

BARCLAYS PLC  
 Form 424B2  
 January 10, 2018  
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### CALCULATION OF REGISTRATION FEE

<b>Title of Each Class of Securities Offered</b>	<b>Amount to be Registered(1)</b>	<b>Maximum Offering Price Per Unit</b>	<b>Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee(2)</b>
£1,250,000,000 3.250% Fixed Rate Senior Notes due 2033	\$1,692,500,000	99.845%	\$1,689,876,625	\$210,389.64

(1) *£1,250,000,000 aggregate principal amount of 3.250% Fixed Rate Senior Notes due 2033 will be issued. The amount to be registered and the proposed maximum aggregate offering price for the £1,250,000,000 3.250% Fixed Rate Senior Notes due 2033 is based upon the closing GBP/U.S. dollar rate of £1.00/U.S.\$1.3540 as of January 9, 2018, as reported by Bloomberg.*

(2) *The filing fee is calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.*

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**Filed pursuant to Rule 424(b)(2)  
Registration statement No. 333-216377**

**Prospectus Supplement to Prospectus dated March 1, 2017**

**GBP 1,250,000,000 3.250% Fixed Rate Senior Notes due 2033**

**Barclays PLC**

We, Barclays PLC (the Issuer or Barclays ), are issuing £1,250,000,000 aggregate principal amount of 3.250% Fixed Rate Senior Notes due 2033 (the notes ).

From (and including) the date of issuance, interest will accrue on the notes at a rate of 3.250% per annum. Interest will be payable annually in arrear, on January 17 in each year, commencing on January 17, 2019.

The notes will constitute our direct, unconditional, unsecured and unsubordinated obligations ranking *pari passu* without any preference among themselves. In the event of our winding-up or administration, the notes will rank *pari passu* with all our other outstanding unsecured and unsubordinated obligations, present and future, except such obligations as are preferred by operation of law.

We may, at our option, redeem the notes, in whole or in part, pursuant to the Make-Whole Redemption (as defined below) at any time on or after July 17, 2018 (six months following the Issue Date (as defined below) of the notes) on the terms and subject to the provisions set forth in this prospectus supplement under *Description of Senior Notes Optional Redemption*. We may also, at our option, at any time, redeem the notes, in whole but not in part, at an amount equal to 100% of the principal amount of the notes being redeemed together with accrued but unpaid interest, if any, on the principal amount of the notes to be redeemed to (but excluding) the redemption date, upon the occurrence of certain events related to taxation on the terms described in this prospectus supplement under *Description of Senior Notes Tax Redemption*. We may also, at our option, at any time, redeem the notes, in whole but not in part, at an amount equal to 100% of the principal amount of the notes being redeemed together with accrued but unpaid interest, if any, on the principal amount of the notes to be redeemed to (but excluding) the redemption date, upon the occurrence of certain regulatory events relating to certain minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments on the terms described in this prospectus supplement under *Description of Senior Notes Loss Absorption Disqualification Event Redemption*. Any redemption or repurchase of the notes is subject to the provisions described in this prospectus supplement under *Description of Senior Notes Condition to Redemption* and *Description of Senior Notes Conditions to Repurchase*.

Upon the occurrence of certain regulatory events relating to certain minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments, we may, at our option, substitute the events of default applicable to the notes with more limited enforcement events and remedies as described in this prospectus supplement under

*Description of Senior Notes Enforcement Events and Remedies Following an Events of Default Substitution.*

We will apply to list the notes on the New York Stock Exchange ( NYSE ) under the symbol BCS33.

**MiFID II product governance / Professional investors and ECPs only target market** Solely for the purposes of each manufacturer's product approval process pursuant to the requirements of Article 9(8) of the Product Governance Rules regarding the mutual responsibilities of manufacturers under the Product Governance Rules, the target market assessment in respect of the notes has led to the conclusion that: (i) the target market for the notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the notes (a Distributor ) should take into consideration the manufacturer's target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels. For the purposes of this provision the expression MiFID II means Directive 2014/65/EU, as amended and the expression Product Governance Rules means the MiFID Product Governance rules under EU Delegated Directive 2017/593.

**IMPORTANT PRIIPs REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS.** The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ( EEA ). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the Insurance Mediation Directive ), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the PRIIPs Regulation ) for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Notwithstanding any other agreements, arrangements, or understandings between us and any holder or beneficial owner of the notes, by acquiring the notes, each holder and beneficial owner of the notes acknowledges, accepts, 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 (i) the reduction or cancellation of all, or a portion, of the principal amount of, or interest on, the notes; (ii) the conversion of all, or a portion of, the principal amount of, or interest on, the notes into shares or other securities or other obligations of the Issuer or another person (and the issue to, or conferral on, the holder or beneficial owner of the notes of such shares, securities or obligations); and/or (iii) the amendment or alteration of the maturity of the notes, or amendment of the amount of interest due on the notes, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which U.K. Bail-in Power may be exercised by means of a variation of the terms of the notes solely to give effect to the exercise by the Relevant U.K. Resolution Authority of such U.K. Bail-in Power. For more information, see the section entitled *Description of Senior Notes Agreement with Respect to Exercise of U.K. Bail-in Power* in this prospectus supplement.

By its acquisition of the notes, each holder and beneficial owner of the notes, to the extent permitted by the U.S. Trust Indenture Act of 1939, as amended (the Trust Indenture Act ), also waives any and all claims against the Trustee (as defined herein) 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 notes. For more information, see the section entitled *Description of Senior Notes Agreement with Respect to Exercise of U.K. Bail-in Power* in this prospectus supplement.

By its acquisition of the notes, each holder and beneficial owner of the notes acknowledges, accepts, agrees to be bound by, and consents to, the substitution of the events of default applicable to the notes with more limited enforcement events and remedies upon the occurrence of certain regulatory events relating to certain minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments, at our option, without the need for us to obtain any consent from such noteholder. For more information, see the sections entitled *Description of Senior Notes Events of Default Substitution* and *Enforcement Events and Remedies Following an Events of Default Substitution* in this prospectus supplement.

*Investing in the notes involves risks. We encourage you to read and carefully consider this document in its entirety, in particular the risk factors beginning on page S-18 of this prospectus supplement and risk factors in *Risk Review Material existing and emerging risks* on pages 88-96 of our Annual Report on Form 20-F for the year ended December 31, 2016, which is incorporated by reference herein, and the other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus, for a discussion of the factors you should carefully consider before deciding to invest in the notes.*

Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved of the notes or determined that this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

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

	Price to Public <sup>(1)</sup>	Underwriting Compensation	Proceeds, before expenses, to Barclays PLC
Per note	99.845%	0.500%	99.345%
Total	£ 1,248,062,500	£ 6,250,000	£ 1,241,812,500

(1) Plus accrued interest, if any, from and including January 17, 2018.

The underwriters expect to deliver the notes to purchasers in book-entry form only through the facilities of Clearstream Banking, S.A. ( Clearstream, Luxembourg ), or Euroclear Bank S.A./N.V. ( Euroclear ), on or about January 17, 2018. Beneficial interests in the notes will be held through Clearstream, Luxembourg and/or Euroclear and their respective direct and indirect participants, and such direct and indirect participants will record beneficial interests on their books.

*Global Coordinator*

**Barclays**

**Banco Bilbao Vizcaya Argentaria, S.A. Danske Bank ING Standard Chartered Bank Wells Fargo Securities**

Prospectus Supplement dated January 8, 2018

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This prospectus supplement and certain documents incorporated by reference herein contain certain forward-looking statements within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the

Exchange Act ), and Section 27A of the U.S. Securities Act of 1933, as amended (the Securities Act ), with respect to the Group (as defined below). We caution readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures 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, target, projected, expect, estimate, intend, plan, goal, words of similar meaning. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Group's future financial position, income growth, assets, impairment charges, provisions, notable items, business strategy, structural reform, capital, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets and the impact of any regulatory deconsolidation result from the sell down of the Group's interest in Barclays Africa Group Limited, 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, future levels of notable items, 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; United Kingdom ( 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 any entities within the Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; the implications of the exercise by the U.K. of Article 50 of the Treaty of Lisbon and the disruption that may result in the U.K. and globally from the withdrawal of the U.K. from the European Union; 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, expectations and guidance set forth in the Group's forward-looking statements. The list above is not exhaustive and there are other factors that may cause our actual results to differ materially from the forward-looking statements contained in this prospectus supplement and the documents incorporated by reference herein. You are also advised to read carefully the risk factors set out in the section entitled *Risk Factors* in this prospectus supplement and in our filings with the SEC, including in our Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed with the U.S. Securities Exchange Commission (the SEC ) on February 23, 2017 (the 2016 Form 20-F ), which are available on the SEC's website at <http://www.sec.gov> for a discussion of certain factors that should be considered when deciding what action to take in relation to the notes.

Any forward-looking statements made herein or in the documents incorporated by reference 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 PRA (as defined below), the Financial Conduct Authority (the FCA ), the London Stock Exchange plc (the LSE ) or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this

prospectus supplement or in the documents incorporated by reference herein to reflect any change in Barclays expectations with regard thereto or any change in events, conditions or

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circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has published or may publish via the Regulatory News Service of the LSE and/or has filed or may file with the SEC.

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**INCORPORATION OF DOCUMENTS BY REFERENCE**

This prospectus supplement is part of a registration statement on Form F-3 (File No. 333-216377) we have filed with the SEC under the Securities Act. This prospectus supplement omits some 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 notes. Statements in this prospectus supplement 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.

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 in this prospectus supplement is an important part of this prospectus supplement. For information on the documents we incorporate by reference in this prospectus supplement and the accompanying prospectus, we refer you to *Incorporation of Certain Documents by Reference* on page 3 of the accompanying prospectus. In particular, we refer you to the 2016 Form 20-F for a discussion of our audited results of operations and financial condition as of, and for the year ended, December 31, 2016, and our Current Reports on Form 6-K filed on April 10, 2017 (Film No. 17752705), on April 28, 2017 (Film No. 17792289), on June 20, 2017 (Film No. 17920347), on July 28, 2017 (Film No. 17988276) and on October 26, 2017 (Film No. 171155485), which are incorporated by reference into this prospectus supplement.

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

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 or in the accompanying prospectus which we have incorporated in this prospectus supplement 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).

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**CERTAIN DEFINITIONS**

For purposes of this prospectus supplement:

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

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

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

Clearing Systems means Clearstream, Luxembourg and Euroclear;

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

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;

Capital Regulations means, at any time, the laws, regulations, requirements, standards, guidelines and policies relating to capital adequacy and/or minimum requirement for own funds and eligible liabilities and/or loss absorbing capacity of 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 we may be organized or domiciled) and applicable to the Group including, as at the date hereof, CRD IV and related technical standards;

CRD IV consists 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;

£, GBP and sterling shall refer to the lawful currency for the time being of the United Kingdom; and

US\$, \$ and U.S. dollars shall refer to the lawful currency for the time being of the United States.

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*The following is a summary of this prospectus supplement and should be read as an introduction to, and in conjunction with, the remainder of this prospectus supplement, the accompanying prospectus and any documents incorporated by reference therein. You should base your investment decision on a consideration of this prospectus supplement, the accompanying prospectus and any documents incorporated by reference therein, as a whole. Words and expressions defined in Description of Senior Notes below shall have the same meanings in this summary.*

**General****The Issuer**

Barclays PLC

The Group is a transatlantic consumer, corporate and investment bank offering products and services across personal, corporate and investment banking, credit cards and wealth management, with a strong presence in the Group's two home markets of the U.K. and the U.S. The Group is focused on two core divisions: Barclays UK and Barclays International. Barclays UK comprises the U.K. retail banking operations, U.K. consumer credit card business, U.K. wealth management business and corporate banking for smaller businesses. Barclays International comprises the corporate banking franchise, the Investment Bank, the U.S. and international cards business and international wealth management.

**The Securities We Are Offering**

We are offering £1,250,000,000 aggregate principal amount of 3.250% Fixed Rate Senior Notes due 2033.

**Issue Date**

January 17, 2018 (the Issue Date).

**Maturity Date**

We will repay the notes at 100% of their principal amount plus accrued interest on January 17, 2033 (the Maturity Date).

**Payment at Maturity or upon Redemption**

If the Maturity Date or date of redemption or repayment is not a Business Day, the payment of interest and principal and/or any amount payable upon redemption or repayment of the notes will be made on the next succeeding Business Day, but interest on that payment will not accrue during the period from and after such Maturity Date or date of redemption or repayment. If the notes are redeemed, unless we default on payment of the redemption price, interest will cease to accrue on the redemption date on the notes called for redemption.

**Interest Rate**

The notes will bear interest at a rate of 3.250% per annum.

**Interest Payment Dates**

Every January 17 in each year, commencing on January 17, 2019 and ending on the Maturity Date; provided that if any Interest Payment Date would fall on a day that is not a Business Day, the Interest Payment Date will be postponed to the next succeeding Business Day, but interest on that payment will not accrue during the period from and after the scheduled Interest Payment Date.

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**Currency of Payment**

All payments of interest and principal, including payments made upon any redemption of the notes, will be made in sterling. If sterling is unavailable due to the imposition of exchange controls or other circumstances beyond our control, then all payments in respect of the notes will be made in U.S. dollars until sterling is again available.

**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 notes are held in definitive form, the 15th Business Day preceding each Interest Payment Date).

Clearing System Business Day means a day on which each Clearing System for which any global certificate is being held is open for business.

**Day Count**

ACTUAL/ACTUAL (ICMA) (as defined under *Description of Senior Notes* in this prospectus supplement, based on the definition in the International Capital Markets Association Primary Market Handbook).

**Ranking**

The notes will constitute our direct, unconditional, unsecured and unsubordinated obligations ranking *pari passu* without any preference among themselves. In the event of our winding-up or administration, the notes will rank *pari passu* with all our other outstanding unsecured and unsubordinated obligations, present and future, except such obligations as are preferred by operation of law.

In addition, see *Risk Factors The Issuer is a holding company, which means that the Issuer's right to participate in the assets of any of its subsidiaries (including those of Barclays Bank, the group service company or any other subsidiary) upon the liquidation of such subsidiaries, and the extent to which the Issuer suffers losses if it or any of its subsidiaries are subject to bank resolution proceedings, may depend, amongst other things, upon the degree to which the Issuer's loans to, and investments in, such subsidiaries are subordinated.*

**No Set-off**

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

or arising under, the notes or the Indenture are discharged by set-off, such holder shall, subject to applicable law, immediately pay to us an amount equal to the amount of such discharge (or, in the event of our winding-up or administration, our liquidator or administrator, as the case may be) and, until such time as payment is made, shall hold an amount equal to such amount in trust for us (or

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our liquidator or administrator, as the case may be) and, accordingly, any such discharge shall be deemed not to have taken place. By its acquisition of the notes, each holder agrees to be bound by these provisions relating to waiver of set-off.

**Optional Redemption**

Subject to the provisions described under *Notice of Redemption* and *Condition to Redemption* below, we may redeem the notes at any time outstanding, at our option, in whole or in part, at any time on or after July 17, 2018 (six months following the Issue Date of the notes), (and, if any additional notes of this series are issued after the Issue Date, except for the period of six months beginning on the issue date for any additional notes of this series) at an amount equal to the higher of (i) 100% of the principal amount of the notes to be redeemed and (ii) the principal amount of such notes multiplied by the price (expressed as a percentage), as reported in writing to the Issuer by the Determination Agent, at which the yield to maturity on such notes on the Reference Date is equal to the Reference Bond Rate on the Reference Date plus 25 basis points, as determined by the Determination Agent, together with, in either case of (i) or (ii) above, accrued but unpaid interest, if any, on the principal amount of the notes to be redeemed to (but excluding) the redemption date (the *Make-Whole Redemption* ).

*Reference Bond Rate* means, with respect to any Reference Date, the rate per annum equal to the yield to maturity or interpolated yield to maturity (assuming an ACTUAL/ACTUAL (ICMA) day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price at 11:00 a.m. (London time) on such Reference Date.

In determining the Reference Bond Rate, the below terms will have the following meaning:

*Determination Agent* means an investment bank or financial institution of international standing selected by the Issuer and which may be an affiliate of the Issuer.

*Reference Bond* shall be 4.25% UK Treasury Gilt due June 2032 or, to the extent that such Reference Bond is no longer outstanding on the relevant Reference Date the selected government security or securities agreed between the Issuer and an investment bank or financial institution determined to be appropriate by the Issuer (which, for the avoidance of doubt, could be the Determination Agent) as having an actual or interpolated maturity comparable with the remaining term of the notes,



that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of sterling denominated corporate debt and of a comparable maturity to the remaining term of the notes.

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**Reference Bond Price** means, with respect to any Reference Date, (i) the arithmetic average of the Reference Government Bond Dealer Quotations, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (ii) if fewer than five such Reference Government Bond Dealer Quotations are received, the arithmetic average of all such quotations.

**Reference Date** means the date which is two (2) Business Days prior to the despatch of the notice of redemption.

**Reference Government Bond Dealer** means each of five banks selected by the Issuer (following, where practicable, consultation with the Determination Agent), or their affiliates, which are (i) primary government securities dealers, and their respective successors, or (ii) market makers in pricing corporate bond issues.

**Reference Government Bond Dealer Quotations** means, with respect to each Reference Government Bond Dealer and any Reference Date, the arithmetic average, as determined by the Issuer or the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) at 11:00 a.m. (London time) on the Reference Date:

- (a) which appears on the Relevant Make Whole Screen Page as at 11:00 a.m. (London time) on the Reference Date; or
- (b) to the extent that, in the case of (a) above, either such bid and offered prices do not appear on that page, fewer than two such Reference Government Bond Dealer bid and offered prices appear on that page, or if the Relevant Make Whole Screen Page is unavailable, then as quoted in writing to the Issuer or the Determination Agent (as applicable) by such Reference Government Bond Dealer.

**Relevant Make Whole Screen Page** means PXUK (or any successor or replacement page, section or other part of the information service), or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable relevant bid and offered prices for the Reference Bond.

Unless we default on payment of the redemption price, interest will cease to accrue on the redemption date on the notes or portions thereof called for redemption.

**Tax Redemption**

We may also, at our option, at any time, redeem the notes, in whole but not in part, if (A) we are required to issue definitive certificated notes in the events described under the section entitled *Description of Certain Provisions relating to Debt Securities and Contingent*

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*Convertible Securities Special Situations When a Global Security Will Be Terminated* in the accompanying prospectus (other than the option described in the accompanying prospectus to determine in our sole discretion that the global securities representing the notes should be exchanged for definitive notes in registered form, which shall not apply to the notes) and, as a result, we are or would be required to pay Additional Amounts (as defined below) with respect to the notes; or (B) we determine that as a result of a change in, or amendment to, the laws or regulations of a Taxing Jurisdiction (as defined below), including any treaty to which the relevant Taxing Jurisdiction is a party, or a change in an official application of those laws or regulations, including a decision of any court or tribunal, which becomes effective on or after the Issue Date (and, in the case of a successor entity, which becomes effective on or after the date of such entity's assumption of our obligations),

- (i) we will or would be required to pay holders Additional Amounts;
- (ii) we would not be entitled to claim a deduction in respect of any payments in respect of the notes in computing our taxation liabilities or the value of the deduction would be materially reduced; or
- (iii) we would not, as a result of the notes 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 Issue Date or any similar system or systems having like effect as may from time to time exist),

(each such change in tax law or regulation or the official application thereof, a Tax Event ),

in each of cases (A) and (B) above, at an amount equal to 100% of the principal amount of the notes being redeemed together with accrued but unpaid interest, if any, on the principal amount of the notes to be redeemed 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.

In each of cases (A) and (B) above, before we give a notice of redemption pursuant to the provisions described herein under *Tax Redemption*, we shall be required to deliver to the Trustee a written legal opinion of independent counsel of recognized standing, chosen by us, confirming that we are entitled to exercise our right of redemption pursuant to the provisions described herein under *Tax Redemption*.

Any redemption of notes pursuant to the provisions described herein under *Tax Redemption* will also be subject to the provisions

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described under *Notice of Redemption* and *Condition to Redemption* below.

**Loss Absorption Disqualification Event Redemption**

If a Loss Absorption Regulations Event occurs on or after the Issue Date (and, in the case of a successor entity, occurs on or after the date of such entity's assumption of the Issuer's obligations) that does, or would be likely to (in the opinion of the Issuer, the PRA or any other relevant national or European authority), result in a Loss Absorption Disqualification Event, we may, at our option, at any time, redeem the notes, in whole but not in part, at an amount equal to 100% of the principal amount of the notes being redeemed together with accrued but unpaid interest, if any, on the principal amount of the notes to be redeemed to (but excluding) the date fixed for redemption, provided that such Loss Absorption Disqualification Event cannot be avoided by the Issuer exercising its option to cause an Events of Default Substitution (as defined below), in accordance with the provisions described under *Events of Default Substitution* below.

Loss Absorption Disqualification Event means the whole or any part of the outstanding aggregate principal amount of the notes at any time being excluded from or ceasing to count towards the Issuer's and/or the Group's own funds and eligible liabilities and/or loss absorbing capacity, in each case for the purposes of, and in accordance with, the relevant Capital Regulations, provided that a Loss Absorption Disqualification Event shall not occur if such whole or part of the outstanding principal amount of the notes is excluded from, or ceases to count towards, such own funds and eligible liabilities and/or loss absorbing capacity due to the remaining maturity of the notes being less than one year.

Loss Absorption Regulations Event means that (i) any Capital Regulations become effective with respect to the Issuer and/or the Group or (ii) there is an amendment to, or change in, any Capital Regulations, or any change in the official application of any Capital Regulations that becomes effective with respect to the Issuer and/or the Group.

Any redemption of notes upon the occurrence of a Loss Absorption Disqualification Event will also be subject to the provisions described under *Notice of Redemption* and *Condition to Redemption* below.

**Notice of Redemption**

Any redemption of the notes 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 notes via Clearstream, Luxembourg and/or Euroclear (or, if the notes are held in definitive form, to the holders at their addresses shown

on the register for the notes) (such notice being irrevocable except in the limited circumstances described in the following paragraph) specifying our election to redeem the notes and the date fixed for such redemption. Following receipt of such notice

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by Clearstream, Luxembourg or Euroclear, pursuant to its applicable rules and operating procedures then in effect, each of the Clearing Systems shall transmit such notice to the direct participants of such Clearing System holding the notes at such time in accordance with such rules and procedures.

If we have elected to redeem the notes but prior to the payment of the redemption amount with respect to such redemption the Relevant U.K. Resolution Authority (as defined below) exercises its U.K. Bail-in Power (as defined below) in respect of the notes, 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 the notes (and give notice thereof to the holders of the notes) only if we have obtained the prior consent of the PRA and/or any other relevant national or European authority (in either case, if such consent is then required by the Capital Regulations) for the redemption of the notes.

**Condition to Repurchase**

We or any member of the Group may purchase or otherwise acquire any outstanding notes 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 and/or any other relevant national or European authority (in either case, if such consent is then required by the Capital Regulations).

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

Notwithstanding any other agreements, arrangements, or understandings between us and any holder of the notes, by acquiring the notes, each holder of the notes acknowledges, accepts, 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 (i) the reduction or cancellation of all, or a portion of, the principal amount of, or interest on, the notes; (ii) the conversion of all, or a portion, of the principal amount of, or interest on, the notes into shares or other securities or other obligations of the Issuer or another person (and the issue to, or conferral on, the holder of the notes of such shares, securities or obligations); and/or (iii) the amendment or alteration of the maturity of the notes, or amendment of the amount of interest due on the notes, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which U.K. Bail-in Power may be exercised by means of a variation of the terms of the notes solely to give effect to the exercise by the Relevant U.K. Resolution Authority of such U.K. Bail-in Power. Each holder of the notes further acknowledges and agrees that the rights of holders of the notes are subject to, and will be varied, if necessary,



solely 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, this consent and acknowledgment is not a waiver of any rights holders of the notes may have at law if and to the extent that any U.K. Bail-in Power is

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exercised by the Relevant U.K. Resolution Authority in breach of laws applicable in England.

For these purposes, a U.K. Bail-in Power is any write-down, conversion, transfer, modification and/or suspension 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 any applicable 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 the same has been or may be amended from time to time (whether pursuant to the U.K. Financial Services (Banking Reform) Act 2013, secondary legislation or otherwise, the Banking Act ), pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, amended, transferred 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).

For more information, see *Description of Senior Notes Agreement with Respect to the Exercise of U.K. Bail-in Power* below.

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

No repayment of the principal amount of the notes or payment of interest on the notes 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.

**Events of Default Substitution**

If the inclusion of any of the Senior Events of Default (as defined in the accompanying prospectus) in the terms of the notes does, or would be likely to (in the opinion of the Issuer, the PRA or any other relevant national or European authority), result in a Loss Absorption Disqualification Event following a Loss Absorption Regulations Event that occurs on or after the Issue Date (and, in the case of a successor entity, that occurs on or after the date of such entity's assumption of the Issuer's obligations), then we may, at our option, without the need for us to obtain any consent from any holder of the notes, determine that the

terms of the notes described under *Senior Events of Default; Dated Subordinated Enforcement Events and Remedies; Limitation on Suits Senior Events of Default* in the accompanying prospectus shall cease to apply to the notes and shall be replaced in their entirety by the enforcement events and remedies

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described under *Description of Senior Notes Enforcement Events and Remedies Following an Events of Default Substitution* in this prospectus supplement (such replacement, an *Events of Default Substitution* ).

Any Events of Default Substitution will also be subject to the provisions described under *Notice of Events of Default Substitution* and *Events of Default Substitution Certificate* below.

**Enforcement Events and Remedies Following an Events of Default Substitution**

*Winding-up*

If a Senior Winding-up Event occurs, the outstanding principal amount of the notes together with any accrued but unpaid interest thereon will become immediately due and payable.

A Senior Winding-up Event with respect to the notes 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 thirty (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 notes and such failure continues for fourteen (14) days, the Trustee may give us notice of such failure. If within a period of fourteen (14) days following the provision of such notice, the failure continues and has not been cured nor waived (a *Non-Payment Event* ), 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.

*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 us as the Trustee may deem fit to enforce any term, obligation or condition binding on us under the notes or the Indenture (other than any payment obligation of the Issuer under or arising from the notes or the Indenture, including, without limitation, payment of any principal or interest, including Additional Amounts) (such obligation, a Performance Obligation ); provided always that the Trustee

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(acting on behalf of the holders of the notes) and the holders of the notes may not enforce, and may not be entitled to enforce or otherwise claim, against us any judgment or other award given in such proceedings that requires the payment of money by us, whether by way of damages or otherwise (a Monetary Judgment ), except by proving such Monetary Judgment in our winding-up and/or by claiming such Monetary Judgment in our administration.

By its acquisition of the notes, each holder of the notes 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 notes) to enforce or otherwise claim, a Monetary Judgment against us in connection with our breach of a Performance Obligation, except by proving such Monetary Judgment in our winding-up and/or by claiming such Monetary Judgment in our administration.

*No other remedies*

Other than the limited remedies specified herein under *Enforcement Events and Remedies Following an Events of Default Substitution* and subject to *Trust Indenture Act remedies* below, following an Events of Default Substitution no remedy against us will be available to the Trustee (acting on behalf of the holders of the notes) or the holders of the notes whether for the recovery of amounts owing in respect of such notes 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 notes 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).

*Trust Indenture Act remedies*

Notwithstanding the limitation on remedies specified herein under *Enforcement Events and Remedies Following an Events of Default Substitution*, (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 notes under the provisions of the Indenture and (2) nothing shall impair the right of a holder of the notes under the Trust Indenture Act, absent such holder's consent, to sue for any payment due but unpaid with respect to the notes. No holder of notes shall be entitled to proceed directly against us except as described herein in *Description of Senior Notes Limitation on Suits* below.

**Notice of Events of Default Substitution** Any Events of Default Substitution shall be subject to our giving prior notice to the Trustee and to holders of the notes via Clearstream, Luxembourg and/or Euroclear (or, if the notes are held in definitive form, to the holders at their addresses shown on the register for the notes) (such notice being irrevocable) specifying our election to cause an Events of Default Substitution and the effective date of such

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Events of Default Substitution. Following receipt of such notice by Clearstream, Luxembourg or Euroclear, pursuant to its applicable rules and operating procedures then in effect, each of the Clearing Systems shall transmit such notice to the direct participants of such Clearing System holding the notes at such time in accordance with such rules and procedures.

**Events of Default Substitution Certificate** Prior to giving the notice described under *Notice of Events of Default Substitution* above, we shall deliver to the Trustee an officer's certificate executed in accordance with the Indenture (as defined below) stating that we are entitled to elect to cause an Events of Default Substitution, as described under *Events of Default Substitution* above. Such officer's certificate shall be treated by the Issuer, the Trustee, the noteholders and all other interested parties as correct and sufficient evidence thereof.

**Applicability of the Term Senior Event of Default Following an Events of Default Substitution** Following an Events of Default Substitution, the term Senior Event of Default as used (a) under *Description of Debt Securities General* and *Description of Debt Securities Modification and Waiver* in the accompanying prospectus shall mean Senior Enforcement Event (as such term is defined herein) and (b) under *Description of Certain Provisions Relating to Debt Securities and Contingent Convertible Securities Special Situations When a Global Security Will Be Terminated* in the accompanying prospectus shall mean Senior Winding-Up Event (as such term is defined herein).

**Agreement with Respect to Enforcement Events and Remedies Following an Events of Default Substitution** By its acquisition of the notes, each holder and beneficial owner of the notes acknowledges, accepts, agrees to be bound by, and consents to, the substitution of the events of default applicable to the notes with more limited enforcement events and remedies on the occurrence of an Events of Default Substitution, at our option, without the need for us to obtain any consent from such noteholder. For more information, see the sections entitled *Description of Senior Notes Events of Default Substitution* and *Enforcement Events and Remedies Following an Events of Default Substitution* in this prospectus supplement.

**Business Day** Any weekday, other than one on which banking institutions are authorized or obligated by law or executive order to close in London, England.

**Book-Entry Issuance, Settlement and Clearance** We will issue the notes in fully registered form in denominations of £100,000 and integral multiples of £1,000 in excess thereof. The notes will be represented by one or more global certificates that will be deposited with a common depository for Clearstream, Luxembourg or



Euroclear, and registered in the name of such common depositary or its nominee. You will hold beneficial interests in the notes through Clearstream, Luxembourg or Euroclear and their direct and indirect participants, and such direct and indirect participants will record your beneficial interest on their books.

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We will not issue definitive certificated notes except in limited circumstances that we explain under *Description of Certain Provisions Relating to Debt Securities and Contingent Convertible Securities Special Situations When a Global Security Will Be Terminated* in the accompanying prospectus, provided that we shall not have the option described in the accompanying prospectus to determine in our sole discretion that the global securities representing the notes should be exchanged for definitive notes in registered form.

