, to the holders at their addresses shown on the register for such Series of New AT1 Securities) (such notice being irrevocable except in the limited circumstances described in the following paragraph) specifying our election to redeem such Series of New AT1 Securities and the date fixed for such redemption. Notice by the Clearing Systems to participating institutions and by these participants to street name holders of beneficial interests in the relevant Series of New AT1 Securities will be made according to arrangements among them and may be subject to statutory or regulatory requirements.

If the Issuer has elected to redeem any Series of the New AT1 Securities but the Solvency Condition is not satisfied in respect of the relevant redemption payment on the applicable redemption date, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect and no payment of the redemption amount will be due and payable. In addition, if the Issuer has elected to redeem any Series of the New AT1 Securities but prior to the payment of the redemption amount with respect to such redemption a Capital Adequacy Trigger Event occurs, the relevant redemption notice shall be automatically rescinded and

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shall be of no force and effect, no payment of the redemption amount will be due and payable and an Automatic Conversion shall occur as described under *Automatic Conversion Upon Capital Adequacy Trigger Event* below.

If the Issuer has elected to redeem any Series of the New AT1 Securities but prior to the payment of the redemption amount with respect to such redemption the relevant U.K. resolution authority exercises its U.K. Bail-in Power with respect to the Issuer, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, and no payment of the redemption amount will be due and payable.

Condition to Redemption

Notwithstanding any other provision, we may redeem a Series of the New AT1 Securities (and give notice thereof to the holders of the relevant Series of New AT1 Securities) only if we have obtained the PRA's prior consent (if such consent is required by the Capital Regulations) for the redemption of such New AT1 Securities.

The rules under CRD IV prescribe certain conditions for the granting of permission by the PRA to a request by us to redeem or repurchase the New AT1 Securities. In this respect, the CRD IV Regulation provides that the competent authority (the PRA in our case) shall grant permission to a redemption or repurchase of the New AT1 Securities provided that either of the following conditions is met, as applicable to the New AT1 Securities:

- (1) on or before such redemption or repurchase of any of the New AT1 Securities, we replace such New AT1 Securities with instruments qualifying as Tier 1 Capital of an equal or higher quality on terms that are sustainable for our income capacity; or
- (2) we have demonstrated to the satisfaction of the PRA that our Tier 1 Capital and Tier 2 capital would, following such redemption or repurchase, exceed the capital ratios required under CRD IV by a margin that the PRA may consider necessary on the basis set out in CRD IV for it to determine the appropriate level of capital of an institution.

In addition, the rules under CRD IV provide that the PRA may only permit us to redeem the New AT1 Securities before five years after the date of issuance of the New AT1 Securities if:

- (a) the conditions listed in paragraphs (1) or (2) above are met; and
- (b) in the case of redemption due to the occurrence of a Regulatory Event, (i) the PRA considers such change to be sufficiently certain and (ii) we demonstrate to the satisfaction of the PRA that the Regulatory Event was not reasonably foreseeable at the time of the issuance of the New AT1 Securities; or
- (c) in the case of redemption due to the occurrence of a Tax Event, we demonstrate to the satisfaction of the PRA that such Tax Event is material and was not reasonably foreseeable at the time of issuance of the New AT1 Securities.

The rules under CRD IV may be modified from time to time after the date of issuance of the New AT1 Securities.

Condition to Repurchase

The Issuer or any member of the Group may purchase or otherwise acquire any of the outstanding New AT1 Securities at any price in the open market or otherwise in accordance with the Capital Regulations applicable to the Group in force at the relevant time, and subject to the prior consent of the PRA (if such consent is required by the Capital Regulations) and to applicable law and regulation.

Conversion Price

The **Conversion Price** means the Sterling AT1 Conversion Price, the Euro AT1 Conversion Price, or the Dollar AT1 Conversion Price, as applicable.

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The conversion price applicable to the Sterling AT1 Securities is fixed at £1.65 per Conversion Share (the **Sterling AT1 Conversion Price**).

The conversion price applicable to the Euro AT1 Securities is fixed at 2.02 per Conversion Share (the **Euro AT1 Conversion Price**). On the date of issue of the New AT1 Securities, the Euro AT1 Conversion Price shall be equivalent to the Conversion Shares Offer Price translated into euro at an exchange rate of £1.00 = 1.2231.

The conversion price applicable to the Dollar AT1 Securities is fixed at \$2.77 per Conversion Share (the **Dollar AT1 Conversion Price**). On the date of issue of the New AT1 Securities, the Dollar AT1 Conversion Price shall be equivalent to the Conversion Shares Offer Price translated into U.S. dollars at an exchange rate of £1.00 = \$1.6769.

The Conversion Price is subject to certain anti-dilution adjustments, as described under *Description of the New AT1 Securities Anti-Dilution* below.

Automatic Conversion Upon Capital Adequacy Trigger Event

If a Capital Adequacy Trigger Event occurs as of any Quarterly Financial Period End Date or Extraordinary Calculation Date, as the case may be, then an Automatic Conversion will occur on the Conversion Date, as described under *Automatic Conversion Procedure* below, at which point all of the Issuer's obligations under the New AT1 Securities (other than the CSO Obligations, if any) shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depository on the Conversion Date, and under no circumstances shall such released obligations be reinstated. If the Issuer has been unable to appoint a Conversion Shares Depository, it shall make such other arrangements for the issuance and/or delivery of the Conversion Shares or Conversion Shares Offer Consideration, as applicable, to the holders of the New AT1 Securities as it shall consider reasonable in the circumstances, which may include issuing the Conversion Shares to another nominee or to the holders of the New AT1 Securities directly, which issuance shall irrevocably and automatically release all of the Issuer's obligations under the New AT1 Securities (other than the CSO Obligations, if any) as if the Conversion Shares had been issued to the Conversion Shares Depository.

The Automatic Conversion shall occur without delay upon the occurrence of a Capital Adequacy Trigger Event.

The Conversion Shares shall initially be registered in the name of the Conversion Shares Depository (which shall hold the Conversion Shares on behalf of the holders of the New AT1 Securities) or the relevant recipient as contemplated above, and each holder of the New AT1 Securities shall be deemed to have irrevocably directed the Issuer to issue the Conversion Shares corresponding to the conversion of its holding of New AT1 Securities to the Conversion Shares Depository (or to such other relevant recipient).

A **Capital Adequacy Trigger Event** shall occur in respect of each Series of New AT1 Securities if the fully loaded CET1 Ratio as of any Quarterly Financial Period End Date or Extraordinary Calculation Date, as the case may be, is less than 7.00% on such date.

The Issuer shall immediately inform the PRA of the occurrence of a Capital Adequacy Trigger Event and shall deliver an Automatic Conversion Notice to holders of the New AT1 Securities as described under *Automatic Conversion Procedure* below.

Following an Automatic Conversion, no holder of the New AT1 Securities will have any rights against us with respect to the repayment of the principal amount of the New AT1 Securities or the payment of interest or any other amount on or in respect of such New AT1 Securities, which liabilities of the Issuer shall be automatically released and,

accordingly, the principal amount of the New AT1 Securities shall equal zero at all times thereafter. Any interest in respect of an interest period ending on any interest payment date falling between the date of a Capital Adequacy Trigger Event and the Conversion Date shall be deemed to have been cancelled upon the occurrence of such Capital Adequacy Trigger Event and shall not be due and payable.

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Provided that the Issuer issues the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient as contemplated above) in accordance with the terms of the New AT1 Securities as described herein, with effect from the Conversion Date, holders of the New AT1 Securities shall have recourse only to the Conversion Shares Depository (or to such other relevant recipient, as applicable) for the delivery to them of Conversion Shares or, if the Issuer elects that a Conversion Shares Offer be made as described under *Conversion Shares Offer* below, of any Conversion Shares Offer Consideration to which such holders are entitled as described herein.

Following the issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient as contemplated above and as applicable) on the Conversion Date, the New AT1 Securities shall remain in existence until the applicable Cancellation Date for the sole purpose of evidencing (a) the holder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository (or such other relevant recipient) and (b) the Issuer's CSO Obligations, if any. The Issuer currently expects that beneficial interests in the New AT1 Securities will be transferrable until the Suspension Date and that any trades in the New AT1 Securities would clear and settle through the Clearing Systems until such date. However, there is no guarantee that an active trading market will exist for the New AT1 Securities following the Automatic Conversion. The New AT1 Securities will cease to be admitted to trading on the SIX Swiss Exchange after the Suspension Date.

Subject to the conditions described under *Settlement Procedure* below, the Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable, will be delivered to holders of the New AT1 Securities on the applicable Conversion Share Settlement Date, the cash component, if any, of any Conversion Shares Offer Consideration will be delivered to holders of the New AT1 Securities on or around the date on which the Conversion Shares Offer Period ends and the New AT1 Securities shall be cancelled on the applicable Cancellation Date.

The New AT1 Securities are not convertible into Conversion Shares at the option of the holders at any time.

Notwithstanding any other provision herein, by its acquisition of the New AT1 Securities, each holder shall (i) agree to all the terms and conditions of the New AT1 Securities, including, without limitation, those related to (x) the occurrence of a Capital Adequacy Trigger Event and any related Automatic Conversion and (y) the appointment of the Conversion Shares Depository, the issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the New AT1 Securities) and the potential sale of the Conversion Shares pursuant to a Conversion Shares Offer, (ii) agree that effective upon, and following, an Automatic Conversion, no amount shall be due and payable to the holders under the New AT1 Securities and the liability of the Issuer to pay any such amounts (including the principal amount of, or any interest in respect of, the New AT1 Securities) shall be automatically released, and the holders shall not have the right to give a direction to the trustee with respect to the Capital Adequacy Trigger Event and any related Automatic Conversion and (iii) waive, to the extent permitted by the Trust Indenture Act, any claim against the trustee arising out of its acceptance of its trusteeship for the New AT1 Securities, including, without limitation, claims related to or arising out of or in connection with a Capital Adequacy Trigger Event and/or any Automatic Conversion.

