



BARCLAYS BANK PLC

(Incorporated with limited liability in England and Wales)

BARCLAYS CAPITAL (CAYMAN) LIMITED

(Incorporated with limited liability in the Cayman Islands)

(Guaranteed by Barclays Bank PLC)

GLOBAL STRUCTURED SECURITIES PROGRAMME

This supplemental base prospectus dated 10 May 2011 (the "**Supplement**") is supplemental to and must be read in conjunction with the Base Prospectus dated 6 August 2010 in respect of the Global Structured Securities Programme (the "**Base Prospectus**") and the supplements dated 17 August 2010, 22 October 2010, 4 November 2010, 12 November 2010, 23 December 2010, 7 March 2011 and 29 March 2011 to the Base Prospectus (together, the "**Prospectus**"), prepared and issued by Barclays Bank PLC and Barclays Capital (Cayman) Limited (each, an "**Issuer**" and together, the "**Issuers**").

This Supplement constitutes a prospectus supplement in respect of the Base Prospectus for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and for the purposes of Section 87G of the UK Financial Services and Markets Act, 2000 (the "**FSMA**"). Investors should be aware of their rights under Section 87Q(4) of the FSMA.

Terms defined in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in the Prospectus, or incorporated by reference into the Base Prospectus, the statements in (a) above shall prevail.

The Issuers and the Guarantor accept responsibility for the information contained in this Supplement and declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of the knowledge of the Issuers and the Guarantor, in accordance with the facts and contains no omission likely to affect the import of such information. Save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of the securities issued under the Base Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

This Supplement has been approved by the United Kingdom Financial Services Authority, which is the United Kingdom competent authority for the purposes of the Prospectus Directive and the relevant implementing measures in the United Kingdom, as a prospectus supplement issued in compliance with the Prospectus Directive and the relevant implementing measures in the United Kingdom for the purposes of giving information with regard to the issue of securities under the Prospectus.

The purpose of this Supplement is to detail, *inter alia*, certain amendments to the provisions relating to Italian Securities set out in the Base Prospectus and accordingly:

- (a) the section headed "Summary" set out on pages 9 to 17 (inclusive) of the Base Prospectus shall be amended as set out at Schedule 1 attached hereto;
- (b) the section headed "Risks Factors" set out on pages 18 to 45 (inclusive) of the Base Prospectus shall be amended as set out at Schedule 2 attached hereto;
- (c) the section headed "Information relating to the Issuers" set out on pages 49 to 58 (inclusive) of the Base Prospectus shall be amended as set out at Schedule 3 attached hereto;
- (d) the section headed "Italian Securities Annex" set out on pages 577 to 583 (inclusive) of the Base Prospectus shall be amended as set out at Schedule 4 attached hereto;
- (e) the section headed "Taxation" set out on pages 699 to 722 (inclusive) of the Base Prospectus shall be amended as set out at Schedule 5 attached hereto; and
- (f) the section headed "Purchase and Sale" set out on pages 722 to 741 (inclusive) of the Base Prospectus shall be amended as set out at Schedule 6 attached hereto

Arranger

Barclays Capital

The date of this Supplement is 10 May 2011.

SCHEDULE 1

SUMMARY

This Schedule 1 sets out certain amendments to the section headed "Summary" set out on pages 9 to 17 (inclusive) of the Base Prospectus

The section headed "Summary" on pages 9 to 17 (inclusive) of the Base Prospectus shall be amended as follows:

1. the sub-section headed "Issuers:" set out on page 10 of the Base Prospectus shall be amended by the insertion of the words "and Italian Securities" after the words "Only the Bank may issue French Securities";
2. the sub-section headed "Call Option and Nominal Call Event:" set out on page 13 of the Base Prospectus shall be amended by the insertion of the following as a new third paragraph thereof:

"Exercisable Certificates that are Italian Securities may be cancelled early by the Issuer exercising its Call Option, at their Issuer Call Optional Cash Settlement Amount.";

3. the following shall be inserted as a new sub-section below the sub-section headed "Specified Early Redemption Event" on page 13 of the Base Prospectus:

"Specified Early Cancellation Event: The Issuer may, or will if automatic early cancellation applies, cancel Warrants and Exercisable Certificates early at their Specified Early Cash Settlement Amount or by delivery of the Specified Early Physical Cancellation Entitlement.";

4. the sub-section headed "Exercise of Securities" beginning on page 13 of the Base Prospectus shall be amended by the insertion of the following as a new third paragraph thereof:

"If an Early Exercise Trigger Event occurs, Exercisable Certificates that are Italian Securities may be exercised on any of the dates specified in the Trigger Event Notice.";
and

5. the sub-section headed "Certain factors are material for the purpose of assessing the risks associated with investing in Securities and which may affect the return on, and value of Securities including:" beginning on page 15 of the Base Prospectus shall be amended by the insertion of the words "(subject to certain conditions)" after the words "in respect of English law Securities, the Issuer may be substituted" on page 16 thereof.

SCHEDULE 2

RISK FACTORS

This Schedule 2 sets out certain amendments to the section headed "Risks relating to the Bank and the Group" set out on pages 18 to 45 (inclusive) of the Base Prospectus

The following sub-paragraph shall be inserted after the sub-paragraph headed "*Financial Services Compensation Scheme*" set out on page 23 to 24 (inclusive) of the Base Prospectus:

"Payment Protection Insurance

Payment Protection Insurance ("**PPI**") has been under scrutiny by the UK competition authorities and financial services regulators. The UK Competition Commission ("**CC**") has undertaken an in-depth enquiry into the PPI market which has resulted in the CC introducing a number of remedies including a prohibition on sale of PPI at the point of sale. Furthermore, a judicial review was launched regarding the treatment of PPI complaints by the FSA and Financial Ombudsman Service. The judgment on the judicial review proceedings was announced on 20 April 2011 in favour of the FSA and the Financial Ombudsman Service. On 9 May 2011, the Bank announced that it will not participate in any application for permission to appeal against the judgment and it will begin to process all on-hold and any new complaints from customers about PPI policies that they hold. While important aspects of the handling of PPI complaints, and therefore the cost of doing so, were not as at the date of this Base Prospectus certain, the Bank is taking a provision to cover the cost of future redress and administration of £1 billion in the second quarter 2011."

SCHEDULE 3

INFORMATION RELATING TO THE ISSUERS

This Schedule 3 sets out certain amendments to the section headed "Information relating to the Issuers" set out on pages 49 to 58 (inclusive) of the Base Prospectus

The sub-section headed "THE BANK AND THE GROUP" set out on pages 49 to 56 (inclusive) of the Base Prospectus shall be amended as follows:

- (a) the second paragraph of the sub-section entitled "*Payment Protection Insurance ("PPI")*" (as inserted on page 51 of the Base Prospectus via item (D)(ii) of the Combined Supplement 1/2011 dated 7 March 2011) shall be deleted and the following substituted therefor:

"On 10 August 2010, the FSA issued a Policy Statement which amends the DISP (Dispute Resolution: Complaints) rules in the FSA Sourcebook for the handling of such complaints. In October 2010, the British Bankers' Association launched a judicial review of the FSA on the basis that the Policy Statement applies incorrect standards for the management of PPI sales complaints, including retrospective application of rules with higher standards than those in place at the time of sale. These proceedings were also against the Financial Ombudsman Service which seeks to implement the same standards for the resolution of complaints referred to it.

The judgment on the judicial review proceedings was announced on 20 April 2011 in favour of the FSA and the Financial Ombudsman Service. On 9 May 2011, the Bank announced that it will not participate in any application for permission to appeal against the judgment and it will begin to process all on-hold and any new complaints from customers about PPI policies that they hold. While important aspects of the handling of PPI complaints, and therefore the cost of doing so, were not as at the date of this Base Prospectus certain, the Bank is taking a provision to cover the cost of future redress and administration of £1 billion in the second quarter 2011.";and