Settlement of the notes will occur through Clearstream, Luxembourg and/or Euroclear against payment on the Issue Date. For information on Clearstream, Luxembourg or Euroclear book-entry systems, see *Clearance and Settlement The Clearing Systems Clearstream, Luxembourg* and *Clearance and Settlement The Clearing Systems Euroclear* and in the accompanying prospectus.

**Conflicts of Interest**

Barclays Bank is an affiliate of the Issuer and, as such, has a conflict of interest in this offering within the meaning of 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. Barclays Bank is not permitted to sell notes in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

**CUSIP**

06738E AZ8

**ISIN**

XS1748699011

**Common Code**

174869901

**Listing and Trading**

We will apply to list the notes on the NYSE under the symbol BCS33.

**Trustee and 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 paying agent for the notes.

**Timing and Delivery**

We currently expect delivery of the notes to occur on January 17, 2018.

**Further Issues**

We may, without the consent of the holders of the notes, issue additional notes having the same ranking and same interest rate, Maturity Date, redemption terms and other terms as the notes described in this prospectus supplement except for the price to the public and issue date. Any such additional notes, together with the notes offered by this prospectus supplement, will constitute a single series of such securities under the Indenture. There is no limitation on the amount of notes or other debt securities that we may issue under the Indenture.

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**Use of Proceeds**

We intend to use the proceeds of the offering for general corporate purposes of the Issuer and its subsidiaries and/or the Group.

**Governing Law**

The Indenture and the notes are governed by, and construed in accordance with, the laws of the State of New York, except that, as specified in the Indenture, the provisions relating to waiver of set-off in the Indenture will be governed by and construed in accordance with English law.

**Risk Factors**

Investing in the notes offered under this prospectus supplement involves risk. For a discussion of certain risks that should be considered in connection with an investment in the notes, see *Risk Factors* beginning on page S-18 of this prospectus supplement and *Risk Review Material existing and emerging risks* on pages 88-96 of the 2016 Form 20-F.

**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 acquire the notes.*

*Acquiring the notes offered under this prospectus supplement 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 an investment in the notes and the suitability of investing in the notes in light of the particular characteristics and terms of the notes and of your particular financial circumstances. As part of making an investment decision, you should make sure you thoroughly understand the notes' terms, such as the agreement by you to be bound by the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority. You should also carefully consider the risk factors and the other information contained in this prospectus supplement and our 2016 Form 20-F and the other information included and incorporated by reference in this prospectus supplement or the accompanying prospectus before deciding to invest in the notes. If any of the risks described herein (including the risks described in the documents incorporated by reference in this prospectus supplement or the accompanying prospectus) materializes, our business, financial condition and results of operations could suffer, the notes could be subject to the U.K. Bail-in Power, and the trading price and liquidity of the notes could decline, in which case you could lose some or all of the value of your investment.*

***We may redeem the notes at our option in certain situations.***

We may, at our option, redeem the notes in whole or in part, at any time on or after July 17, 2018 (six months following the Issue Date of the notes) on the terms described below under *Description of Senior Notes Optional Redemption*. We may also, at our option, at any time, redeem the notes upon the occurrence of certain events related to taxation on the terms described below under *Description of Senior Notes Tax Redemption*. We may also redeem the notes upon the occurrence of certain regulatory events relating to certain minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments on the terms described below under *Description of Senior Notes Loss Absorption Disqualification Event Redemption*, provided that the consequences of such regulatory events cannot be avoided by us exercising our option to cause an Events of Default Substitution, in accordance with the provisions described under *Description of Senior Notes Events of Default Substitution*. If we redeem the notes, you may not be able to reinvest the redemption proceeds in securities offering a comparable yield. In addition, any early redemption of the notes is subject to, among other things, receipt of the prior consent of the PRA and/or any other relevant national or European authority (in either case, if such consent is then required by the Capital Regulations), regardless of whether such redemption would be favorable or unfavorable to you. Furthermore, you will not have the right to require us to redeem the notes.

***The Issuer is a holding company, which means that the Issuer's right to participate in the assets of any of its subsidiaries (including those of Barclays Bank, the group service company or any other subsidiary) upon the liquidation of such subsidiaries, and the extent to which the Issuer suffers losses if it or any of its subsidiaries are subject to bank resolution proceedings, may depend, amongst other things, upon the degree to which the Issuer's loans to, and investments in, such subsidiaries are subordinated.***

The Issuer is a holding company that currently has no significant assets other than its loans to, and investments in, Group subsidiaries such as Barclays Bank, the group service company, the US intermediate holding company (being a subsidiary of Barclays Bank) and any other present or future subsidiary, such as the UK ring-fenced bank, which means that if any such subsidiary is liquidated, the Issuer's right to participate in the assets of such subsidiary will depend upon the ranking of the Issuer's claims against such subsidiary according to the ordinary hierarchy of claims in insolvency. So, for example, insofar as the Issuer is a holder of ordinary shares in a Group subsidiary, the Issuer's

recovery in the liquidation of such subsidiary will be subject to the prior claims of such subsidiary's third party creditors and preference shareholders (if any). To the extent the

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Issuer holds other claims against any Group subsidiary that are recognized to rank *pari passu* with any third party creditors or preference shareholders' claims, such claims of the Issuer should in liquidation be treated *pari passu* with those third party claims.

As well as the risk of losses in the event of a Group subsidiary's insolvency, the Issuer may suffer losses if any of its loans to, or investments in such subsidiary are subject to statutory write down and conversion powers or if the subsidiary is otherwise subject to, resolution proceedings. See *Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail could materially adversely affect the value of the notes* below. The Issuer has in the past made, and may continue to make, loans to, and investments in, Barclays Bank, and it may in the future make loans to any other Group subsidiary, with the proceeds received from the Issuer's issuance of debt instruments. Such loans to, and investments in, such subsidiary by the Issuer have, to date, had a legal ranking in the insolvency of such subsidiary that corresponds to the legal ranking of such debt instruments of the Issuer in the insolvency of the Issuer. Where securities issued by the Issuer have been structured so as to qualify as capital instruments under CRD IV, the terms of the corresponding on-loan to or investment in the relevant Group subsidiary have been structured to achieve equivalent regulatory capital treatment for such subsidiary. Accordingly, certain of the loans to, and investments made by the Issuer in such subsidiary, contain contractual mechanisms that, upon the occurrence of a trigger related to the prudential or financial condition of the Group or such subsidiary, would automatically result in a write down or conversion into equity of such loans and investments.

The Issuer retains its absolute discretion to restructure such loans to, and any other investments in, any of its Group subsidiaries, including Barclays Bank, at any time and for any purpose including, without limitation, in order to provide different amounts or types of capital or funding to such subsidiary, as part of wider changes made to the Group's corporate structure for the purposes of structural reform, or otherwise as part of meeting regulatory requirements, such as the implementation of the minimum requirement for own funds and eligible liabilities (MREL) or the total loss absorbing capacity (TLAC) requirements in respect of the relevant subsidiaries. A restructuring of a loan or investment made by the Issuer in a Group subsidiary could include changes to any or all features of such loan or investment, including its legal or regulatory form, how it would rank in the event of resolution and/or insolvency proceedings in relation to the Group subsidiary, and the inclusion of a mechanism that provides for an automatic write down and/or conversion into equity upon specified triggers. Any restructuring of the Issuer's loans to, and investments in, any of the Group subsidiaries may be implemented by the Issuer without prior notification to, or consent of, the holders of the notes.

The regulatory capital treatment, and otherwise the ranking in the ordinary insolvency hierarchy, of the Issuer's claims against a Group subsidiary will affect the extent to which the Issuer is exposed to losses if such subsidiary enters into resolution proceedings or is subject to mandatory write-down or conversion of its capital instruments. In particular, the Banking Act specifies that the resolution powers should be applied in a manner such that losses are transferred to shareholders and creditors in an order which reflects the hierarchy of issued instruments under CRD IV and which otherwise respects the hierarchy of claims in an ordinary insolvency, as described above. In general terms, the more junior in the capital structure the investments in, and loans made to, any Group subsidiary are, relative to third party investors, the greater the losses likely to be suffered by the Issuer in the event any Group subsidiary enters into resolution proceedings or is subject to mandatory write-down or conversion of its capital instruments.

If any Group subsidiary were to be wound up, liquidated or dissolved, (i) the holders of the notes issued by the Issuer would have no right to proceed against the assets of such subsidiary, and (ii) the liquidator of such subsidiary would first apply the assets of such subsidiary to settle the claims of the creditors (and holders of preference shares or other tier 1 capital instruments ranking ahead of any such entity's ordinary shares) of such subsidiary (such creditors and holders of preference shares may include the Issuer) ranking ahead of the holders of ordinary shares of such subsidiary. Similarly, if any of the Group subsidiaries were subject to resolution proceedings (i) the holders of the

notes issued by the Issuer would have no direct recourse against such subsidiary, and (ii) holders of the notes themselves may also be exposed to losses pursuant to the exercise by the

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relevant resolution authority of the stabilization powers see *Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail could materially adversely affect the value of the notes* below.

***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 notes. The issue or guaranteeing of any such further securities or indebtedness may reduce the amount recoverable by holders of the notes on our liquidation or winding-up and may limit our ability to meet our obligations under the notes. In addition, the notes do not contain any restriction on Barclays issuing securities that may have preferential rights to the notes or securities with similar or different provisions to those described herein.

***Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail could materially adversely affect the value of the notes.***

The majority of the requirements of the European Union directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms of May 15, 2014, as amended (the BRRD) (including the bail-in tool) were implemented in the United Kingdom by way of amendments to the Banking Act. For more information on the bail-in tool, see *The Relevant U.K. Resolution Authority may exercise the bail-in tool in respect of the Issuer and the notes, which may result in holders of the notes losing some or all of their investment* and *Under the terms of the notes, you have agreed to be bound by the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority.* below.

On November 23, 2016, the European Commission published, among other proposals, proposals to amend the BRRD. The majority of these proposals are in draft form and are still subject to the EU legislative process and national implementation. Therefore, it is unclear what the effect of such proposals may be on the Group, the Issuer or the notes. See *Changes in law may adversely affect the rights of holders of the notes.*

*The Banking Act confers substantial powers on a number of U.K. authorities designed to enable them to take a range of actions in relation to U.K. banks or investment firms and certain of their affiliates in the event a bank or investment firm in the same group is considered to be failing or likely to fail. The exercise of any of these actions in relation to the Issuer could materially adversely affect the value of the notes.*

Under the Banking Act, substantial powers are granted to the Bank of England (or, in certain circumstances, HM Treasury), in consultation with the PRA, the FCA and HM Treasury, as appropriate as part of a special resolution regime (the SRR). These powers enable the Relevant U.K. Resolution Authority to implement resolution measures with respect to a U.K. bank or investment firm and certain of its affiliates (currently including the Issuer) (each a relevant entity) in circumstances in which the Relevant U.K. Resolution Authority is satisfied that the resolution conditions are met. Such conditions include that a U.K. bank or investment firm is failing or is likely to fail to satisfy the Financial Services and Markets Act 2000, as amended (the FSMA) threshold conditions for authorization to carry on certain regulated activities (within the meaning of section 55B of the FSMA) or, in the case of a U.K. banking group company that is an EEA or third country institution or investment firm, that the relevant EEA or third country relevant authority is satisfied that the resolution conditions are met in respect of such entity.

The SRR consists of five stabilization options: (a) private sector transfer of all or part of the business or shares of the relevant entity, (b) transfer of all or part of the business of the relevant entity to a bridge bank established by the Bank

of England, (c) transfer to an asset management vehicle wholly or partly owned by HM Treasury or the Bank of England, (d) the bail-in tool (as described below) and (e) temporary public ownership (nationalization).

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The Banking Act also provides for two new insolvency and administration procedures for relevant entities. Certain ancillary powers include the power to modify contractual arrangements in certain circumstances (which could include a variation of the terms of the notes), powers to impose temporary suspension of payments, powers to suspend enforcement or termination rights that might be invoked as a result of the exercise of the resolution powers and powers for the Relevant U.K. Resolution Authority to disapply or modify laws in the U.K. (with possible retrospective effect) to enable the powers under the Banking Act to be used effectively.

Holders of the notes should assume that, in a resolution situation, financial public support will only be available to a relevant entity as a last resort after the relevant U.K. resolution authorities have assessed and used, to the maximum extent practicable, the resolution tools, including the bail-in tool.

The exercise of any resolution power or any suggestion of any such exercise could materially adversely affect the value of any notes and could lead to holders losing some or all of the value of their investment in the notes.

*The SRR is designed to be triggered prior to insolvency of the Issuer, and holders of the notes may not be able to anticipate the exercise of any resolution power (including the U.K. Bail-in Power) by the Relevant U.K. Resolution Authority.*

The stabilization options are intended to be used prior to the point at which any insolvency proceedings with respect to the relevant entity could have been initiated. The purpose of the stabilization options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns.

Although the Banking Act provides specific conditions to the exercise of any resolution powers and, furthermore, the European Banking Authority's guidelines published in May 2015 set out the objective elements for the resolution authorities to apply in determining whether an institution is failing or likely to fail, it is uncertain how the Relevant U.K. Resolution Authority would assess such conditions in any particular pre-insolvency scenario affecting the Issuer and/or other members of the Group and in deciding whether to exercise a resolution power. The Relevant U.K. Resolution Authority is also not required to provide any advance notice to holders of the notes of its decision to exercise any resolution power. Therefore, holders of the notes may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer, the Group and the notes.

*Holders of the notes may have only very limited rights to challenge the exercise of any resolution powers (including the U.K. Bail-in Power) by the Relevant U.K. Resolution Authority.*

Holders of the notes may have only very limited rights to challenge and/or seek a suspension of any decision of the Relevant U.K. Resolution Authority to exercise its resolution powers (including the U.K. Bail-in Power) or to have that decision reviewed by a judicial or administrative process or otherwise.

*The Relevant U.K. Resolution Authority may exercise the bail-in tool in respect of the Issuer and the notes, which may result in holders of the notes losing some or all of their investment.*

Where the relevant statutory conditions for use of the bail-in tool have been met, the Relevant U.K. Resolution Authority would be expected to exercise these powers without the consent of the holders. Any such exercise of the bail-in tool in respect of the Issuer and the notes may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the notes and/or the conversion of the notes into shares or other securities or other obligations of the Issuer or another person, or any other modification or variation to the terms of the notes.

The Banking Act specifies the order in which the bail-in tool should be applied, reflecting the hierarchy of capital instruments under CRD IV and otherwise respecting the hierarchy of claims in an ordinary insolvency. In

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addition, the bail-in tool contains an express safeguard (known as “no creditor worse off”) with the aim that shareholders and creditors do not receive a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant entity.

The exercise of the bail-in tool in respect of the Issuer and the notes or any suggestion of any such exercise could materially adversely affect the rights of the holders, the price or value of their investment in the notes and/or the ability of the Issuer to satisfy its obligations under the notes and could lead to holders losing some or all of the value of their investment in such notes. In addition, even in circumstances where a claim for compensation is established under the “no creditor worse off” safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the holders in the resolution and there can be no assurance that holders would recover such compensation promptly.

***Under the terms of the notes, you have agreed to be bound by the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority.***

Notwithstanding any other agreements, arrangements, or understandings between us and any holder of the notes, by acquiring the notes, each holder of the notes acknowledges, accepts, 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 (i) the reduction or cancellation of all, or a portion, of the principal amount of, or interest on, the notes; (ii) the conversion of all, or a portion, of the principal amount of, or interest on, the notes into shares or other securities or other obligations of the Issuer or another person (and the issue to, or conferral on, the holder of the notes of such shares, securities or obligations); and/or (iii) the amendment or alteration of the maturity of the notes, or amendment of the amount of interest due on the notes, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which U.K. Bail-in Power may be exercised by means of a variation of the terms of the notes solely to give effect to the exercise by the Relevant U.K. Resolution Authority of such U.K. Bail-in Power. Each holder of the notes further acknowledges and agrees that the rights of the holders of the notes are subject to, and will be varied, if necessary, solely 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-in Power may be exercised in such a manner as to result in you and other holders of the notes losing all or a part of the value of your investment in the notes or receiving a different security from the notes, which may be worth significantly less than the notes and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the Relevant U.K. Resolution Authority may exercise the U.K. Bail-in Power without providing any advance notice to, or requiring the consent of, the holders of the notes. In addition, under the terms of the notes, the exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to the notes is not a Senior Event of Default (as defined in the accompanying prospectus) or, following an Events of Default Substitution (as defined herein), a Senior Enforcement Event (as defined herein). For more information, see *Description of Senior Notes Agreement with Respect to the Exercise of U.K. Bail-in Power*. See also *Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail could materially adversely affect the value of the notes*.

***Under the terms of the notes, you have agreed to be bound by the substitution of the events of default applicable to the notes with more limited enforcement events and remedies at our option following certain loss absorption regulations events.***

By its acquisition of the notes, each holder and beneficial owner of the notes acknowledges, accepts, agrees to be bound by, and consents to, the substitution of the events of default applicable to the notes with more limited enforcement events and remedies on the occurrence of Events of Default Substitution (as defined herein), at our

option, without the need for us to obtain any consent from such noteholder. For more information, see the sections entitled *Description of Senior Notes Events of Default Substitution* and *Enforcement Events and Remedies Following an Events of Default Substitution* in this prospectus supplement.

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Specifically, following an Events of Default Substitution, the noteholders will lose the right to request that the trustee declare the notes to be due and repayable immediately at their outstanding principal amount together with accrued interest, if any, in the case of our failure to pay principal or interest on the notes within fourteen (14) days from the due date for payment or our breach of any covenant or warranty of the Indenture which has not been remedied, in each case as described in the section entitled *Senior Debt Securities Senior Events of Default; Dated Subordinated Enforcement Events and Remedies; Limitations on Suits Senior Events of Default* in the accompanying prospectus.

Following an Events of Default Substitution, payment of principal and accrued but unpaid interest on the notes shall be accelerated only in the event of a winding-up or administration involving us that constitutes a Senior Winding-up Event (as defined herein). Under the terms of the notes, a Senior 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 thirty (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 notes or of our failure to perform any of our obligations under or in respect of the notes.

Following an Events of Default Substitution, 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 notes is, subject to certain conditions and to the provisions set forth in *Description of Senior Notes Enforcement Events and Remedies Following an Events of Default Substitution Trust Indenture Act remedies* below, 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. In addition, the Trustee may institute such proceedings against us as it may deem fit to enforce any non-payment term, obligation or condition binding on us under the notes or the Indenture (referred to herein as Performance Obligations), provided that the Trustee (acting on behalf of the holders of the notes) and the holders of the notes may not 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.

The remedies under the notes following an Events of Default Substitution are more limited than those described in the section entitled *Senior Debt Securities Senior Events of Default; Dated Subordinated Enforcement Events and Remedies; Limitations on Suits Senior Events of Default* in the accompanying prospectus which are applicable to the notes as of the Issue Date, and are more limited than those typically available to our unsubordinated creditors.

For further detail regarding the limited remedies of the Trustee and the holders of the notes, see *Description of Senior Notes Enforcement Events and Remedies Following an Events of Default Substitution* and *Description of Senior Notes Trustee's Duties Following an Events of Default Substitution* below.

Other than in the circumstances when a Loss Absorption Disqualification Event can be avoided by the Issuer exercising its option to cause an Events of Default Substitution as described under *Description of Senior Notes Loss Absorption Disqualification Event Redemption* below, the Issuer's ability under the terms of the notes to, at its option, exercise an Events of Default Substitution as described under *Description of Senior Notes Events of Default Substitution* below does not affect the Issuer's right to redeem the notes upon the occurrence of certain regulatory events relating to certain minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments on the terms described under *Description of Senior Notes Loss Absorption Disqualification Event Redemption* below.

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

In addition, any change in law or regulation that triggers a Tax Event or a Loss Absorption Disqualification Event would entitle us, at our option (subject to, among other things, receipt of the prior consent of the PRA and/or any other relevant national or European authority (if such consent is then required by the Capital Regulations)), to redeem any relevant notes, in whole but not in part, as more particularly described below under *Description of Senior Notes Tax Redemption* and *Description of Senior Notes Loss Absorption Disqualification Event Redemption*. See also *We may redeem the notes at our option in certain situations*.

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

Furthermore, the financial services industry continues to be the focus of significant regulatory change and scrutiny which may adversely affect the Group's business, financial performance, capital and risk management strategies see pages 182-189 of the 2016 Form 20-F for more detail. Such 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. It is not yet possible to predict the details of such legislation or regulatory rulemaking or whether the ultimate consequences to the Group or the holders of the notes could be material to the rights of holders of the notes and/or the ability of the Issuer to satisfy its obligations under the notes. For example, on November 23, 2016, the European Commission presented a comprehensive package of reforms to further strengthen the resilience of EU banks. These proposals amend many of the existing provisions set forth in CRD IV and the BRRD. These proposals are now going through the legislative process of the European Parliament and Council. Until such time as the proposals are formally approved by the European Parliament and Council, there can be no assurance as to whether, or when, the proposed amendments will be adopted and whether they will be adopted in the manner as currently proposed and therefore it is uncertain how they will affect the Issuer, the Group or the holders of the notes. Although these are only proposals, which have been and remain subject to change and the other uncertainties referred to in the prior sentence, if adopted in the form originally proposed (without taking into account the subsequent changes proposed and/or any further amendment or clarification), such proposals could result in a Loss Absorption Disqualification Event which would entitle us to elect to cause an Event of Default Substitution, without the need for us to obtain any consent from any noteholder, as more particularly described in the sections entitled *Description of Senior Notes Events of Default Substitution* and *Description of Senior Notes Enforcement Events and Remedies Following an Events of Default Substitution* in this prospectus supplement.

***There may not be any trading market for the notes.***

The notes are a new issue of securities and have no established trading market. Although application will be made to have the notes listed on the NYSE, 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 notes 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 notes is limited, there may be few buyers for the notes and this may reduce the relevant market price of the notes.



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***A downgrade of the credit rating assigned by any credit rating agency to the Issuer or to the notes could adversely affect the liquidity or market value of the notes. Credit ratings downgrades could occur as a result of, among other causes, changes in the ratings methodologies used by credit rating agencies.***

Upon issuance, the notes may be rated by credit rating agencies and may in the future be rated by additional credit rating agencies, although the Issuer is under no obligation to ensure that the notes are rated by any credit rating agency. Credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this *Risk Factors* section and other factors that may affect the liquidity or market value of the notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the credit rating agency at any time.

Any rating assigned to the Issuer and/or the notes may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency's judgment, circumstances relating to the basis of the rating so warrant. Ratings may be impacted by a number of factors which can change over time, including the credit rating agency's assessment of: the issuer's strategy and management's capability; the issuer's financial condition including in respect of capital, funding and liquidity; competitive and economic conditions in the issuer's key markets; the level of political support for the industries in which the issuer operates; and legal and regulatory frameworks affecting the issuer's legal structure, business activities and the rights of its creditors. The credit rating agencies may also revise the ratings methodologies applicable to issuers within a particular industry, or political or economic region. If credit rating agencies perceive there to be adverse changes in the factors affecting an issuer's credit rating, including by virtue of changes to applicable ratings methodologies, the credit rating agencies may downgrade, suspend or withdraw the ratings assigned to an issuer and/or its securities. Revisions to ratings methodologies and actions on the Issuer's ratings or Barclays Bank's ratings by the credit rating agencies may occur in the future.

If the Issuer determines to no longer maintain one or more ratings, or if any credit rating agency withdraws, suspends or downgrades the credit ratings of the Issuer or the notes, or if such a withdrawal, suspension or downgrade is anticipated (or any credit rating agency places the credit ratings of the Issuer or, if applicable, the notes on "credit watch" status in contemplation of a downgrade, suspension or withdrawal), whether as a result of the factors described above or otherwise, such event could adversely affect the liquidity or market value of the notes (whether or not the notes had an assigned rating prior to such event).

***An investment in the notes by a holder whose home currency is not sterling entails significant risks.***

An investment in the notes by a holder whose home currency is not sterling entails significant risks. These risks include the possibility of significant changes in rates of exchange between the holder's functional currency and sterling, the possibility of the imposition or subsequent modification of foreign exchange controls and tax consequences as a result of any foreign exchange gains resulting from an investment in the notes. These risks generally depend on factors over which we have no control, such as economic, financial and political events and the supply of and demand for the relevant currencies. In recent years, rates of exchange between sterling, on the one hand, and certain currencies, on the other, have been highly volatile, and each holder should be aware that volatility may be expected to continue in the future. Fluctuations in any particular rate of exchange that have occurred in the past, however, are not necessarily indicative of fluctuations in the rate that may occur during the term of the notes. Depreciation of sterling against the holder's functional currency would result in a decrease in the effective yield of the notes below its coupon rate and, in certain circumstances, could result in a loss to the holder. If you are a beneficial owner of notes subject to U.S. federal income tax, see "U.S. Federal Income Tax Considerations" for certain U.S. federal income tax consequences related to the notes being denominated in sterling.

***In a lawsuit for payment on the notes, holders of the notes may bear currency exchange risk.***

The Indenture is, and the notes will be, governed by the laws of the State of New York. A New York state statute presently in effect would require a New York state court hearing such a lawsuit to render its decision or

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award in sterling. The judgment entered on that award, however, will be denominated in U.S. dollars, and converted at the exchange rate prevailing on the date of entry of the judgment. Consequently, in a lawsuit for payment on the notes, holders of such notes would bear currency exchange risk until a New York state court judgment is entered, which could be a long time. A Federal court sitting in New York with diversity jurisdiction over a dispute arising in connection with notes would apply the foregoing New York law.

In courts outside of New York, investors may not be able to obtain a judgment in a currency other than U.S. dollars. For example, a judgment for money in an action based on the notes in many other U.S. federal or state courts ordinarily would be enforced in the United States only in U.S. dollars. The date used to determine the rate of conversion of sterling into U.S. dollars would depend upon various factors, including which court renders the judgment and when the judgment is rendered.

***The notes will be represented by one or more global certificates that will be deposited with a common depository for Clearstream, Luxembourg and/or Euroclear and registered in the name of such common depository or its nominee and, therefore, holders of the notes will have to rely on their procedures for transfer, payment and communication with us.***

The notes will be represented by one or more global certificates that will be deposited with a common depository for Clearstream, Luxembourg and/or Euroclear and registered in the name of such common depository or its nominee. Except in certain limited circumstances described in the global certificates, holders of the notes will not be entitled to receive definitive certificated notes in exchange for interests in the global certificates. While the notes are represented by the global certificates, holders of the notes will be able to trade their beneficial interests only through Clearstream, Luxembourg and/or Euroclear.

We will discharge our payment obligations under the notes by making payments to or to the order of the common depository for Clearstream, Luxembourg and/or Euroclear for distribution to their accountholders. A holder of a beneficial interest in a global certificate must rely on the procedures of Clearstream, Luxembourg and/or Euroclear to receive payments under the notes. We have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the global certificates.

Holders of beneficial interests in the global certificates will not have a direct right to vote in respect of the notes. Instead, such holders will be permitted to act directly only to the extent that they are enabled in accordance with the procedures of Clearstream, Luxembourg and/or Euroclear to appoint appropriate proxies.

***Trading in the Clearing Systems is subject to minimum denomination requirements.***

The notes will be issued only in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. It is possible that the Clearing Systems may process trades which could result in amounts being held in denominations smaller than the minimum denominations. If definitive certificated notes are required to be issued in relation to such notes in accordance with the provisions of the relevant global securities, a holder who does not have at least the minimum denomination or any integral multiple of £1,000 in excess thereof in its account with the relevant Clearing System at the relevant time may not receive its entitlement in the form of definitive certificated notes unless and until such time as its holding satisfies the minimum denomination requirement.

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**CURRENCY CONVERSION**

On December 29, 2017, the noon buying rate in The City of New York for cable transfers of sterling as certified for customs purposes by the Federal Reserve Bank of New York was £1.00/\$1.3529.

Investors will be subject to foreign exchange risks as to payments of principal and interest that may have important economic and tax consequences to them. See *Risk Factors* beginning on page S-18 of this prospectus supplement.

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**USE OF PROCEEDS**

We intend to use the proceeds of the offering for general corporate purposes of the Issuer and its subsidiaries and/or the Group.

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**DESCRIPTION OF SENIOR NOTES**

*The following description of the notes supplements the description of the notes in the accompanying prospectus. If this prospectus supplement is inconsistent with the accompanying prospectus, this prospectus supplement will prevail with regard to the notes. Accordingly, to the extent that certain sections in the following description of the notes provide for different terms than in the applicable corresponding sections in the accompanying prospectus, then the sections in the following description shall supersede and replace in their entirety the applicable corresponding sections in the accompanying prospectus.*

The notes will constitute a series of Senior Debt Securities issued under the Senior Debt Securities Indenture (the "Base Indenture") to be entered into on or about January 17, 2018, between the Issuer and The Bank of New York Mellon, London Branch, as trustee (the "Trustee"), as supplemented by the First Supplemental Indenture to be entered into on or about January 17, 2018, between the Issuer and the Trustee (the "First Supplemental Indenture" and together with the Base Indenture, the "Indenture"). The terms of the notes 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 supplement, unless otherwise defined herein, have the meaning given to them in the Indenture. We filed a form of the Indenture as an exhibit to the Form F-3 filed on March 1, 2017.

The notes will be issued in an aggregate principal amount of £1,250,000,000, and unless previously redeemed and cancelled will mature on January 17, 2033 and will bear interest at a rate of 3.250% per annum (the "Interest Rate"), payable annually in arrear on January 17 of each year (each, an "Interest Payment Date"), commencing on January 17, 2019. The regular record dates for the notes 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 notes are held in definitive form, the 15<sup>th</sup> Business Day preceding each Interest Payment Date).

Clearing System Business Day means a day on which each Clearing System for which any global certificate is being held is open for business.

If the Maturity Date or date of redemption or repayment is not a Business Day, the payment of interest and principal and/or any amount payable upon redemption or repayment of the notes will be made on the next succeeding Business Day, but interest on that payment will not accrue during the period from and after such Maturity Date or date of redemption or repayment. If the notes are redeemed, unless we default on payment of the redemption price, interest will cease to accrue on the redemption date on the notes called for redemption.

If any scheduled Interest Payment Date is not a Business Day, we will pay interest on the next succeeding Business Day, but interest on that payment will not accrue during the period from and after the scheduled Interest Payment Date.

Each interest period on the notes will begin on (and include) an Interest Payment Date and end on (but exclude) the following Interest Payment Date (each, an "Interest Period"); provided that the first Interest Period will begin on and include January 17, 2018 and will end on, but exclude, January 17, 2019.