Automatic Conversion Procedure

If a Capital Adequacy Trigger Event has occurred as of any Quarterly Financial Period End Date or Extraordinary Calculation Date, as the case may be, we shall deliver an Automatic Conversion Notice to the trustee and to the holders of the New AT1 Securities via each of the Clearing Systems:

- (i) in the case of a Capital Adequacy Trigger Event that has occurred as of any Quarterly Financial Period End Date, on or within five (5) Business Days after the relevant Ordinary Reporting Date; and

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- (ii) in the case of a Capital Adequacy Trigger Event that has occurred as of any Extraordinary Calculation Date, on or as soon as practicable after such Extraordinary Calculation Date.

The date on which the Automatic Conversion Notice shall be deemed to have been given shall be the date on which it is dispatched by the Issuer to each of the Clearing Systems (or if the New AT1 Securities are held in definitive form, to the trustee).

In the case of the Dollar AT1 Securities, promptly following its receipt of the Automatic Conversion Notice, pursuant to DTC's procedures currently in effect, DTC will post the Automatic Conversion Notice to its Reorganization Inquiry for Participants System, and within two (2) Business Days of its receipt of the Automatic Conversion Notice, the trustee shall transmit the Automatic Conversion Notice to the direct participants of DTC holding the Dollar AT1 Securities at such time. In the case of the Sterling AT1 Securities and the Euro AT1 Securities, promptly following its receipt of the Automatic Conversion Notice, pursuant to the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear currently in effect, each of Clearstream, Luxembourg and Euroclear shall transmit the Automatic Conversion Notice to the direct participants of such Clearing System holding the Euro AT1 Securities and the Sterling AT1 Securities at such time.

The Automatic Conversion shall occur on the Conversion Date and all of the Issuer's obligations under the New AT1 Securities (other than the CSO Obligations, if any) shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the New AT1 Securities) and the principal amount of the New AT1 Securities shall equal zero at all times thereafter (although the Tradable Amount shall remain unchanged) as a result of the Automatic Conversion.

Within ten (10) Business Days following the Conversion Date, the Issuer shall deliver a Conversion Shares Offer Notice to the trustee directly and to the holders of the New AT1 Securities via each of the Clearing Systems.

The Conversion Shares Depository (or the relevant recipient in accordance with the terms of the New AT1 Securities, as applicable) shall hold the Conversion Shares on behalf of the holders of the New AT1 Securities, who shall be entitled to direct the Conversion Shares Depository or such other recipient, as applicable, to exercise on their behalf all rights of an ordinary shareholder (including voting rights and rights to receive dividends) except that holders shall not be able to sell or otherwise transfer the Conversion Shares until such time as they have been delivered to holders in accordance with the procedures set forth under *Settlement Procedure* below.

Once we have delivered the Automatic Conversion Notice to each of the Clearing Systems following the occurrence of a Capital Adequacy Trigger Event (or following an Automatic Conversion (if sooner)), (a) the holders shall have no rights whatsoever under the Indenture or the New AT1 Securities to instruct the trustee to take any action whatsoever and (b) as of the date of the Automatic Conversion Notice, except for any indemnity and/or security provided by any holder in such direction or related to such direction, any direction previously given to the trustee by any holders shall cease automatically and shall be null and void and of no further effect, except in each case of (a) and (b), with respect to any rights of holders with respect to any payments under the New AT1 Securities that were unconditionally due and payable prior to the date of the Automatic Conversion Notice or unless the trustee is instructed in writing by us to act otherwise.

The procedures set forth in this section are subject to change to reflect changes in clearing system practices.

The Conversion Shares

The number of Conversion Shares to be issued to the Conversion Shares Depository in respect of each Series of New AT1 Securities on the Conversion Date shall be determined by dividing the aggregate principal

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amount of each Series of the New AT1 Securities outstanding immediately prior to the Automatic Conversion on the Conversion Date by the Conversion Price rounded down, if necessary, to the nearest whole number of Conversion Shares for each Series. Fractions of Conversion Shares will not be issued following an Automatic Conversion and no cash payment will be made in lieu thereof. The number of Conversion Shares in respect of each Series of New AT1 Securities to be held by the Conversion Shares Depository for the benefit of each holder shall be the number of Conversion Shares thus calculated divided by the Tradable Amount of the book-entry interests in each Series of the New AT1 Securities held by such holder on the Conversion Date rounded down, if necessary, to the nearest whole number of Conversion Shares.

The Conversion Shares issued following an Automatic Conversion will be fully paid and non-assessable and will in all respects rank *pari passu* with the fully paid ordinary shares in issue on the Conversion Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that the Conversion Shares so issued will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, the entitlement to which falls prior to the Conversion Date.

If a Qualifying Takeover Event shall have occurred, then, where the Conversion Date falls on or after the QTE Effective Date, Approved Entity Shares of the Approved Entity shall be issued to the Conversion Shares Depository instead of Conversion Shares (see *Anti-Dilution Qualifying Takeover Event* below).

Conversion Shares Offer

In respect of each Series of New AT1 Securities, the Issuer may, in its sole and absolute discretion, elect that the Conversion Shares Depository make an offer of all or some of the Conversion Shares to all or some of the Issuer's ordinary shareholders at such time at a cash price per Conversion Share equal to the Conversion Shares Offer Price, subject as provided below (the **Conversion Shares Offer**). The Issuer may, on behalf of the Conversion Shares Depository, appoint a Conversion Shares Offer Agent to act as placement or other agent to facilitate the Conversion Shares Offer. The Issuer will deliver a Conversion Shares Offer Notice to the trustee directly and to the holders of the New AT1 Securities via each of the Clearing Systems within ten (10) Business Days following the Conversion Date specifying whether or not it has elected that a Conversion Shares Offer be conducted. If so elected, the Conversion Shares Offer Period, during which the Conversion Shares Offer may be made, shall end no later than forty (40) Business Days after the delivery of the Conversion Shares Offer Notice.

Any Conversion Shares Offer shall be made subject to applicable laws and regulations in effect at the relevant time and shall be conducted, if at all, only to the extent that the Issuer, in its sole and absolute discretion, determines that the Conversion Shares Offer is practicable. The Issuer or the purchasers of the Conversion Shares sold in any Conversion Shares Offer shall bear the costs and expenses of any Conversion Shares Offer (other than the taxes referred to in the definition of Conversion Shares Offer Consideration), including the fees of the Conversion Shares Offer Agent, if any. If a prospectus or other offering document is required to be prepared in connection with a Conversion Shares Offer, the Issuer will facilitate the preparation of such prospectus or other offering document, and the Issuer and/or its directors will take responsibility for such prospectus or other offering document, in each case, if and to the extent then required by applicable laws and regulations then in effect. In addition, if so requested by the Conversion Shares Depository as offeror, the Issuer shall indemnify the Conversion Shares Depository for any losses incurred in connection with any Conversion Shares Offer.

Upon completion of the Conversion Shares Offer, the Issuer or the Conversion Shares Depository will provide notice to the holders of the New AT1 Securities of the composition of the Conversion Shares Offer Consideration (and of the deductions to the cash component, if any, of the Conversion Shares Offer Consideration (as set out in the definition of Conversion Shares Offer Consideration)) per \$1,000, 1,000 or £1,000 Tradable Amount of the New AT1 Securities, as

applicable. The Conversion Shares Offer Consideration will be delivered to holders of the New AT1 Securities pursuant to the procedures set forth under *Settlement Procedure* below. The Issuer reserves the right, in its sole and absolute discretion, to terminate the Conversion Shares Offer at any time during the Conversion Shares Offer Period by providing at least three (3) Business

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Days notice to the trustee directly and to holders of the New AT1 Securities via each of the Clearing Systems, and, if it does so, the Issuer may, in its sole and absolute discretion, take steps (including changing the Suspension Date) to deliver to holders of the New AT1 Securities the Conversion Shares at a time that is earlier than the time at which they would have otherwise received the Conversion Shares Offer Consideration had the Conversion Shares Offer been completed.

By its acquisition of the New AT1 Securities, each holder of the New AT1 Securities acknowledges and agrees that if the Issuer elects, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Conversion Shares Depository, such holder shall be deemed to have: (i) consented to any Conversion Shares Offer and to the Conversion Shares Depository using the Conversion Shares to settle any Conversion Shares Offer in accordance with the terms of the New AT1 Securities, (ii) consented to the transfer of the beneficial interest it holds in the Conversion Shares to the Conversion Shares Depository in connection with the Conversion Shares Offer in accordance with the terms of the New AT1 Securities, (iii) irrevocably agreed that the Issuer, the Conversion Shares Depository and the Conversion Shares Offer Agent, if any, may take any and all actions necessary to conduct the Conversion Shares Offer in accordance with the terms of the New AT1 Securities, (iv) agreed that none of the Issuer, the trustee, the Conversion Shares Depository, if any, or the Conversion Shares Offer Agent, if any, shall, to the extent permitted by applicable law, incur any liability to the holders in respect of the Conversion Shares Offer (except for the obligations of the Conversion Shares Depository in respect of the holders' entitlement to any Conversion Shares Offer Consideration) and (v) authorized, directed and requested the Clearing Systems and any Direct Participant in the Clearing Systems or other intermediary through which it holds such New AT1 Securities to take any and all necessary action, if required, to implement (x) the Automatic Conversion (including any related Conversion Shares Offer) and (y) the exercise of any U.K. Bail-in Power with respect to the New AT1 Securities as it may be imposed, without any further action or direction on the part of such holder or the trustee.

In the Barclays Notice of Annual General Meeting dated March 13, 2014, the Issuer informed its shareholders of its intention to give shareholders the opportunity to purchase the ordinary shares created on conversion of any equity conversion securities (such as the New AT1 Securities) on a *pro rata* basis, where practicable and subject to applicable laws and regulations. The Conversion Shares Offer may be conducted at the election of the Issuer, in its sole and absolute discretion, on the terms described above. The Issuer currently expects that in determining whether or not a Conversion Shares Offer shall be conducted and, if one is to be conducted, how and to whom such Conversion Shares Offer shall be made, the directors of the Issuer would, in accordance with their duties, have regard to a variety of matters, including, without limitation, the interests of the Issuer's shareholders, taken as a whole, and the potential impact of a Conversion Shares Offer on the Issuer's financial stability. Further, neither the occurrence of a Capital Adequacy Trigger Event nor following the occurrence of a Capital Adequacy Trigger Event, the election (if any) by the Issuer to undertake a Conversion Shares Offer on the terms set out herein, shall preclude the Issuer from undertaking a rights issue at any time on such terms as the Issuer deems appropriate, at its sole discretion, including for the avoidance of doubt the offer of ordinary shares at or below the Conversion Shares Offer Price. Moreover, there can be no assurance that the Conversion Shares Offer would be conducted on an SEC-registered basis.