- (b) the sub-section entitled "*Sanctions*" (as inserted on page 51 to 53 of the Base Prospectus via item (D)(vii) of the Combined Supplement 1/2011 dated 7 March 2011) shall be amended by the insertion of the following as a new paragraph:

"London Interbank Offered Rate ("LIBOR")

The FSA, the U.S. Commodity Futures Trading Commission, the SEC and the U.S. Department of Justice are conducting investigations relating to certain past submissions made by the Bank to the British Bankers' Association, which sets LIBOR. The Bank is co-operating with the investigations being conducted by these authorities and is keeping relevant regulators informed. As at the date of this Base Prospectus, it was not possible to predict the ultimate resolution of the issues covered by the various investigations, including the timing and the scale of the potential impact on the Group of any resolution."

SCHEDULE 4

ITALIAN SECURITIES ANNEX

This Schedule 4 sets out certain amendments to the section headed "Italian Securities Annex" set out on pages 577 to 583 (inclusive) of the Base Prospectus

The section headed "**Italian Securities Annex**" on pages 577 to 583 (inclusive) of the Base Prospectus shall be amended as follows:

1. the sub-section headed "**Table of Contents**" on page 577 of the Base Prospectus shall be deleted and the following substituted therefor:

"Part A –DESCRIPTION

1. Brief Description of Italian Securities
2. Risk Factors relating to Italian Securities:
 - 2.1 Valuation of Italian Securities in the secondary market
 - 2.2 Potential conflicts of interest relating to distributors
 - 2.3 Possible illiquidity of Italian Securities in the secondary market where there is no offer to institutional investors
 - 2.4 Certain considerations relating to public offers of the Italian Securities
 - 2.5 Securities with foreign exchange risks – emerging market jurisdictions
 - 2.6 The Securities may be cancelled prior to the Expiration Date

Part B – BASE CONDITIONS

Additional Terms and Conditions for Italian Securities

1. **Amendments to Condition 5.4 of the Base Conditions**
2. Amendments to Condition 6.2 of the Base Conditions
3. Amendments to Condition 6.4 of the Base Conditions
4. Amendments to Condition 9.6 of the Base Conditions
5. Amendments to Condition 15 of the Base Conditions
6. Amendments to Condition 17 of the Base Conditions
7. Amendments to Condition 24 of the Base Conditions

PART C – COMMODITY LINKED ANNEX

Description and Risk Factors

1. Amendments to the Risk Factor headed "If a Commodity Market Disruption Event has occurred or exists on a pricing date, the determination of the value of a Relevant Commodity or Commodity Index may be delayed or postponed and as a consequence the redemption or exercise of the Commodity Linked Securities"

Additional Terms and Conditions for Commodity Linked Securities

2. Amendments to Commodity Linked Condition 7

Definitions and Interpretation Applicable to Commodity Linked Securities

3. Amendments to the definition of "Disruption Fallback"

PART D – EQUITY LINKED ANNEX

Additional Terms and Conditions for Equity Linked Securities

1. Amendments to Equity Linked Condition 1.2
2. Amendments to Equity Linked Condition 1.5
3. Amendments to Equity Linked Condition 2.1
4. Amendments to Equity Linked Condition 2.5.1
5. Amendments to Equity Linked Condition 3.1
6. Amendments to Equity Linked Condition 5.1
7. Amendments to Equity Linked Condition 8

Definitions and Interpretation Applicable to Equity Linked Securities

1. Amendments to the definition of "Cash Amount"
2. Amendments to the definition of "Expenses"

PART E – FORM OF FINAL TERMS

1. Amendments to Form of Final Terms;
2. the sub-section headed "**Risk Factors relating to Italian Securities**" in "**PART A – DESCRIPTION AND RISK FACTORS**" beginning on page 578 of the Base Prospectus shall be amended as follows:
 - 2.1 the words ", for so long as the rules of the SeDeX so require," shall be inserted after the words "the Issuer (or an entity on behalf of the Issuer) will" on the fourth line of sub-paragraph 2.4 headed "Possible illiquidity of Italian Securities in the secondary market where there is no offer to institutional investors";
 - 2.2 sub-paragraph 2.5 headed "Securities providing for the application of a cap to the Reference Asset" shall be deleted and the following substituted therefor:

"2.5 The Securities may be cancelled prior to the Expiration Date

The applicable Final Terms for a particular Series of Italian Securities may provide that the Issuer has a right to cancel the Securities by giving notice during the specified Issuer Call Notice Period. If a Security is so cancelled, depending on the prevailing market conditions and the relevant terms of such Security in relation to the cancellation, the relevant Settlement Amount in respect of such Security may be lower than the purchase price of such Security paid by the Securityholder and may be zero. As a consequence, the Securityholder may not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through a cancellation may be able to do so only in securities with a lower yield than the cancelled Securities.";

- 2.3 sub-paragraph 2.6 headed "Certain Considerations relating to Italian Securities" shall be deleted and the following substituted therefor:

"2.6 Certain considerations relating to public offers of the Italian Securities

If the Italian Securities are distributed by means of a public offer, under certain circumstances indicated in the applicable Final Terms, the Issuer and/or the other entities indicated in the Final Terms, will have the right to withdraw the offer and the offer will be deemed to be null and void in accordance with the applicable Final Terms. In such a case, investors who have already paid or delivered the subscription amounts in respect of such Securities will be entitled to the reimbursement of such subscription amounts but there may be a time lag in making any reimbursements, no amount will be payable as compensation and the applicant may be subject to reinvestment risk.

Furthermore, under certain circumstances, the Issuer and/or the other entities indicated in such Final Terms, will have the right to postpone the originally-designated issue date. In the event that the issue date is so delayed, no compensation will be payable.";

- 2.4 sub-paragraph 2.7 headed "**Listing of Securities**" and sub-paragraph 2.8 headed "**Securities with foreign exchange risks – emerging market jurisdictions**" shall be deleted and the following substituted therefor:

"2.7 Securities with foreign exchange risks – emerging market jurisdictions

Prospective investors should be aware that the risks set out in the risk factor headed "Securities with foreign exchange risks" in the section headed "Risk Factors" of the Base Prospectus may be amplified in respect of Italian Securities where any relevant currency is the currency of an emerging market jurisdiction."; and

3. the sub-section headed "**PART B – ADDITIONAL TERMS AND CONDITIONS FOR ITALIAN SECURITIES**" beginning on page 581 of the Base Prospectus shall be deleted and the following substituted therefor:

"PART B – ADDITIONAL TERMS AND CONDITIONS FOR ITALIAN SECURITIES

Italian Securities will only be issued by the Bank. BCCL will not issue Italian Securities and references in the Conditions of Italian Securities to the "Issuer" shall be construed to refer only to the Bank

In respect of Italian Securities, the Base Conditions shall be amended as follows:

1. Amendments to Condition 5.4 of the Base Conditions

Condition 5.4 of the Base Conditions (*Early Redemption or Adjustment following the occurrence of an Additional Disruption Event*) beginning on page 153 of the Base Prospectus shall be amended by the deletion of the words "at its sole and absolute discretion" and the substitution of the words "in good faith and in a reasonable manner" therefor.

2. Amendments to Condition 6.2 of the Base Conditions

Condition 6.2 of the Base Conditions (*Cancellation or Adjustment following the occurrence of an Additional Disruption Event or Cancellation following the occurrence of a Nominal Call Event or Cancellation following the occurrence of a Specified Early Cancellation Event*) beginning on page 157 of the Base Prospectus shall be amended by:

- (a) the amendment of the title thereof to read: "Cancellation or Adjustment following the occurrence of an Additional Disruption Event or Cancellation following the occurrence of a Nominal Call Event or Cancellation following the occurrence of a Specified Early Cancellation Event or Cancellation at the option of the Issuer or Cancellation following the occurrence of an Early Exercise Trigger Event";
- (b) the deletion of the words "at its sole and absolute discretion" in Condition 6.2(a) thereof and the substitution of the words "in good faith and in a reasonable manner" therefor;
- (c) the deletion of the words "at its sole and absolute discretion" in Condition 6.2(a)(i) thereof and the substitution of the words "in good faith and in a reasonable manner" therefor;
- (d) the deletion of the word "commercially" in Condition 6.2(a)(i) thereof; and
- (e) the insertion of the following as paragraphs (d) and (e) thereof:

"(d) In relation to Italian Securities, if "Call Option" is specified as applicable in the applicable Final Terms, the Issuer may, on giving not less than 15 Business Days' irrevocable notice to Securityholders (such notice an **"Issuer Call Cancellation Notice"**) (or such other notice period as may be specified in the applicable Final Terms) (such period, the **"Issuer Call Notice Period"**) in accordance with Condition 16, provided that such notice is delivered within the Issuer Call Option Exercise Period, cancel some or all of the Securities in whole but not in part, subject to Conditions 7, 8 and 9 at its Issuer Call Optional Cash Settlement Amount together with accrued interest on the relevant Optional Cash Settlement Date

In the event that any option of the Issuer is exercised with respect to some but not all of the Securities of any Series and any such Securities are Cleared Securities, the rights of accountholders with the Relevant

Clearing System in respect of the Securities will be governed by the standard procedures and Relevant Rules (to be reflected in the records of the Relevant Clearing Systems as either a pool factor or a reduction in number, as applicable at their discretion);

- (e) In relation to Italian Securities, if "Early Exercise Trigger Event" is specified as applicable in the applicable Final Terms and an Early Exercise Trigger Event occurs, the Issuer shall give notice (a "**Trigger Event Notice**") to Securityholders in accordance with Condition 16 and any Securityholder may, on any of the dates specified in the relevant Trigger Event Notice, exercise some or all of the Securities held by it by the delivery of a Security Exercise Notice in accordance with Condition 6.3(a) of the Base Conditions. Any such date on which the Securities may be exercised shall also be an "**Eligible Exercise Date**" for the purposes of the Conditions.

Following such exercise, each relevant Security will be settled by the Issuer at its Trigger Early Cash Settlement Amount specified in the applicable Final Terms on the Trigger Early Cash Settlement Date specified in the applicable Final Terms."

3. Amendments to Condition 6.3 of the Base Conditions

Condition 6.3(a) of the Base Conditions (*Exercise and Cancellation Procedure*) beginning on page 160 of the Base Prospectus shall be amended by the deletion of the words ", Settlement Expenses," in the fourth line of the penultimate paragraph thereof.

4. Amendments to Condition 6.4 of the Base Conditions

Condition 6.4 of the Base Conditions (*Exercise or Cancellation of Securities that are Warrants or Exercisable Certificates – Automatic Exercise - Application of Automatic Exercise*) beginning on page 162 of the Base Prospectus shall be amended by:

- (a) the addition of the words "and to the provisions of Condition 6.4(c)" after the words "(subject to the Exercise Parameters)" in Condition 6.4(a)(ii); and
- (b) the addition of the following as a new Condition 6.4(c) after Condition 6.4(b) of the Base Conditions:

"(c) Italian Securities

For so long as the Securities are admitted to listing on the Italian Stock Exchange and to trading on the Electronic Securitised Derivatives Market (SeDeX) of Borsa Italiana S.p.A., then at any time prior to the Renouncement Notice Cut-Off Time, any Securityholder may renounce Automatic Exercise of any Securities held by such Securityholder in accordance with the rules of the Italian Stock Exchange applicable from time to time by the giving of a duly completed Renouncement Notice to the Relevant Clearing System with a copy to the Issuer and the Issue and Paying Agent. Once delivered a Renouncement Notice shall be irrevocable and a Securityholder will not transfer the Securities the subject of the Renouncement Notice. If a duly completed Renouncement Notice is validly delivered prior to

the Renouncement Notice Cut-off Time, the relevant Securityholder will not be entitled to receive any amounts payable by the Issuer in respect of relevant Securities and the Issuer shall have no further liability in respect of such amounts.