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period, it will be calculated on the basis of the actual number of days in the relevant period, from and including the last date on which interest was paid on the notes (or January 17, 2018, if no interest has been paid on the notes), to, but excluding, the next date on which interest falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last). This payment convention is referred to as ACTUAL/ACTUAL (ICMA), defined herein based on the definition in the International Capital Market Association



Primary Market Handbook.

References to you and holder in the subsections entitled *No Set-Off, Enforcement Events and Remedies Following Events of Default Substitution Limited remedies for breach of obligations (other than*

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*non-payment), Enforcement Events and Remedies Following an Events of Default Substitution No other remedies, Agreement with Respect to Enforcement Events and Remedies Following an Events of Default Substitution, Agreement with Respect to the Exercise of U.K. Bail-in Power, Subsequent Holders Agreement and Payment of Additional Amounts* below, include beneficial owners of the notes.

**Ranking**

The notes will constitute our direct, unconditional, unsecured and unsubordinated obligations ranking *pari passu* without any preference among themselves. In the event of our winding-up or administration, the notes will rank *pari passu* with all our other outstanding unsecured and unsubordinated obligations, present and future, except such obligations as are preferred by operation of law.

In addition, see *Risk Factors The Issuer is a holding company, which means that the Issuer's right to participate in the assets of any of its subsidiaries (including those of Barclays Bank, the group service company or any other subsidiary) upon the liquidation of such subsidiaries, and the extent to which the Issuer suffers losses if it or any of its subsidiaries are subject to bank resolution proceedings, may depend, amongst other things, upon the degree to which the Issuer's loans to, and investments in, such subsidiaries are subordinated.*

**No Set-off**

Subject to applicable law, no holder of notes may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by us arising under, or in connection with, the notes and the Indenture and each holder of notes shall, by virtue of its holding of any note, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the foregoing, if any amounts due and payable to any holder of the notes by us in respect of, or arising under, the notes or the Indenture are discharged by set-off, such holder shall, subject to applicable law, immediately pay to us an amount equal to the amount of such discharge (or, in the event of our winding-up or administration, our liquidator or administrator, as the case may be) and, until such time as payment is made, shall hold an amount equal to such amount in trust for us (or our liquidator or administrator, as the case may be) and, accordingly, any such discharge shall be deemed not to have taken place. By its acquisition of the notes, each holder agrees to be bound by these provisions relating to waiver of set-off.

**Payments in Sterling**

Initial holders of the notes will be required to pay for the notes in sterling, and principal, premium, if any, and interest payments in respect of the notes will be payable in sterling. If, on or after the date of this prospectus supplement, sterling is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or is no longer used for the settlement of transactions by public institutions within the international banking community, then all payments in respect of the notes will be made in U.S. dollars until sterling is again available to us or so used. The amount payable on any date in sterling will be converted into U.S. dollars at the Market Exchange Rate (as defined below) as of the close of business on the second Business Day prior to the relevant payment date or, if such Market Exchange Rate is not then available, on the basis of the then most recent U.S. dollar/sterling exchange rate available on or prior to the second Business Day prior to the relevant payment date as determined by us in our sole discretion.

Market Exchange Rate means the noon buying rate in The City of New York for cable transfers of sterling as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York.

Any payment in respect of the notes so made in U.S. dollars will not constitute an event of default under the Indenture or the notes. Neither the Trustee nor the paying agent will be responsible for obtaining exchange rates, effecting currency conversions or otherwise handling redenominations. Holders of the notes will be subject to foreign exchange risks as to payments of principal and interest that may have important economic and tax consequences to them. See *Risk Factors* beginning on page S-18 of this prospectus supplement.

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Subject to the provisions described under *Notice of Redemption* and *Condition to Redemption* below, we may redeem the notes at any time outstanding, at our option, in whole or, from time to time, in part, at any time on or after July 17, 2018 (six months following the Issue Date of the notes), (and, if any additional notes of this series are issued after the Issue Date, except for the period of six months beginning on the issue date for any additional notes of this series) at an amount equal to the higher of (i) 100% of the principal amount of the notes to be redeemed and (ii) the principal amount of such notes multiplied by the price (expressed as a percentage), as reported in writing to the Issuer by the Determination Agent, at which the yield to maturity on such notes on the Reference Date is equal to the Reference Bond Rate on the Reference Date plus 25 basis points, as determined by the Determination Agent, together with, in either case of (i) or (ii) above, accrued but unpaid interest, if any, on the principal amount of the notes to be redeemed to (but excluding) the redemption date (the *Make-Whole Redemption* ).

**Reference Bond Rate** means, with respect to any Reference Date, the rate per annum equal to the yield to maturity or interpolated yield to maturity (assuming an ACTUAL/ACTUAL (ICMA) day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price at 11:00 a.m. (London time) on such Reference Date.

In determining the Reference Bond Rate, the below terms will have the following meaning:

**Determination Agent** means an investment bank or financial institution of international standing selected by the Issuer and which may be an affiliate of the Issuer.

**Reference Bond** shall be 4.25% UK Treasury Gilt due June 2032 or, to the extent that such Reference Bond is no longer outstanding on the relevant Reference Date the selected government security or securities agreed between the Issuer and an investment bank or financial institution determined to be appropriate by the Issuer (which, for the avoidance of doubt, could be the Determination Agent) as having an actual or interpolated maturity comparable with the remaining term of the notes, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of sterling denominated corporate debt and of a comparable maturity to the remaining term of the notes.

**Reference Bond Price** means, with respect to any Reference Date, (i) the arithmetic average of the Reference Government Bond Dealer Quotations, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (ii) if fewer than five such Reference Government Bond Dealer Quotations are received, the arithmetic average of all such quotations.

**Reference Date** means the date which is two (2) Business Days prior to the despatch of the notice of redemption.

**Reference Government Bond Dealer** means each of five banks selected by the Issuer (following, where practicable, consultation with the Determination Agent), or their affiliates, which are (i) primary government securities dealers, and their respective successors, or (ii) market makers in pricing corporate bond issues.

**Reference Government Bond Dealer Quotations** means, with respect to each Reference Government Bond Dealer and any Reference Date, the arithmetic average, as determined by the Issuer or the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) at 11:00 a.m. (London time) on the Reference Date:

- (i) which appears on the Relevant Make Whole Screen Page as at 11:00 a.m. (London time) on the Reference Date; or
  
- (ii) to the extent that, in the case of (i) above, either such bid and offered prices do not appear on that page, fewer than two such Reference Government Bond Dealer bid and offered prices appear on that page, or

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if the Relevant Make Whole Screen Page is unavailable, then as quoted in writing to the Issuer or the Determination Agent (as applicable) by such Reference Government Bond Dealer.

Relevant Make Whole Screen Page means PXUK (or any successor or replacement page, section or other part of the information service), or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable relevant bid and offered prices for the Reference Bond.

Unless we default on payment of the redemption price, interest will cease to accrue on the redemption date on the notes or portions thereof called for redemption.

**Tax Redemption**

We may, at our option, at any time, redeem the notes, in whole but not in part, if (A) we are required to issue definitive certificated notes in the events described under the section entitled *Description of Certain Provisions relating to Debt Securities and Contingent Convertible Securities - Special Situations When a Global Security Will Be Terminated* in the accompanying prospectus (other than the option described in the accompanying prospectus to determine in our sole discretion that the global securities representing the notes should be exchanged for definitive notes in registered form, which shall not apply to the notes) and, as a result, we are or would be required to pay Additional Amounts (as defined below) with respect to the notes; or (B) we determine that as a result of a change in, or amendment to, the laws or regulations of a Taxing Jurisdiction (as defined below), including any treaty to which the relevant Taxing Jurisdiction is a party, or a change in an official application of those laws or regulations, including a decision of any court or tribunal, which becomes effective on or after the Issue Date (and, in the case of a successor entity, which becomes effective on or after the date of such entity's assumption of our obligations),

- (i) we will or would be required to pay holders Additional Amounts;
  - (ii) we would not be entitled to claim a deduction in respect of any payments in respect of the notes in computing our taxation liabilities or the value of the deduction would be materially reduced; or
  - (iii) we would not, as a result of the notes 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 Issue Date or any similar system or systems having like effect as may from time to time exist),
- (each such change in tax law or regulation or the official application thereof, a Tax Event ),

in each of cases (A) and (B) above, at an amount equal to 100% of the principal amount of the notes being redeemed together with accrued but unpaid interest, if any, on the principal amount of the notes to be redeemed 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.

In each of cases (A) and (B) above, before we give a notice of redemption pursuant to the provisions described herein under *Tax Redemption*, we shall be required to deliver to the Trustee a written legal opinion of independent counsel of recognized standing, chosen by us, confirming that we are entitled to exercise our right of redemption pursuant to the

provisions described herein under *Tax Redemption*. Any redemption of notes pursuant to the provisions described herein under *Tax Redemption* will also be subject to the provisions described under *Notice of Redemption* and *Condition to Redemption* below.

**Loss Absorption Disqualification Event Redemption**

If a Loss Absorption Regulations Event occurs on or after the Issue Date (and, in the case of a successor entity, occurs on or after the date of such entity's assumption of the Issuer's obligations) that does, or would be

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likely to (in the opinion of the Issuer, the PRA or any other relevant national or European authority), result in a Loss Absorption Disqualification Event, we may, at our option, at any time, redeem the notes, in whole but not in part, at an amount equal to 100% of the principal amount of the notes being redeemed together with accrued but unpaid interest, if any, on the principal amount of the notes to be redeemed to (but excluding) the date fixed for redemption, provided that such Loss Absorption Disqualification Event cannot be avoided by the Issuer exercising its option to cause an Events of Default Substitution (as defined below), in accordance with the provisions described under *Events of Default Substitution* below.

**Loss Absorption Disqualification Event** means the whole or any part of the outstanding aggregate principal amount of the notes at any time being excluded from or ceasing to count towards the Issuer's and/or the Group's own funds and eligible liabilities and/or loss absorbing capacity, in each case for the purposes of, and in accordance with, the relevant Capital Regulations, provided that a Loss Absorption Disqualification Event shall not occur if such whole or part of the outstanding principal amount of the notes is excluded from, or ceases to count towards, such own funds and eligible liabilities and/or loss absorbing capacity due to the remaining maturity of the notes being less than one year.

**Loss Absorption Regulations Event** means that (i) any Capital Regulations become effective with respect to the Issuer and/or the Group or (ii) there is an amendment to, or change in, any Capital Regulations, or any change in the official application of any Capital Regulations that becomes effective with respect to the Issuer and/or the Group.

Any redemption of notes upon the occurrence of a Loss Absorption Disqualification Event will also be subject to the provisions described under *Notice of Redemption* and *Condition to Redemption* below.

## **Notice of Redemption**

Any redemption of the notes 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 notes via Clearstream, Luxembourg and/or Euroclear (or, if the notes are held in definitive form, to the holders at their addresses shown on the register for the notes) (such notice being irrevocable except in the limited circumstances described in the following paragraph) specifying our election to redeem the notes and the date fixed for such redemption. Following receipt of such notice by Clearstream, Luxembourg or Euroclear, pursuant to its applicable rules and operating procedures then in effect, each of the Clearing Systems shall transmit such notice to the direct participants of such Clearing System holding the notes at such time in accordance with such rules and procedures.

If we have elected to redeem the notes but prior to the payment of the redemption amount with respect to such redemption the Relevant U.K. Resolution Authority (as defined below) exercises its U.K. Bail-in Power (as defined below) in respect of the notes, 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 the notes (and give notice thereof to the holders of the notes) only if we have obtained the prior consent of the PRA and/or any other relevant national or European authority (in either case, if such consent is then required by the Capital Regulations) for the redemption of the notes.

## **Condition to Repurchase**

We or any member of the Group may purchase or otherwise acquire any outstanding notes 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 and/or any other relevant national or European authority (in either case, if such consent is then required by the Capital Regulations).

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**Description of Certain CRD IV Provisions Relating to Redemption and Repurchase of Notes**

On November 23, 2016, the European Commission published, among other proposals, a proposal to amend the CRD IV Regulation. Such proposal includes certain requirements in respect of eligible liabilities, including a requirement for prior consent from the competent authority to an early redemption or purchase thereof. If the proposal is adopted, the granting of permission by the PRA (or any other relevant authority) to a request by us to redeem or repurchase the relevant notes could be subject to the conditions in Article 77 and 78 of the CRD IV Regulation (as so amended), to the extent applicable to the relevant notes.

**General**

Book-entry interests in the notes will be issued in minimum denominations of £100,000 and in integral multiples of £1,000 in excess thereof.

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.

We will issue the notes in fully registered form. The notes will be represented by one or more global certificates that will be 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 interest in the notes through Clearstream, Luxembourg and/or Euroclear and their respective direct and indirect participants, and such direct and indirect participants will record beneficial interests on their books. The underwriters expect to deliver the notes through the facilities of Clearstream, Luxembourg or Euroclear on January 17, 2018. Secondary market trading through Clearstream, Luxembourg and/or Euroclear will occur in the ordinary way following the applicable rules and operating procedures of Clearstream, Luxembourg and/or Euroclear. See *Clearance and Settlement* in the accompanying prospectus for more information about these clearing systems.

Definitive certificated notes will only be issued in limited circumstances described under *Description of Certain Provisions Relating to Debt Securities and Contingent Convertible Securities Special Situations When a Global Security Will be Terminated* in the accompanying prospectus, provided that we shall not have the option described in the accompanying prospectus to determine in our sole discretion that the global securities representing the notes should be exchanged for definitive notes in registered form.

Payment of principal of and interest on the notes, so long as the notes are represented by global certificates, will be made in immediately available funds. Beneficial interests in the global certificates will trade in accordance with the normal rules and operating procedures of Clearstream, Luxembourg and/or Euroclear, and secondary market trading activity in such interests will be settled using the procedures applicable to conventional eurobonds in same-day funds.

We may, without the consent of the holders of the notes, issue additional notes having the same ranking and same interest rate, Maturity Date, redemption terms and other terms as the notes described in this prospectus supplement except for the price to the public and issue date. Any such additional notes, together with the notes offered by this prospectus supplement, will constitute a single series of securities under the Indenture, between Barclays and the Trustee. There is no limitation on the amount of notes or other debt securities that we may issue under such Indenture.

See *Description of Debt Securities Senior Events of Default; Dated Subordinated Enforcement Events and Remedies; Limitation on Suits Senior Events of Default* and *Description of Debt Securities Senior Events of Default; Dated Subordinated Enforcement Events and Remedies; Limitation on Suits Limitation on Suits* in the accompanying

prospectus for descriptions of certain provisions applicable to the holders of the notes.

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If the inclusion of any of the Senior Events of Default (as defined in the accompanying prospectus) in the terms of the notes does, or would be likely to (in the opinion of the Issuer, the PRA or any other relevant national or European authority), result in a Loss Absorption Disqualification Event following a Loss Absorption Regulations Event that occurs on or after the Issue Date (and, in the case of a successor entity, that occurs on or after the date of such entity's assumption of the Issuer's obligations), then we may, at our option, without the need for us to obtain any consent from any holder of the notes, determine that the terms of the notes described under *Senior Events of Default; Dated Subordinated Enforcement Events and Remedies; Limitation on Suits Senior Events of Default* in the accompanying prospectus shall cease to apply to the notes and shall be replaced in their entirety by the enforcement events and remedies described under *Enforcement Events and Remedies Following an Events of Default Substitution* below (such replacement, an *Events of Default Substitution*).

Any Events of Default Substitution will also be subject to the provisions described under *Notice of Events of Default Substitution* and *Events of Default Substitution Certificate* below.

**Enforcement Events and Remedies Following an Events of Default Substitution***Winding-up*

If a Senior Winding-up Event occurs, the outstanding principal amount of the notes together with any accrued but unpaid interest thereon will become immediately due and payable.

A Senior Winding-up Event with respect to the notes 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 thirty (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 notes and such failure continues for fourteen (14) days, the Trustee may give us notice of such failure. If within a period of fourteen (14) days following the provision of such notice, the failure continues and has not been cured nor waived (a *Non-Payment Event*), 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.

*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 us as the Trustee may deem fit to enforce any term, obligation or condition binding on us under the notes or the Indenture (other than any payment obligation of the Issuer under or arising from the notes or the Indenture, including, without limitation, payment of any principal or interest, including Additional Amounts) (such obligation, a *Performance Obligation*); provided always that the Trustee (acting on behalf of the holders of the notes) and the holders of the notes may not enforce, and may not be entitled to enforce or otherwise claim, against us any judgment or other award given in such proceedings that requires the payment of money by us, whether by way of

damages or otherwise (a Monetary Judgment ), except by proving such Monetary Judgment in our winding-up and/or by claiming such Monetary Judgment in our administration.

By its acquisition of the notes, each holder of the notes 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 notes) to

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enforce or otherwise claim, a Monetary Judgment against us in connection with our breach of a Performance Obligation, except by proving such Monetary Judgment in our winding-up and/or by claiming such Monetary Judgment in our administration.

*No other remedies*

Other than the limited remedies specified herein under *Enforcement Events and Remedies Following an Events of Default Substitution* and subject to *Trust Indenture Act remedies* below, following an Events of Default Substitution no remedy against us will be available to the Trustee (acting on behalf of the holders of the notes) or the holders of the notes whether for the recovery of amounts owing in respect of such notes 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 notes 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).

*Trust Indenture Act remedies*

Notwithstanding the limitation on remedies specified herein under *Enforcement Events and Remedies Following an Events of Default Substitution*, (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 notes under the provisions of the Indenture and (2) nothing shall impair the right of a holder of the notes under the Trust Indenture Act, absent such holder's consent, to sue for any payment due but unpaid with respect to the notes. No holder of notes shall be entitled to proceed directly against us except as described herein in *Limitation on Suits* below.

**Notice of Events of Default Substitution**

Any Events of Default Substitution shall be subject to our giving prior notice to the Trustee and to the holders of notes via Clearstream, Luxembourg and/or Euroclear (or, if the notes are held in definitive form, to the holders at their addresses shown on the register for the notes) (such notice being irrevocable) specifying our election to cause an Events of Default Substitution and the effective date of such Events of Default Substitution. Following receipt of such notice by Clearstream, Luxembourg or Euroclear, pursuant to its applicable rules and operating procedures then in effect, each of the Clearing Systems shall transmit such notice to the direct participants of such Clearing System holding the notes at such time in accordance with such rules and procedures.

**Events of Default Substitution Certificate**

Prior to giving the notice described under *Notice of Events of Default Substitution* above, we shall deliver to the Trustee an officer's certificate executed in accordance with the Indenture stating that we are entitled to elect to cause an Events of Default Substitution, as described under *Events of Default Substitution* above. Such officer's certificate shall be treated by the Issuer, the Trustee, the noteholders and all other interested parties as correct and sufficient evidence thereof.

**Applicability of the Term Senior Event of Default Following an Events of Default Substitution**

Following an Events of Default Substitution, the term Senior Event of Default as used (a) under *Description of Debt Securities General* and *Description of Debt Securities Modification and Waiver* in the accompanying prospectus shall mean Senior Enforcement Event (as such term is defined herein) and (b) under *Description of Certain Provisions Relating to Debt Securities and Contingent Convertible Securities Special Situations When a Global Security Will Be Terminated* in the accompanying prospectus shall mean Senior Winding-Up Event (as such term is defined herein).



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**Agreement with Respect to Enforcement Events and Remedies Following an Events of Default Substitution**

By its acquisition of the notes, each holder and beneficial owner of the notes acknowledges, accepts, agrees to be bound by, and consents to, the substitution of the events of default applicable to the notes with more limited enforcement events and remedies on the occurrence of an Events of Default Substitution, at our option, without the need for us to obtain any consent from such noteholder. For more information, see the sections entitled *Events of Default Substitution* and *Enforcement Events and Remedies Following an Events of Default Substitution* above.

**Trustee's Duties Following an Events of Default Substitution**

In case of a Senior Enforcement Event, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. For these purposes, a Senior Enforcement Event shall occur (i) upon the occurrence of a Senior Winding-Up Event, (ii) upon the occurrence of a Non-Payment Event or (iii) upon a breach by us of a Performance Obligation with respect to the notes. Holders of a majority of the aggregate principal amount of the outstanding notes may waive any past Senior Enforcement Event specified in clause (iii) in the preceding sentence but may not waive any past Senior Enforcement Event specified in clauses (i) and (ii) in the preceding sentence.

If a Senior Enforcement Event occurs and is continuing with respect to the notes, the Trustee will have no obligation to take any action at the direction of any holders of the notes, unless they have offered the Trustee security or indemnity satisfactory to the Trustee in its sole discretion. The holders of a majority in aggregate principal amount of the outstanding notes shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to such notes. However, this direction (a) must not be in conflict with any rule of law or the Indenture and (b) must not be unjustly prejudicial to the holder(s) of such notes not taking part in the direction, in the case of either (a) or (b) as determined by the Trustee in its sole discretion. The Trustee may also take any other action, consistent with the direction, that it deems proper.

The Trustee will, within ninety (90) days of a Senior Enforcement Event with respect to the notes, give to each affected holder of the notes notice of any Senior Enforcement Event known to the Trustee, unless the Senior Enforcement Event has been cured or waived. However, the Trustee will be entitled to withhold notice if a trust committee of responsible officers of the Trustee determine in good faith that withholding of notice is in the interest of the holders.

We are required to furnish to the Trustee annually a statement as to our compliance with all conditions and covenants under the Indenture.

**Limitation on Suits**

Before a holder of notes may bypass the Trustee and bring its own lawsuit or other formal legal action or take other steps to enforce its rights or protect its interests relating to the notes, the following must occur:

- (i) the holder must give the Trustee written notice that a Senior Event of Default or a Senior Enforcement Event, as applicable, has occurred and remains uncured, specifying such default and stating that such notice is a Notice of Default under the Indenture;



- (ii) the holders of 25% in principal amount of all outstanding notes must make a written request that the Trustee take action because of a Senior Event of Default or a Senior Enforcement Event, as applicable, and the holder must offer to the Trustee indemnity or security satisfactory to the Trustee in its sole discretion against the cost and other liabilities of taking that action; and

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- (iii) the Trustee must not have taken action for 60 days after receipt of the above notice and offer of security or indemnity, and the Trustee must not have received an inconsistent direction from the majority in principal amount of all the outstanding notes during that period.

Notwithstanding any contrary provisions, nothing shall impair the right of a holder, absent the holder's consent, to sue for any payments due but unpaid with respect to the notes.

*Street name and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the Trustee and how to waive any past Senior Event of Default or Senior Enforcement Event, as applicable, as described in Description of Certain Provisions Relating to Debt Securities and Contingent Convertible Securities Legal Ownership; Form of Securities in the accompanying prospectus.*

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

Notwithstanding any other agreements, arrangements, or understandings between us and any holder of the notes, by acquiring the notes, each holder of the notes acknowledges, accepts, 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 (i) the reduction or cancellation of all, or a portion of, the principal amount of, or interest on, the notes; (ii) the conversion of all, or a portion, of the principal amount of, or interest on, the notes into shares or other securities or other obligations of the Issuer or another person (and the issue to, or conferral on, the holder of the notes of such shares, securities or obligations); and/or (iii) the amendment or alteration of the maturity of the notes, or amendment of the amount of interest due on the notes, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which U.K. Bail-in Power may be exercised by means of a variation of the terms of the notes solely to give effect to the exercise by the Relevant U.K. Resolution Authority of such U.K. Bail-in Power. Each holder of the notes further acknowledges and agrees that the rights of holders of the notes are subject to, and will be varied, if necessary, solely 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, this consent and acknowledgment is not a waiver of any rights holders of the notes may have at law if and to the extent that any U.K. Bail-in Power is exercised by the Relevant U.K. Resolution Authority in breach of laws applicable in England.

For these purposes, a U.K. Bail-in Power is any write-down, conversion, transfer, modification and/or suspension 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 any applicable 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 Banking Act, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, amended, transferred 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).

No repayment of the principal amount of the notes or payment of interest on the notes 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.

By its acquisition of the notes, each holder of the notes, 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



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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 notes. See also *Risk Factors Under the terms of the notes, you have agreed to be bound by the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority.*

Upon the exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to the notes, the Issuer shall provide a written notice to Clearstream, Luxembourg and/or Euroclear 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.

By its acquisition of the notes, each holder of the notes acknowledges and agrees that the exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to the notes shall not give rise to a default for purposes of Section 315(b) (*Notice of Defaults*) and Section 315(c) (*Duties of the Trustee in Case of Default*) of the Trust Indenture Act.

By its acquisition of the notes, each holder of the notes acknowledges and agrees that, upon the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to the notes, (a) the Trustee shall not be required to take any further directions from holders of the notes under Section 5.12 (*Control by Holders*) of the Indenture, which section authorizes holders of a majority in aggregate principal amount of the outstanding notes to direct certain actions relating to the notes, and (b) the Indenture shall impose no duties upon the Trustee whatsoever with respect to the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority. Notwithstanding the foregoing, if, following the completion of the exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority in respect of the notes, the notes remain outstanding (for example, if the exercise of the U.K. Bail-in Power results in only a partial write-down of the principal of such notes), then the Trustee's duties under the Indenture shall remain applicable with respect to the notes following such completion to the extent that the Issuer and the Trustee shall agree pursuant to a supplemental indenture.

By its acquisition of the notes, each holder of the notes shall be deemed to have (a) consented to the exercise of any U.K. Bail-in Power as it may be imposed without any prior notice by the Relevant U.K. Resolution Authority of its decision to exercise such power with respect to the notes and (b) authorized, directed and requested Euroclear or Clearstream, Luxembourg and any direct participant in Clearstream, Luxembourg and/or Euroclear or other intermediary through which it holds the notes to take any and all necessary action, if required, to implement the exercise of any U.K. Bail-in Power with respect to the notes as it may be imposed, without any further action or direction on the part of such holder or the Trustee.

The exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to the notes shall not constitute a Senior Event of Default or, following an Events of Default Substitution, a Senior Enforcement Event.

## **Subsequent Holders Agreement**

Holders of the notes that acquire the notes in the secondary market shall be deemed to acknowledge, agree to be bound by and consent to the same provisions specified herein to the same extent as the holders of the notes that acquire the notes upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to the terms of the notes, including in relation to the U.K. Bail-in Power, the waiver of set-off provisions described under *No Set-off* and, following an Events of Default Substitution, the limitation of remedies under *Enforcement Events and Remedies Following an Events of Default Substitution.*

## **Payment of Additional Amounts**

We will pay any amounts to be paid by us on the notes 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

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or withholdings ( Taxes ) now or hereafter imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any 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. If at any time a Taxing Jurisdiction requires us to deduct or withhold Taxes, we will pay the additional amounts of, or in respect of, the principal of, premium, if any, and any interest on, the notes ( 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 of the notes is a domiciliary, national or resident of, or engages in business or maintains a permanent establishment or is physically present in, a Taxing Jurisdiction requiring that deduction or withholding, or otherwise has some connection with the Taxing Jurisdiction other than the holding or ownership of the notes, or the collection of any payment of, or in respect of, principal of, any premium, or any interest on, the notes;

except in the case of our winding-up in England, the notes are presented for payment in the United Kingdom;

the notes are presented for payment more than thirty (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 note for payment at the close of such 30-day period;

the holder of the notes or the beneficial owner of any payment of (or in respect of) principal of, premium, if any, or any interest on the notes 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; 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 notes had been the holder of the notes.

Whenever we refer in this prospectus supplement to the payment of the principal of, or any interest on (and premium, if any) or in respect of, the notes, 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 or any paying agent on the notes 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 neither we nor any paying agent will 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 notes 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. 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 the Paying Agent under this paragraph will be treated as paid to the holder of the notes, and we will not pay Additional Amounts in respect of such

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deduction or withholding, except to the extent the provisions in this subsection and *Payment of Additional Amounts* explicitly provide otherwise.

### **Trustee**

The Trustee under the Indenture will be The Bank of New York Mellon, London Branch (which is referred to as The Bank of New York Mellon acting through its London Branch in the accompanying prospectus). See *Description of Debt Securities Senior Events of Default; Dated Subordinated Enforcement Events and Remedies; Limitation on Suits Senior Events of Default* in the accompanying prospectus for a description of the Trustee's procedures and remedies available in the event of a default and *Trustee's Duties following an Events of Default Substitution* above for a description of the Trustee's procedures and remedies available in the event of a Senior Enforcement Event following an Events of Default Substitution.

### **Governing Law**

The Indenture and the notes are governed by, and construed in accordance with, the laws of the State of New York, except that, as specified in the Indenture, the provisions relating to waiver of set-off in the Indenture will be governed by and construed in accordance with English law.



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**U.S. FEDERAL INCOME TAX CONSIDERATIONS**

This section describes the material U.S. federal income tax consequences of owning the notes. Although the matter is not free from doubt, it is the opinion of Sullivan & Cromwell LLP that the notes should be treated as debt for U.S. federal income tax purposes. This section applies to you only if you acquire your notes in the offering at the offering price and you hold your notes as capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

a dealer in securities or currencies;

a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;

a tax-exempt organization;

a life insurance company;

a person that holds notes as part of a straddle or conversion transaction for tax purposes;

a person that owns notes that are a hedge or that are hedged against interest rate or currency risks;

a person that purchases or sells notes as part of a wash sale for tax purposes;

a U.S. holder (as defined below) whose functional currency is not the U.S. dollar;

a bank;

a person liable for alternative minimum tax; or

a person that actually or constructively owns 10% or more of our voting stock.

If you purchase notes at a price other than the offering price, the amortizable bond premium or market discount rules may also apply to you. You should consult your tax advisor regarding this possibility.

This section is based on the Code, its legislative history, existing and proposed regulations under the Code, published rulings and court decisions, all as currently in effect, as well as on the income tax convention between the United States of America and the United Kingdom. These laws are subject to change, possibly on a retroactive basis.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes holding the notes should consult its tax advisor with regard to the U.S. federal income tax treatment of an investment in the notes.

*You should consult your own tax advisor regarding the U.S. federal, state and local and other tax consequences of owning and disposing of the notes in your particular circumstances.*

#### **U.S. Holders**

This subsection describes the material U.S. federal income tax consequences to a U.S. holder of owning the notes. You are a U.S. holder if you are a beneficial owner of a note and you are for U.S. federal income tax purposes:

a citizen or resident of the United States,

a domestic corporation,

an estate whose income is subject to U.S. federal income tax regardless of its source, or

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a trust if a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust.

If you are not a U.S. holder, this subsection does not apply to you and you should refer to **U.S. Alien Holders** below.

*Payments of Interest*

You will be taxed on any interest on your note as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes.