Settlement Procedure

Delivery of the Conversion Shares or Conversion Shares Offer Consideration, as applicable, to the holders of the New AT1 Securities will be made in accordance with the following procedures. The procedures set forth in this section are subject to change to reflect changes in clearing system practices.

It is expected that the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) will be delivered to holders of the New AT1 Securities in uncertificated form through the dematerialized securities trading system operated by Euroclear U.K. & Ireland Limited, known as CREST, unless the

Conversion Shares are not a participating security in CREST at the relevant time, in which case the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer

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Consideration) will either be delivered in the form of the relevant clearing system in which the Conversion Shares are a participating security or in certificated form. It is expected that where the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) are to be delivered through CREST or such other clearing system in which such Conversion Shares are a participating security, they will be delivered to the account specified by the relevant holder in the relevant Conversion Shares Settlement Notice as described below. It is expected that where the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) are to be delivered in certificated form, the name of the relevant holder (or its nominee) will be entered in the Issuer's share register and a certificate in respect thereof will be dispatched by mail free of charge to the relevant holder or as it may direct in the relevant Conversion Shares Settlement Notice as described below. It is expected that the cash component, if any, of any Conversion Shares Offer Consideration will be delivered through the facilities of each of the Clearing Systems (or, if the New AT1 Securities are held in definitive form, to the holders at their address shown on the register for the New AT1 Securities) on or around the date on which the Conversion Shares Offer Period ends, subject to DTC's procedures in the case of the Dollar AT1 Securities and the applicable rules and operating procedures of Clearstream, Luxembourg and Euroclear in the case of the Sterling AT1 Securities and the Euro AT1 Securities, each as in effect at such time.

The Conversion Shares Offer Notice shall specify the Suspension Date. On the Suspension Date: (a) each of the Euroclear and Clearstream, Luxembourg shall block all positions relating to the Euro AT1 Securities and Sterling AT1 Securities held in those Clearing Systems, which will suspend all clearance and settlement of transactions in the Euro AT1 Securities and Sterling AT1 Securities through those Clearing Systems, and (b) DTC shall suspend all clearance and settlement of transactions in the Dollar AT1 Securities. As a result, holders of the New AT1 Securities will not be able to settle the transfer of any New AT1 Securities through any Clearing System following the Suspension Date with respect to such Clearing System, and any sale or other transfer of the New AT1 Securities that a holder of the New AT1 Securities may have initiated prior to the Suspension Date with respect to such Clearing System that is scheduled to match or settle, as applicable, after the Suspension Date will be rejected by such Clearing System and will not be matched or settled, as applicable, through such Clearing System.

The New AT1 Securities will cease to be admitted to trading on the SIX Swiss Exchange after the Suspension Date.

On the Suspension Date, the Issuer shall deliver a Conversion Shares Settlement Request Notice to the trustee directly and to the holders of the New AT1 Securities via each of the Clearing Systems. Such notice shall request that holders complete a Conversion Shares Settlement Notice and shall specify the Notice Cut-off Date and the Final Cancellation Date.

In order to obtain delivery of the relevant Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable, a holder must deliver its Conversion Shares Settlement Notice to the Conversion Shares Depository on or before the Notice Cut-off Date. If such delivery is made after the end of normal business hours at the specified office of the Conversion Shares Depository, such delivery shall be deemed for all purposes to have been made or given on the next following Business Day.

If the New AT1 Securities are held through the Clearing Systems, the Conversion Shares Settlement Notice must be given in accordance with the standard procedures of the Clearing Systems (which may include the notice being given to the Conversion Shares Depository by electronic means) and in a form acceptable to the Clearing Systems and the Conversion Shares Depository. If the New AT1 Securities are in definitive form, the Conversion Shares Settlement Notice must be delivered to the specified office of the Conversion Shares Depository together with the relevant New AT1 Securities.

Subject as provided herein and provided the Conversion Shares Settlement Notice and the relevant New AT1 Securities, if applicable, are delivered on or before the Notice Cut-off Date, the Conversion Shares

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Depository shall deliver the relevant Conversion Shares (rounded down to the nearest whole number of Conversion Shares) or Conversion Share component, if any, of any Conversion Shares Offer Consideration (rounded down to the nearest whole number of Conversion Shares), as applicable, to the holder of the relevant New AT1 Securities completing the relevant Conversion Shares Settlement Notice or its nominee in accordance with the instructions given in such Conversion Shares Settlement Notice on the applicable Conversion Share Settlement Date.

Each Conversion Shares Settlement Notice shall be irrevocable. Failure to properly complete and deliver a Conversion Shares Settlement Notice and the relevant New AT1 Securities, if applicable, may result in such notice being treated by the Conversion Shares Depository as null and void. Any determination as to whether any Conversion Shares Settlement Notice has been properly completed and delivered shall be made by the Conversion Shares Depository in its sole and absolute discretion and shall be conclusive and binding on the relevant holder.

Neither the Issuer, nor any member of the Group shall be liable for any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the delivery of Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration), which tax shall be borne solely by the holder or, if different, the person to whom the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) are delivered.

The Conversion Shares (and the Conversion Share component, if any, of any Conversion Shares Offer Consideration) will not be available for delivery (i) to, or to a nominee for, Clearstream, Luxembourg or Euroclear or any other person providing a clearance service within the meaning of Section 96 of the Finance Act 1986 of the United Kingdom or (ii) to a person, or nominee or agent for a person, whose business is or includes issuing depository receipts within the meaning of Section 93 of the Finance Act 1986 of the United Kingdom, in each case at any time prior to the abolition day as defined in Section 111(1) of the Finance Act 1990 of the United Kingdom, or, if earlier, such other time at which the Issuer, in its absolute discretion, determines that no charge under Section 67, 70, 93 or 96 of the Finance Act 1986 or any similar charge (under any successor legislation) would arise as a result of such delivery or (iii) to the CREST account of such a person described in (i) or (ii).

Failure to Deliver a Conversion Shares Settlement Notice

If a Conversion Shares Settlement Notice and the relevant New AT1 Securities, if applicable, are not delivered to the Conversion Shares Depository on or before the Notice Cut-off Date, then the Conversion Shares Depository shall continue to hold the relevant Conversion Shares (or Conversion Share component, if any, of any Conversion Shares Offer Consideration) until a Conversion Shares Settlement Notice (and the relevant New AT1 Securities, if applicable) is so delivered. However, the relevant New AT1 Securities shall be cancelled on the Final Cancellation Date and any holder of New AT1 Securities delivering a Conversion Shares Settlement Notice after the Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Conversion Shares (or the relevant Conversion Shares component, if any, of any Conversion Shares Offer Consideration) satisfactory to the Conversion Shares Depository in its sole and absolute discretion in order to receive delivery of such Conversion Shares (or Conversion Share component of any Conversion Shares Offer Consideration). The Issuer shall have no liability to any holder of the New AT1 Securities for any loss resulting from such holder not receiving any Conversion Shares (or Conversion Share component of any Conversion Shares Offer Consideration) or from any delay in the receipt thereof, in each case as a result of such holder failing to duly submit a Conversion Shares Settlement Notice and the relevant New AT1 Securities, if applicable, on a timely basis or at all.

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For the purposes of these provisions:

Automatic Conversion means the irrevocable and automatic release of all of the Issuer's obligations under the New AT1 Securities (other than the CSO Obligations, if any) in consideration of the Issuer's issuance of the Conversion Shares at the Conversion Price to the Conversion Shares Depository (on behalf of the holders of the New AT1 Securities) or to the relevant recipient, all in accordance with the terms of the New AT1 Securities.

Automatic Conversion Notice means the written notice to be delivered by us to the trustee directly and to the holders of the New AT1 Securities via each of the Clearing Systems (or, if the New AT1 Securities are held in definitive form, by us to the trustee directly and to the holders at their addresses shown on the register for the New AT1 Securities) specifying (i) that a Capital Adequacy Trigger Event has occurred, (ii) the Conversion Date or expected Conversion Date, (iii) the Conversion Price, (iv) that we have the option, at our sole and absolute discretion, to elect that a Conversion Shares Offer be conducted and that we will issue a Conversion Shares Offer Notice via each of the Clearing Systems within ten (10) Business Days following the Conversion Date notifying holders of our election and (v) that the New AT1 Securities shall remain in existence for the sole purpose of evidencing (a) the holder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository and (b) the Issuer's CSO Obligations, if any, and that the New AT1 Securities may continue to be transferable until the Suspension Date, which shall be specified in the Conversion Shares Offer Notice.

Cancellation Date means (i) with respect to any New AT1 Security for which a Conversion Shares Settlement Notice is received by the Conversion Shares Depository on or before the Notice Cut-off Date, the applicable Conversion Share Settlement Date and (ii) with respect to any New AT1 Security for which a Conversion Shares Settlement Notice is not received by the Conversion Shares Depository on or before the Notice Cut-off Date, the Final Cancellation Date.

Capital Regulations means, at any time, the laws, regulations, requirements, standards, guidelines and policies relating to capital adequacy for credit institutions of either (i) the PRA and/or (ii) any other national or European authority, in each case then in effect in the United Kingdom (or in such other jurisdiction in which the Issuer may be organized or domiciled) and applicable to the Group.

CET1 Capital means, as of any Quarterly Financial Period End Date or Extraordinary Calculation Date, the sum, expressed in pounds sterling, of all amounts that constitute common equity tier 1 capital of the Group as of such date, less any deductions from common equity tier 1 capital required to be made as of such date, in each case as calculated by the Issuer on a consolidated basis in accordance with the Capital Regulations applicable to the Group on such Quarterly Financial Period End Date or Extraordinary Calculation Date, as the case may be (which calculation shall be binding on the trustee and the holders). For the purposes of this definition, the term "common equity tier 1 capital" shall have the meaning assigned to such term in CRD IV as interpreted and applied in accordance with the Capital Regulations then applicable to the Group.

Conversion Date means the date on which the Automatic Conversion shall take place, or has taken place, as applicable.

Conversion Shares means ordinary shares of the Issuer to be issued to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the New AT1 Securities) following an Automatic Conversion, which ordinary shares shall be in such number as is determined by dividing the aggregate principal amount of each Series of the New AT1 Securities outstanding immediately prior to the Automatic Conversion on the Conversion Date

by the Conversion Price applicable to such Series rounded down, if necessary, to the nearest whole number of ordinary shares.

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Conversion Shares Depository means a financial institution, trust company, depository entity, nominee entity or similar entity to be appointed by the Issuer on or prior to any date when a function ascribed to the Conversion Shares Depository in the Indenture is required to be performed, to perform such functions and which, as a condition of such appointment, will be required to undertake, for the benefit of the holders of the New AT1 Securities, to hold the Conversion Shares (and any Conversion Shares Offer Consideration) on behalf of such holders of the New AT1 Securities in one or more segregated accounts, unless otherwise required for the purposes of the Conversion Shares Offer and, in any event, on terms consistent with the Indenture.

Conversion Shares Offer Agent means the agent(s), if any, to be appointed on behalf of the Conversion Shares Depository by the Issuer, in its sole and absolute discretion, to act as placement or other agent of the Conversion Shares Depository to facilitate a Conversion Shares Offer.

Conversion Shares Offer Consideration means in respect of each Series of New AT1 Securities (i) if all of the Conversion Shares are sold in the Conversion Shares Offer, the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such Series of New AT1 Securities in sterling, in the case of Sterling AT1 Securities or, in the case of Dollar AT1 Securities or Euro AT1 Securities, translated from sterling into U.S. dollars or euro, as applicable, at a then-prevailing exchange rate (less any foreign exchange transaction costs), (ii) if some but not all of the Conversion Shares are sold in the Conversion Shares Offer, (x) the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such Series of New AT1 Securities in sterling, in the case of Sterling AT1 Securities or, in the case of Dollar AT1 Securities or Euro AT1 Securities, translated from sterling into U.S. dollars or euro, as applicable, at a then-prevailing exchange rate (less any foreign exchange transaction costs) and (y) the *pro rata* share of the Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such Series of New AT1 Securities rounded down to the nearest whole number of Conversion Shares, and (iii) if no Conversion Shares are sold in a Conversion Shares Offer, the relevant Conversion Shares attributable to such Series of New AT1 Securities rounded down to the nearest whole number of Conversion Shares, subject in the case of (i) and (ii)(x) above to deduction from any such cash proceeds of an amount equal to the *pro rata* share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the transfer of any interest in the Conversion Shares to the Conversion Shares Depository as a consequence of the Conversion Shares Offer.

Conversion Shares Offer Notice means the written notice to be delivered by us to the trustee directly and to the holders of the New AT1 Securities via each of the Clearing Systems (or, if the New AT1 Securities are held in definitive form, by us to the trustee directly and to the holders at their addresses shown on the register for the New AT1 Securities) specifying (i) whether or not the Issuer has elected that a Conversion Shares Offer be made and, if so, the Conversion Shares Offer Period, (ii) the Suspension Date, (iii) details of the Conversion Shares Depository and (iv) if the Issuer has been unable to appoint a Conversion Shares Depository, such other arrangements for the issuance and/or delivery of the Conversion Shares or the Conversion Shares Offer Consideration, as applicable, to the holders of the New AT1 Securities as it shall consider reasonable in the circumstances.

Conversion Shares Offer Period means the period during which the Conversion Shares Offer may occur, which period shall end no later than forty (40) Business Days after the delivery of the Conversion Shares Offer Notice.

Conversion Shares Offer Price shall mean £1.65 per Conversion Share (subject in each case to certain anti-dilution adjustments, as described under *Anti-Dilution* below).

Conversion Share Settlement Date means (i) with respect to any New AT1 Security in relation to which a Conversion Shares Settlement Notice is received by the Conversion Shares Depository on or before the Notice Cut-off Date, the later of (a) the date that is two (2) Business Days after the end of the relevant Conversion Shares Offer

Period and (b) the date that is two (2) Business Days after the date on which such Conversion

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Shares Settlement Notice has been received by the Conversion Shares Depository and (ii) with respect to any New AT1 Security in relation to which a Conversion Shares Settlement Notice is not received by the Conversion Shares Depository on or before the Notice Cut-off Date, the date on which the Conversion Shares Depository delivers the relevant Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable.

Conversion Shares Settlement Notice means a written notice to be delivered by a holder to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the New AT1 Securities), with a copy to the trustee, no earlier than the Suspension Date containing the following information: (i) the name of the holder, (ii) the Tradable Amount of the book-entry interests in the New AT1 Securities held by such holder on the date of such notice, (iii) the name to be entered in the Issuer's share register, (iv) the details of the CREST or other clearing system account or, if the Conversion Shares are not a participating security in CREST or another clearing system, the address to which the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) and/or cash (if not expected to be delivered through the Clearing Systems) should be delivered and (v) such other details as may be required by the Conversion Shares Depository.

Conversion Shares Settlement Request Notice means the written notice to be delivered by us to the trustee directly and to the holders of the New AT1 Securities via each of the Clearing Systems (or, if the New AT1 Securities are held in definitive form, by us to the trustee directly and to the holders at their registered addresses as shown on the register for the New AT1 Securities) on the Suspension Date requesting that holders complete a Conversion Shares Settlement Notice and specifying (i) the Notice Cut-off Date and (ii) the Final Cancellation Date.

CRD IV means the legislative package consisting of Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as the same may be amended or replaced from time to time, and the CRD IV Regulation.

CRD IV Regulation means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of June 26, 2013, as the same may be amended or replaced from time to time.

CSO Obligations means the obligations of the Issuer under the New AT1 Securities that may arise in connection with a Conversion Shares Offer to: (i) facilitate the preparation of a prospectus or other offering document, if applicable, and (ii) take responsibility for such prospectus or other offering document, which obligations (and any claims relating to a failure to facilitate the preparation of, or take responsibility for, such prospectus or other offering document) shall terminate in the event of the winding-up or administration of the Issuer.

Extraordinary Calculation Date means any Business Day (other than a Quarterly Financial Period End Date) on which the fully loaded CET1 Ratio is calculated upon the instruction of the PRA or at the Issuer's discretion.

Final Cancellation Date means the date on which the New AT1 Securities in relation to which no Conversion Shares Settlement Notice has been received by the Conversion Shares Depository on or before the Notice Cut-off Date shall be cancelled, which date may be up to twelve (12) Business Days following the Notice Cut-off Date.

fully loaded means, in relation to a measure that is presented or described as being on a fully loaded basis, that such measure is calculated without applying the transitional provisions set out in Part Ten of the CRD IV Regulation.

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fully loaded CET1 Ratio means, as of any Quarterly Financial Period End Date or Extraordinary Calculation Date, as the case may be, the ratio of CET1 Capital as of such date to the Risk Weighted Assets as of the same date, expressed as a percentage and on the basis that all measures used in such calculation shall be calculated on a fully loaded basis.

Interest Margin means Sterling Interest Margin, Euro Interest Margin or Dollar Interest Margin, as applicable.

Mid-Market Swap Rate means any Sterling Mid-Market Swap Rate, Euro Mid-Market Swap Rate or Dollar Mid-Market Swap Rate, as applicable.

Notice Cut-off Date means the date specified as such in the Conversion Shares Settlement Request Notice, which date shall be at least forty (40) Business Days following the Suspension Date.

Ordinary Reporting Date means each Business Day on which Quarterly Financial Information is published by the Issuer.

Quarterly Financial Information means the financial information of the Group in respect of a fiscal quarter that is contained in the principal financial report for such fiscal quarter published by the Issuer. As of the date of this prospectus, the principal financial reports published by the Issuer with respect to each fiscal quarter are: (i) the Q1 Interim Management Statement in respect of the first fiscal quarter, (ii) the Interim Results Announcement in respect of the first half of the year (including the second fiscal quarter), (iii) the Q3 Interim Management Statement in respect of the first nine months of the year (including the third fiscal quarter) and (iv) the Results Announcement in respect of the full year (including the fourth fiscal quarter).

Quarterly Financial Period End Date means the last day of each fiscal quarter.

Reset Date means any Sterling Reset Date, Euro Reset Date or U.S. Reset Date, as applicable.

Reset Determination Date means any Sterling Reset Determination Date, Euro Reset Determination Date or U.S. Reset Determination Date, as applicable.

Risk Weighted Assets means, as of any Quarterly Financial Period End Date or Extraordinary Calculation Date, as the case may be, the aggregate amount, expressed in pounds sterling, of the risk weighted assets of the Group as of such date, as calculated by the Issuer on a consolidated basis in accordance with the Capital Regulations applicable to the Group on such date (which calculation shall be binding on the trustee and the holders). For the purposes of this definition, the term **risk weighted assets** means the risk weighted assets or total risk exposure amount, as calculated by the Issuer in accordance with the Capital Regulations applicable to the Group.

Suspension Date means, with respect to each Clearing System, the date specified in the Conversion Shares Offer Notice as the date on which such Clearing System shall suspend all clearance and settlement of transactions in the New AT1 Securities in accordance with its rules and procedures, which date shall be no later than thirty-eight (38) Business Days after the delivery of the Conversion Shares Offer Notice to such Clearing System (and, if the Issuer elects that a Conversion Shares Offer be made, such date shall be at least two (2) Business Days prior to the end of the relevant Conversion Shares Offer Period).