**Cash Basis Taxpayers.** If you are a taxpayer that uses the cash receipts and disbursements method of accounting for tax purposes, you would recognize income equal to the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether you actually convert the payment into U.S. dollars.

**Accrual Basis Taxpayers.** If you are a taxpayer that uses an accrual method of accounting for tax purposes, you may determine the amount of income that you recognize by using one of two methods. Under the first method, you would determine the amount of income accrued based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, that part of the period within the taxable year. If you elect the second method, you would determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period, or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, under this second method, if you receive a payment of interest within five business days of the last day of your accrual period or taxable year, you may instead translate the interest accrued into U.S. dollars at the exchange rate in effect on the day that you actually receive the interest payment. If you elect the second method it would apply to all debt instruments that you hold at the beginning of the first taxable year to which the election applies and to all debt instruments that you subsequently acquire. You may not revoke this election without the consent of the U.S. Internal Revenue Service ( IRS ).

When you actually receive an interest payment, including a payment attributable to accrued but unpaid interest upon the sale or retirement of your note, you will recognize ordinary income or loss measured by the difference, if any, between the exchange rate that you used to accrue interest income and the exchange rate in effect on the date of receipt, regardless of whether you actually convert the payment into U.S. dollars.

Interest paid by us on the notes is income from sources outside the United States subject to the rules regarding the foreign tax credit allowable to a U.S. holder and will, depending on your circumstances, be either *passive or general income for purposes of computing the foreign tax credit*.

The notes may be issued with a de minimis amount of original issue discount ( **OID** ). While a U.S. holder is not required to include de minimis OID in income prior to maturity, under recently enacted legislation, for taxable years beginning on or after January 1, 2019, U.S. holders that maintain certain types of financial statements and that are subject to the accrual method of tax accounting will be required to include de minimis OID in income no later than the time upon which they include such amounts in income on their financial statements. Accordingly, a U.S. holder of notes that maintains such financial statements may be required to include any de minimis OID on the notes in income prior to the maturity of the notes. U.S. holders that maintain financial statements should consult their tax advisors regarding the tax consequences to them of this legislation.

*Purchase, Sale and Retirement of the Notes*

Your tax basis in your note generally will be its U.S. dollar cost. If you purchase your note with foreign currency, the U.S. dollar cost of your note would generally be the U.S. dollar value of the purchase price on the

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date of purchase. However, if you are a cash basis taxpayer, or an accrual basis taxpayer if you so elect, and your note is traded on an established securities market, as defined in the applicable Treasury regulations, the U.S. dollar cost of your note would be the U.S. dollar value of the purchase price on the settlement date of your purchase.

You will generally recognize gain or loss on the sale or retirement of your note equal to the difference between the amount you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest (which will be treated as interest payments), and your tax basis in your note. If your note is sold or retired for an amount in foreign currency, the amount you realize would be the U.S. dollar value of such amount on the date the note is disposed of or retired, except that in the case of a note that is traded on an established securities market, as defined in the applicable Treasury regulations, a cash basis taxpayer, or an accrual basis taxpayer that so elects, would determine the amount realized based on the U.S. dollar value of the foreign currency on the settlement date of the sale.

You will recognize capital gain or loss when you sell or retire your note, except to the extent attributable to changes in exchange rates as described below. Capital gain of a noncorporate U.S. holder is generally taxed at preferential rates where the property is held for more than one year.

You must treat any portion of the gain or loss that you recognize on the sale or retirement of a note as ordinary income or loss to the extent attributable to changes in exchange rates. However, you take exchange gain or loss into account only to the extent of the total gain or loss you realize on the transaction.

*Exchange of Amounts in Other Than U.S. Dollars*

If you receive foreign currency as interest on your note or on the sale or retirement of your note, your tax basis in the foreign currency would equal its U.S. dollar value when the interest is received or at the time of the sale or retirement. If you purchase foreign currency, you generally would have a tax basis equal to the U.S. dollar value of the foreign currency on the date of your purchase. If you sell or dispose of a foreign currency, including if you use it to purchase notes or exchange it for U.S. dollars, any gain or loss recognized generally would be ordinary income or loss.

*Medicare Tax*

A U.S. holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) the U.S. holder's net investment income (or undistributed net investment income in the case of an estate or trust) for the relevant taxable year and (2) the excess of the U.S. holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). A holder's net investment income generally includes its interest income and its net gains from the disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a U.S. holder that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the notes.

**U.S. Alien Holders**

This subsection describes the tax consequences to a U.S. alien holder. You are a U.S. alien holder if you are a beneficial owner of a note and you are, for U.S. federal income tax purposes:

a nonresident alien individual,

a foreign corporation or

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an estate or trust that in either case is not subject to U.S. federal income tax on a net income basis on income or gain from a note.

If you are a U.S. holder, this subsection does not apply to you.

### *Payments of Interest*

If you are a U.S. alien holder, subject to the discussion of backup withholding below, interest on a note paid to you will not be subject to U.S. federal income tax unless the interest is effectively connected with your conduct of a trade or business within the United States (or is treated as such), and, if required by an applicable income tax treaty as a condition for subjecting you to U.S. taxation on a net income basis, the interest is attributable to a permanent establishment that you maintain in the United States. In such cases you generally will be taxed in the same manner as a U.S. holder. If you are a corporate U.S. alien holder, effectively connected interest may, under certain circumstances, be subject to an additional branch profits tax at a rate of 30% or a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

### *Purchase, Sale, Retirement and Other Disposition of the Notes*

If you are a U.S. alien holder of a note, you generally will not be subject to U.S. federal income tax on gain realized on the sale, exchange or retirement of your note unless:

the gain is effectively connected with your conduct of a trade or business in the United States, and, if required by an applicable income tax treaty, is attributable to a permanent establishment that you maintain in the United States or

you are an individual, you are present in the United States for 183 or more days during the taxable year in which the gain is realized and certain other conditions exist.

If you are a corporate U.S. alien holder, effectively connected gains that you recognize may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

## **Information with Respect to Foreign Financial Assets**

Owners of specified foreign financial assets with an aggregate value in excess of \$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their tax returns.

Specified foreign financial assets may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts that have non-U.S. issuers or counterparties, and (iii) interests in foreign entities. The notes may be subject to these rules. Holders are urged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the notes.

## **Information Reporting and Backup Withholding**

If you are a noncorporate U.S. holder, information reporting requirements, on IRS Form 1099, generally would apply to payments of principal and interest on a note within the United States, and the payment of proceeds to you from the sale of a note effected at a U.S. office of a broker.

Additionally, backup withholding may apply to such payments if you fail to comply with applicable certification requirements or (in the case of interest payments) are notified by the IRS that you have failed to report all interest and dividends required to be shown on your federal income tax returns.

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If you are a U.S. alien holder, you are generally exempt from backup withholding and information reporting requirements with respect to payments of principal and interest made to you outside the United States by us or another non-U.S. payor. You are also generally exempt from backup withholding and information reporting requirements in respect of payments of principal and interest made within the United States and the payment of the proceeds from the sale of a note effected at a U.S. office of a broker, as long as either (i) the payor or broker does not have actual knowledge or reason to know that you are a U.S. person and you have furnished a valid IRS Form W-8 or other documentation upon which the payor or broker may rely to treat the payments as made to a non-U.S. person, or (ii) you otherwise establish an exemption.

Payment of the proceeds from the sale of a note effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States or (iii) the sale has certain other specified connections with the United States.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

## **Treasury Regulations Requiring Disclosure of Reportable Transactions**

Treasury regulations require U.S. taxpayers to report certain transactions that give rise to a loss in excess of certain thresholds (a Reportable Transaction). Under these regulations, if the notes are denominated in a foreign currency, a U.S. holder (or a U.S. alien holder that holds the notes in connection with a U.S. trade or business) that recognizes a loss with respect to the notes that is characterized as an ordinary loss due to changes in currency exchange rates (under any of the rules discussed above) would be required to report the loss on IRS Form 8886 (Reportable Transaction Statement) if the loss exceeds the thresholds set forth in the regulations. For individuals and trusts, this loss threshold is \$50,000 in any single taxable year. For other types of taxpayers and other types of losses, the thresholds are higher. You should consult with your tax advisor regarding any tax filing and reporting obligations that may apply in connection with acquiring, owning and disposing of notes.

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**UNITED KINGDOM TAX CONSIDERATIONS**

For a summary of the U.K. withholding and other tax considerations at the date hereof with respect to the acquisition, ownership and disposition of the notes, please review the section entitled *Tax Considerations United Kingdom Taxation of Senior Debt Securities* in the accompanying prospectus.

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Subject to the terms and conditions set forth in the Underwriting Agreement Standard Provisions, dated May 2, 2017, incorporated in the pricing agreement dated January 8, 2018, between us and the underwriters named below, we have agreed to issue to the underwriters, and each underwriter has severally undertaken to purchase, the principal amount of notes set forth opposite its name below:

<b>Underwriters</b>	<b>Principal Amount of the Notes</b>
Barclays Bank	£937,500,000
Banco Bilbao Vizcaya Argentaria, S.A.	£62,500,000
Danske Bank A/S	£62,500,000
ING Bank N.V., Belgian Branch	£62,500,000
Standard Chartered Bank	£62,500,000
Wells Fargo Securities, LLC	£62,500,000
<b>Total</b>	<b>£1,250,000,000</b>

The underwriting agreement and the pricing agreement provide that the obligations of the underwriters are subject to certain conditions precedent and that the underwriters have undertaken to purchase all the notes offered by this prospectus supplement if any of these notes are purchased.

The underwriters propose to offer the notes directly to the public at the price to public set forth on the cover of this prospectus supplement. After the initial offering of the notes, the price to public and other selling terms may be varied by Barclays Bank.

We estimate that our total expenses for the offering, excluding underwriting commissions, will be approximately £330,000.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act.

The notes are new issue securities with no established trading market. We will apply to list the notes on the NYSE under the symbol BCS33.

The notes will settle through the facilities of Clearstream, Luxembourg or Euroclear and their participants. The CUSIP for the notes is 06738E AZ8, the ISIN is XS1748699011 and the Common Code is 174869901.

Certain of the underwriters may not be U.S. registered broker-dealers and accordingly will not effect any sales within the United States except in compliance with applicable U.S. laws and regulations, including the rules of FINRA.

Certain of the underwriters and their affiliates have performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. The underwriters and their affiliates may from time to time engage in transactions with and perform services for us in the ordinary course of business.

It is expected that delivery of the notes will be made, against payment of the notes, on or about January 17, 2018, which will be the sixth business day in the United States following the date of pricing of the notes. Under Rule 15c6-1 under the Securities Exchange Act of 1934, purchases or sales of securities in the secondary market generally are

required to settle within two business days (T+2), unless the parties to any such transaction expressly agree otherwise. Accordingly, purchasers of the notes who wish to trade the notes on the date of this prospectus supplement or the next three succeeding business days, will be required, because the notes initially

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will settle within six business days (T+6) in the United States, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade on the date of this prospectus supplement or the next three succeeding business days should consult their own legal advisors.

## **Conflicts of Interest**

Barclays Bank is an affiliate of the Issuer and, as such, has a conflict of interest in this offering within the meaning of Rule 5121 (or any successor rule thereto). Consequently, this offering is being conducted in compliance with the provisions of Rule 5121. Barclays Bank is not permitted to sell notes in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

## **Stabilization Transactions and Short Sales**

In connection with the offering, the underwriters may purchase and sell notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of notes than they are required to purchase in the offering. The underwriters may close a short position by purchasing notes in the open market. Stabilizing transactions consist of various bids for, or purchases of, the notes made by the underwriters in the open market prior to the completion of the offering.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time.

## **Market-Making Resales**

This prospectus supplement and the accompanying prospectus may be used by an affiliate of Barclays in connection with offers and sales of the notes in market-making transactions. In a market-making transaction, such affiliate may resell the notes it acquires from other holders, after the original offering and sale of the notes. 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 Price to Public specified on the cover of this prospectus supplement relates to the initial offering of the notes. This amount does not relate to securities sold in market-making transactions.

We do 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.

## **Selling Restrictions**

*Canada*

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of

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the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement or the accompanying prospectus (including any amendment thereto) contain a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ( NI 33-105 ), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

### *United Kingdom*

Each underwriter has represented, warranted and agreed that, in connection with the distribution of the notes, directly or indirectly, it (i) has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to Barclays; and (ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

### *Prohibition of Sales to EEA Retail Investors*

Each underwriter has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any notes to any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II ); or
- (ii) a customer within the meaning of the Directive 2002/92/EC (the Insurance Mediation Directive ), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

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**VALIDITY OF NOTES**

Sullivan & Cromwell LLP, our United States counsel, will pass upon the validity of the notes under New York law. Clifford Chance LLP, our English solicitors, will pass on the validity of the notes under English law. Linklaters LLP, United States counsel for the underwriters, will pass upon certain matters of New York law for the underwriters.

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**BARCLAYS PLC**

**Debt Securities**

**Contingent Convertible Securities**

**Ordinary Shares**

This prospectus describes some of the general terms that may apply to the securities described herein (the securities ) and the general manner in which they may be offered.

We will give you the specific terms of the securities, and the manner in which they are offered, in supplements to this prospectus. You should read this prospectus and the prospectus supplements carefully before you invest. We may offer and sell these securities to or through one or more underwriters, dealers and agents, including our subsidiary Barclays Capital Inc., or directly to purchasers, on a delayed or continuous basis. We will indicate the names of any underwriters in the applicable prospectus supplement.

We may use this prospectus to offer and sell from time to time senior and dated subordinated debt securities, contingent convertible securities and ordinary shares (including the ordinary shares into which the contingent convertible securities may under certain circumstances convert). In addition, Barclays Capital Inc. or another of our affiliates may use this prospectus in market-making transactions in certain of these securities after their initial sale. *Unless we or our agent informs you otherwise in the confirmation of sale, this prospectus is being used in market-making transactions.*

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

**Notwithstanding any other agreements, arrangements, or understandings between us and any holder or beneficial owner of senior debt securities, dated subordinated debt securities or contingent convertible securities, by acquiring such securities, each holder and beneficial owner of such securities acknowledges, accepts, 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 (i) the reduction or cancellation of all, or a portion, of the principal amount of, or interest on, such securities; (ii) the conversion of all, or a portion of, the principal amount of, or interest on, such securities into shares or other securities or other obligations of Barclays PLC or another person (and the issue to, or conferral on, the holder or beneficial owner of such securities such shares, securities or obligations); and/or (iii) the amendment or alteration of the maturity (if any) of such securities, or amendment of the amount of interest due on such securities, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which U.K. Bail-in Power may be exercised by means of a variation of the terms of such securities solely to give effect to the exercise by the Relevant U.K. Resolution Authority of such U.K. Bail-in Power. Each holder or beneficial owner of senior debt securities, dated subordinated debt securities or contingent convertible securities further acknowledges and agrees that the rights of the holders or beneficial owners of such securities are subject to, and will be varied, if necessary, solely to give effect to, the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority. For more information, see the sections entitled **Description of Debt Securities Agreement with Respect to Exercise of U.K. Bail-in Power** and **Description of Contingent Convertible Securities Agreement with Respect to Exercise of U.K. Bail-in Power** in this prospectus.**

This prospectus may not be used to sell securities unless it is accompanied by a prospectus supplement.

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is March 1, 2017

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**Table of Contents****FORWARD-LOOKING STATEMENTS**

This prospectus and certain documents incorporated by reference herein contain certain forward-looking statements within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), and Section 27A of the U.S. Securities Act of 1933, as amended (the Securities Act), with respect to the Group (as defined below). We caution readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures 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, target, projected, expect, estimate, intend, plan, goal, believe, achieve or other meaning. Examples of forward-looking statements include, among others, statements or guidance regarding the Group's future financial position, income growth, assets, impairment charges, provisions, notable items, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, original and revised commitments and targets in connection with the strategic cost programme and the group strategy update as announced by Barclays PLC on March 1, 2016, run down of assets and businesses within Barclays Non-Core (as such unit is defined on page 450 of our Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed with the U.S. Securities Exchange Commission (the SEC) on February 23, 2017 (the 2016 Form 20-F)), sell down of the Group's interest in Barclays Africa Group Limited, 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, future levels of notable items, 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; United Kingdom (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 any entities within the Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; the implications of the results of the June 23, 2016 referendum in the U.K. and the disruption that may result in the U.K. and globally from the withdrawal of the U.K. from the European Union; the implementation of the strategic cost 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, expectations and guidance set forth in the Group's forward-looking statements. Additional risks and factors which may impact the Group's future financial condition and performance are identified in our filings with the SEC (including, without limitation, the 2016 Form 20-F), which are available on the SEC's website at [www.sec.gov](http://www.sec.gov).

Any forward-looking statements made herein or in the documents incorporated by reference 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 PRA (as defined below), the Financial Conduct Authority (the FCA), the London Stock Exchange plc (the LSE) or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein or in the documents incorporated by reference herein to reflect any change in



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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 made or may make in documents it has published or may publish via the Regulatory News Service of the LSE and/or has filed or may file with the SEC.

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**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows us to incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring you to those 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-3 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 securities we are offering. 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 public reference facilities located at the SEC Headquarters in Washington, D.C., as well as through the SEC's internet site, as described under "Where You Can Find More Information" in this prospectus.

We filed the 2016 Form 20-F with the SEC on February 23, 2017. We are incorporating the 2016 Form 20-F by reference into this prospectus.

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).

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**CERTAIN DEFINITIONS**

For purposes of this prospectus:

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

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

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

The Depository Trust Company or DTC shall include any successor clearing system;

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;

Capital Regulations means, at any time, the laws, regulations, requirements, standards, guidelines and policies relating to capital adequacy and/or minimum requirement for own funds and eligible liabilities and/or loss absorbing capacity of 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 we may be organized or domiciled) and applicable to the Group including, as at the date hereof, CRD IV and related technical standards;

CRD IV consists 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;

Tier 1 Capital means Tier 1 Capital for the purposes of the Capital Regulations;

Tier 2 Capital means Tier 2 Capital for the purposes of the Capital Regulations;



£ and sterling shall refer to the lawful currency for the time being of the United Kingdom;

US\$, \$ and U.S. dollars shall refer to the lawful currency for the time being of the United States; and

Moody's refers to Moody's Investors Service Ltd., Standard & Poor's refers to Standard & Poor's Credit Market Services Europe Limited, and Fitch refers to Fitch Ratings Limited.

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**THE BARCLAYS GROUP**

The Group is a transatlantic consumer, corporate and investment bank offering products and services across personal, corporate and investment banking, credit cards and wealth management, with a strong presence in the Group's two home markets of the U.K. and the U.S. The Group is focused on two core divisions – Barclays UK and Barclays International. Barclays UK comprises the U.K. retail banking operations, U.K. consumer credit card business, U.K. wealth management business and corporate banking for smaller businesses. Barclays International comprises the corporate banking franchise, the Investment Bank, the U.S. and international cards business and international wealth management. Assets which do not fit the Group's strategic objectives will continue to be managed in Barclays Non-Core and designated for exit or run-down over time.

**USE OF PROCEEDS**

Unless otherwise indicated in the accompanying prospectus supplement, the net proceeds from the offering of the securities will be used for our general corporate purposes and, in the case of the Dated Subordinated Debt Securities and contingent convertible securities, to strengthen further our regulatory capital base and/or that of the Group.

**Table of Contents****DESCRIPTION OF DEBT SECURITIES**

*The following is a summary of the general terms of the debt securities (as defined below). It sets forth possible terms and provisions for each series of debt securities. Each time that we offer debt securities, we will prepare and file a prospectus supplement with the SEC, which you should read carefully. The prospectus supplement may contain additional terms and provisions of those securities. If there is any inconsistency between the terms and provisions presented here and those in the prospectus supplement, those in the prospectus supplement will apply and will replace those presented here.*

*The debt securities of any series will be either our senior obligations (the Senior Debt Securities ) or our dated subordinated obligations (the Dated Subordinated Debt Securities and, together with the Senior Debt Securities, the debt securities ). Neither the Senior Debt Securities nor the Dated Subordinated Debt Securities will be secured by any assets or property of Barclays PLC or any of its subsidiaries or affiliates (including Barclays Bank PLC, its subsidiary).*

*We will issue Senior Debt Securities and Dated Subordinated Debt Securities under indentures (respectively, the Senior Debt Securities Indenture and Dated Subordinated Debt Securities Indenture ) to be entered into between us and The Bank of New York Mellon acting through its London Branch, as trustee. The terms of the debt securities include those stated in the relevant indenture and any supplements thereto, and those terms made part of the relevant indenture by reference to the U.S. Trust Indenture Act of 1939, as amended (the Trust Indenture Act ). The Senior Debt Securities Indenture and Dated Subordinated Debt Securities Indenture and any supplements thereto are sometimes referred to in this section of the prospectus individually as an indenture and collectively as the indentures. We have filed the forms of each indenture as exhibits to the registration statement of which this prospectus is a part.*

*Because this section is a summary, it does not describe every aspect of the debt securities in detail. This summary is subject to, and qualified by reference to, all of the definitions and provisions of the relevant indenture, any supplement to the relevant indenture and the form of the instrument representing each series of debt securities. Certain terms, unless otherwise defined here, have the meaning given to them in the relevant indenture.*

*References to you and holder in the subsections to this section Description of Debt Securities, entitled Ranking, Set-Off, Dated Subordinated Enforcement Events and Remedies Limited remedies for breach of obligations (other than non-payment), Dated Subordinated Enforcement Events and Remedies No other remedies, Agreement with Respect to the Exercise of U.K. Bail-in Power, Subsequent Holders Agreement and Payment of Debt Security Additional Amounts below, include beneficial owners of the debt securities.*

**General**

The debt securities are not deposit liabilities of Barclays PLC and are not insured by any regulatory body of the United States or the United Kingdom.

Because we are a holding company, our rights to participate in the assets of any of our subsidiaries upon its liquidation will be subject to the prior claims of the subsidiaries' creditors, including, in the case of our bank subsidiaries, their respective depositors, except, in our case, to the extent that we may ourselves be a creditor with recognized claims against the relevant subsidiary.

The indentures do not limit the amount of debt securities that we may issue. We may issue the debt securities in one or more series, or as units comprised of two or more related series. The prospectus supplement will indicate for each series or of two or more related series of debt securities:

the issue date;

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the maturity date;

the specific designation and aggregate principal amount of the debt securities;

any limit on the aggregate principal amount of the debt securities that may be authenticated or delivered;

the person to whom any interest on a debt security may be payable, if other than the holder on the relevant record date;

under what conditions, if any, another issuer may be substituted for Barclays PLC as the issuer of the debt securities of the series;

the prices at which we will issue the debt securities;

if interest is payable, the interest rate or rates, or how to calculate the interest rate or rates, and under what circumstances interest is payable;

whether we will issue the Senior Debt Securities as Discount Senior Debt Securities, as explained in this section below, and the amount of the discount;

provisions, if any, for the discharge and defeasance of debt securities of any series;

any condition applicable to payment of any principal, premium or interest on debt securities of any series;

the dates and places at which any payments are payable;

the places where notices, demands to or upon us in respect of the debt securities may be served and notice to holders may be published;

the terms of any mandatory or optional redemption;

the denominations in which the debt securities will be issued, which may be an integral multiple of either \$1,000, \$25 or any other specified amount;

the amount, or how to calculate the amount, that we will pay to the debt security holder, if the debt security is redeemed before its stated maturity or accelerated, or for which the trustee shall be entitled to file and prove a claim;

whether and how the debt securities may or must be converted into any other type of securities, or their cash value, or a combination of these;

the currency or currencies in which the debt securities are denominated, and in which we make any payments;

whether we will issue the debt securities wholly or partially as one or more global debt securities;

what conditions must be satisfied before we will issue the debt securities in definitive form ( definitive debt securities );

any reference asset we will use to determine the amount of any payments on the debt securities;

any other or different Senior Events of Default, in the case of Senior Debt Securities, or any other or different Dated Subordinated Enforcement Events, in the case of Dated Subordinated Debt Securities, or category of defaults or covenants applicable to any of the debt securities, and the relevant terms if they are different from the terms in the Senior Debt Securities Indenture or the Dated Subordinated Debt Securities Indenture, as applicable;

in the case of Dated Subordinated Debt Securities, any other applicable subordination provisions if different from the subordination provisions in the Dated Subordinated Debt Securities Indenture;

any restrictions applicable to the offer, sale and delivery of the debt securities;

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whether we will pay Debt Security Additional Amounts, as defined below, on the debt securities;

whether we will issue the debt securities in registered form ( registered debt securities ) or in bearer form ( bearer debt securities ) or both;

for registered debt securities, the record date for any payment of principal, interest or premium;

any listing of the debt securities on a securities exchange;

the extent to which holders of the debt securities may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by us arising under, or in connection with, the debt securities, if different from the waiver of set-off provisions in the Senior Debt Securities Indenture or the Dated Subordinated Debt Securities Indenture, as applicable;

the names and duties of any co-trustees, depositaries, authenticating agents, paying agents, calculation agents, transfer agents or registrars of any series;

any applicable additional or alternative provision or provisions related to the U.K. Bail-in Power (as defined below);

any other or different terms of the debt securities; and

what we believe are any additional material U.S. federal and U.K. tax considerations.

If we issue debt securities in bearer form, the special restrictions and considerations relating to such bearer debt securities, including applicable offering restrictions and U.S. tax considerations, will be described in the relevant prospectus supplement.

Debt securities may bear interest at a fixed rate or a floating rate or we may sell debt securities that bear no interest or that bear interest at a rate below the prevailing market interest rate or we may sell Senior Debt Securities at a discount to their stated principal amount ( Discount Senior Debt Securities ). The relevant prospectus supplement will describe special U.S. federal income tax considerations applicable to Discount Senior Debt Securities or to debt securities issued at par that are treated for U.S. federal income tax purposes as having been issued at a discount.

Holders of debt securities have no voting rights except as explained in this section below under Modification and Waiver and Senior Events of Default; Dated Subordinated Enforcement Events and Remedies; Limitation on Suits.

*Market-Making Transactions.* If you purchase your debt security in a market-making transaction, you will receive information about the price you pay and your trade and settlement dates in a separate confirmation of sale. A market-making transaction is one in which Barclays Capital Inc. or another of our affiliates resells a security that it has previously acquired from another holder. A market-making transaction in a particular debt security occurs after

the original issuance and sale of the debt security.

### **Payments**

The relevant prospectus supplement will specify the date on which we will pay interest, if any, the date for payments of principal and any premium, on any particular series of debt securities. The prospectus supplement will also specify the interest rate or rates, if any, or how the rate or rates will be calculated.

### **Ranking**

*Senior Debt Securities.* Senior Debt Securities constitute our direct, unconditional, unsecured and unsubordinated obligations ranking *pari passu* without any preference among themselves. In the event of our winding-up or administration, the Senior Debt Securities will rank *pari passu* with all our other outstanding unsecured and unsubordinated obligations, present and future, except such obligations as are preferred by operation of law.



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*Dated Subordinated Debt Securities.* Dated Subordinated Debt Securities constitute our direct, unsecured and subordinated obligations ranking *pari passu* without any preference among themselves.

Unless the applicable prospectus supplement provides otherwise, in the event of our winding-up or administration, the claims of the trustee (on behalf of the holders of the Dated Subordinated Debt Securities but not the rights and claims of the trustee in its personal capacity under the Dated Subordinated Debt Securities Indenture) and the holders of the Dated Subordinated Debt Securities against us, in respect of such Dated Subordinated Debt Securities (including any damages or other amounts (if payable)) shall:

- (i) be subordinated to the claims of all Senior Creditors;
- (ii) rank at least *pari passu* with the claims in respect of Parity Obligations and with the claims of all other subordinated creditors of the Issuer which in each case by law rank, or by their terms are expressed to rank, *pari passu* with the Dated Subordinated Debt Securities; and
- (iii) rank senior to the Issuer's ordinary shares, preference shares and any junior subordinated obligations (including Junior Obligations) or other securities which in each case either by law rank, or by their terms are expressed to rank, junior to the Dated Subordinated Debt Securities.

Senior Creditors with respect to a particular series of Dated Subordinated Debt Securities, means creditors of the Issuer (i) who are unsubordinated creditors; or (ii) who are subordinated creditors (whether in the event of a winding-up or administration of the Issuer or otherwise) other than (x) those whose claims by law rank, or by their terms are expressed to rank, *pari passu* with or junior to the claims of the holders of the Dated Subordinated Debt Securities or (y) those whose claims are in respect of Parity Obligations or Junior Obligations.

Parity Obligations with respect to a particular series of Dated Subordinated Debt Securities, shall have the meaning set forth in the applicable prospectus supplement.

Junior Obligations with respect to a particular series of Dated Subordinated Debt Securities, shall have the meaning set forth in the applicable prospectus supplement.

In the event of our winding-up or liquidation, if any amount in respect of the Dated Subordinated Debt Securities is paid to the holders of such Dated Subordinated Debt Securities or to the trustee (including any damages or other amounts (if payable)) before the claims of Senior Creditors, then such payment or distribution shall be held by such holders or the trustee upon trust to be applied in the following order: (i) to the amounts due to the trustee in connection with the Dated Subordinated Debt Securities Indenture, the Dated Subordinated Debt Securities and the acceptance or administration of the trust or trusts under the Dated Subordinated Debt Securities Indenture; (ii) in payment of all claims of Senior Creditors outstanding at the commencement of, or arising solely by virtue of, a winding up of the Issuer to the extent that such claims shall be admitted in the winding up and shall not be satisfied out of the Issuer's other resources; and (iii) in payment of Dated Subordinated Debt Securities issued under the Dated Subordinated Debt Securities Indenture. By accepting the Dated Subordinated Debt Securities, each holder agrees to be bound by the Dated Subordinated Debt Securities Indenture's subordination provisions and irrevocably authorizes the Issuer's liquidator to perform on behalf of the holder the above subordination trust.

**No Set-off**

Subject to applicable law and unless the applicable prospectus supplement provides otherwise, no holder of debt securities may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed

to it by us arising under, or in connection with, the debt securities and the Senior Debt Securities Indenture or Dated Subordinated Debt Securities Indenture, as applicable, and each holder of debt securities

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shall, by virtue of its holding of any debt security, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the foregoing, if any amounts due and payable to any holder of the debt securities by us in respect of, or arising under, the debt securities are discharged by set-off, such holder shall, subject to applicable law and unless the applicable prospectus supplement provide otherwise, immediately pay to us an amount equal to the amount of such discharge (or, in the event of our winding-up or administration, our liquidator or administrator, as the case may be) and, until such time as payment is made, shall hold an amount equal to such amount in trust for us (or our liquidator or administrator, as the case may be) and, accordingly, any such discharge shall be deemed not to have taken place. By its acquisition of debt securities, each holder agrees to be bound by these provisions relating to waiver of set-off. No holder of debt securities shall be entitled to proceed directly against us except as described in **Limitation on Suits** below.