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Anti-Dilution

Adjustment of Conversion Price and Conversion Shares Offer Price

Upon the occurrence of any of the events described below, the Conversion Price and the Conversion Shares Offer Price shall be adjusted as follows:

- (i) If and whenever there shall be a consolidation, reclassification or subdivision in relation to the ordinary shares of the Issuer, each Price shall be adjusted by multiplying the relevant Price in effect immediately prior to such consolidation, reclassification or subdivision by the following fraction:

A
B

where:

A is the aggregate number of ordinary shares of the Issuer in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and

B is the aggregate number of ordinary shares of the Issuer in issue immediately after, and as a result of, such consolidation, reclassification or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification or subdivision, as the case may be, takes effect.

- (ii) If and whenever the Issuer shall issue any ordinary shares credited as fully paid to the Issuer's shareholders as a class by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve) other than (1) where any such ordinary shares are or are to be issued instead of the whole or part of a Cash Dividend which the Issuer's shareholders would or could otherwise have elected to receive, (2) where the Issuer's shareholders may elect to receive a Cash Dividend in lieu of such ordinary shares or (3) where any such ordinary shares are or are expressed to be issued in lieu of a dividend (whether or not a Cash Dividend equivalent or amount is announced or would otherwise be payable to the Issuer's shareholders, whether at their election or otherwise), each of the Conversion Price and the Conversion Shares Offer Price shall be adjusted by multiplying the relevant Price in effect immediately prior to such issue by the following fraction:

A
B

where:

A is the aggregate number of ordinary shares of the Issuer in issue immediately before such issue; and

B is the aggregate number of ordinary shares of the Issuer in issue immediately after such issue.
Such adjustment shall become effective on the date of issue of such ordinary shares.

(iii) If and whenever the Issuer shall issue any ordinary shares to all or substantially all of the Issuer's shareholders as a class by way of rights at a price per ordinary share which is less than 95% of the Current Market Price per ordinary share on the Effective Date, each of the Conversion Price and the Conversion Shares Offer Price shall be adjusted by multiplying the relevant Price in effect immediately prior to the Effective Date by the following fraction:

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

where:

A is the aggregate number of ordinary shares of the Issuer in issue on the Effective Date;

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B is the aggregate number of ordinary shares of the Issuer that the aggregate consideration (if any) receivable for the ordinary shares issued by way of rights would purchase at such Current Market Price per ordinary share on the Effective Date; and

C is the number of ordinary shares to be issued.

Such adjustment shall become effective on the Effective Date.

For the purpose of any calculation of the consideration receivable or price pursuant to this paragraph (iii), the following provisions shall apply:

- (1) the aggregate consideration receivable or price for ordinary shares issued for cash shall be the amount of such cash;
- (2) if the consideration or price determined pursuant to (1) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date;
- (3) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant ordinary shares or otherwise in connection therewith;
- (4) the consideration or price shall be determined as provided in (1) (3) above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity; and
- (5) references herein to cash shall be construed as cash consideration within the meaning of Section 583(3) of the Companies Act.

(iv) If and whenever the Issuer shall pay any Extraordinary Dividend to shareholders of the Issuer as a class, each of the Conversion Price and the Conversion Shares Offer Price shall be adjusted by multiplying the relevant Price in effect immediately prior to the Effective Date by the following fraction:

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

where:

- A is the Current Market Price of one ordinary share on the Effective Date; and
- B is the portion of the aggregate Extraordinary Dividend attributable to one ordinary share, with such portion being determined by dividing the aggregate Extraordinary Dividend by the number of ordinary shares entitled to receive the relevant Extraordinary Dividend. If the Extraordinary Dividend shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date.

Such adjustment shall become effective on the Effective Date.

Notwithstanding the foregoing provisions:

- (A) where the events or circumstances giving rise to any adjustment pursuant to this section have already resulted or will result in an adjustment to each of the Prices or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances that have already given or will give rise to an adjustment to each of the Prices or where more than one event that gives rise to an adjustment to each of the Prices occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the

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intended result, such modification shall be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate to give the intended result;

- (B) such modification shall be made to the operation of the Indenture as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate to ensure that an adjustment to each of the Prices or the economic effect thereof shall not be taken into account more than once;
- (C) for the avoidance of doubt, the issue of ordinary shares following an Automatic Conversion or upon any conversion or exchange or the exercise of any other options, warrants or other rights shall not result in an adjustment to either of the Prices;
- (D) in respect of any adjustment pursuant to paragraphs (i) to (iii) above, such adjustment shall be made only up to the extent it does not result in a Conversion Price or Conversion Shares Offer Price that, if applied to the number of relevant New AT1 Securities at the time of such adjustment, would result in a number of Conversion Shares that constitutes a greater proportion of Conversion Shares as a percentage of the total number of ordinary shares issued had the adjustment not been made nor had the corporate event occurred; and
- (E) in respect of any adjustment pursuant to paragraph (iv) above, such adjustment shall be made only up to the extent it does not result in a Conversion Price or Conversion Shares Offer Price that, if applied to the number of relevant New AT1 Securities at the time of such adjustment, would result in the issue of an additional number of Conversion Shares having a value that is greater than the value of the aggregate Extraordinary Dividend which would be attributable to the ordinary shares underlying the New AT1 Securities had such ordinary shares been issued.

No Retroactive Adjustments

The Issuer shall not issue any additional Conversion Shares if the Automatic Conversion occurs after the record date in respect of any consolidation, reclassification or sub-division as is mentioned in paragraph (i) of *Adjustment of Conversion Price and Conversion Shares Offer Price* above, or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in paragraphs (ii), (iii) or (iv) of *Adjustment of Conversion Price and Conversion Shares Offer Price* above, but before the relevant adjustment to the relevant Price becomes effective under such section.

Decision of an Independent Financial Adviser

If any doubt shall arise as to whether an adjustment is required to be made to either of the Prices or as to the appropriate adjustment to such Prices, and following consultation between the Issuer and an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect thereof shall be conclusive and binding on the Issuer and the holders, save in the case of manifest error.

Rounding Down and Notice of Adjustment to the Conversion Price and the Conversion Shares Offer Price

On any adjustment, the resultant Conversion Price and Conversion Shares Offer Price, if a number that is of more decimal places than the initial Conversion Price or Conversion Shares Offer Price, as the case may be, shall be rounded to such decimal place. No adjustment shall be made to either of the Prices where such adjustment (rounded down if applicable) would be less than 1% of the relevant Price then in effect. Any adjustment not required to be made, and/or any amount by which the relevant Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

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Notice of any adjustments to the Conversion Price or the Conversion Shares Offer Price shall be given by the Issuer to holders of the New AT1 Securities via each of the Clearing Systems (or, if the New AT1 Securities are held in definitive form, via the trustee) promptly after the determination thereof.

The Conversion Price and the Conversion Shares Offer Price shall not in any event be reduced to below the nominal value of the ordinary shares. The Issuer undertakes that it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price or the Conversion Shares Offer Price to below such nominal value.

Qualifying Takeover Event

- (i) Within ten (10) Business Days following the occurrence of a Takeover Event, the Issuer shall give notice thereof to the holders of the New AT1 Securities by means of a Takeover Event Notice.
- (ii) If the Takeover Event is a Qualifying Takeover Event, the New AT1 Securities shall, where the Conversion Date falls on or after the QTE Effective Date, be converted into or exchanged for Approved Entity Shares of the Approved Entity, *mutatis mutandis* as provided under *Automatic Conversion Upon Capital Adequacy Trigger Event* above, at a Conversion Price that shall initially be the New Conversion Price, which may be higher or lower than the Conversion Price.
- (iii) The New Conversion Price shall be subject to adjustment in the circumstances provided for under *Adjustment of Conversion Price and Conversion Shares Offer Price* (if necessary with such modifications and amendments as an Independent Financial Adviser acting in good faith shall determine to be appropriate), and the Issuer shall give notice to the holders of the New AT1 Securities of the New Conversion Price and of any such modifications and amendments thereafter.
- (iv) In the case of a Qualifying Takeover Event:
 - (1) the Issuer shall, to the extent permitted by applicable law and regulation, on or prior to the QTE Effective Date, enter into such agreements and arrangements (which may include supplemental indentures to the Indenture and amendments and modifications to the terms and conditions of the New AT1 Securities and the Indenture) as may be required to ensure that, with effect from the QTE Effective Date, the New AT1 Securities shall be convertible into, or exchangeable for, Approved Entity Shares, *mutatis mutandis* in accordance with, and subject to, the provisions under *Automatic Conversion Upon Capital Adequacy Trigger Event* above (as may be so supplemented, amended or modified), at the New Conversion Price; and
 - (2) the Issuer shall, where the Conversion Date falls on or after the QTE Effective Date, procure (to the extent within its control) the issue of the relevant number of Approved Entity Shares *mutatis mutandis* in the manner provided under *Automatic Conversion Upon Capital Adequacy Trigger Event* above, as may be amended or modified as provided above.

For the avoidance of doubt, if a Takeover Event is not a Qualifying Takeover Event (including if that is because the Acquirer is a Governmental Entity), there is no provision for any automatic adjustment to the terms of the New AT1 Securities, whether in the manner provided for above in respect of Qualifying Takeover Events, or at all.

Definitions

Unless otherwise provided, for the purposes of this section:

Each of the Sterling AT1 Securities, the Euro AT1 Securities and the Dollar AT1 Securities is referred to as a **Series** of the New AT1 Securities.

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Acquirer means the person that controls the Issuer following a Takeover Event. For the purposes of this definition, **control** means the acquisition or holding of legal or beneficial ownership of more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer or the right to appoint or remove a majority of the board of directors of the Issuer.

Approved Entity means a body corporate which, on the occurrence of the Takeover Event, has in issue Approved Entity Shares. On and after the date of a Qualifying Takeover Event, references to **ordinary shares** shall be read as references to **Approved Entity Shares**.

Approved Entity Shares means ordinary shares in the capital of a body corporate that constitutes equity share capital or the equivalent (or depository or other receipts representing the same) which are listed and admitted to trading on a Recognized Stock Exchange. In relation to an Automatic Conversion in respect of which the Conversion Date falls on or after the QTE Effective Date, references herein to **Conversion Shares** shall be deemed to be references to **Approved Entity Shares**.