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

Notwithstanding any other agreements, arrangements, or understandings between the Issuer and any holder of debt securities, by acquiring debt securities, each holder of debt securities acknowledges, accepts, 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 (i) the reduction or cancellation of all, or a portion, of the principal amount of, or interest on, the debt securities; (ii) the conversion of all, or a portion of, the principal amount of, or interest on, the debt securities into shares or other securities or other obligations of the Issuer or another person (and the issue to, or conferral on, the holder of the debt securities such shares, securities or obligations); and/or (iii) the amendment or alteration of the maturity of the debt securities, or amendment of the amount of interest due on the debt securities, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which U.K. Bail-in Power may be exercised by means of a variation of the terms of the debt securities solely to give effect to the exercise by the Relevant U.K. Resolution Authority of such U.K. Bail-in Power. Each holder further acknowledges and agrees that the rights of holders of the debt securities are subject to, and will be varied, if necessary, solely 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, this consent and acknowledgment is not a waiver of any rights holders of the debt securities may have at law if and to the extent that any U.K. Bail-in Power is exercised by the Relevant U.K. Resolution Authority in breach of laws applicable in England.

For these purposes, a U.K. Bail-in Power is any write-down, conversion, transfer, modification and/or suspension 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 any applicable 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 the same has been or may be amended from time to time (whether pursuant to the U.K. Financial Services (Banking Reform) Act 2013, secondary legislation or otherwise, the Banking Act ), pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, amended, transferred 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).

No repayment of the principal amount of the debt securities or payment of interest on the debt 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.

By its acquisition of the debt securities, each holder of debt 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

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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 debt securities.

Upon the exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to the debt securities, the Issuer shall provide a written notice to DTC 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.

By its acquisition of the debt securities, each holder of debt securities acknowledges and agrees that the exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to a particular series of debt securities shall not give rise to a default for purposes of Section 315(b) (*Notice of Default*) and Section 315(c) (*Duties of the Trustee in Case of Default*) of the Trust Indenture Act.

By its acquisition of the debt securities, each holder of debt securities acknowledges and agrees that, upon the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to the debt securities, (a) the trustee shall not be required to take any further directions from holders of the debt securities under Section 5.12 (*Control by Holders*) of the Senior Debt Securities Indenture or Section 5.13 (*Control by Holders*) of the Dated Subordinated Debt Securities Indenture, as applicable, which sections authorize holders of a majority in aggregate principal amount of the outstanding debt securities of the relevant series of Senior Debt Securities or Dated Subordinated Debt Securities to direct certain actions relating to the relevant debt securities and (b) the Senior Debt Securities Indenture and the Dated Subordinated Debt Securities Indenture, as applicable, shall impose no duties upon the trustee whatsoever with respect to the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority. Notwithstanding the foregoing, if, following the completion of the exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority in respect of the debt securities, the debt securities remain outstanding (for example, if the exercise of the U.K. Bail-in Power results in only a partial write-down of the principal of the debt securities), then the trustee's duties under the Senior Debt Securities Indenture or Dated Subordinated Debt Securities Indenture shall remain applicable with respect to the debt securities following such completion to the extent that the Issuer and the trustee shall agree pursuant to a supplemental indenture to the Senior Debt Securities Indenture or the Dated Subordinated Debt Securities Indenture, as applicable.

By its acquisition of the debt securities, each holder of debt securities shall be deemed to have (a) consented to the exercise of any U.K. Bail-in Power as it may be imposed without any prior notice by the Relevant U.K. Resolution Authority of its decision to exercise such power with respect to the debt securities and (b) authorized, directed and requested DTC and any direct participant in DTC or other intermediary through which it holds such debt securities to take any and all necessary action, if required, to implement the exercise of any U.K. Bail-in Power with respect to the debt securities as it may be imposed, without any further action or direction on the part of such holder or the trustee.

The exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to the debt securities shall not constitute a Senior Event of Default or a Dated Subordinated Enforcement Event, as applicable.

The relevant prospectus supplement may describe additional or alternative related provisions with respect to the U.K. Bail-in Power, including certain waivers by the holders of debt securities of certain claims against the trustee, to the extent permitted by the Trust Indenture Act.

## **Subsequent Holders Agreement**

Holders of debt securities that acquire debt securities in the secondary market shall be deemed to acknowledge, agree to be bound by and consent to the same provisions specified herein and in the applicable

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prospectus supplement to the same extent as the holders of the debt securities that acquire the debt securities upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to the terms of the debt securities, including in relation to the U.K. Bail-in Power, the waiver of set-off provisions described under **No Set-off** and, for the Dated Subordinated Debt Securities, the subordination provisions described under **Ranking**, and the limitations on remedies specified in **Dated Subordinated Enforcement Events and Remedies Limited remedies for breach of obligations (other than non-payment)**.

**Payment of Debt Security Additional Amounts**

Unless the relevant prospectus supplement provides otherwise, we will pay any amounts to be paid by us on any series of debt 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 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. Unless the relevant prospectus supplement provides otherwise, if at any time a Taxing Jurisdiction requires us to deduct or withhold Taxes, we will pay the additional amounts of, or in respect of, the principal of, premium, if any, and any interest on, the debt securities ( **Debt Security 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 Debt Security Additional Amounts for Taxes that are payable because:

the holder of the debt securities is a domiciliary, national or resident of, or engages in business or maintains a permanent establishment or is physically present in, a Taxing Jurisdiction requiring that deduction or withholding, or otherwise has some connection with the Taxing Jurisdiction other than the holding or ownership of the debt security, or the collection of any payment of, or in respect of, principal of, any premium, or any interest on, any debt securities of the relevant series;

except in the case of our winding-up in England, the relevant debt security is presented for payment in the United Kingdom;

the relevant debt security is presented for payment more than thirty (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 Debt Security Additional Amounts on presenting the debt security for payment at the close of such 30-day period;

the holder of the relevant debt securities or the beneficial owner of any payment of (or in respect of) principal of, premium, if any, or any interest on debt 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; 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 debt securities had been the holder of the debt securities.

Whenever we refer in this prospectus and any prospectus supplement to the payment of the principal of, or any interest on (and premium, if any), or in respect of, any debt securities of any series, we mean to include the payment of Debt Security Additional Amounts to the extent that, in context, Debt Security Additional Amounts are, were or would be payable.

For the avoidance of doubt, unless the relevant prospectus supplement provides otherwise, any amounts to be paid by us or any paying agent on the debt securities will be paid net of any deduction or withholding imposed



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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 neither we nor any paying agent will be required to pay Debt Security Additional Amounts on account of any FATCA Withholding Tax.

Unless the relevant prospectus supplement provides otherwise, any paying agent shall be entitled to make a deduction or withholding from any payment which it makes under the debt securities and the relevant 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. 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 the paying agent under this paragraph will be treated as paid to the holder of a debt security, and we will not pay Debt Security Additional Amounts in respect of such deduction or withholding, except to the extent the provisions in this subsection Payment of Debt Security Additional Amounts explicitly provide otherwise.

**Redemption**

*Redemption for Tax Reasons.* Unless the relevant prospectus supplement provides otherwise, we may, at our option, at any time, redeem the debt securities of any series, in whole but not in part, upon not less than thirty (30) nor more than sixty (60) days notice (or the shorter or longer notice period specified in the relevant prospectus supplement) to the holders at any time, if (A) in the case of the Senior Debt Securities, we are required to issue definitive debt securities (see Description of Certain Provisions Relating to Debt Securities and Contingent Convertible Securities Special Situations When a Global Security Will Be Terminated ) and, as a result, we are or would be required to pay Debt Security Additional Amounts with respect to the Senior Debt Securities; or (B) 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 of those laws or regulations, including a decision of any court or tribunal, which becomes effective on or after the issue date of the relevant series of debt 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),

- (i) we will or would be required to pay holders Debt Security Additional Amounts;
- (ii) we would not be entitled to claim a deduction in respect of any payments in respect of the relevant series of debt securities in computing our taxation liabilities or the value of the deduction would be materially reduced; or
- (iii) we would not, as a result of the relevant series of debt 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 issue date of the relevant series of debt securities or any similar system or systems having like effect as may from time to time exist),

(each such change in tax law or regulation or the official application thereof, a Tax Event ),

in each of cases (A) and (B) above, at an amount equal to 100% of the principal amount of the debt securities being redeemed together with accrued but unpaid interest, if any, on the principal amount of the debt securities to be

redeemed to (but excluding) the date fixed for redemption; or, in the case of Discount Senior Debt Securities, such portion of the principal amount of such Discount Senior Debt Securities as may be specified by their terms,

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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 and unless the relevant prospectus supplement provides otherwise, before we give a notice of redemption (which notice shall be irrevocable), we shall be required to deliver to the trustee a written legal opinion of independent counsel of recognized standing, chosen by us, confirming that we are entitled to exercise our right of redemption. Any redemption of debt securities as a result of a Tax Event will also be subject to the provisions described under [Notice of Redemption of Debt Securities](#) and [Condition to Redemption of Debt Securities](#) below.

### *Optional Redemption.*

The relevant prospectus supplement will specify whether we may redeem the debt securities of any series, in whole or in part, at our option, in any additional circumstances. The prospectus supplement will also specify the notice we will be required to give, what prices and any premium we will pay, and the dates on which we may redeem the debt securities. Any notice of redemption of debt securities will state:

the date fixed for redemption;

the amount of debt securities to be redeemed if we are only redeeming a part of the series;

the redemption price;

that on the date fixed for redemption the redemption price will become due and payable on each debt security to be redeemed and, if applicable, that any interest will cease to accrue on or after the redemption date;

the place or places at which each holder may obtain payment of the redemption price; and

the CUSIP number or numbers, if any, with respect to the debt securities.

In the case of a partial redemption, the trustee shall select the debt securities that we will redeem in any manner it deems fair and appropriate.

Any optional redemption of debt securities will also be subject to the provisions described under [Notice of Redemption of Debt Securities](#) and [Condition to Redemption of Debt Securities](#) below.

## **Notice of Redemption of Debt Securities**

Unless the relevant prospectus supplement provides otherwise, any redemption of the debt 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 debt securities (unless a shorter or longer period is specified in the applicable prospectus supplement) via DTC or the relevant clearing system(s) (or, if the debt securities are held in definitive form, to the holders at their addresses shown

on the register for the debt securities) (such notice being irrevocable except in the limited circumstances described in the following paragraph and as may be specified in the relevant prospectus supplement) specifying our election to redeem the relevant series of debt securities and the date fixed for such redemption. Notice by DTC to participating institutions and by these participants to street name holders of beneficial interests in the relevant series of debt securities will be made according to arrangements among them and may be subject to statutory or regulatory requirements.

If we have elected to redeem a particular series of debt 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 in respect of such series of debt securities, 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.

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### **Condition to Redemption of Debt Securities.**

Notwithstanding any other provision, and unless otherwise specified in the applicable prospectus supplement, we may redeem the debt securities (and give notice thereof to the holders of the debt securities) only if we have obtained the prior consent of the PRA and/or any other relevant national or European authority (in either case, if such consent is then required by the Capital Regulations) for the redemption of the debt securities.

### **Condition to Repurchase of Debt Securities.**

Unless the applicable prospectus supplement provides otherwise, we or any member of the Group may purchase or otherwise acquire any outstanding debt securities of any series 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 and/or any other relevant national or European authority (in either case, if such consent is then required by the Capital Regulations).

We will treat as cancelled and no longer issued and outstanding any debt securities of any series that we purchase beneficially for our own account, other than a purchase in the ordinary course of a business dealing in securities. Unless otherwise specified in the applicable prospectus supplement, you have no right to require us to repurchase the debt securities. Such debt securities will stop bearing interest on the redemption date, even if you do not collect your money.

### **Description of Certain CRD IV Provisions Relating to Redemption and Repurchase of Debt Securities**

#### *Senior Debt Securities*

On November 23, 2016, the European Commission published, among other proposals, a proposal to amend the CRD IV Regulation. Such proposal includes certain requirements in respect of eligible liabilities, including a requirement for prior consent from the competent authority to an early redemption or purchase thereof. If the proposal is adopted, the granting of permission by the PRA (or any other relevant authority) to a request by us to redeem or repurchase a particular series of Senior Debt Securities could be subject to the conditions in Article 77 and 78 of the CRD IV Regulation (as so amended), to the extent applicable to the Senior Debt Securities.

#### *Dated Subordinated Debt 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 a particular series of Dated Subordinated Debt 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 a particular series of Dated Subordinated Debt Securities provided that either of the following conditions is met, as applicable to such Dated Subordinated Debt Securities:

- (1) on or before such redemption or repurchase of the Dated Subordinated Debt Securities, we replace such Dated Subordinated Debt Securities with our own funds instruments (as defined below) 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 own funds (as defined below) 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 Dated Subordinated Debt Securities before five years after the date of issuance of the relevant Dated Subordinated Debt 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 change in the regulatory classification of the relevant Dated Subordinated Debt Securities that would be likely to result in their exclusion from own funds or reclassification as a lower quality form of own funds, (i) the PRA considers such change to be sufficiently certain

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and (ii) we demonstrate to the satisfaction of the PRA that such regulatory reclassification was not reasonably foreseeable at the time of the issuance of the relevant Dated Subordinated Debt 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 relevant Dated Subordinated Debt Securities.

The rules under CRD IV may be modified from time to time after the date of issuance of the relevant Dated Subordinated Debt Securities.

own funds has the meaning given to such term in the CRD IV Regulation as interpreted and applied in accordance with the Capital Regulations then applicable to the Issuer. Under the CRD IV Regulation, as at the date hereof, own funds means the sum of Tier 1 Capital and Tier 2 Capital.

own funds instruments has the meaning given to such term in the CRD IV Regulation as interpreted and applied in accordance with the Capital Regulations then applicable to the Issuer. Under the CRD IV Regulation, as at the date hereof, own funds instruments means capital instruments issued by the institution that qualify as Common Equity Tier 1, Additional Tier 1 or Tier 2 instruments.

Common Equity Tier 1, Additional Tier 1 or Tier 2 instruments means Common Equity Tier 1, Additional Tier 1 or Tier 2 instruments, respectively, for purposes of the Capital Regulations.

## **Modification and Waiver**

We and the trustee may make certain modifications and amendments to the indenture applicable to each series of debt securities without the consent of the holders of the debt securities. We may make other modifications and amendments with the consent of the holder(s) of not less than, in the case of the Senior Debt Securities, a majority of or, in the case of the Dated Subordinated Debt Securities, 66 2/3% in aggregate principal amount of the debt securities of the series outstanding under the applicable indenture that are affected by the modification or amendment. However, we may not make any modification or amendment without the consent of the holder of each affected debt security that would:

change the terms of any debt security to change the stated maturity date of its principal amount;

change the principal amount of, or any premium, or rate of interest, with respect to any debt security;

reduce the amount of principal on a Discount Senior Debt Security that would be due and payable upon an acceleration of the maturity date of any series of debt securities;

change our obligation, or any successor s, to pay Debt Security Additional Amounts;

change the places at which payments are payable or the currency of payment;

impair the right to sue for the enforcement of any payment due and payable;

reduce the percentage in aggregate principal amount of outstanding debt securities of the series necessary to modify or amend the relevant indenture or to waive compliance with certain provisions of the relevant indenture and any past Senior Event of Default or Dated Subordinated Enforcement Event (in each case as defined below);

change our obligation to maintain an office or agency in the place and for the purposes specified in the relevant indenture;

modify the subordination provisions, if any, or the terms and conditions of our obligations in respect of the due and punctual payment of the amounts due and payable on the debt securities, in either case in a manner adverse to the holders; or

modify the foregoing requirements or the provisions of the relevant indenture relating to the waiver of any past Senior Event of Default, Dated Subordinated Enforcement Event or covenants, except as otherwise specified.



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Unless the relevant prospectus supplement provides otherwise, in addition, any variations in the terms and conditions of Dated Subordinated Debt Securities of any series, including modifications relating to the subordination or redemption provisions of such Dated Subordinated Debt Securities, can only be made in accordance with the rules and requirements of the PRA, as and to the extent applicable from time to time.

**Senior Events of Default; Dated Subordinated Enforcement Events and Remedies; Limitation on Suits**

***Senior Events of Default***

Unless the relevant prospectus supplement provides otherwise, a Senior Event of Default with respect to any series of Senior Debt Securities shall result if:

we do not pay any principal or interest on any Senior Debt Securities of that series within fourteen (14) days from the due date for payment and the principal or interest has not been duly paid within a further fourteen (14) days following written notice from the trustee or from holders of 25% in principal amount of the Senior Debt Securities of that series to us requiring the payment to be made. It shall not, however, be a Senior Event of Default if during the fourteen (14) days after the notice such sums ( Withheld Amounts ) were not paid in order to comply with a law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, it shall not be a Senior Event of Default if we act on the advice given to us during the 14-day period by independent legal advisers chosen by us and approved by the trustee; or

we breach any covenant or warranty of the Senior Debt Securities Indenture (other than as stated above with respect to payments when due) and that breach has not been remedied within twenty-one (21) days of receipt of a written notice from the trustee requiring the breach to be remedied or from holders of at least 25% in principal amount of the Senior Debt Securities of that series requiring the breach to be remedied; or

either an English court of competent jurisdiction issues an order which is not successfully appealed within thirty (30) days, or an effective shareholders' resolution is validly adopted, for our winding-up (other than under or in connection with a scheme of reconstruction, merger or amalgamation not involving bankruptcy or insolvency).

Under the terms of the Senior Debt Securities Indenture, the exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to the Senior Debt Securities is not a Senior Event of Default.

If a Senior Event of Default occurs and is continuing, the trustee or the holders of at least 25% in outstanding principal amount of the Senior Debt Securities of that series may declare the Senior Debt Securities of that series to be due and repayable immediately (and the Senior Debt Securities of that series shall thereby become due and repayable) at their outstanding principal amount (or at such other repayment amount as may be specified in or determined in accordance with the relevant prospectus supplement) together with accrued interest, if any, as provided in the prospectus supplement. The trustee may at its discretion and without further notice institute such proceedings as it may think suitable against us to enforce payment. Subject to the Senior Debt Securities Indenture provisions for the indemnification of the trustee, the holders of a majority in aggregate principal amount of the outstanding Senior Debt Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the series.

However, this direction must not be in conflict with any rule of law or the Senior Debt Securities Indenture, and must not be unjustly prejudicial to the holder(s) of any Senior Debt Securities of that series not taking part in the direction, as determined by the trustee in its sole discretion. The trustee may also take any other action, not inconsistent with the direction, that it deems proper.

If lawful, Withheld Amounts or a sum equal to Withheld Amounts shall be placed promptly on interest bearing deposit as described in the Senior Debt Securities Indenture. We will give notice if at any time it is lawful to pay any Withheld Amount to holders of Senior Debt Securities or holders of coupons or if such payment is possible as soon as any doubt as to the validity or applicability of the law, regulation or order is

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resolved. The notice will give the date on which the Withheld Amount and the interest accrued on it will be paid. This date will be the earliest day after the day on which it is decided Withheld Amounts can be paid on which the interest bearing deposit falls due for repayment or may be repaid without penalty. On such date, we shall be bound to pay the Withheld Amount together with interest accrued on it. For the purposes of such payment, this date will be the due date for those sums. Our obligations under this paragraph are in lieu of any other remedy against us in respect of Withheld Amounts. Payment will be subject to applicable laws, regulations or court orders, but in the case of payment of any Withheld Amount, without prejudice to the provisions described under Payment of Debt Security Additional Amounts. Interest accrued on any Withheld Amount will be paid net of any taxes required by applicable law to be withheld or deducted and we shall not be obliged to pay any Debt Security Additional Amount in respect of any such withholding or deduction.

The holders of a majority of the aggregate principal amount of the outstanding Senior Debt Securities of any affected series may waive any past Senior Event of Default with respect to the series, except any default in respect of either:

the payment of principal of, or any premium or interest on, any Senior Debt Securities; or

a covenant or provision of the relevant indenture which cannot be modified or amended without the consent of each holder of Senior Debt Securities of the series.

Subject to exceptions, the trustee may (but is not obligated to), without the consent of the holders, waive or authorize a Senior Event of Default if, in the opinion of the trustee, such waiver or authorization would not be materially prejudicial to the interests of the holders.

The trustee will, within ninety (90) days of a default with respect to the Senior Debt Securities of any series, give to each affected holder of the Senior Debt Securities of the affected series notice of any default it knows about, unless the default has been cured or waived. However, except in the case of a default in the payment of the principal of, or premium, if any, or interest, if any, on the Senior Debt Securities, the trustee will be entitled to withhold notice if a trust committee of responsible officers of the trustee determine in good faith that withholding of notice is in the interest of the holders.

We are required to furnish to the trustee annually a statement as to our compliance with all conditions and covenants under the Senior Debt Securities Indenture.

Notwithstanding any contrary provisions, nothing shall impair the right of a holder, absent the holder's consent, to sue for any payments due but unpaid with respect to the Senior Debt Securities.

***Street name and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to waive a Senior Event of Default, as described below in Description of Certain Provisions Relating to Debt Securities and Contingent Convertible Securities Legal Ownership; Form of Securities.***

***Dated Subordinated Enforcement Events and Remedies***

*Winding-up*

Unless the relevant prospectus supplement provides otherwise, if a Dated Subordinated Winding-up Event occurs, the outstanding principal amount of the Dated Subordinated Debt Securities together with any accrued but unpaid interest thereon will become immediately due and payable, subject to the subordination provisions described above under Ranking .

A Dated Subordinated Winding-up Event with respect to the Dated Subordinated Debt 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 thirty (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

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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 relevant Dated Subordinated Debt Securities and such failure continues for fourteen (14) days, the trustee may give us notice of such failure. If within a period of fourteen (14) days following the provision of such notice, the failure continues and has not been cured nor waived (a Dated Subordinated Non-Payment Event ), 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.

*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 us as the trustee may deem fit to enforce any term, obligation or condition binding on us under the relevant Dated Subordinated Debt Securities or the Dated Subordinated Debt Securities Indenture (other than any payment obligation of the Issuer under or arising from such Dated Subordinated Debt Securities or the Dated Subordinated Debt Securities Indenture, including, without limitation, payment of any principal or interest, including Debt Security Additional Amounts) (such obligation, a Dated Subordinated Performance Obligation ); provided always that the trustee (acting on behalf of the holders of such Dated Subordinated Debt Securities) and the holders of such Dated Subordinated Debt Securities may not enforce, and may not be entitled to enforce or otherwise claim, against us any judgment or other award given in such proceedings that requires the payment of money by us, whether by way of damages or otherwise (a Dated Subordinated Monetary Judgment ), except by proving such Dated Subordinated Monetary Judgment in our winding-up and/or by claiming such Dated Subordinated Monetary Judgment in our administration.

By its acquisition of the Dated Subordinated Debt Securities, each holder of the Dated Subordinated Debt 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 Dated Subordinated Debt Securities) to enforce or otherwise claim, a Dated Subordinated Monetary Judgment against us in connection with our breach of a Dated Subordinated Performance Obligation, except by proving such Dated Subordinated Monetary Judgment in our winding-up and/or by claiming such Dated Subordinated Monetary Judgment in our administration.

*No other remedies*

Other than the limited remedies specified herein under Dated Subordinated 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 Dated Subordinated Debt Securities) or the holders of the Dated Subordinated Debt Securities whether for the recovery of amounts owing in respect of such Dated Subordinated Debt Securities or under the Dated Subordinated Debt Securities Indenture or in respect of any breach by us of any of our obligations under or in respect of the terms of such Dated Subordinated Debt Securities or under the Dated Subordinated Debt Securities 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 Dated Subordinated Debt Securities Indenture and any subordination provision in any supplemental indenture thereto.

*Trust Indenture Act remedies*

Notwithstanding the limitation on remedies specified herein under Dated Subordinated Enforcement Events and Remedies above, (1) the trustee will have such powers as are required to be authorized to it under

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the Trust Indenture Act in respect of the rights of the holders of the Dated Subordinated Debt Securities under the provisions of the Dated Subordinated Debt Securities Indenture and (2) nothing shall impair the right of a holder of the Dated Subordinated Debt Securities under the Trust Indenture Act, absent such holder's consent, to sue for any payment due but unpaid with respect to the relevant Dated Subordinated Debt Securities; provided that, in the case of each of (1) and (2) above, any payments in respect of, or arising from, the Dated Subordinated Debt Securities, including any payments or amounts resulting or arising from the enforcement of any rights under the Trust Indenture Act in respect of the Dated Subordinated Debt Securities, are subject to the subordination provisions set forth in the Dated Subordinated Debt Securities Indenture and any subordination provisions in any supplemental indenture thereto.

Under the terms of the Dated Subordinated Debt Securities Indenture, the exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to the Dated Subordinated Debt Securities is not a Dated Subordinated Enforcement Event.

*Trustee's Duties Dated Subordinated Debt Securities*

In case of a Dated Subordinated Enforcement Event under any series of the Dated Subordinated Debt Securities, the trustee shall exercise such of the rights and powers vested in it by the Dated Subordinated Debt Securities Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. For these purposes, a Dated Subordinated Enforcement Event shall occur (i) upon the occurrence of Dated Subordinated Winding-Up Event, (ii) the occurrence of a Dated Subordinated Non-Payment Event or (iii) upon a breach by us of a Dated Subordinated Performance Obligation with respect to the relevant series of the Dated Subordinated Debt Securities. Holders of a majority of the aggregate principal amount of the outstanding Dated Subordinated Debt Securities of a series may waive any past Dated Subordinated Enforcement Event specified in clause (iii) in the preceding sentence but may not waive any past Dated Subordinated Enforcement Event specified in clauses (i) and (ii) in the preceding sentence.

If a Dated Subordinated Enforcement Event occurs and is continuing with respect to any series of the Dated Subordinated Debt Securities, the trustee will have no obligation to take any action at the direction of any holders of such series of the Dated Subordinated Debt Securities, unless they have offered the trustee security or indemnity satisfactory to the trustee in its sole discretion. The holders of a majority in aggregate principal amount of the outstanding Dated Subordinated Debt Securities of a series shall have the right to direct the time, method and place of conducting any proceeding in the name of and on the behalf of the trustee for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to such series of the Dated Subordinated Debt Securities. However, this direction (a) must not be in conflict with any rule of law or the Dated Subordinated Debt Securities Indenture and (b) must not be unjustly prejudicial to the holder(s) of such series of the Dated Subordinated Debt Securities not taking part in the direction, in the case of either (a) or (b) as determined by the trustee in its sole discretion. The trustee may also take any other action, consistent with the direction, that it deems proper.

The trustee will, within ninety (90) days of a Dated Subordinated Enforcement Event with respect to the Dated Subordinated Debt Securities of any series, give to each affected holder of the Dated Subordinated Debt Securities of the affected series notice of any default known to the trustee, unless the default has been cured or waived. However, the trustee will be entitled to withhold notice if a trust committee of responsible officers of the trustee determine in good faith that withholding of notice is in the interest of the holders.

We are required to furnish to the trustee annually a statement as to our compliance with all conditions and covenants under the Dated Subordinated Debt Securities Indenture.





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***Limitation on Suits.***

Before a holder of debt securities may bypass the trustee and bring its own lawsuit or other formal legal action or take other steps to enforce its rights or protect its interests relating to the debt securities, the following must occur:

The holder must give the trustee written notice that a Senior Debt Event of Default or a Dated Subordinated Enforcement Event, as applicable, has occurred and remains uncured, specifying such default and stating that such notice is a Notice of Default under the Senior Debt Securities Indenture or Dated Subordinated Debt Securities Indenture, as applicable.

The holders of 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default, and the holder must offer to the trustee indemnity or security satisfactory to the trustee in its sole discretion against the cost and other liabilities of taking that action.

The trustee must not have taken action for 60 days after receipt of the above notice and offer of security or indemnity, and the trustee must not have received an inconsistent direction from the majority in principal amount of all outstanding debt securities of the relevant series during that period.

Notwithstanding any contrary provisions, nothing shall impair the right of a holder, absent the holder's consent, to sue for any payments due but unpaid with respect to the debt securities.

***Street name and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to waive any past Senior Debt Event of Default or Dated Subordinated Enforcement Event, as applicable, as described below in Description of Certain Provisions Relating to Debt Securities and Contingent Convertible Securities Legal Ownership; Form of Securities.***

**Consolidation, Merger and Sale of Assets; Assumption**

We may, without the consent of the holders of any of the debt securities, consolidate or amalgamate with, merge into or transfer or lease our assets substantially as an entirety to, any person of the persons specified in the applicable indenture. However, any successor person formed by any consolidation, amalgamation or merger, or any transferee or lessee of our assets, must assume our obligations on the debt securities and the applicable indenture, and a number of other conditions must be met.

Subject to applicable law and regulation (and in respect of the Dated Subordinated Debt Securities, including, if and to the extent required by the Capital Regulations at such time, the prior consent of the PRA and/or any other relevant national or European authority), any of our wholly owned subsidiaries may assume our obligations under the debt securities of any series without the consent of any holder. We, however, must irrevocably guarantee (on a subordinated basis in substantially the manner described under Ranking Dated Subordinated Debt Securities above, in the case of Dated Subordinated Debt Securities) the obligations of the subsidiary under the debt securities of that series. If we do, all of our direct obligations under the debt securities of the series and the applicable indenture shall immediately be discharged. Unless the relevant prospectus supplement provides otherwise, any Debt Security Additional Amounts under the debt securities of the series will be payable in respect of Taxes imposed by the jurisdiction in which the successor entity is organized, rather than Taxes imposed by a U.K. Taxing Jurisdiction,

subject to exceptions equivalent to those that apply to any obligation to pay Debt Security Additional Amounts in respect of Taxes imposed by a U.K. Taxing Jurisdiction. However, if we make payment under this guarantee, we shall also be required to pay Debt Security Additional Amounts related to taxes (subject to the exceptions set forth in

Payment of Debt Security Additional Amounts above) imposed by a U.K. Taxing Jurisdiction due to this guarantee payment. A subsidiary that assumes our obligations will also be entitled to redeem the debt securities of the relevant series in the circumstances described under Redemption above with respect to any change or amendment to, or change

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in the official application of the laws or regulations (including any treaty) of the assuming corporation's jurisdiction of incorporation as long as the change or amendment occurs after the date of the subsidiary's assumption of our obligations.

The U.S. Internal Revenue Service might deem an assumption of our obligations as described above to be an exchange of the existing debt securities for new debt securities, resulting in a recognition of taxable gain or loss and possibly other adverse tax consequences. Investors should consult their tax advisors regarding the tax consequences of such an assumption.