Cash Dividend means any dividend or distribution in respect of the ordinary shares to shareholders of the Issuer which is to be paid or made in cash (in whatever currency), and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to shareholders upon or in connection with a reduction of capital.

Companies Act means the Companies Act 2006.

Current Market Price means, in respect of an ordinary share at a particular date, the average of the daily Volume Weighted Average Price of an ordinary share on each of the five (5) consecutive dealing days ending on the dealing day immediately preceding such date; *provided that*, if at any time during the said five-dealing-day period the Volume Weighted Average Price shall have been based on a price ex-Cash Dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Cash Dividend (or cum- any other entitlement), then:

- (i) if the ordinary shares to be issued do not rank for the Cash Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the ordinary shares shall have been based on a price cum-Cash Dividend (or cum- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to such Cash Dividend or entitlement per ordinary share as at the date of first public announcement relating to such Cash Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit; or
- (ii) if the ordinary shares to be issued do rank for the Cash Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the ordinary shares shall have been based on a price ex-Cash Dividend (or ex- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to such Cash Dividend or entitlement per ordinary share as at the date of first public announcement relating to such Cash Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit,

and *provided further* that, if on each of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum-Cash Dividend (or cum- any other entitlement) in respect of a Cash Dividend (or other entitlement) which has been declared or announced but the ordinary shares to be issued do not rank for that Cash Dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to such Cash Dividend or entitlement per ordinary share as at the date of first public announcement relating to such Cash Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit,

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and *provided further* that, if the Volume Weighted Average Price of an ordinary share is not available on one or more of the said five dealing days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five-dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period, the Current Market Price shall be determined in good faith by an Independent Financial Adviser.

dealing day means a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business and on which ordinary shares may be dealt in (other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time).

EEA Regulated Market means a market as defined by Article 4.1(14) of Directive 2004/39/EC of the European Parliament and of the Council on markets on financial instruments, as the same may be amended from time to time.

Effective Date means, for the purposes of paragraph (iii) under *Adjustment of Conversion Price and Conversion Shares Offer Price* above, the first date on which the ordinary shares are traded ex-rights on the Relevant Stock Exchange and, for the purposes of paragraph (iv) under *Adjustment of Conversion Price and Conversion Shares Offer Price* above, the first date on which the ordinary shares are traded ex-the relevant Cash Dividend on the Relevant Stock Exchange.

Extraordinary Dividend means any Cash Dividend that is expressly declared by the Issuer to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to shareholders or any analogous or similar term, in which case the Extraordinary Dividend shall be such Cash Dividend.

Governmental Entity means (i) the United Kingdom Government, (ii) an agency of the United Kingdom Government or (iii) a person or entity (other than a body corporate) controlled by the United Kingdom Government or any such agency referred to in (ii). If the Issuer is then organized in another jurisdiction, the references to **United Kingdom Government** shall be read as references to the government of such other jurisdiction.

Independent Financial Adviser means an independent financial institution of international repute appointed by the Issuer at its own expense.

The **New Conversion Condition** shall be satisfied if (a) by not later than seven (7) Business Days following the completion of a Takeover Event where the Acquirer is an Approved Entity, there shall be arrangements in place for the Approved Entity to provide for issuance of Approved Entity Shares following an Automatic Conversion of the New AT1 Securities on terms *mutatis mutandis* identical to the provisions under *Automatic Conversion Upon Capital Adequacy Trigger Event* above and (b) the Issuer, in its sole and absolute discretion has determined that such arrangements are in the best interest of the Issuer and its shareholders taken as a whole having regard to the interests of its stakeholders (including, but not limited to, the holders of the New AT1 Securities) and are consistent with applicable law and regulation (including, but not limited to, the guidance of any applicable regulatory body).

New Conversion Price means the amount determined in accordance with the following formula, which shall apply from the QTE Effective Date:

$$\text{NCP} = \text{ECP} * (\text{VWAPAES} / \text{VWAPOS})$$

where:

NCP is the New Conversion Price.

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ECP is the Conversion Price in effect on the dealing day immediately prior to the QTE Effective Date.

VWAPAES means the average of the Volume Weighted Average Price of the Approved Entity Shares (translated, if necessary, into sterling in the case of the Sterling AT1 Securities, into euro in the case of the Euro AT1 Securities or U.S. dollar in the case of the Dollar AT1 Securities, at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending on the dealing day prior to the closing date of the Takeover Event (and where references in the definition of **Volume Weighted Average Price** to **ordinary share** shall be construed as a reference to the Approved Entity Shares and in the definition of **dealing day**, references to the **Relevant Stock Exchange** shall be to the relevant Recognized Stock Exchange).

VWAPOS is the average of the Volume Weighted Average Price of the ordinary shares (translated, if necessary, into sterling in the case of the Sterling AT1 Securities, into euro in the case of the Euro AT1 Securities or U.S. dollar in the case of the Dollar AT1 Securities, at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending on the dealing day immediately prior to the closing date of the Takeover Event.

ordinary shares means (a) prior to the QTE Effective Date, fully paid ordinary shares in the capital of the Issuer currently with a nominal value of 25 pence each and (b) on and after the QTE Effective Date, the relevant Approved Entity Shares.

a **person** includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organization, trust, state or agency of a state (in each case whether or not being a separate legal entity) or other legal entity.

Prevailing Rate means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12:00 pm, London time, on that date as appearing on or derived from the relevant page on Bloomberg (or such other information service provider that displays the relevant information) or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 pm, London time, on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the relevant page on Bloomberg (or such other information service provider that displays the relevant information), the rate determined in such other manner as an Independent Financial Adviser shall in good faith prescribe.

Price means the Conversion Price or the Conversion Shares Offer Price, as applicable.

QTE Effective Date means the date with effect from which the New Conversion Condition shall have been satisfied.

Qualifying Takeover Event means a Takeover Event where: (i) the Acquirer is an Approved Entity; and (ii) the New Conversion Condition is satisfied.

Recognized Stock Exchange means an EEA Regulated Market or another regulated, regularly operating, recognized stock exchange or securities market in an OECD member state.

Relevant Currency means sterling or, if at the relevant time or for the purposes of the relevant calculation or determination the LSE is not the Relevant Stock Exchange, the currency in which the ordinary shares are quoted or dealt in on the Relevant Stock Exchange at such time.

Relevant Stock Exchange means the LSE or, if at the relevant time the ordinary shares are not at that time listed and admitted to trading on the LSE, the principal stock exchange or securities market on which the ordinary shares are then listed, admitted to trading or quoted or accepted for dealing.

shareholders means the holders of ordinary shares.

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Subsidiary has the meaning provided in Section 1159 of the Companies Act.

A **Takeover Event** shall occur if an offer is made to all (or as nearly as may be practicable all) shareholders (or all (or as nearly as may be practicable all) such shareholders other than the offeror and/or any associate (as defined in Section 988(1) of the Companies Act) of the offeror), to acquire all or a majority of the issued ordinary share capital of the Issuer or if any person proposes a scheme with regard to such acquisition and (such offer or scheme having become or been declared unconditional in all respects or having become effective) the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer has or will become unconditionally vested in any person and/or any associate of that person (as defined in Section 988(1) of the Companies Act).

Takeover Event Notice means the notice to the holders of the New AT1 Securities notifying them that a Takeover Event has occurred and specifying: (1) the identity of the Acquirer; (2) whether the Takeover Event is a Qualifying Takeover Event or not; (3) in the case of a Qualifying Takeover Event, if determined at such time, the New Conversion Price; and (4) if applicable, the QTE Effective Date.

Volume Weighted Average Price means, in respect of an ordinary share (or an Approved Entity Share, as applicable) on any dealing day, the order book volume-weighted average price of an ordinary share (or Approved Entity Share, as applicable) published by or derived from the relevant Bloomberg page or such other source as shall be determined in good faith to be appropriate by an Independent Financial Adviser on such dealing day, *provided that* if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an ordinary share (or an Approved Entity Share, as applicable) in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined or determined as an Independent Financial Adviser might otherwise determine in good faith to be appropriate.

References to **ordinary share capital** has the meaning provided in Section 1119 of the Corporation Tax Act 2010 and **equity share capital** has the meaning provided in Section 548 of the Companies Act.

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

References to any issue or offer or grant to shareholders **as a class** or **by way of rights** shall be taken to be references to an issue or offer or grant to all or substantially all shareholders, as the case may be, other than shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognized regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

Enforcement Events and Remedies

Winding-up

If a Winding-up Event occurs before the occurrence of a Capital Adequacy Trigger Event, subject to the subordination provisions, the principal amount of the New AT1 Securities will become immediately due and payable. For the avoidance of doubt, as the principal amount of the New AT1 Securities will become immediately due and payable upon a Winding-up Event that occurs before the occurrence of a Capital Adequacy Trigger Event, neither the trustee nor the holders of the New AT1 Securities are required to declare such principal amount to be due and payable.

A **Winding-up Event** with respect to the New AT1 Securities shall result if (i) a court of competent jurisdiction in England (or such other jurisdiction in which we may be organized) makes an order for our winding-up which is not successfully appealed within 30 days of the making of such order, (ii) our shareholders adopt an effective resolution for our winding-up (other than, in the case of either (i) or (ii) above, under or in

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connection with a scheme of reconstruction, merger or amalgamation not involving a bankruptcy or insolvency) or (iii) following the appointment of an administrator of the Issuer, the administrator gives notice that it intends to declare and distribute a dividend.

Non-payment

If we fail to pay any amount that has become due and payable under the New AT1 Securities and the failure continues for 14 days, the trustee may give us notice of such failure. If within a period of 14 days following the provision of such notice, the failure continues and has not been cured nor waived, the trustee may at its discretion and without further notice to us institute proceedings in England (or such other jurisdiction in which we may be organized) (but not elsewhere) for our winding-up and/or prove in our winding-up and/or claim in our liquidation or administration. For the avoidance of doubt, no interest will be due and payable if such interest has been cancelled or is deemed cancelled (in each case, in whole or in part) as described under *Interest Cancellation* above. Accordingly, no default in payment under the New AT1 Securities will have occurred or be deemed to have occurred in such circumstances.