## **Governing Law**

Unless the applicable prospectus supplement provides otherwise, the debt securities, the Senior Debt Securities Indenture and the Dated Subordinated Debt Securities Indenture will be governed by and construed in accordance with the laws of the State of New York, except that, as specified in the relevant indenture, any applicable subordination provisions of each series of Dated Subordinated Debt Securities and any applicable provisions relating to waiver of set-off of each series of debt securities and the related provisions in the relevant indenture will be governed by and construed in accordance with English law.

## **Notices**

Notices regarding the debt securities will be valid:

with respect to global debt securities if given in accordance with the applicable procedures of the depositary for such global debt securities; or

if registered debt securities are affected, if given in writing and mailed to each registered holder as provided in the applicable Senior Debt Securities Indenture or Dated Subordinated Debt Securities Indenture, as applicable.

With respect to a global debt security representing any series of debt securities, a copy of all notices with respect to such series will be delivered to the depositary for such global debt security.

## **The Trustee**

The Bank of New York Mellon acting through its London Branch, will be the trustee under the indentures. The trustee has two principal functions:

first, it can enforce a holder's rights against us if we default on debt securities issued under the relevant indenture. There are some limitations on the extent to which the trustee acts on a holder's behalf, described under Senior Events of Default; Dated Subordinated Enforcement Events and Remedies; Limitation on Suits; and

second, the trustee performs administrative duties for us, such as sending the holder's interest payments, transferring debt securities to a new buyer and sending notices to holders.

We and some of our subsidiaries maintain deposit accounts and conduct other banking transactions with the trustee in the ordinary course of our respective businesses.

### **Consent to Service**

The indentures provide that we irrevocably designate Barclays Bank PLC (New York Branch), 745 Seventh Avenue, New York, New York 10019, Attention: General Counsel as our authorized agent for service of process in any proceeding arising out of or relating to the Senior Debt Securities Indenture or Dated Subordinated Debt Securities Indenture, as applicable, or debt securities brought in any federal or state court in the Borough of Manhattan, the City of New York, and we irrevocably submit to the jurisdiction of these courts.

**Table of Contents****DESCRIPTION OF CONTINGENT CONVERTIBLE SECURITIES**

*The following is a summary of the general terms of the contingent convertible securities (as defined below). It sets forth possible terms and provisions for each series of contingent convertible securities. Each time that we offer contingent convertible securities, we will prepare and file a prospectus supplement with the SEC, which you should read carefully. The prospectus supplement may contain additional terms and provisions of those contingent convertible securities. If there is any inconsistency between the terms and provisions presented here and those in the prospectus supplement, those in the prospectus supplement will apply and will replace those presented here.*

*As used in this prospectus, **contingent convertible securities** means the subordinated securities of Barclays PLC convertible into ordinary shares of Barclays PLC that the trustee authenticates and delivers under the applicable indenture. The contingent convertible securities will not be secured by any assets or property of Barclays PLC or any of its subsidiaries or affiliates (including Barclays Bank PLC, its subsidiary).*

*Contingent convertible securities will be issued in one or more series under an indenture (the **Contingent Convertible Securities Indenture** ) to be entered into between us and The Bank of New York Mellon acting through its London Branch, as trustee. The terms of the contingent convertible securities include those stated in the indenture and any supplements thereto, and those terms made part of the Contingent Convertible Securities Indenture by reference to the Trust Indenture Act. The Contingent Convertible Securities Indenture and any supplements thereto are sometimes referred to in this section of the prospectus as the **contingent convertible securities indenture**. We have filed the form of Contingent Convertible Securities Indenture as an exhibit to the registration statement of which this prospectus is a part.*

*Because this section is a summary, it does not describe every aspect of the contingent convertible securities in detail. This summary is subject to, and qualified by reference to, all of the definitions and provisions of the Contingent Convertible Securities Indenture, any supplement to the Contingent Convertible Securities Indenture and the form of the instrument representing each series of contingent convertible securities. Certain terms, unless otherwise defined here, have the meaning given to them in the Contingent Convertible Securities Indenture.*

*References to **you and holder** in the subsections to this section **Description of Contingent Convertible Securities**, entitled **Interest Cancellation**, **Ranking of Contingent Convertible Securities**, **No Set-off**, **Agreement with Respect to the Exercise of U.K. Bail-in Power**, **Payment of Contingent Convertible Additional Amounts**, **Contingent Convertible Enforcement Events and Remedies Limited remedies for breach of obligations (other than non-payment)**, **Contingent Convertible Enforcement Events and Remedies No other remedies** and **Subsequent Holders Agreement** below, include beneficial owners of the contingent convertible securities.*

**General**

The contingent convertible securities are not deposit liabilities of Barclays PLC and are not insured by any regulatory body of the United States or the United Kingdom.

Because we are a holding company, our rights to participate in the assets of any of our subsidiaries upon its liquidation will be subject to the prior claims of the subsidiaries' creditors, including, in the case of our bank subsidiaries, their respective depositors, except, in our case, to the extent that we may ourselves be a creditor with recognized claims against the relevant subsidiary.

The Contingent Convertible Securities Indenture does not limit the amount of contingent convertible securities that we may issue. We may issue the contingent convertible securities in one or more series, or as units



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comprised of two or more related series. The prospectus supplement will indicate for each series or of two or more related series of contingent convertible securities:

the issue date;

the maturity date, if any;

the specific designation and aggregate principal amount of the contingent convertible securities;

any limit on the aggregate principal amount of the contingent convertible securities that may be authenticated or delivered;

the person to whom any interest on any contingent convertible security may be payable, if other than the holder on the relevant record date;

under what conditions, if any, another issuer may be substituted for Barclays PLC as the issuer of the contingent convertible securities of the series;

whether the contingent convertible securities are intended to qualify as capital for capital adequacy purposes;

the ranking of the contingent convertible securities relative to our issued debt and equity, including to what extent they may rank junior in right of payment to other of our obligations or in any other manner, if different from the relevant provisions in the Contingent Convertible Securities Indenture;

the prices at which we will issue the contingent convertible securities;

if interest is payable, the interest rate or rates, or how to calculate the interest rate or rates, and under what circumstances interest is payable;

provisions, if any, for the cancellation of any interest payment at our discretion or under other circumstances, if different from the interest cancellation provisions and restrictions on interest payments set forth in the Contingent Convertible Securities Indenture;

limitations, if any, on our ability to pay principal or interest in respect of the contingent convertible securities, including situations whereby we may be prohibited from making such payments;

provisions, if any, for the discharge and defeasance of contingent convertible securities of any series;

any condition applicable to payment of any principal, premium or interest on contingent convertible securities of any series;

the dates and places at which any payments are payable;

the places where notices, demands to or upon us in respect of the contingent convertible securities may be served and notice to holders may be published;

the terms of any mandatory or optional redemption and related notices;

any terms on which the contingent convertible securities may or will be converted at our option or otherwise into ordinary shares or other securities of Barclays PLC ( Conversion Securities ), and, if so, the nature and terms of the Conversion Securities into which such contingent convertible securities are convertible and any additional or other provisions relating to such conversion, including any triggering event that may give rise to such conversion (which may include, but shall not be limited to, certain regulatory capital events) and the terms upon which such conversion should occur;

any terms relating to the adjustment of the Conversion Securities into which the contingent convertible securities may be converted;

the terms of any repurchase of the contingent convertible securities;

the denominations in which the contingent convertible securities will be issued, which may be an integral multiple of either \$1,000, \$25 or any other specified amount;



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the amount, or how to calculate the amount, that we will pay to the contingent convertible security holder, if the contingent convertible security is redeemed before its stated maturity, if any, or accelerated, or for which the trustee shall be entitled to file and prove a claim to the extent so permitted;

whether and how the contingent convertible securities may or must be converted into any other type of securities, or their cash value, or a combination of these;

the currency or currencies in which the contingent convertible securities are denominated, and in which we make any payments;

whether we will issue the contingent convertible securities wholly or partially as one or more global contingent convertible securities;

what conditions must be satisfied before we will issue the contingent convertible securities in definitive form ( definitive contingent convertible securities );

any reference asset we will use to determine the amount of any payments on the contingent convertible securities;

any other or different Contingent Convertible Enforcement Event, other categories of default or covenants applicable to any of the contingent convertible securities, and the relevant terms if they are different from the terms in the Contingent Convertible Securities Indenture;

any restrictions applicable to the offer, sale and delivery of the contingent convertible securities;

whether we will pay Contingent Convertible Additional Amounts, as defined below, on the contingent convertible securities;

whether we will issue the contingent convertible securities in registered form ( registered contingent convertible securities ) or in bearer form ( bearer contingent convertible securities ) or both;

for registered contingent convertible securities, the record date for any payment of principal, interest or premium;

any listing of the contingent convertible securities on a securities exchange;

the extent to which holders of the contingent convertible securities may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by us arising under, or in connection with, the securities, if different from the waiver of set-off provisions in the Contingent Convertible Securities Indenture;

the names and duties of any co-trustees, depositaries, authenticating agents, paying agents, calculation agents, transfer agents or registrars of any series;

any applicable additional or alternative provision or provisions related to the U.K. Bail-in Power;

any other or different terms of the contingent convertible securities; and

what we believe are any additional material U.S. federal and U.K. tax considerations.

The prospectus supplement relating to any series of contingent convertible securities may also include, if applicable, a discussion of certain U.S. federal income tax considerations and considerations under the Employee Retirement Income Security Act of 1974, as amended, or ERISA.

If we issue contingent convertible securities in bearer form, the special restrictions and considerations relating to such bearer contingent convertible securities, including applicable offering restrictions and U.S. tax considerations, will be described in the relevant prospectus supplement.

Contingent convertible securities may bear interest at a fixed rate or a floating rate or we may issue contingent convertible securities that bear no interest or that bear interest at a rate below the prevailing market

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interest rate. The relevant prospectus supplement will describe special U.S. federal income tax considerations applicable to contingent convertible securities issued at par that are treated for U.S. federal income tax purposes as having been issued at a discount.

Holders of contingent convertible securities have no voting rights except as explained in this section below under **Modification and Waiver**, **Contingent Convertible Enforcement Events and Remedies**, **Trustee's Duties** and **Litigation on Suits**.

*Market-Making Transactions.* If you purchase your contingent convertible security in a market-making transaction, you will receive information about the price you pay and your trade and settlement dates in a separate confirmation of sale. A market-making transaction is one in which Barclays Capital Inc. or another of our affiliates resells a security that it has previously acquired from another holder. A market-making transaction in a particular contingent convertible security occurs after the original issuance and sale of the contingent convertible security.

## **Payments**

The relevant prospectus supplement will specify the date on which we will pay interest, if any, the date, if any, for payments of principal and any premium, if any, on any particular series of contingent convertible securities.

## **Interest Cancellation**

### *Interest Payments Discretionary*

Unless the relevant prospectus supplement provides otherwise, interest on the contingent convertible 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. 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 contingent convertible 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 obligations as they fall due.

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

### *Restriction on Interest Payments*

Unless the relevant prospectus supplement provides otherwise, 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 relevant series of contingent convertible 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

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last financial year and prior to such interest payment date on or in respect of any Parity Securities, the relevant series of contingent convertible 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 relevant series of contingent convertible 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 the relevant series of contingent convertible 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 contingent convertible 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 last 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 relevant series of contingent convertible 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 relevant series of contingent convertible securities in a winding-up or administration of the Issuer.

*Agreement to Interest Cancellation*

By acquiring the contingent convertible securities, holders of the contingent convertible 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 the Issuer at its 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 Contingent Convertible Securities Indenture shall not constitute a default in payment or otherwise under the terms of the contingent convertible 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 contingent convertible securities shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation or deemed cancellation. The Issuer may use such cancelled payments without restriction to meet its obligations as they fall due.

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*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 contingent convertible securities through DTC (or, if the contingent convertible securities are held in definitive form, to the holders at their addresses shown on the register for the relevant series of contingent convertible securities and as may be specified in the relevant prospectus supplement) and to the trustee directly on or prior to the relevant interest payment date and shall endeavor to do so 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 contingent convertible securities any rights as a result of such failure.

**Ranking of Contingent Convertible Securities**

Contingent convertible securities will constitute our direct, unsecured and subordinated obligations ranking *pari passu* without any preference among themselves.

Unless the applicable prospectus supplement provides otherwise, in the event of our winding up or administration, the rights and claims of the holders of any series of contingent convertible securities in respect of, or arising from, the contingent convertible securities (including any damages (if payable)) shall 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 such contingent convertible security (in lieu of any other payment by the Issuer) such amount, if any, as would have been payable to a holder of contingent convertible securities if, on the day prior to the commencement of the winding-up or such administration and thereafter, such holder of contingent convertible 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 contingent convertible securities was entitled to receive in respect of such preference shares, on a return of assets in such winding-up or such administration, were an amount equal to the principal amount of the relevant contingent convertible 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 contingent convertible 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 specified in (a) or (b) above, payments in respect of or arising from the contingent convertible securities are conditional upon the Issuer being solvent at the time of payment by the Issuer and in that no sum in respect of or arising from the contingent convertible 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 ). For



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purposes of determining whether the Solvency Condition is met, 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.

An officer's certificate executed in accordance with the Contingent Convertible Securities Indenture as to the Issuer's solvency at any particular point in time shall be treated by the Issuer, the trustee, the holders and all other interested parties as correct and sufficient evidence thereof.

Senior Creditors with respect to a particular series of contingent convertible securities, 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 contingent convertible 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 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).

Any payment of interest not due by reason of the provisions described in this subsection Ranking shall be deemed cancelled pursuant to provision described under Interest Cancellation Restrictions on Interest Payments above.

Automatic Conversion with respect to a particular series of contingent convertible securities, shall have the meaning set forth in the applicable prospectus supplement.

Capital Adequacy Trigger Event with respect to a particular series of contingent convertible securities, shall have the meaning set forth in the applicable prospectus supplement.

Conversion Date with respect to a particular series of contingent convertible securities, shall have the meaning set forth in the applicable prospectus supplement.

**No Set-off**

Subject to applicable law and unless the applicable prospectus supplement provides otherwise, no holder of contingent convertible securities may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by us arising under, or in connection with, the contingent convertible securities and the Contingent Convertible Securities Indenture and each holder of contingent convertible securities shall, by virtue of its holding of any contingent convertible security, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the foregoing, if any amounts due and payable to any holder of the contingent convertible securities by us in respect of, or arising under, the contingent convertible securities are discharged by set-off, such holder shall, subject to applicable law and unless the applicable prospectus supplement provide otherwise, immediately pay to us an amount equal to the amount of such discharge (or, in the event of our winding-up or administration, our liquidator or administrator, as the case may be) and, until such time as payment is made, shall hold an amount equal to such amount in trust for us (or our liquidator or administrator, as the case may be) and, accordingly, any such discharge shall be deemed not to have taken place. By its acquisition of contingent convertible securities, each holder agrees to

be bound by these provisions relating to waiver of set-off. No holder of contingent convertible securities shall be entitled to proceed directly against us except as described in [Limitation on Suits](#) below.

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

Notwithstanding any other agreements, arrangements, or understandings between the Issuer and any holder of contingent convertible securities, by acquiring contingent convertible securities, each holder of contingent convertible securities acknowledges, accepts, 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 (i) the reduction or cancellation of all, or a portion, of the principal amount of, or interest on, the contingent convertible securities; (ii) the conversion of all, or a portion of, the principal amount of, or interest on, the contingent convertible securities into shares or other securities or other obligations of the Issuer or another person (and the issue to, or conferral on, the holder of the contingent convertible securities such shares, securities or obligations); and/or (iii) the amendment or alteration of the maturity, if any, of the contingent convertible securities, or amendment of the amount of interest due on the contingent convertible securities, or the dates on which interest becomes payable, including by suspending payment for a temporary period; which U.K. Bail-in Power may be exercised by means of a variation of the terms of the contingent convertible securities solely to give effect to the exercise by the Relevant U.K. Resolution Authority of such U.K. Bail-in Power. Each holder further acknowledges and agrees that the rights of holders of the contingent convertible securities are subject to, and will be varied, if necessary, solely 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, this consent and acknowledgment is not a waiver of any rights holders of the contingent convertible securities may have at law if and to the extent that any U.K. Bail-in Power is exercised by the Relevant U.K. Resolution Authority in breach of laws applicable in England.

For these purposes, a U.K. Bail-in Power is any write-down, conversion, transfer, modification and/or suspension 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 any applicable 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 Banking Act pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, amended, transferred 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).

No repayment of the principal amount of the contingent convertible securities or payment of interest on the contingent convertible 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.

By its acquisition of the contingent convertible securities, each holder of contingent convertible 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 contingent convertible securities.

Upon the exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to the contingent convertible securities, the Issuer shall provide a written notice to DTC 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.

By its acquisition of the contingent convertible securities, each holder of contingent convertible securities acknowledges and agrees that the exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority

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with respect to a particular series of contingent convertible securities shall not give rise to a default for purposes of Section 315(b) (*Notice of Default*) and Section 315(c) (*Duties of the Trustee in Case of Default*) of the Trust Indenture Act.

By its acquisition of the contingent convertible securities, each holder of contingent convertible securities acknowledges and agrees that, upon the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority, (a) the trustee shall not be required to take any further directions from holders of the contingent convertible securities Section 5.13 (*Control by Holders*) of the Contingent Convertible Securities Indenture, which section authorizes holders of a majority in aggregate principal amount of outstanding contingent convertible securities of the relevant series of contingent convertible securities to direct certain actions relating to the contingent convertible securities and (b) the Contingent Convertible Securities Indenture shall impose no duties upon the trustee whatsoever with respect to the exercise of any U.K. Bail-in Power by the Relevant U.K. Resolution Authority. Notwithstanding the foregoing, if, following the completion of the exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority, the contingent convertible securities remain outstanding (for example, if the exercise of the U.K. Bail-in Power results in only a partial write-down of the principal of the contingent convertible securities), then the trustee's duties under the Contingent Convertible Securities Indenture shall remain applicable with respect to the contingent convertible securities following such completion to the extent that the Issuer and the trustee shall have agreed pursuant to a supplemental indenture to the Contingent Convertible Securities Indenture).

By its acquisition of the contingent convertible securities, each holder of contingent convertible securities shall be deemed to have (a) consented to the exercise of any U.K. Bail-in Power as it may be imposed without any prior notice by the Relevant U.K. Resolution Authority of its decision to exercise such power with respect to the contingent convertible securities and (b) authorized, directed and requested DTC and any direct participant in DTC or other intermediary through which it holds such contingent convertible securities to take any and all necessary action, if required, to implement the exercise of any U.K. Bail-in Power with respect to the contingent convertible securities as it may be imposed, without any further action or direction on the part of such holder or the trustee.

The exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to the contingent convertible securities shall not constitute a Contingent Convertible Enforcement Event.

The relevant prospectus supplement may describe additional or alternative related provisions with respect to the U.K. Bail-in Power, including certain waivers by the holders of contingent convertible securities of certain claims against the trustee, to the extent permitted by the Trust Indenture Act.

**Subsequent Holders Agreement**

Holders of contingent convertible securities that acquire contingent convertible securities in the secondary market shall be deemed to acknowledge, agree to be bound by and consent to the same provisions specified herein and in the applicable prospectus supplement to the same extent as the holders of contingent convertible securities that acquire contingent convertible securities upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by, and consent to, the terms of the contingent convertible securities, including in relation to the U.K. Bail-in Power, the provisions described under Interest Cancellation, the subordination provisions described under Ranking of Contingent Convertible Securities, the waiver of set-off provisions described under No Set-off and the limitations on remedies specified in Contingent Convertible Enforcement Events and Remedies Limited remedies for breach of obligations (other than non-payment) in this section Description of Contingent Convertible Securities.

**Payment of Contingent Convertible Additional Amounts**

Unless the relevant prospectus supplement provides otherwise, we will pay any amounts to be paid by us on any series of contingent convertible securities without deduction or withholding for, or on account of, any and all

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present or future Taxes now or hereafter imposed, levied, collected, withheld or assessed by or on behalf of any Taxing Jurisdiction, unless the deduction or withholding is required by law. Unless the relevant prospectus supplement provides otherwise, if at any time a Taxing Jurisdiction requires us to deduct or withhold Taxes, we will pay the additional amounts of, or in respect of, the principal of, premium, if any, and any interest on, the contingent convertible securities ( Contingent Convertible 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 Contingent Convertible Additional Amounts for Taxes that are payable because:

the holder of the contingent convertible securities is a domiciliary, national or resident of, or engages in business or maintains a permanent establishment or is physically present in, a Taxing Jurisdiction requiring that deduction or withholding, or otherwise has some connection with the Taxing Jurisdiction other than the holding or ownership of the contingent convertible security, or the collection of any payment of, or in respect of, the principal of, any premium, or any interest on, any contingent convertible securities of the relevant series;

except in the case of our winding-up in England, the relevant contingent convertible security is presented for payment in the United Kingdom;

the relevant contingent convertible security is presented for payment more than thirty (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 Contingent Convertible Additional Amounts on presenting the contingent convertible security for payment at the close of such 30-day period;

the holder of the relevant contingent convertible securities or the beneficial owner of any payment of (or in respect of) principal of, premium, if any, or any interest on contingent convertible 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; 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 contingent convertible securities had been the holder of the contingent convertible securities.

Whenever we refer in this prospectus and any prospectus supplement to the payment of the principal of, or any interest on (and premium, if any), or in respect of, any contingent convertible securities of any series, we mean to include the payment of Contingent Convertible Additional Amounts to the extent that, in context, Contingent Convertible Additional Amounts are, were or would be payable. However, for the avoidance of doubt, any limitations and restrictions on interest payments described under Interest Cancellation shall apply to any Contingent Convertible Additional Amounts *mutatis mutandis*.

For the avoidance of doubt, unless the relevant prospectus supplement provides otherwise, any amounts to be paid by us or any paying agent on the contingent convertible securities will be paid net of any FATCA Withholding Tax, and neither we nor any paying agent will be required to pay Contingent Convertible Additional Amounts on account of any FATCA Withholding Tax.

Unless the relevant prospectus supplement provides otherwise, any paying agent shall be entitled to make a deduction or withholding from any payment which it makes under the contingent convertible securities and the Contingent Convertible Securities Indenture for or on account of any 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. 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



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Law. In addition, amounts deducted or withheld by the paying agent under this paragraph will be treated as paid to the holder of a contingent convertible security, and we will not pay Contingent Convertible Additional Amounts in respect of such deduction or withholding, except to the extent the provisions in this subsection Payment of Contingent Convertible Additional Amounts explicitly provide otherwise.

## **Redemption**

Any terms of the redemption of any series of contingent convertible securities, whether at our option or upon the occurrence of certain circumstances (including, but shall not be limited to, the occurrence of certain tax or regulatory events), will be set forth in the relevant prospectus supplement.

The prospectus supplement will also specify the notice we will be required to give, what prices and any premium we will pay, and the dates on which we may redeem the contingent convertible securities. Any notice of redemption of contingent convertible securities will state:

the date fixed for redemption;

the amount of contingent convertible securities to be redeemed if we are only redeeming a part of the series;

the redemption price;

that on the date fixed for redemption the redemption price will become due and payable on each contingent convertible security to be redeemed and, if applicable, that any interest will cease to accrue on or after the redemption date;

the place or places at which each holder may obtain payment of the redemption price; and

the CUSIP number or numbers, if any, with respect to the contingent convertible securities.

In the case of a partial redemption, the trustee shall select the contingent convertible securities that we will redeem in any manner it deems fair and appropriate.

Any optional redemption of contingent convertible securities will also be subject to the provisions described under Notice of Redemption of Contingent Convertible Securities and Condition to Redemption of Contingent Convertible Securities below.

## **Notice of Redemption of Contingent Convertible Securities**

Unless the relevant prospectus supplement provides otherwise, any redemption of the contingent convertible 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 contingent convertible securities (unless a shorter or longer period is specified in the applicable prospectus supplement) via DTC or the relevant clearing system(s) (or, if the contingent convertible securities are held in

definitive form, to the holders at their addresses shown on the register for the contingent convertible securities) (such notice being irrevocable except in the limited circumstances described in the following paragraphs and as may be specified in the relevant prospectus supplement) specifying our election to redeem the relevant series of contingent convertible securities and the date fixed for such redemption. Notice by DTC to participating institutions and by these participants to street name holders of beneficial interests in the relevant series of contingent convertible securities will be made according to arrangements among them and may be subject to statutory or regulatory requirements.

Unless the relevant prospectus supplement provides otherwise, if we have elected to redeem a particular series of contingent convertible securities but the Solvency Condition with respect to such series 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

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will be due and payable. In addition, if we have elected to redeem the contingent convertible securities but prior to the payment of the redemption amount with respect to such redemption a Capital Adequacy Trigger Event occurs with respect to the relevant series of contingent convertible securities, 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 with respect to the relevant series of contingent convertible securities.

If we have elected to redeem a particular series of contingent convertible 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 in respect of such series of contingent convertible securities, 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 of Contingent Convertible Securities.**

Notwithstanding any other provision, and unless otherwise specified in the applicable prospectus supplement, we may redeem the contingent convertible securities (and give notice thereof to the holders of the contingent convertible securities) only if we have obtained the prior consent of the PRA and/or any other relevant national or European authority (in either case, if such consent is then required by the Capital Regulations) for the redemption of the contingent convertible securities.

### **Condition to Repurchase of Contingent Convertible Securities.**

Unless the applicable prospectus supplement provides otherwise, we or any member of the Group may purchase or otherwise acquire any outstanding contingent convertible securities of any series 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 and/or any other relevant national or European authority (in either case, if such consent is then required by the Capital Regulations) and to applicable law and regulations.

We will treat as cancelled and no longer issued and outstanding any contingent convertible securities of any series that we purchase beneficially for our own account, other than a purchase in the ordinary course of a business dealing in securities. Unless otherwise specified in the applicable prospectus supplement, you have no right to require us to repurchase the contingent convertible securities. Such contingent convertible securities will stop bearing interest on the redemption date, even if you do not collect your money.

### **Description of Certain CRD IV Provisions Relating to Redemption and Repurchase of Contingent Convertible 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 a particular series of contingent convertible 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 a particular series of contingent convertible securities provided that either of the following conditions is met, as applicable to such contingent convertible securities:

- 1) on or before such redemption or repurchase of the contingent convertible securities, we replace such contingent convertible securities with own funds instruments 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 own funds 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.

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In addition, the rules under CRD IV provide that the PRA may only permit us to redeem the contingent convertible securities before five years after the date of issuance of the relevant contingent convertible 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 change in the regulatory classification of the relevant contingent convertible securities that would be likely to result in their exclusion from own funds or reclassification as a lower quality form of own funds, (i) the PRA considers such change to be sufficiently certain and (ii) we demonstrate to the satisfaction of the PRA that such regulatory reclassification was not reasonably foreseeable at the time of the issuance of the contingent convertible securities; or
- c) in the case of redemption due to the occurrence of a change in the applicable tax treatment of the relevant contingent convertible securities, we demonstrate to the satisfaction of the PRA that such change is material and was not reasonably foreseeable at the time of issuance of the relevant contingent convertible securities.

The rules under CRD IV may be modified from time to time after the date of issuance of the relevant series of contingent convertible securities.

## **Modification and Waiver**

We and the trustee may make certain modifications and amendments to the Contingent Convertible Securities Indenture applicable to each series of contingent convertible securities without the consent of the holders of the contingent convertible securities. We may make other modifications and amendments with the consent of the holder(s) of not less than 66 2/3% in aggregate principal amount of the contingent convertible securities of the series outstanding under the Contingent Convertible Securities Indenture that are affected by the modification or amendment. However, we may not make any modification or amendment without the consent of the holder of each affected contingent convertible security that would:

change the principal amount of, or any premium or rate of interest, with respect to any contingent convertible security;

change our obligation, or any successors, to pay Contingent Convertible Additional Amounts, if any;

change the places at which payments are payable or the currency of payment;

impair the right to sue for the enforcement of any payment due and payable, to the extent that such right exists;

reduce the percentage in aggregate principal amount of outstanding contingent convertible securities of the series necessary to modify or amend the Contingent Convertible Securities Indenture or to waive compliance with certain provisions of the Contingent Convertible Securities Indenture and any past Contingent Convertible Enforcement Event (as defined below);

change our obligation to maintain an office or agency in the place and for the purposes specified in the Contingent Convertible Securities Indenture;

modify the subordination provisions, if any, or the terms and conditions of our obligations in respect of the due and punctual payment of the amounts due and payable on the contingent convertible securities, in either case in a manner adverse to the holders; or

modify the foregoing requirements or the provisions of the Contingent Convertible Securities Indenture relating to the waiver of any past Contingent Convertible Enforcement Event or covenants, except as otherwise specified.

In addition, unless the relevant prospectus supplement provides otherwise, any variations in the terms and conditions of the contingent convertible securities of any series, including modifications relating to the

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subordination or redemption provisions of such contingent convertible securities, can only be made in accordance with the rules and requirements of the PRA, as and to the extent applicable from time to time.

**Contingent Convertible Enforcement Events and Remedies*****Winding-up***

Unless the relevant prospectus supplement provides otherwise, if a Contingent Convertible Winding-up Event occurs before the occurrence of a Capital Adequacy Trigger Event, the outstanding principal amount of the contingent convertible securities will become immediately due and payable, subject to the subordination provisions described above under **Ranking of Contingent Convertible Securities** without the need of any further action on the part of the trustee, the holders of the relevant contingent convertible securities or any other person.

A **Contingent Convertible Winding-up Event** with respect to the contingent convertible 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 thirty (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. 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.

***Non-payment***

If we fail to pay any amount that has become due and payable under the relevant contingent convertible securities and such failure continues for fourteen (14) days, the trustee may give us notice of such failure. If within a period of fourteen (14) days following the provision of such notice, the failure continues and has not been cured nor waived (a **Contingent Convertible Non-Payment Event**), 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 with respect to any series of contingent convertible securities will be due and payable if such interest on such series of contingent convertible securities has been cancelled or is deemed cancelled (in each case, in whole or in part) as described under **Interest Cancellation** above. Accordingly, no Contingent Convertible Non-Payment Event under such contingent convertible 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 us as the trustee may deem fit to enforce any term, obligation or condition binding on us under the relevant contingent convertible securities or the Contingent Convertible Securities Indenture (other than any payment obligation of the Issuer under or arising from such contingent convertible securities or the Contingent Convertible Securities Indenture, including, without limitation, payment of any principal or interest, including Contingent Convertible Additional Amounts) (such obligation, a **Contingent Convertible Performance Obligation**); provided always that the trustee (acting on behalf of the holders of such contingent convertible securities) and the holders of such contingent convertible securities may not enforce, and may not be entitled to enforce or otherwise claim, against us any judgment or other award given in such proceedings that requires the payment of money by us, whether by way

of damages or otherwise (a Contingent Convertible Monetary Judgment ), except by proving such Contingent Convertible Monetary Judgment in our winding-up and/or by claiming such Contingent Convertible Monetary Judgment in our administration.