Limited remedies for breach of obligations (other than non-payment)

In addition to the remedies for non-payment provided above, the trustee may, without further notice, institute such proceedings against the Issuer as the trustee may think fit to enforce any term, obligation or condition binding on the Issuer under the New AT1 Securities or the Indenture (other than any payment obligation of the Issuer under or arising from the New AT1 Securities or the Indenture, including, without limitation, payment of any principal or interest (a **Performance Obligation**); provided always that the trustee (acting on behalf of the holders of the New AT1 Securities) and the holders of the New AT1 Securities may not enforce, and may not be entitled to enforce or otherwise claim, against the Issuer any judgment or other award given in such proceedings that requires the payment of money by the Issuer, whether by way of damages or otherwise (a **Monetary Judgment**), except by proving such Monetary Judgment in a winding-up of the Issuer and/or by claiming such Monetary Judgment in an administration of the Issuer.

For the avoidance of doubt, the sole and exclusive manner by which the trustee (acting on behalf of the holders of the New AT1 Securities) and the holders of the New AT1 Securities may seek to enforce or otherwise claim a Monetary Judgment against the Issuer in connection with the Issuer's breach of a Performance Obligation shall be by proving such Monetary Judgment in a winding-up of the Issuer and/or by claiming such Monetary Judgment in an administration of the Issuer. By its acquisition of the New AT1 Securities, each holder:

/s/ ROBERT A. MASON

Robert A. Mason President

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said

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attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
<i>/s/</i> ROBERT A. MASON Robert A. Mason	President and Director (Principal Executive Officer)	June 28, 2007
<i>/s/</i> STEVEN MITZEL Steven Mitzel	Treasurer and Director (Principal Financial and Accounting Officer)	June 28, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Columbia, in the State of Maryland, on the 28 day of June, 2007.

MAIL MARKETING SYSTEMS, INC.

By: /s/ ROBERT A. MASON

Robert A. Mason
President

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ ROBERT A. MASON Robert A. Mason	President and Director (Principal Executive Officer)	June 28, 2007
/s/ STEVEN MITZEL Steven Mitzel	Treasurer and Director (Principal Financial and Accounting Officer)	June 28, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Wilmington, in the State of Delaware, on the 28 day of June, 2007.

MBV, INC.

By: /s/ ROBERT A. MASON

**Robert A. Mason
President**

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ ROBERT A. MASON Robert A. Mason	President and Director (Principal Executive Officer)	June 28, 2007
/s/ STEVEN MITZEL Steven Mitzel	Treasurer and Director (Principal Financial and Accounting Officer)	June 28, 2007

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Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Deerfield, in the State of Illinois, on the 28 day of June, 2007.

NCH MARKETING SERVICES, INC.

By: /s/ BRIAN HUSSELBEE

Brian Husselbee
President and Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his or her substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ MARCUS BRADSHAW Marcus Bradshaw	Vice President, Finance and Director (Principal Financial and Accounting Officer)	June 28, 2007
/s/ SUZANNE BROWN Suzanne Brown	Director	June 28, 2007
/s/ BRIAN HUSSELBEE Brian Husselbee	President, Chief Executive Officer and Director (Principal Executive Officer)	June 28, 2007
/s/ STEVEN MITZEL Steven Mitzel	Director	June 28, 2007
/s/ GARY YOST Gary Yost	Director	June 28, 2007

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Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Deerfield, in the State of Illinois, on the 28 day of June, 2007.

NCH NUWORLD, L.L.C.

By: **NCH Marketing Services, Inc., its managing member (the Managing Member)**

By: /s/ **BRIAN HUSSELBEE**
Brian Husselbee
President and Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his or her substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ MARCUS BRADSHAW Marcus Bradshaw	Vice President, Finance and Director of the Managing Member (Principal Financial and Accounting Officer)	June 28, 2007
/s/ SUZANNE BROWN Suzanne Brown	Director of the Managing Member	June 28, 2007
/s/ BRIAN HUSSELBEE Brian Husselbee	President, Chief Executive Officer and Director of the Managing Member (Principal Executive Officer)	June 28, 2007
/s/ STEVEN MITZEL Steven Mitzel	Director of the Managing Member	June 28, 2007
/s/ GARY YOST Gary Yost	Director of the Managing Member	June 28, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Deerfield, in the State of Illinois, on the 28 day of June, 2007.

NCH NUWORLD SPAIN INC.

By: /s/ BRIAN HUSSELBEE

**Brian Husselbee
President and Treasurer**

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ BRIAN HUSSELBEE Brian Husselbee	President, Treasurer and Director (Principal Executive Officer and Principal Financial and Accounting Officer)	June 28, 2007
/s/ TODD WISELEY Todd Wiseley	Vice President, Secretary and Director	June 28, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Livonia, in the State of Michigan, on the 28 day of June, 2007.

PROMOTION WATCH, INC.

By: /s/ PATRICK McEVILLY

Patrick McEvilly
President, Vice President, Secretary and Treasurer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ PATRICK McEVILLY Patrick McEvilly	President, Vice President, Secretary, Treasurer and Director (Principal Executive Officer and Principal Financial and Accounting Officer)	June 28, 2007
/s/ STEVEN MITZEL Steven Mitzel	Director	June 28, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Livonia, in the State of Michigan, on the 28 day of June, 2007.

RELATIONSHIP MARKETING GROUP, INC.

By: /s/ STEVEN MITZEL

**Steven Mitzel
President and Treasurer**

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ STEVEN MITZEL Steven Mitzel	President, Treasurer and Director (Principal Executive Officer and Principal Financial and Accounting Officer)	June 28, 2007
/s/ TODD WISELEY Todd Wiseley	Vice President, Secretary and Director	June 28, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Windsor, in the State of Connecticut, on the 28 day of June, 2007.

SHOPWISE.COM, INC.

By: /s/ ROBERT A. MASON

**Robert A. Mason
President**

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ ROBERT A. MASON Robert A. Mason	President and Director (Principal Executive Officer)	June 28, 2007
/s/ STEVEN MITZEL Steven Mitzel	Treasurer and Director (Principal Financial and Accounting Officer)	June 28, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Livonia, in the State of Michigan, on the 28 day of June, 2007.

VALASSIS COUPON CLEARING, INC.

By: /s/ STEVEN MITZEL

**Steven Mitzel
President and Treasurer**

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ STEVEN MITZEL Steven Mitzel	President, Treasurer and Director (Principal Executive Officer and Principal Financial and Accounting Officer)	June 28, 2007
/s/ TODD WISELEY Todd Wiseley	Vice President, Secretary and Director	June 28, 2007

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Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Livonia, in the State of Michigan, on the 28 day of June, 2007.

VALASSIS DATA MANAGEMENT, INC.

By: /s/ STEVEN MITZEL

Steven Mitzel
President and Treasurer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ STEVEN MITZEL Steven Mitzel	President, Treasurer and Director (Principal Executive Officer and Principal Financial and Accounting Officer)	June 28, 2007
/s/ TODD WISELEY Todd Wiseley	Vice President, Secretary and Director	June 28, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Livonia, in the State of Michigan, on the 28 day of June, 2007.

VALASSIS INTERNATIONAL, INC.

By: /s/ STEVEN MITZEL
Steven Mitzel
President and Treasurer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ STEVEN MITZEL Steven Mitzel	President, Treasurer and Director (Principal Executive Officer and Principal Financial and Accounting Officer)	June 28, 2007
/s/ TODD WISELEY Todd Wiseley	Vice President, Secretary and Director	June 28, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Livonia, in the State of Michigan, on the 28 day of June, 2007.

VALASSIS MANUFACTURING COMPANY

By: /s/ WILLIAM F. HOGG, JR.
William F. Hogg, Jr.
President and Treasurer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ WILLIAM F. HOGG, JR. William F. Hogg, Jr.	President, Treasurer and Director (Principal Executive Officer and Principal Financial and Accounting Officer)	June 28, 2007
/s/ STEVEN MITZEL Steven Mitzel	Vice President, Secretary and Director	June 28, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Shelton, in the State of Connecticut, on the 28 day of June, 2007.

**VALASSIS RELATIONSHIP MARKETING
SYSTEMS, LLC**

By: /s/ TODD WISELEY
Todd Wiseley
General Manager

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ TODD WISELEY Todd Wiseley	General Manager (Principal Executive Officer and Principal Financial and Accounting Officer)	June 28, 2007
/s/ LORNE GROE Lorne Groe	Secretary and Manager	June 28, 2007

Table of Contents**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Livonia, in the State of Michigan, on the 28 day of June, 2007.

VALASSIS SALES & MARKETING SERVICES, INC.

By: /s/ RICHARD HERPICH
Richard Herpich
President

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his or her substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ SUSAN GRIFFIN Susan Griffin	Director	June 28, 2007
/s/ RICHARD HERPICH Richard Herpich	President and Director (Principal Executive Officer)	June 28, 2007
/s/ STEVEN MITZEL Steven Mitzel	Secretary and Director (Principal Financial and Accounting Officer)	June 28, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Windsor, in the State of Connecticut, on the 28 day of June, 2007.

VALUE FAIR, INC.

By: /s/ ROBERT A. MASON
Robert A. Mason
President

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ ROBERT A. MASON Robert A. Mason	President and Director (Principal Executive Officer)	June 28, 2007
/s/ STEVEN MITZEL Steven Mitzel	Treasurer and Director (Principal Financial and Accounting Officer)	June 28, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Livonia, in the State of Michigan, on the 28 day of June, 2007.

VCI DIRECT MAIL, INC.

By: /s/ STEVEN MITZEL
Steven Mitzel
President and Treasurer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ STEVEN MITZEL Steven Mitzel	President, Treasurer and Director (Principal Executive Officer and Principal Financial and Accounting Officer)	June 28, 2007
/s/ TODD WISELEY Todd Wiseley	Vice President, Secretary and Director	June 28, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Livonia, in the State of Michigan, on the 28 day of June, 2007.

VCI ELECTRONIC COUPONS, INC.