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By its acquisition of the contingent convertible securities, each holder of the contingent convertible 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 contingent convertible securities) to enforce or otherwise claim, a Contingent Convertible Monetary Judgment against us in connection with our breach of a Contingent Convertible Performance Obligation, except by proving such Contingent Convertible Monetary Judgment in our winding-up and/or by claiming such Contingent Convertible Monetary Judgment in our administration.

***No other remedies***

Other than the limited remedies specified herein under Contingent Convertible 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 contingent convertible securities) or the holders of the contingent convertible securities whether for the recovery of amounts owing in respect of such contingent convertible securities or under the Contingent Convertible Securities Indenture or in respect of any breach by us of any of our obligations under or in respect of the terms of such contingent convertible securities or under the Contingent Convertible Securities 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 Contingent Convertible Securities Indenture and any subordination provisions in any supplemental indenture thereto.

***Trust Indenture Act remedies***

Notwithstanding the limitation on remedies specified herein under Contingent Convertible 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 contingent convertible securities under the provisions of the Contingent Convertible Securities Indenture and (2) nothing shall impair the right of a holder of the contingent convertible securities under the Trust Indenture Act, absent such holder's consent, to sue for any payment due but unpaid with respect to the relevant contingent convertible securities; provided that, in the case of each of (1) and (2) above, any payments in respect of, or arising from, the contingent convertible securities, including any payments or amounts resulting or arising from the enforcement of any rights under the Trust Indenture Act in respect of the contingent convertible securities, are subject to the subordination provisions set forth in the Contingent Convertible Securities Indenture and any subordination provisions in any supplemental indenture thereto.

Under the terms of the Contingent Convertible Securities Indenture, an Automatic Conversion or the exercise of the U.K. Bail-in Power by the Relevant U.K. Resolution Authority with respect to the contingent convertible securities is not a Contingent Convertible Enforcement Event.

***Trustee's Duties***

In case of a Contingent Convertible Enforcement Event under any series of the contingent convertible securities, the trustee shall exercise such of the rights and powers vested in it by the Contingent Convertible Securities Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. For these purposes, a Contingent Convertible Enforcement Event shall occur (i) upon the occurrence of a Contingent Convertible Winding-Up Event that occurs before any applicable Conversion Date, (ii) the occurrence of a Contingent Convertible Non-Payment Event or (iii) upon a breach by us of a Contingent Convertible Performance Obligation with respect to the relevant series of the contingent convertible securities. Holders of a majority of the aggregate principal amount of the outstanding contingent

convertible securities of a series may waive any past Contingent Convertible Enforcement Event specified in clause (iii) in the preceding sentence but may not waive any past Contingent Convertible Enforcement Event specified in clauses (i) and (ii) in the preceding sentence.

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If a Contingent Convertible Enforcement Event occurs and is continuing with respect to any series of the contingent convertible securities, the trustee will have no obligation to take any action at the direction of any holders of such series of the contingent convertible securities, unless they have offered the trustee security or indemnity satisfactory to the trustee in its sole discretion. The holders of a majority in aggregate principal amount of the outstanding contingent convertible securities of a series shall have the right to direct the time, method and place of conducting any proceeding in the name of and on the behalf of the trustee for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to such series of the contingent convertible securities. However, this direction (a) must not be in conflict with any rule of law or the Contingent Convertible Securities Indenture and (b) must not be unjustly prejudicial to the holder(s) of such series of the contingent convertible securities not taking part in the direction, in the case of either (a) or (b) as determined by the trustee in its sole discretion. The trustee may also take any other action, consistent with the direction, that it deems proper.

The trustee will, within ninety (90) days of a Contingent Convertible Enforcement Event with respect to the contingent convertible securities of any series, give to each affected holder of the contingent convertible securities of the affected series notice of any Contingent Convertible Enforcement Event known to the trustee, unless the Contingent Convertible Enforcement Event has been cured or waived. However, the trustee will be entitled to withhold notice if a trust committee of responsible officers of the trustee determine in good faith that withholding of notice is in the interest of the holders.

We are required to furnish to the trustee annually a statement as to our compliance with all conditions and covenants under the Contingent Convertible Securities Indenture.

## **Limitation on Suits**

Before a holder of the contingent convertible securities may bypass the trustee and bring its own lawsuit or other formal legal action or take other steps to enforce its rights or protect its interests relating to the contingent convertible securities, the following must occur:

The holder must give the trustee written notice that a Contingent Convertible Enforcement Event has occurred and remains uncured, specifying such default and stating that such notice is a Notice of Default under the Contingent Convertible Securities Indenture.

The holders of 25% in principal amount of all outstanding contingent convertible securities of the relevant series must make a written request that the trustee take action because of the Contingent Convertible Enforcement Event, and the holder must offer to the trustee indemnity or security satisfactory to the trustee in its sole discretion against the cost and other liabilities of taking that action.

The trustee must not have taken action for 60 days after receipt of the above notice and offer of security or indemnity, and the trustee must not have received an inconsistent direction from the majority in principal amount of all outstanding contingent convertible securities of the relevant series during that period.

***Street name and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to waive any past Contingent Convertible Enforcement Event, as described below in Description of Certain Provisions Relating to Debt Securities and Contingent Convertible Securities Legal Ownership; Form of Securities.***

**Consolidation, Merger and Sale of Assets; Assumption**

We may, without the consent of the holders of any of the contingent convertible securities, consolidate or amalgamate with, merge into or transfer or lease our assets substantially as an entirety to, any person of the persons specified in the applicable Contingent Convertible Securities Indenture. However, any successor person

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formed by any consolidation, amalgamation or merger, or any transferee or lessee of our assets, must assume our obligations on the contingent convertible securities and the Contingent Convertible Securities Indenture, if any, and a number of other conditions must be met.

Subject to applicable law and regulation, any of our wholly owned subsidiaries may assume our obligations, if any, under the contingent convertible securities of any series without the consent of any holder. We, however, must irrevocably guarantee (on a subordinated basis in substantially the manner described under [Ranking of Contingent Convertible Securities](#) above) the obligations of the subsidiary under the contingent convertible securities of that series. If we do, all of our direct obligations under the contingent convertible securities of the series and the applicable Contingent Convertible Securities Indenture shall immediately be discharged. Unless the relevant prospectus supplement provides otherwise, any Contingent Convertible Additional Amounts under the contingent convertible securities of the series will be payable in respect of Taxes imposed by the jurisdiction in which the successor entity is organized, rather than Taxes imposed by a U.K. Taxing Jurisdiction, subject to exceptions equivalent to those that apply to any obligation to pay Contingent Convertible Additional Amounts in respect of Taxes imposed by a U.K. Taxing Jurisdiction. However, if we make payment under this guarantee, we shall also be required to pay Contingent Convertible Additional Amounts related to Taxes (subject to the exceptions set forth in [Payment of Contingent Convertible Additional Amounts](#) above) imposed by a U.K. Taxing Jurisdiction due to this guarantee payment. A subsidiary that assumes our obligations will also be entitled to redeem the contingent convertible securities of the relevant series in the circumstances described under [Redemption](#) above with respect to any change or amendment to, or change in the official application of the laws or regulations (including any treaty) of the assuming corporation's jurisdiction of incorporation as long as the change or amendment occurs after the date of the subsidiary's assumption of our obligations. Such substitution can only be made in accordance with the rules and requirements of the PRA, as and to the extent applicable from time to time.

The U.S. Internal Revenue Service might deem an assumption of our obligations as described above to be an exchange of the existing contingent convertible securities for new contingent convertible securities, resulting in a recognition of taxable gain or loss and possibly other adverse tax consequences. Investors should consult their tax advisors regarding the tax consequences of such an assumption.

**Governing Law**

Unless the applicable prospectus supplement provides otherwise, the contingent convertible securities and Contingent Convertible Securities Indenture will be governed by and construed in accordance with the laws of the State of New York, except that, as specified in the Contingent Convertible Securities Indenture, the subordination provisions and any applicable provisions relating to waiver of set-off of each series of contingent convertible securities and the related provisions in the Contingent Convertible Securities Indenture will be governed by and construed in accordance with English law.

**Notices**

Notices regarding the contingent convertible securities will be valid:

with respect to global contingent convertible securities if given in accordance with the applicable procedures of the depositary for such global contingent convertible securities; or

if registered contingent convertible securities are affected, if given in writing and mailed to each registered holder as provided in the applicable Contingent Convertible Securities Indenture.

With respect to a global contingent convertible security representing any series of contingent convertible securities, a copy of all notices with respect to such series will be delivered to the depositary for such global contingent convertible security.

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**The Trustee**

The Bank of New York Mellon acting through its London Branch, will be the trustee under the Contingent Convertible Securities Indenture. The trustee has two principal functions:

first, it can enforce a holder's rights against us if there is a Contingent Convertible Enforcement Event under the Contingent Convertible Securities Indenture; and

second, the trustee performs administrative duties for us, such as sending the holder's interest payments, transferring contingent convertible securities to a new buyer and sending notices to holders.

We and some of our subsidiaries maintain deposit accounts and conduct other banking transactions with the trustee in the ordinary course of our respective businesses.

**Consent to Service**

The Contingent Convertible Securities Indenture provides that we irrevocably designate Barclays Bank PLC (New York Branch), 745 Seventh Avenue, New York, New York 10019, Attention: General Counsel as our authorized agent for service of process in any proceeding arising out of or relating to the Contingent Convertible Securities Indenture or contingent convertible securities brought in any federal or state court in the Borough of Manhattan, the City of New York, and we irrevocably submit to the jurisdiction of these courts.

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**DESCRIPTION OF ORDINARY SHARES**

Barclays PLC only has ordinary shares in issue which are governed by the laws of England and Wales. The shareholders of Barclays PLC passed an ordinary resolution on April 28, 2016 to increase its share capital by the creation of new shares of up to £825,000,000 in relation to any issue of securities that automatically convert into or are exchanged for ordinary shares of Barclays PLC, which authorization expires the earlier of the end of Barclays PLC's Annual General Meeting to be held in 2017 and the close of business on June 30, 2017, unless otherwise renewed or passed pursuant to a separate resolution.

Our Articles of Association (the "Articles") contain provisions to the following effect:

**Dividends**

Subject to the provisions of the Articles and applicable legislation, Barclays PLC at any general meeting may declare dividends on the ordinary shares by ordinary resolution, but such dividends may not exceed the amount recommended by the Board. The Board may also pay interim or final dividends if it appears they are justified by our financial position.

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

Barclays PLC operates a Scrip Dividend Programme which enables eligible shareholders to elect to receive new ordinary shares issued by Barclays PLC instead of a cash dividend.

**Voting**

Every member who is present in person or by proxy or represented at any general meeting of Barclays PLC, and who is entitled to vote, has one vote on a show of hands. Every proxy present has one vote, except that the proxy will have one vote for and one vote against a resolution if he/she has been instructed to vote for and against the resolution by different members or in one direction by a member while another member has permitted the proxy discretion as to how to vote. On a poll, every member who is present or represented and who is entitled to vote has one vote for every share held. In the case of joint holders, only the vote of the senior holder (as determined by order in the share register) or his proxy may be counted. If any sum payable remains unpaid in relation to a member's shareholding, that member is not entitled to vote that share or exercise any other right in relation to a meeting of Barclays PLC unless the Board otherwise determine.

If any member, or any other person appearing to be interested in any of our ordinary shares, is served with a notice under Section 793 of the Companies Act and does not supply us with the information required in the notice, then the Board, in its absolute discretion, may direct that member shall not be entitled to attend or vote at any meeting of Barclays PLC. The Board may further direct that if the shares of the defaulting member represent 0.25% or more of the issued shares of the relevant class, that dividends or other monies payable on those shares shall be retained by us until the direction ceases to have effect and that no transfer of those shares shall be registered (other than certain specified excepted transfers). A direction ceases to have effect seven days after we have received the information requested, or when we are notified that an excepted transfer of all of the relevant shares to a third party has occurred, or as the Board otherwise determines.

**Transfers**



Ordinary shares may be held in either certificated or uncertificated form. Certificated ordinary shares shall be transferred in writing in any usual or other form approved by the Board and executed by or on behalf of the transferor. Transfers of uncertificated ordinary shares shall be made in accordance with the Companies Act and Uncertificated Securities Regulations 2001, as amended.

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The Board is not bound to register a transfer of partly paid ordinary shares, or fully paid shares in exceptional circumstances approved by the United Kingdom Listing Authority. The Board may also decline to register an instrument of transfer of certificated ordinary shares unless it is duly stamped and deposited at the prescribed place and accompanied by the share certificate(s) and such other evidence as reasonably required by the Board to evidence right to transfer, it is in respect of one class of shares only, and it is in favor of a single transferee or not more than four transferees (except in the case of executors or trustees of a member).

## **Redemption and Purchase**

Subject to applicable legislation and the rights of the other shareholders, any share may be issued on terms that it is, at our option or the holder of such share, redeemable. The directors are authorized to determine the terms, conditions and manner of redemption of any such shares under the Articles.

## **Calls on capital**

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

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

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

## **Variation of Rights**

The rights attached to any class of shares may be varied either with the consent in writing of the holders of at least 75% in nominal value of the issued shares of that class or with the sanction of special resolution passed at a separate meeting of the holders of the shares of that class.

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

## **Winding Up**

In the winding up of Barclays PLC (whether the liquidation is voluntary or by the court) the liquidator may, on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of Barclays PLC, whether or not the assets consist of property of one kind or of different kinds, and vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he, with the like sanction, shall determine. For this purpose the liquidator may set the value he deems fair on a class or classes of property, and may determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be carried out between members or classes of members. The liquidator may not, however, distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.



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**DESCRIPTION OF CERTAIN PROVISIONS RELATING TO DEBT SECURITIES AND CONTINGENT CONVERTIBLE SECURITIES**

In this section of the prospectus, the term *securities* refers to Senior Debt Securities, Dated Subordinated Debt Securities and contingent convertible securities.

**Legal Ownership; Form of Securities**

*Street Name and Other Indirect Holders.* Investors who hold securities in accounts at banks or brokers will generally not be recognized by us as legal holders of securities. This is called holding in *street name*.

Instead, we would recognize only the bank or broker, or the financial institution the bank or broker uses to hold its securities. These intermediary banks, brokers and other financial institutions pass along principal, interest and other payments on the securities, either because they agree to do so in their customer agreements or because they are legally required to do so. An investor who holds securities in *street name* should check with the investor's own intermediary institution to find out:

how it handles securities payments and notices;

whether it imposes fees or charges;

how it would handle voting if it were ever required;

whether and how the investor can instruct it to send the investor's securities registered in the investor's own name so the investor can be a registered holder as described below; and

how it would pursue rights under the securities if there were a default or other event triggering the need for holders to act to protect their interests.

*Registered Holders.* Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, run only to persons who are registered as holders of securities. As noted above, we do not have obligations to an investor who holds in *street name* or other indirect means, either because the investor chooses to hold securities in that manner or because the securities are issued in the form of global securities as described below. For example, once we make payment to the registered holder, we have no further responsibility for the payment even if that holder is legally required to pass the payment along to the investor as a *street name* customer but does not do so.

*Global Securities.* A global security is a special type of indirectly held security, as described above under *Legal Ownership; Form of Securities* *Street Name and Other Indirect Holders*. If we issue securities in the form of global securities, the ultimate beneficial owners can only be indirect holders.

We require that the global security be registered in the name of a financial institution we select or in the name of a nominee for such financial institution. In addition, we require that the securities included in the global security not be transferred to the name of any other registered holder unless the special circumstances described in the section *Special*

Situations When a Global Security Will Be Terminated occur. The financial institution that acts (either directly or through its nominee) as the sole registered holder of the global security is called the depositary. Any person wishing to own a security must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with the depositary. Unless the applicable prospectus supplement indicates otherwise, each series of securities will be issued only in the form of global securities.

***In the remainder of this section, holders means registered holders and not street name or other indirect holders of securities. Indirect holders should read the subsection entitled Legal Ownership; Form of Securities Street Name and Other Indirect Holders.***

*Payment and Paying Agents.* We will pay interest (if any) to registered holders listed in the trustee's records at the close of business on a particular day in advance of each due date for interest, even if the registered holder

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no longer owns the security on the interest due date. That particular day, usually about one business day in advance of the interest due date, is called the regular record date and is stated in the applicable prospectus supplement.

Unless the relevant prospectus supplement provides otherwise, we will pay interest (if any), principal and any other money due on the securities at the corporate trust office of the trustee in New York City. Holders of securities must make arrangements to have their payments picked up at or wired from that office. We may also choose to pay interest by mailing checks.

***Street name and other indirect holders should consult their banks or brokers for information on how they will receive payments.***

We may also arrange for additional payment offices, and may cancel or change these offices, including our use of the trustee's corporate trust office. These offices are called paying agents. We may also choose to act as our own paying agent. We must notify the trustee of changes in the paying agents for any particular series of securities.

## **Special Investor Considerations for Global Securities**

As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depository, as well as general laws relating to securities transfers. We do not recognize this type of investor as a holder of securities and instead deal only with the depository that holds the global security.

Investors in securities that are issued only in the form of global securities should be aware that:

they cannot get securities registered in their own name;

they cannot receive physical certificates for their interests in securities;

they will be a street name holder and must look to their own bank or broker for payments on the securities and protection of their legal rights relating to the securities, as explained earlier under "Legal Ownership; Form of Securities - Street Name and Other Indirect Holders";

they may not be able to sell interests in the securities to some insurance companies and other institutions that are required by law to own their securities in the form of physical certificates;

the depository's policies will govern payments, transfers, exchange and other matters relating to their interest in the global security. We and the trustee have no responsibility for any aspect of the depository's actions or for its records of ownership interests in the global security. We and the trustee also do not supervise the depository in any way; and

the depository will require that interests in a global security be purchased or sold within its system using same-day funds.

**Special Situations When a Global Security Will Be Terminated**

In a few special situations described below, the global security will terminate and interests in it will be exchanged for physical certificates representing securities. After that exchange, the choice of whether to hold the securities directly or in street name will be up to the investor. Investors must consult their own bank or brokers to find out how to have their interests in a global security transferred to their own name so that they will be registered holders. The rights of street name investors and registered holders in the securities have been described above in the sections entitled Legal Ownership; Form of Securities Street Name and Other Indirect Holders; Registered Holders.

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The special situations for termination of a global security are:

when (x) the depositary has notified us that it is unwilling or unable to continue as depositary or (y) has ceased to be a clearing agency registered under the Exchange Act;

when a Senior Event of Default, a Dated Subordinated Winding-Up Event or a Contingent Convertible Winding-Up Event, as applicable, with respect to relevant global security, has occurred and is continuing; or

when we at our option and in our sole discretion determine that the global securities of a particular series of debt securities and/or contingent convertible securities should be exchanged for definitive Senior Debt Securities, definitive Dated Subordinated Securities and/or definitive Contingent Convertible Securities of that series in registered form.

The prospectus supplement may also list additional situations for terminating a global security that would apply only to the particular series of securities covered by the prospectus supplement. When a global security terminates, the depositary (and not us or the trustee) is responsible for deciding the names of the institutions that will be the initial registered holders.



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**CLEARANCE AND SETTLEMENT**

The securities we issue may be held through one or more international and domestic clearing systems. The principal clearing systems we will use are the book-entry systems operated by DTC, in the United States, Clearstream Banking, société anonyme ( Clearstream, Luxembourg ), in Luxembourg and Euroclear Bank S.A./N.V. ( Euroclear ), in Brussels, Belgium. These systems have established electronic securities and payment transfer, processing, depository and custodial links among themselves and others, either directly or through custodians and depositories. These links allow securities to be issued, held and transferred among the clearing systems without the physical transfer of certificates.

Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market. Where payments for securities we issue in global form will be made in U.S. dollars, these procedures can be used for cross-market transfers and the securities will be cleared and settled on a delivery against payment basis.

Global securities will be registered in the name of a nominee for, and accepted for settlement and clearance by, one or more of Euroclear, Clearstream, Luxembourg, DTC and any other clearing system identified in the applicable prospectus supplement.

Cross-market transfers of securities that are not in global form may be cleared and settled in accordance with other procedures that may be established among the clearing systems for these securities.

Euroclear and Clearstream, Luxembourg hold interests on behalf of their participants through customers' securities accounts in the names of Euroclear and Clearstream, Luxembourg on the books of their respective depositories, which, in the case of securities for which a global security in registered form is deposited with the DTC, in turn hold such interests in customers' securities accounts in the depositories' names on the books of the DTC.

The policies of DTC, Clearstream, Luxembourg and Euroclear will govern payments, transfers, exchange and other matters relating to the investor's interest in securities held by them. This is also true for any other clearance system that may be named in a prospectus supplement.

Neither we nor the trustee nor any of our or its agents has any responsibility for any aspect of the actions of DTC, Clearstream, Luxembourg or Euroclear or any of their direct or indirect participants. Neither we nor the trustee nor any of our or its agents has any responsibility for any aspect of the records kept by DTC, Clearstream, Luxembourg or Euroclear or any of their direct or indirect participants. Neither we nor the trustee nor any of our or its agents supervise these systems in any way. This is also true for any other clearing system indicated in a prospectus supplement.

DTC, Clearstream, Luxembourg, Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. Investors should be aware that DTC, Clearstream, Luxembourg, Euroclear and their participants are not obligated to perform these procedures and may modify them or discontinue them at any time.

The description of the clearing systems in this section reflects our understanding of the rules and procedures of DTC, Clearstream, Luxembourg and Euroclear as they are currently in effect. Those systems could change their rules and procedures at any time.



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**The Clearing Systems**

*DTC*

DTC has advised us as follows:

DTC is:

- (1) a limited purpose trust company organized under the laws of the State of New York;
- (2) a banking organization within the meaning of New York Banking Law;
- (3) a member of the Federal Reserve System;
- (4) a clearing corporation within the meaning of the New York Uniform Commercial Code; and
- (5) a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes to accounts of its participants. This eliminates the need for physical movement of securities.

Participants in DTC include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. DTC is partially owned by some of these participants or their representatives.

Indirect access to the DTC system is also available to banks, brokers and dealers and trust companies that have custodial relationships with participants.

The rules applicable to DTC and DTC participants are on file with the SEC.

*Clearstream, Luxembourg*

\$803,752 \$486,973

Stock awards payable

280,000 - 0 -

Current portion of notes payable

	111,571	123,588
Current portion of leases payable		
	153,064	141,816
Total Current Liabilities	1,348,387	752,377
Long-Term Liabilities		
Long-term portion of notes payable		9,481 39,035
Long-term portion of leases payable		
	344,356	90,446
Total Long-Term Liabilities	353,837	129,481
TOTAL LIABILITIES	1,702,224	881,858
Commitments and Contingencies		
Minority Interest		52,415 52,415
Stockholders' Equity		
Preferred stock, \$1.00 par value, 10,000,000 shares authorized, noncumulative, nonvoting, nonconvertible, none issued or outstanding		- 0 - - 0 -
Common stock, no par value, 60,000,000 shares authorized, 54,173,594 and 51,278,334 shares issued and outstanding at December 31, 2007 and 2006, respectively		
Accumulated deficit	19,108,111	16,087,361
Accumulated other comprehensive loss	(14,589,101)	(12,907,385)
	(2,006)	(4,798)
Total Stockholders' Equity	4,517,004	3,175,178
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$6,271,643	\$4,109,451

The accompanying notes are an integral part of these consolidated financial statements.



ATLAS MINING COMPANY AND SUBSIDIARIES  
Consolidated Statements of Operations and Comprehensive Loss

	For the year ended December 31,	
	2007	2006 Restated
<b>REVENUES:</b>		
Contract mining	\$7,731,081	\$3,800,104
Total Revenues	7,731,081	3,800,104
<b>COST OF SALES:</b>		
Contract mining	4,712,662	2,611,819
Total Cost of Sales	4,712,662	2,611,819
Gross Profit	3,018,419	1,188,285
<b>OPERATING (INCOME) EXPENSES:</b>		
Exploration & development costs	1,449,526	2,150,911
Mining production costs	947,266	161,236
General & administrative	2,892,004	1,225,147
Disposition of land and equipment	(115,497 )	- 0 -
Loss on abandonment of equipment	44,406	- 0 -
Total Operating Expenses	5,217,705	3,537,294
Net Operating Loss	(2,199,286 )	(2,349,009 )
<b>OTHER INCOME (EXPENSE):</b>		
Interest income	56,873	30,076
Interest expense	(20,744 )	(20,075 )
Gain on revaluation of stock awards	646,000	- 0 -
Realized loss on securities available for sale	(414 )	(39,219 )
Contract settlement	- 0 -	250,000
Other income	15,000	17,554
Bad debt	(179,145 )	- 0 -
Total Other Income (Expenses)	517,570	238,336
Loss Before Income Taxes	(1,681,716 )	(2,110,673 )
Provision (Benefit) for Income Taxes	- 0 -	- 0 -
Minority Interest	- 0 -	(510 )
Net Loss	\$(1,681,716 )	\$(2,111,183 )
Net Loss Per Share (Basic and Diluted)	\$(0.03 )	\$(0.04 )
Weighted Average Shares Outstanding	53,504,206	49,446,722

The accompanying notes are an integral part of these consolidated financial statements.

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ATLAS MINING COMPANY AND SUBSIDIARIES  
 Consolidated Statements of Operations and Comprehensive Loss

	For the year ended December 31,	
	2007	2006 Restated
Net Loss	\$(1,681,716)	\$(2,111,183)
Comprehensive Gain:		
Change in Market Value of Investments	2,792	1,112
Net Comprehensive Loss	\$(1,678,924)	\$(2,110,071)

The accompanying notes are an integral part of these consolidated financial statements.

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ATLAS MINING COMPANY AND SUBSIDIARIES  
Statement of Stockholders' Equity  
For the years ended December 31, 2007 and 2006 (restated)

	Preferred Stock		Common Stock		Accumulated	Accumulated	Total
	Shares	Amount	Shares	Amount	Deficit	Other Comprehensive Income (Loss)	Stockholders' Equity
Beginning Balance, January 1, 2006 (as previously reported)	- 0 -	\$ - 0 -	48,852,892	\$13,596,492	\$(9,649,505 )	\$ (123,218 )	\$3,823,769
Prior period adjustment (see Note 3)	- 0 -	- 0 -	2,795	643,548	(1,146,697 )	117,308	(385,841 )
Shares issued for services between \$0.90 and \$1.40	- 0 -	- 0 -	90,500	101,700	- 0 -	- 0 -	101,700
Shares issued for exercise of warrants for cash between \$0.25 and \$0.50	- 0 -	- 0 -	1,256,980	546,745	- 0 -	- 0 -	546,745
Shares issued for cash at \$2.00	- 0 -	- 0 -	340,500	681,000	- 0 -	- 0 -	681,000
Shares issued for payment of exploration costs at \$1.25	- 0 -	- 0 -	8,000	10,000	- 0 -	- 0 -	10,000
Shares issued for options exercised at \$0.18 cash	- 0 -	- 0 -	726,667	130,800	- 0 -	- 0 -	130,800
Net change in unrealized loss on available for sale securities	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	1,112	1,112
Compensation for options issued to employees	- 0 -	- 0 -	- 0 -	377,076	- 0 -	- 0 -	377,076

Net loss for the year ended December 31, 2006	- 0 -	- 0 -	- 0 -	- 0 -	(2,111,183 )	- 0 -	(2,111,183)
Balance, December 31, 2006 (restated)	- 0 -	- 0 -	51,278,334	16,087,361	(12,907,385)	(4,798 )	3,175,178
Shares issued for redemption of warrants between \$0.25 and \$0.50 for cash and bonus	- 0 -	- 0 -	323,430	150,858	- 0 -	- 0 -	150,858
Shares issued for cash at \$1.35	- 0 -	- 0 -	1,481,482	2,000,001	- 0 -	- 0 -	2,000,001
Shares issued for settlement of debt	- 0 -	- 0 -	4,592	8,633	- 0 -	- 0 -	8,633
Shares issued in conversion of minority interest shares	- 0 -	- 0 -	1,000	- 0 -	- 0 -	- 0 -	1,000
Shares issued for options exercised at \$0.18 for cash and compensation	- 0 -	- 0 -	833,330	149,999	- 0 -	- 0 -	149,999
Shares issued in cash-less exercise of options for compensation	- 0 -	- 0 -	251,426	45,257	- 0 -	- 0 -	45,257
Net change in unrealized gain (loss) on available for sale securities	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	2,792	2,792
Compensation for options issued to employees	- 0 -	- 0 -	- 0 -	666,002	- 0 -	- 0 -	666,002

Net loss for the year ended December 31, 2007	- 0 -	- 0 -	- 0 -	- 0 -	(1,681,716 )	- 0 -	(1,681,716)
Balance, December 31, 2007	- 0 -	\$- 0 -	54,173,594	\$19,108,111	\$(14,589,101)	\$ (2,006 )	\$4,517,004

The accompanying notes are an integral part of these consolidated financial statements.

ATLAS MINING COMPANY AND SUBSIDIARIES  
Consolidated Statements of Cash Flows

	For the year ended December 31,	
	2007	2006 Restated
Cash Flows from Operating Activities:		
Net Loss	\$(1,681,716 )	\$(2,111,183)
Adjustments to Reconcile Net Loss to Net Cash Used by Operations:		
Depreciation	376,228	178,832
Non-cash exercise of warrants for bonus	35,000	- 0 -
Non-cash exercise of options for compensation	45,257	- 0 -
Stock issued for services	- 0 -	111,700
Securities received for services	- 0 -	(10,000 )
Options granted	666,002	377,076
Other non-cash compensation expense	926,000	- 0 -
Gain on revaluation of stock awards	(646,000 )	- 0 -
Minority interest	- 0 -	510
Realized (gain) loss on securities available for sale	414	39,219
Gain on sale of equipment	(115,497 )	- 0 -
Loss on disposition of equipment	44,406	- 0 -
Change in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(25,834 )	(847,321 )
Mining supplies	(38,544 )	7,000
Deposits and prepaids	(226,594 )	(50,047 )
Advances	(436 )	40
Increase (Decrease) in:		
Deferred revenue	- 0 -	(250,000 )
Accounts payable and accrued expenses	316,777	287,790
Stock award payable	280,000	- 0 -
Net Cash Used by Operating Activities	(44,537 )	(2,266,384)
Cash Flows from Investing Activities:		
Purchases of land and land improvements	(28,048)	(950,263)
Purchases of equipment	(1,158,958)	(304,240)
Disposal of land and equipment	195,202	169,613
Net Cash Used by Investing Activities	(991,804 )	(1,084,890)
Cash Flows from Financing Activities:		
Payments on notes payable	(167,519 )	(105,002 )
Payments on leases payable	(194,428 )	(140,975 )
Proceeds from notes payable	125,948	239,878
Proceeds from issuance of common stock	2,265,859	1,358,545
Net Cash Provided by Financing Activities	2,029,860	1,352,446
Increase (Decrease) in Cash	993,519	(1,998,828)



ATLAS MINING COMPANY AND SUBSIDIARIES  
Consolidated Statements of Cash Flows  
(continued)

	For the year ended December 31,	
	2007	2006 Restated
Increase (Decrease) in Cash, Balance Forward	\$993,519	\$(1,998,828)
Cash and Cash Equivalents at Beginning of Period	217,102	2,215,930
Cash and Cash Equivalents at End of Period	\$1,210,621	\$217,102
<b>Cash Paid For:</b>		
Interest	\$20,744	\$29,677
Income Taxes	\$- 0 -	\$- 0 -
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities:</b>		
Equipment financed through leasing	\$468,219	\$298,211
Shares issued for settlement of debt	\$8,633	\$- 0 -

The accompanying notes are an integral part of these consolidated financial statements.