By: /s/ STEVEN MITZEL
Steven Mitzel
President and Treasurer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ STEVEN MITZEL Steven Mitzel	President, Treasurer and Director (Principal Executive Officer and Principal Financial and Accounting Officer)	June 28, 2007
/s/ TODD WISELEY Todd Wiseley	Vice President, Secretary and Director	June 28, 2007

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Livonia, in the State of Michigan, on the 28 day of June, 2007.

VCI ENTERPRISES, INC.

By: /s/ STEVEN MITZEL
Steven Mitzel
President and Treasurer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Barry P. Hoffman, Steven Mitzel and Todd Wiseley and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement, any registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, agent, or his substitute may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATED
/s/ STEVEN MITZEL Steven Mitzel	President, Treasurer and Director (Principal Executive Officer and Principal Financial and Accounting Officer)	June 28, 2007
/s/ TODD WISELEY Todd Wiseley	Vice President, Secretary and Director	June 28, 2007

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EXHIBIT INDEX

Exhibit No.	Description of Documents
2.1	Agreement and Plan of Merger, dated as of July 5, 2006, by and among Valassis Communications, Inc., ADVO, Inc. and Michigan Acquisition Corporation (incorporated by reference to Exhibit 2.1 to Valassis 8-K (SEC File No. 001-10991) filed on July 10, 2006).
2.2	Amendment No. 1, dated as of December 18, 2006, to the Agreement and Plan of Merger, dated as of July 5, 2006, by and among Valassis Communications, Inc., Michigan Acquisition Corporation and ADVO, Inc. (incorporated by reference to Exhibit 2.1 to Valassis 8-K (SEC File No. 001-10991) filed on December 20, 2006).
3.1	Restated Certificate of Incorporation of Valassis (incorporated by reference to Exhibit 3.1 to Valassis Registration Statement on Form S-1 (SEC File No. 33-45189) filed on January 21, 1992).
3.2	Amended and Restated By-laws of Valassis (incorporated by reference to Exhibit 3(ii) to Valassis Form 10-Q (SEC File No. 001-10991) for the period ended March 31, 1999) filed on May 14, 1999.
3.3	Amended and Restated Certificate of Incorporation of ADVO, Inc.
3.4	Restated By-laws of ADVO, Inc.
3.5	Certificate of Incorporation of ADVO Investment Company, Inc.
3.6	By-laws of ADVO Investment Company, Inc., as amended.
3.7	Certificate of Incorporation of Coupon Distributors, Inc.
3.8	By-laws of Coupon Distributors, Inc., as amended.
3.9	Amended and Restated Articles of Incorporation of Coupon Select, Inc.
3.10	By-laws of Coupon Select, Inc., as amended.
3.11	Certificate of Incorporation of MailCoups, Inc., as amended.
3.12	By-laws of MailCoups, Inc.
3.13	Certificate of Incorporation of MailCoups Direct, Inc.
3.14	By-laws of MailCoups Direct, Inc.
3.15	Articles of Amendment and Restatement of Mail Marketing Systems, Inc.
3.16	By-laws of Mail Marketing Systems, Inc.
3.17	Certificate of Incorporation of MBV, Inc.
3.18	By-laws of MBV, Inc., as amended.
3.19	Amended and Restated Certificate of Incorporation of NCH Marketing Services, Inc.
3.20	By-laws of NCH Marketing Services, Inc.
3.21	Certificate of Formation of NCH NuWorld, L.L.C.
3.22	Limited Liability Company Operating Agreement of NCH NuWorld, L.L.C.
3.23	Certificate of Incorporation of NCH NuWorld Spain Inc.

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Exhibit No.	Description of Documents
3.24	Amended and Restated By-laws of NCH NuWorld Spain Inc.
3.25	Certificate of Incorporation of Promotion Watch, Inc.
3.26	By-laws of Promotion Watch, Inc.
3.27	Amended and Restated Certificate of Incorporation of Relationship Marketing Group, Inc., as amended.
3.28	By-laws of Relationship Marketing Group, Inc.
3.29	Certificate of Incorporation of ShopWise.com, Inc.
3.30	By-laws of ShopWise.com, Inc.
3.31	Certificate of Incorporation of VCI Direct Mail, Inc.
3.32	By-laws of VCI Direct Mail, Inc.
3.33	Certificate of Incorporation of VCI Electronic Coupons, Inc.
3.34	By-laws of VCI Electronic Coupons, Inc.
3.35	Certificate of Incorporation of VCI Enterprises, Inc.
3.36	By-laws of VCI Enterprises, Inc.
3.37	Certificate of Incorporation of Valassis Coupon Clearing, Inc., as corrected by Certificate of Correction.
3.38	By-laws of Valassis Coupon Clearing, Inc.
3.39	Certificate of Incorporation of Valassis Data Management, Inc.
3.40	By-laws of Valassis Data Management, Inc.
3.41	Certificate of Incorporation of Valassis International, Inc.
3.42	By-laws of Valassis International, Inc.
3.43	Certificate of Incorporation of Valassis Manufacturing Company.
3.44	By-laws of Valassis Manufacturing Company.
3.45	Certificate of Formation of Valassis Relationship Marketing Systems, LLC, as amended.
3.46	Amended and Restated Limited Liability Company Agreement of Valassis Relationship Marketing Systems, LLC.
3.47	Certificate of Incorporation of Valassis Sales & Marketing Services, Inc., as amended.
3.48	By-laws of Valassis Sales & Marketing Services, Inc.
3.49	Certificate of Incorporation of Value Fair, Inc.
3.50	By-laws of Value Fair, Inc.
4.1	Certificate of Designations of Preferred Stock of Valassis filed with the Office of the Secretary of State of Delaware on September 21, 1999 (incorporated by reference to Exhibit 4 to Valassis Form 8-K (SEC File No. 001-10991) filed on September 23, 1999).
4.2	Indenture, dated as of January 12, 1999, between Valassis and The Bank of New York, as trustee, relating to the 6 5/8% Senior Notes due 2009 (incorporated by reference to Exhibit 4.1 to Valassis Registration Statement on Form S-4 (SEC File No. 333-75041) filed on March 25, 1999).
4.3	First Supplemental Indenture, dated as of March 9, 1999 to the Indenture, dated as of January 12, 1999 (incorporated by reference to Exhibit 4.1(a) to Valassis Registration Statement on Form S-4 (SEC File No. 333-75041) filed on March 25, 1999).

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Exhibit No.	Description of Documents
4.4	Second Supplemental Indenture, dated as of March 2, 2007, between Valassis and The Bank of New York Trust Company, N.A., as trustee, to the Indenture, dated as of January 12, 1999 (incorporated by reference to Exhibit 4.3 to Valassis Form 8-K (SEC File No. 001-10991) filed on March 8, 2007).
4.5	Indenture between Valassis and BNY Midwest Trust Company, as trustee, relating to the Senior Convertible Notes due 2033 (incorporated by reference to Exhibit 4.1 to Valassis Registration Statement on Form S-3 (SEC File No. 333-107787) filed August 8, 2003).
4.6	First Supplemental Indenture, dated as of March 2, 2007, between Valassis and BNY Midwest Trust Company, as trustee, to the Indenture, dated as of May 22, 2003 (incorporated by reference to Exhibit 4.4 to Valassis Form 8-K (SEC File No. 001-10991) filed on March 8, 2007).
4.7	Indenture, dated as of March 2, 2007, by and among Valassis, the Subsidiary Guarantors named therein and Wells Fargo Bank, National Association, as trustee, relating to the 8 ^{1/4} % Senior Notes due 2015 (incorporated by reference to Exhibit 4.1 to Valassis Form 8-K (SEC File No. 001-10991) filed on March 8, 2007).
4.8	Rights Agreement, dated as of September 1, 1999, between Valassis and The Bank of New York, as rights agent (incorporated by reference to Exhibit 99.1 to Valassis Form 8-A (SEC File No. 001-10991) filed on September 27, 1999).
4.9	Amendment No. 1, dated as of October 10, 2003, to Rights Agreement, dated as of September 1, 1999, between Valassis and National City Corporation, as rights agent (incorporated by reference to Exhibit 2 to Valassis Form 8-A/A (SEC File No. 011-10991) filed on October 14, 2003).
4.10	Amendment No. 2, dated as of January 5, 2007, to the Rights Agreement, dated as of September 1, 1999, as amended on October 10, 2003, between Valassis and National City Corporation, as rights agent (incorporated by reference to Exhibit 4.1 to Valassis Form 8-K (SEC File No. 001-10991) filed on January 8, 2007).
4.11	Registration Rights Agreement, dated as of March 2, 2007, by and among Valassis, the Subsidiary Guarantors named therein and Bear, Stearns & Co. Inc. and Banc of America Securities LLC, as the initial purchasers (incorporated by reference to Exhibit 4.2 to Valassis Form 8-K (SEC File No. 001-10991) filed on March 8, 2007).
5.1	Opinion of McDermott Will & Emery LLP.
5.2	Opinion of Gaboriault & Pearsall, P.C.
5.3	Opinion of Selzer Gurvitch Rabin & Obecný, Chtd.
12.1	Statements of Computation of Ratios of Earnings to Fixed Charges.
23.1	Consent of McDermott Will & Emery LLP (included in Exhibit 5.1).
23.2	Consent of Gaboriault & Pearsall, P.C. (included in Exhibit 5.2).
23.3	Consent of Selzer Gurvitch Rabin & Obecný, Chtd. (included in Exhibit 5.3).
23.4	Consent of Deloitte & Touche LLP, independent registered public accounting firm.
23.5	Consent of Ernst & Young LLP, independent registered public accounting firm.
24.1	Powers of Attorney (included in the signature pages to this Registration Statement).
25.1	Statement of Eligibility of Trustee on Form T-1.
99.1	Form of Letter of Transmittal.
99.2	Form of Notice of Guaranteed Delivery.

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Exhibit No.	Description of Documents
99.3	Form of Notice of Withdrawal.
99.4	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
99.5	Form of Letter to Clients.
99.6	Form of Exchange Agent & Depositary Agreement between Valassis and Wells Fargo Bank, National Association, as exchange agent.