ATLAS MINING COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Financial Statements  
December 31, 2007 and 2006

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Atlas Mining Company, (“the Company”) was incorporated in the state of Idaho on March 4, 1924. The Company was formed for the purpose of exploring and developing the Atlas Mine, a consolidation of several patented mining claims located in the Coeur d’Alene Mining District near Mullan, Idaho. The Company eventually became inactive as a result of low silver prices. In September 1997, the Company became active again. During the years ended December 31, 2007 and 2006, the Company provided shaft sinking, underground mine development and mine labor primarily to companies in the mining and civil industries. Historically, the Company’s contract mining operation has been its sole source of revenue and income.

In 1998 and 1999, the Company exchanged 71,238 shares of its common stock for 53% of the outstanding shares of Park Copper and Gold Mining, Ltd. (“Park Copper”), an Idaho corporation Park Copper holds mining claims in northern Idaho.

In July 2001, the Company began leasing the Dragon Mine from Conjecture Silver Mines, Inc. of Spokane, Washington. The Company issued 100,000 shares of stock for each year of the lease for the years 2002 – 2005 and exercised the right to purchase the mine on August 18, 2005 for \$500,000 in cash. The property consists of 38 patented mining claims on approximately 230 acres.

NanoClay and Technologies, Inc. is a wholly owned subsidiary dedicated to the marketing of the Dragon Mine’s clay resource for use in, but not limited to, specialty ceramic, controlled release and polymer applications.

The Company operated a contract mining business under the trade name Atlas Fausett Contracting (“AFC”). AFC was engaged in exploration and mine development as well as preparatory work such as site evaluation, feasibility studies, trouble-shooting and consultation. AFC's projects include all types of underground mine development, rehabilitation and diamond drilling. On December 31, 2008, the Company discontinued its contract mining efforts due to economic conditions and the desire to concentrate efforts on commercializing the halloysite clay deposit at the Dragon Mine. There are no plans to resume the contract mining business.

In October 2007, management announced its intention to cease development activities at the mine until both a resource survey and an appropriate system to processing system could be obtained. At December 31, 2007, the Company hired a geological consulting firm it believes is capable of conducting the necessary resource survey and identifying an appropriate processing system.

ATLAS MINING COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Financial Statements  
December 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Accounting Method

The Company's financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Specific reserves are estimated by management based on certain assumptions and variables, including the customer's financial condition, age of the customer's receivables, and changes in payment histories. As of December 31, 2007 and 2006, no allowance for doubtful accounts was considered necessary. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

Available for Sale Investments

In accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," the shares are evaluated quarterly using the specific identification method. Any unrealized holding gains or losses are reported as Other Comprehensive Income and as a separate component of stockholder's equity. Realized gains and losses are included in earnings.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents.

Compensated Absences

Certain employees of the Company at the management level are paid vacation pay. At the years ended December 31, 2007 and 2006, the Company accrued compensated absences of \$7,500 for both years. The balance of unpaid, accrued compensation absences at December 31, 2007 and 2006 were \$15,000 and \$7,500, respectively.

Concentration of Risk

The Company maintains cash balances in two checking accounts at two separate financial institutions. At December 31, 2007 and 2006, total cash balances were \$1,210,621 and \$217,102, respectively. Such funds exceed Federal Deposit Insurance Corporation limits, and amounts exceeding \$100,000 were not insured.



ATLAS MINING COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Financial Statements  
December 31, 2007 and 2006

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the years ended December 31, 2007 and 2006, the Company received 92% and 86%, respectively, of contract service revenue from three of its major customers noted as follows:

2007 Customers	% of Revenues	% of Receivables
Customer A	13%	17%
Customer B	38%	6%
Customer C	41%	56%

  

2006 Customers	% of Revenues	% of Receivables
Customer A	16%	3%
Customer B	70%	48%

## Earnings (Loss) Per Share

The Company has adopted Statement of Financial Accounting Standards No. 128, which provides for calculation of “basic” and “diluted” earnings per share. The computation of earnings (loss) per share of common stock is based on the weighted average number of shares outstanding at the date of the financial statements. The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year plus the common stock equivalents that would arise from the exercise of stock options and warrants outstanding under the treasury method and the average market price per share during the year. Common stock equivalents at December 31, 2007 consisted of 2,688,577 in options. Common stock equivalents at December 31, 2006 consisted of 3,773,333 in options and 327,430 in warrants. Common stock equivalents at December 31, 2007 and 2006 were considered but were not included in the computation of loss per share at December 31, 2007 and 2006 because they would have been anti-dilutive.

	Net Loss (Numerator)	Shares (Denominator)	Per-Share Amount
For the year ended December 31, 2007:			
Basic EPS			
Net loss to common shareholders	\$(1,681,716)	53,504,206	\$(0.03)
For the year ended December 31, 2006:			
Basic EPS			
Net loss to common shareholders (restated)	\$(2,111,183)	49,446,722	\$(0.04)

At December 31, 2008, the Company did not have sufficient authorized unissued common stock available for conversion of all common stock equivalents.

## Fair Value of Financial Instruments

The Company’s financial instruments, as defined by Statement of Financial Accounting Standards No. 107, “Disclosures about Fair Value of Financial Instruments,” include cash equivalents, available for sale securities, receivables, investments, accounts payable and accrued expenses, and long-term debt approximate their market values

as of December 31, 2007 and 2006. The Company has no investments in derivative financial instruments.

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ATLAS MINING COMPANY AND SUBSIDIARIES  
 Notes to the Consolidated Financial Statements  
 December 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Assets

In August 2001, Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144") established a single accounting model for long-lived assets to be disposed of by sale, including discontinued operations. SFAS No. 144 requires that these long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. At December 31, 2007 and 2006, no impairments were recognized.

Mining Exploration and Development Costs

Land and mining property acquisitions are carried at cost. The Company expenses prospecting and mining exploration costs. At the point when a property is determined to have proven and probable reserves, subsequent development costs are capitalized as capitalized development costs. Capitalized development costs will include acquisition costs and property development costs. When these properties are developed and operations commence, capitalized costs will be charged to operations using the units-of-production method over proven and probable reserves. Upon abandonment or sale of a mineral property, all capitalized costs relating to the specific property are written off in the period abandoned or sold and a gain or loss is recognized.

At December 31, 2007 and 2006, all costs associated with the Company's mines have been expensed.

Mining Supplies

Mining supplies, consisting primarily of bits, steel, and other mining related equipment, are recorded as mining supplies and charged to cost of goods sold when used. In addition, equipment repair parts and maintenance items are also included at cost. The amounts held in mining supplies at December 31, 2007 and 2006 were \$40,544 and \$2,000, respectively.

Minority Interest

Minority interest represents the 47% minority share interest in Park Copper and Gold, held by several shareholders. The change in minority interest between year 2006 and 2007 represents shares in Park Copper exchanged for the Company's common stock.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company, one wholly owned subsidiary, and a majority owned subsidiary. All significant intercompany accounts and transactions have been eliminated.

Property and Equipment

Property and equipment are carried at cost. Depreciation and amortization is computed on the straight-line method over the estimated useful lives of the assets as follows:

	Estimated Useful Life
Building	30 years
Mining equipment	2 – 7 years
	5 – 7 years

Office and shop furniture and  
equipment

Vehicles

5 years

Depreciation expense for the years ended December 31, 2007 and 2006 totaled \$376,228 and \$178,832, respectively.

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ATLAS MINING COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Financial Statements  
December 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provision for Income Taxes

Income taxes are calculated based upon the liability method of accounting in accordance with the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). In accordance with SFAS No. 109, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year end. A valuation allowance is recorded against deferred tax assets if management does not believe the Company has met the "more likely than not" standard imposed by SFAS No. 109 to allow for recognition of such an asset.

Restatement and correction of error

Statement of Financial Accounting Standards No. 154 – In May 2005 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 154, Accounting Changes and Error Corrections (SFAS 154), that addresses accounting for changes in accounting principle, changes in accounting estimates, changes required by an accounting pronouncement in the instance that the pronouncement does not include specific transition provisions and error correction. SFAS 154 requires retrospective application to prior periods' financial statements of changes in accounting principle and error correction unless impracticable to do so. SFAS 154 states an exception to retrospective application when a change in accounting principle, or the method of applying it, may be inseparable from the effect of a change in accounting estimate. When a change in principle is inseparable from a change in estimate, such as depreciation, amortization or depletion, the change to the financial statements is to be presented in a prospective manner. SFAS 154 and the required disclosures are effective for accounting changes and error corrections in fiscal years beginning after December 15, 2005. The Company has restated its December 31, 2006 financial statements for corrections of errors. See Note 3.

Revenue Recognition

The Company recognizes revenue in the period that the related services are performed and collectability is reasonably assured. For the years ended December 31, 2007 and 2006, the Company derived substantially all of its revenues from leasing equipment and employees for mine development, site evaluation, and preparatory work. Services contracts generally took the form of fixed-price contracts. Under fixed-price contracts, revenue is recognized as services are performed; with performance generally assessed using output measures, such as feet excavated. Changes in the scope of work generally result in a renegotiation of contract pricing terms or a contract amendment. Renegotiated amounts are not included in net revenues until earned and realization is assured. Historically, costs are expensed as incurred. All out-of-pocket costs are included in expenses.

Revenue for mined halloysite clay, if any, will be recognized upon shipment and customer acceptance once a contract with a fixed and determinable fee has been established and collection is reasonably assured or the resulting receivable is deemed probable.

Stock Options and Warrants

The Company has stock option plans that provide for stock-based employee compensation, including the granting of stock options, to certain key employees. The plans are more fully described in Note 7. Prior to January 1, 2006, the Company applied APB Opinion No. 25, "Accounting for Stock Issued to Employees", and related Interpretations in accounting for awards made under the Company's stock-based compensation plans. Under this method, compensation expense was recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price.

During the periods presented in the accompanying financial statements, the Company has adopted the provisions of SFAS No. 123(R) using the modified-prospective transition method and the disclosures that

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ATLAS MINING COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Financial Statements  
December 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stock Options and Warrants (continued)

follow are based on applying SFAS No. 123(R). Under this transition method, compensation expense recognized during the year ended December 31, 2007 included: (a) compensation expense for all share-based awards granted prior to, but not yet vested as of January 1, 2007, and (b) compensation expense for all share-based awards granted on or after January 1, 2007. Accordingly, compensation expense of \$666,002 and \$377,076 has been recognized for vesting of options to employees and directors in the accompanying statements of operations for the period ended December 31, 2007 and 2006, respectively.

The Company accounts for the issuance of equity instruments to acquire goods and services based on the fair value of the goods and services or the fair value of the equity instrument at the time of issuance, whichever is more reliably measurable.

Tax Collected from Customers

Emerging Issues Task Force Issue No. 06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement" ("EITF 06-3") allows the Company's management to determine whether sales tax or other excise taxes applied to specific types of transactions or items will be presented on a gross basis (included in revenue) or net basis (excluded from revenues). During the years ended December 31, 2007 and 2006, the Company's revenues were from Contract Mining through labor only contracts. Taxing authorities in the jurisdictions where these services were performed either did not require collection of sales tax or equivalent excise taxes, or provided the Company's customers sales tax exemptions status as the primary business conducted was mining. Therefore, at the years ended December 31, 2007 and 2006, no sales tax or other equivalent excise taxes were collected or remitted to taxing authorities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. In these financial statements assets and liabilities involve extensive reliance on management's estimates. Actual results could differ from those estimates.

Recent Accounting Pronouncements

EITF 04-02, "Whether Mineral Rights are Tangible or Intangible Assets"

Since acquiring the Dragon Mine in August 2005, the Company has not yet realized significant revenues from the property. Mineral property exploration costs are expensed as incurred. Mineral property acquisition costs are initially capitalized when incurred using the guidance in EITF 04-02 "Whether Mineral Rights Are Tangible or Intangible Assets". The Company assesses the carrying costs for impairment under SFAS 144, "Accounting for Impairment or Disposal of Long Lived Assets" at each fiscal quarter end. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs then incurred to develop such property, are capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations. To date the Company has not established any proven or probable reserves on its mineral properties.





ATLAS MINING COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Financial Statements  
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (continued)

EITF 04-03, "Mining Assets: Impairment and Business Combinations"

The Company has one mineral property that is in the exploration stage. As required by EITF 04-03 "Mining Assets: Impairment and Business Combinations," when considering impairment for mining property, management is to consider the Value Beyond Proven and Probable (VPBB) in evaluating the carrying value of mineral assets. Management has not determined if this pronouncement has current application to the Company, but will be implemented in the Company's future financial reporting when applicable.

SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles"

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles." This Statement identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States (the GAAP hierarchy). This Statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." Adoption of this statement is not expected to have a material effect on the Company's future reported financial position or results of operations.

SFAS No. 161, "Disclosure about Derivative Instruments and Hedging Activities – an amendment to FASB No. 133"

In March 2008, the FASB issued SFAS No. 161, "Disclosure about Derivative Instruments and Hedging Activities – an amendment to FASB Statement No. 133." The use and complexity of derivative instruments and hedging activities have increased significantly over the past several years. Constituents have expressed concerns that the existing disclosure requirements in SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," do not provide adequate information about how derivative and hedging activities affect an entity's financial position, financial performance, and cash flows. Accordingly, this Statement requires enhanced disclosures about an entity's derivative and hedging activities and thereby improves the transparency of financial reporting. This Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. Management has not determined the effect of the application of the disclosure requirements of SFAS No. 161 at December 31, 2007.

SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements Liabilities – an Amendment of ARB No. 51"

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements Liabilities –an Amendment of ARB No. 51". This statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. Management has determined that adoption of this will occur during the Company's fiscal year ending December 31, 2009. The Company will re-class the minority interest as a liability to a component of stockholders' equity in the first quarter of 2009.



ATLAS MINING COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Financial Statements  
December 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (continued)

SFAS No 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115"

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115." This statement permits entities to choose to measure many financial instruments and certain other items at fair value. Most of the provisions of SFAS No. 159 apply only to entities that elect the fair value option. However, the amendment to SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" applies to all entities with available-for-sale and trading securities. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provision of SFAS No. 157, "Fair Value Measurements". Management has not determined if this pronouncement has current application to the Company, but will be implemented in the Company's future financial reporting when applicable.

SFAS No. 157, "Fair Value Measurements"

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements". The objective of SFAS No.157 is to increase consistency and comparability in fair value measurements and to expand disclosures about fair value measurements. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS No. 157 were to be effective for fair value measurements made in fiscal years beginning after November 15, 2007. The adoption of this statement is not expected to have a material effect on the Company's future reported financial position or results of operations. In February 2008 Staff Position No. 157-2 "Effective Date of FASB Statement No. 157", delayed the effective date of FAS 157. The provisions of FSP FAS 157 are effective for the Company's 2009 fiscal year. Management has not determined if this pronouncement has current application to the Company, but will be implemented in the Company's future financial reporting when applicable.

FASB Interpretation No. 48, "Accounting to Uncertainty in Income Taxes and An Interpretation of FASB Statement No. 109"

In July 2006, the FASB issued Interpretation No. 48 ("FIN 48"), "Accounting to Uncertainty in Income Taxes and An Interpretation of FASB Statement No.109." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS 109. FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or to be taken, in a tax return. The new FASB standard also provides guidance on de-recognition, classification, interest and penalties, accounting for interim periods, disclosure and transition. The provisions of FIN 48 are effective for the Company's first quarter ending March 31, 2008. The adoption of FIN 48 will not have a material impact on the financial statements of the Company.



ATLAS MINING COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Financial Statements  
December 31, 2007 and 2006

NOTE 3 – RESULTS OF THE INVESTIGATION AND RESTATEMENT OF PRIOR FINANCIAL INFORMATION

Background

On October 9, 2007, the Company filed a report on Form 8-K with the Securities and Exchange Commission, which indicated that the Company had determined that it would be necessary to restate its audited consolidated financial statements and other financial information.

The Special Committee

On January 11, 2008, the Board of Directors formed a Special Committee (consisting of Mr. Levy and Mr. Weiss) and directed it to (i) review and investigate the conduct of the Company's prior management and any issues arising therefrom and (ii) review and evaluate the Company's business, financial condition, assets, strategy, prospects and management, and recommend to the Board various alternatives to improve the Company's performance and prospects.

On August 20, 2008, the Special Committee presented its findings and recommendations to the Board of Directors concerning the investigation of the conduct of the prior management of the Company and related issues. After consideration, the Board has accepted such findings and recommendations of the Special Committee

The Investigative Team

The Special Committee was assisted in the investigation by outside legal counsel, Blank Rome LLP ("Blank Rome"), and accountants, Heiskell, MacGillivray & Associates retained by Blank Rome (the Special Committee and its advisors are referred to collectively as the "Investigative Team").

Scope of the Investigation

The Investigative Team reviewed and investigated, among other things, (i) certain of the Company's prior issuances of equity securities and issues related thereto, (ii) the treatment for financial reporting purposes of \$250,000 received by the Company in connection with a 2004 transaction involving NaturalNano, Inc., (iii) the Company's accounting for fixed assets and long-term liabilities, and (iv) certain public statements made by the Company regarding the Dragon Mine.

The Investigative Team's review included a broad and extensive document review, including the Company's stock compensation plans, stock transfer records, minutes of the board meetings, press releases and public filings, accounting and banking books and records, and e-mails and related attachments of certain or the Company's current and former employees, officers and directors. The Investigative Team also conducted interviews of the Company's current and certain former officers, directors, employees and advisors who appeared to have knowledge of the issues being investigated. Three of the Company's former officers and two of the Company's former consultants declined to be interviewed. The Company fully cooperated with the investigation, providing requested documents and data and, where possible, making management and the Company's employees available for interviews.

ATLAS MINING COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Financial Statements  
December 31, 2007 and 2006

NOTE 3 – RESULTS OF THE INVESTIGATION AND RESTATEMENT OF PRIOR FINANCIAL INFORMATION  
(CONTINUED)

Findings of the Special Committee

The findings of the Special Committee include the following:

- During the period beginning in 2002 and ending in early 2006, approximately 30 million shares of common stock were issued in violation of the federal securities laws, including the registration provisions of Section 5 of the Securities Act of 1933. The violations involved (a) misuse of SEC Registration Form S-8, a short form registration form for compensatory issuances to certain officers, directors, employees and consultants (approximately 16 million shares were issued under Form S-8), (b) transfer of 9.9 million shares to related parties and affiliates that were purportedly sold under the Company's Registration Statement on SEC Registration Form SB-2 and subsequent resales without compliance with the plan of distribution contained in the Company's SB-2, and (c) grants of at least 2.8 million shares purportedly made pursuant to the exemption from registration set forth in Section 4(2) of the Securities Act. These issuances are discussed in more detail in the following three paragraphs.
- Between 2002 and 2006, the Company issued approximately 16 million shares of the Company's common stock that were purportedly issued under the Company's registration statements on Form S-8. A review of these issuances revealed that approximately 14.6 million of these shares, with an aggregate market value of approximately \$3.6 million (based upon the closing sale price per share on the apparent dates of issuance) were issued to individuals and entities that were ineligible to receive shares registered on Form S-8 because, among other reasons, these individuals or entities provided the Company with capital raising or stock promotion services and/or did not provide any bona fide consulting services to the Company. In addition, some such issuances and other issuances also may have been in excess of the number of shares the Company had registered on Form S-8 at the time of issuance. Many of the shares were issued in violation of the Atlas' 2002 Consultant Stock Plan. Certain shares were issued to family members of the Company's then CEO, Mr. Jacobson, and such transactions appear to have been, among other things, director conflict of interest transactions which did not receive proper approval from the Board of Directors. Moreover, the values given to the S-8 stock for financial reporting purposes in many cases appear to have been less than market value of the stock on the apparent dates of issuance.
- In 2003, the Company registered for sale on SEC Registration Form SB-2 ten million shares of common stock at a fixed price of \$0.10 per share on a self-underwritten basis. Purportedly to avoid filing a post-effective amendment to update the disclosure in the registration statement, the Company issued 9.9 million shares to related parties and affiliates. In 2003 and 2004, these shares were provided to third parties for resale and resales were apparently made at times when the market price was greater than \$0.10. Only after such resales did the Company ultimately receive cash payments in the aggregate of approximately \$805,000 for these shares, which is less than the \$990,000 that would be expected.
- In 2003, the Company issued 2.8 million restricted shares for supposed services purportedly in reliance on the private placement exemption from registration set forth in Section 4(2) of the Securities Act. However, the Company did not determine whether the recipients satisfied a condition of the exemption (that is, that the recipients took with the intent to resell only pursuant to an effective registration statement or an exemption from registration). In some cases, the Company instructed the Company's transfer agent to transfer these shares prior to the applicable holding period under Rule 144, which is an exemption from registration. 1.4 million of these shares were issued to a family member of Mr. Jacobson and this transaction appears to have been, among other things, a director conflict of interest transaction which did not receive proper authorization from the Board of Directors
- The Special Committee also determined that the Company did not properly record compensation expenses associated with the vesting of certain stock options granted to the Company's former officers.



ATLAS MINING COMPANY AND SUBSIDIARIES

Notes to the Consolidated Financial Statements  
December 31, 2007 and 2006

NOTE 3 – RESULTS OF THE INVESTIGATION AND RESTATEMENT OF PRIOR FINANCIAL INFORMATION  
(CONTINUED)

- The Special Committee has determined that Mr. Jacobson was primarily responsible for the securities law violations set forth above.
- The Special Committee also discovered transactions between the Company and the Company's wholly- or partly-owned subsidiaries or related entities, including stock issuances to those entities that violated Section 5 of the Securities Act and intercompany loans with those entities that appear to have been conflict-of-interest transactions entered into without proper corporate authorization or business purpose.
- The Special Committee has determined that the accounting treatment of the \$250,000 received from NaturalNano as revenue in 2004 was incorrect. However, the Special Committee has also determined that the treatment of such funds as proposed in the October 9, 2007 Press Release was also incorrect. The Special Committee believes that during the two year term of the contract, the \$250,000 should have been treated as a deposit, but after the expiration of the contract in 2006, the entire \$250,000 should have been recognized as other income.
- The Special Committee determined that in 2004 Mr. Jacobson received options to purchase 3.5 million shares of Atlas common stock in violation of the Company's existing stock option plans. The options had an exercise price below the market price of the common stock on the date of the grant, which violated the terms of the plan under which they were granted. The Company did not properly account for the compensation expenses related to the grant.
- The Special Committee found no evidence of accounting irregularities with respect to fixed asset ownership and long-term liabilities.
- The Company's internal control over financial reporting and disclosure controls contained material weaknesses, which led to inadequate and inaccurate disclosures.
- There were inaccurate statements in press releases released by the Company including a press release dated November 28, 2006 that contained inaccurate statements regarding the production capabilities and activities at the Dragon Mine.

Restatements

In the Company's report on Form 8-K filed on October 9, 2007, the Company stated that it concluded that its audited consolidated financial statements and other financial information at and for the fiscal years ended December 31, 2004, 2005, and 2006 could no longer be relied upon based on the accounting for the 2004 sale of halloysite clay to NaturalNano. The Special Committee determined on August 20, 2008, that the financial statements for all periods beginning in 2002 through the second quarter of 2007 could not be relied on.

In addition to the NaturalNano matter, the Board determined that expenses recorded in 2002 through 2006 relating to the value of certain issuances of equity stock and the compensation expenses associated with the vesting of certain stock options granted to officers of the Company were not properly recorded on the financial statements. The Special Committee determined that during the two year term of the NaturalNano contract, the \$250,000 should have been treated as a deposit, but after the expiration of the contract in 2006, the entire \$250,000 should have been recognized as other income. The financial statements for the year ended December 31, 2006 and the quarters ended March 31 and June 30, 2006 and 2007, and September 30, 2006 will be restated.



Report to the SEC

The Special Committee has reported its findings to the staff of the SEC and has advised the staff that the Company intends to cooperate with any investigation that the SEC may commence. In February 2009 the Company's counsel received a formal order of investigation from the SEC. Management and counsel are working with the SEC in this regard.

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ATLAS MINING COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Financial Statements  
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NOTE 3 – RESULTS OF THE INVESTIGATION AND RESTATEMENT OF PRIOR FINANCIAL INFORMATION  
(CONTINUED)

In reporting to the Board and the SEC, the Special Committee noted that the following changes have taken place during 2008:

- In June 2008, Mr. Jacobson resigned as an officer and director.
- As a result of Mr. Jacobson’s resignation, the Company’s Board now consists of a majority of independent directors.
- In July 2008, the Company hired Michael Lyon as interim Chief Executive Officer through the period ended December 31, 2008, who brought more than 35 years of experience in finance, operations, law and strategic planning in a variety of businesses.
- The Company hired experienced securities and disclosure counsel.

The Company has continued to make additional changes it believes will improve management, internal controls and corporate governance including the following:

- Naming Morris D. Weiss as Chief Restructuring Officer. His duties included oversight and management of litigation and property dispositions, other than Dragon Mine, which the Company intends to operate; advising the Board as to other restructuring matters and such other matters as may be assigned to him by the Board.
- The Company appointed PMB Helin Donovan LLP (“PMB”) as independent auditors for the purposes of auditing the financial statements for the years ended December 31, 2006 and December 31, 2007, and conducting other audit procedures on the financial statements for the year ended December 31, 2005 and 2004, and reviewing financial statements for the first Quarter 2007 and 2006, the second Quarter 2008, 2007 and 2006, and third Quarter 2007 and 2006.
- The Company appointed David A. Taft as director.
- The Company entered into a Management Agreement with Material Advisors, LLC, a management services company (“Manager”) to perform or engage others, including Andre Zeitoun, a principal of Manager, Chris Carney and Eric Basroon (“Management Personnel”), to perform senior management services including such services as are customarily provided by a chief executive officer but not (unless otherwise agreed) services customarily provided by a chief financial officer.
- The Company appointed Andre Zeitoun as President and Chief Executive Officer and as a director of Company effective January 1, 2009. Mr. Zeitoun is compensated by Material Advisors LLC.
- The Company appointed Christopher Carney as interim Chief Financial Officer effective February 17, 2009. Mr. Carney is compensated by Material Advisors LLC.

ATLAS MINING COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Financial Statements

December 31, 2007 and 2006

NOTE 3 – RESULTS OF THE INVESTIGATION AND RESTATEMENT OF PRIOR FINANCIAL INFORMATION  
(CONTINUED)

Effects on previously issued 2006 financial statements as follows:

The Company has restated its previously issued 2006 consolidated financial statements for amounts related to the following items: land and tunnels, long-term notes, equity, settlement on mining contract, realized and unrealized gains and losses on available for sale securities, and the related income tax effects. The accompanying financial statements for 2006 have been restated to reflect the corrections. Also, accumulated deficit at January 1, 2006, was increased by \$1,146,697 for adjustments affecting the financial statements prior to that date.

The following is a summary of the restatements for 2006:

Decrease in cost of sales for contract mining	\$77,711
Increase in unrecorded liabilities	7,750
Increase in contract mining production costs	161,236
Increase in general administrative costs, compensation	233,881
Decrease in interest income	112
Increase in realized loss on available for sale securities	39,219
Increase in a settlement of contract	250,000
Decrease in miscellaneous income	3,774
Subtotal	118,261
Income tax effect of restatement	63,269
Increase in 2006 net loss	\$181,530

The effect on the Company's previously issued 2006 financial statements is summarized as follows:

Balance Sheet as of December 31, 2006

	Previously Reported	Increase (Decrease)	Restated
Current Assets (a)(c)	\$1,281,739	\$(1,108 )	\$1,280,631
Property and Equipment (b)	2,977,933	(149,113 )	2,828,820
Total Assets	4,309,881	(200,430 )	4,109,451
Current Liabilities (d)	638,368	114,009	752,377
Long-term Liabilities (e)	216,721	(87,240 )	129,481
Total Liabilities	855,089	26,769	881,858
Stockholders' Deficit:			
Accumulated Deficit – December 31, 2005 (f)	(9,649,505 )	(1,146,697)	(10,796,202)
Net Income (Loss) for 2006	(1,992,922 )	(118,261 )	(2,111,183 )
Accumulated Deficit – December 31, 2006	(12,789,124)	(118,261 )	(12,907,385)
Total Liabilities and Stockholders' Equity	4,309,881	(1,134,703)	3,175,178



ATLAS MINING COMPANY AND SUBSIDIARIES  
Notes to the Consolidated Financial Statements  
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NOTE 3 – RESULTS OF THE INVESTIGATION AND RESTATEMENT OF PRIOR FINANCIAL INFORMATION  
(CONTINUED)

Statement of Operations and Comprehensive Income (loss) for the Year Ended December 31, 2006

	Previously Reported	Increase (Decrease)	Restated
Revenue – Contract Mining	\$3,799,204	\$900	\$3,800,104
Cost of Sales (g)	2,689,530	(77,711 )	2,611,819
Gross Profit	1,109,674	78,611	1,188,285
Exploration and Mining Production Costs (h)	2,143,161	7,750	2,150,911
General & Administrative Expenses (i)	991,266	233,881	1,225,147
Loss from Operations	(2,024,753)	(324,256 )	(2,349,009)
Interest Expense	(20,074 )	(1 )	(20,075 )
Interest Income	30,188	(112 )	30,076
Realized Loss on Securities (j)	-0-	(39,219 )	(39,219 )
Settlement on Contract (k)	-0-	250,000	