Any determination as to whether a Renouncement Notice is duly completed and in proper form shall be made by the Relevant Clearing System (in consultation with the Issuer and the Issue and Paying Agent) and shall be conclusive and binding on the Issuer, the Issue and Paying Agent and the relevant Securityholder. Subject as follows, any Renouncement Notice determined to be incomplete or not in proper form shall be null and void. If such Renouncement Notice is subsequently corrected to the satisfaction of the Relevant Clearing System in consultation with the Issuer and the Issue and Paying Agent, it shall be deemed to be a new Renouncement Notice submitted at the time such correction was delivered to the Relevant Clearing System, with a copy to the Issuer and the Issue and Paying Agent."

5. Amendments to Condition 7.3 of the Base Conditions

Condition 7.3 of the Base Conditions (*Conditions to Settlement*) on page 169 of the Base Prospectus shall be amended by the insertion of the words ", the Trigger Early Cash Settlement Date, the Issuer Call Optional Cash Settlement Date" after the words "the Early Physical Cancellation Date" in the eighth line of the final paragraph thereof.

6. Amendments to Condition 9.6 of the Base Conditions

Condition 9.6 of the Base Conditions (*Taxes, Settlement Expenses and Exercise Price Conditions to Settlement*) on page 177 of the Base Prospectus shall be amended by:

- (a) the deletion of the words ", Settlement Expenses" in the heading thereof;
- (b) the deletion of the words "and Settlement Expenses" after the words "applicable Taxes" in the third line thereof; and
- (c) the deletion of the words "Settlement Expenses," after the words "such applicable Taxes," in the fifth line thereof.

7. Amendments to Condition 15 of the Base Conditions

Condition 15 of the Base Conditions (*Unlawfulness or impracticability*) beginning on page 182 of the Base Prospectus shall be amended by the deletion of the words "at its sole and absolute discretion" and the substitution of the words "in good faith and in a reasonable manner" therefor.

8. Amendments to Condition 17 of the Base Conditions

Condition 17.2 of the Base Conditions (*Substitution*) on page 185 of the Base Prospectus shall be amended by the insertion of the following as a new paragraph three:

"The provisions of this Condition 17.2 shall not apply to the Securities for so long as (a) the Securities are admitted to listing on Borsa Italiana S.p.A. and to trading on the Electronic Securitised Derivatives Market (SeDeX) of Borsa Italiana S.p.A. and (b) the rules of Borsa Italiana S.p.A. so require.";

9. Amendments to Condition 24 of the Base Conditions

Condition 24 of the Base Conditions (*Definitions*) beginning on page 189 of the Base Prospectus shall be amended by:

- (a) the deletion of the definition of "Additional Disruption Event" therein and the substitution of the following therefor:

"Additional Disruption Event" means, with respect to a Series of Securities, each of Change in Law and Issuer Tax Event. For the avoidance of doubt, in the event of any inconsistency between any applicable Relevant Annex(es) and the applicable Final Terms as to what constitutes an Additional Disruption Event for the purposes of the Securities, the Final Terms shall prevail.";

- (b) the deletion of the definition of "Change in Law" therein and the substitution of the following therefor:

"Change in Law" means that, on or after the Trade Date (a) due to the adoption or announcement of or any change in any applicable law or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in good faith and in a reasonable manner that it has become illegal for the Issuer and/or any of its Affiliates to hold, acquire, deal in or dispose of the Hedge Positions relating to the Securities or contracts in securities, options, futures, derivatives or foreign exchange relating to such Securities.";

- (c) the deletion of the definition of "Disruption Cash Settlement Price" therein and the substitution of the following therefor:

"Disruption Cash Settlement Price" means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, an amount per Calculation Amount, determined by the Determination Agent as the pro rata proportion of the market value of the Securities on or about the Disruption Cash Settlement Date (which shall take into account, where some but not all of the Reference Assets comprising the Entitlement have been duly delivered pursuant to Condition 7.2(a), the value of such Reference Assets).";

- (d) the deletion of the definition of "Early Cash Settlement Amount" therein and the substitution of the following therefor:

"Early Cash Settlement Amount" means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, in respect of any early redemption or cancellation of the Securities, an amount per Calculation Amount determined by the Determination Agent as the pro rata proportion of the market value of the Securities following the event triggering the early redemption or cancellation. In determining the Early Cash Settlement Amount, the Determination Agent may take into account prevailing market prices

and/or exchange rates and/or the price or level of any Reference Asset(s) The Early Cash Settlement Amount will be determined by the Determination Agent on or as soon as reasonably practicable following the event giving rise to the early redemption or cancellation of the Securities. For the purposes of calculating any Early Cash Settlement Amount at any time following an Event of Default, the Determination Agent will ignore the effect of such Event of Default upon the market value of the Securities.";

- (e) the deletion of the definition of "Local Market Expenses" therein;
- (f) ""the deletion of the definition of "Settlement Amount" therein and the substitution of the following therefor:

""**Settlement Amount**" means the Final Cash Settlement Amount, the Optional Cash Settlement Amount, the Optional Cash Settlement Amount, the Alternate Cash Settlement Amount, the Early Cash Settlement Amount, the Specified Early Cash Settlement Amount, the Trigger Early Cash Settlement Amount, Issuer Call Optional Cash Settlement Amount, the Exercise Cash Settlement Amount, or the Disruption Cash Settlement Price, as applicable.";

- (g) the deletion of the definition of "Settlement Expenses" therein;
- (h) the deletion of the definition of "Specified Early Cash Settlement Amount" therein and the substitution of the following therefor:

""**Specified Early Cash Settlement Amount**" means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, an amount per Calculation Amount determined by the Determination Agent as the pro rata proportion of the market value of the Securities on or about the date the Specified Early Redemption Notice or Specified Early Cancellation Notice, as possible, is given by the Issuer, and in any event no later than the last day of the Specified Early Redemption Notice Period or Specified Early Cancellation Notice Period, as applicable. In determining the Specified Early Cash Settlement Amount, the Determination Agent may take into account prevailing market prices and/or exchange rates and/or the price or level of any Reference Asset(s)."; and

- (i) the insertion of the following definitions in alphabetical order:

""**Issuer Call Notice Period**" as defined in Condition 6.2(d).

"Issuer Call Optional Cash Settlement Amount" means, unless otherwise specified in any applicable Relevant Annex or the applicable Final Terms, an amount per Calculation Amount determined by the Determination Agent as the pro rata proportion of the market value of the Securities on or about the date the Issuer Call Cancellation Notice is given by the Issuer and in any event no later than the last day of the relevant Issuer Call Notice Period. In determining the Issuer Call Optional Cash Settlement Amount, the Determination Agent may take into account prevailing market prices and/or exchange rates and/or the price or level of any Reference Asset(s).

"Issuer Call Option Exercise Period" means the period specified as such in the applicable Final Terms.

"Italian Stock Exchange" means Borsa Italiana S.p.A.

"Optional Cash Settlement Date" means the last day of the relevant Issuer Call Notice Period or such other date specified in or determined in accordance with the applicable Final Terms.

"Relevant Clearing System" means, as appropriate, Euroclear, Clearstream, Monte Titoli S.p.A. and/or such other clearing system specified in any applicable Relevant Annex or in the applicable Final Terms, as the case may be through which interests in Securities are to be held and/or through an account at which the Securities are to be cleared.

"Renouncement Notice" means a notice to be completed in accordance with the Rules of the Italian Stock Exchange and delivered to the Relevant Clearing Systems, which allows the relevant Securityholder to renounce Automatic Exercise of the Securities.

"Renouncement Notice Cut-Off Time" means, in respect of a Series of Securities, the time on a designated date, specified as the Renouncement Notice Cut-off Time in the applicable Final Terms, which shall be the latest time at which a Securityholder can deliver a duly completed Renouncement Notice in accordance with the Conditions.

"Trigger Early Cash Settlement Amount" is as defined in the applicable Final Terms.

"Trigger Early Cash Settlement Date" is as defined in the applicable Final Terms.";

4. **"PART C - DEFINITIONS AND INTERPRETATION APPLICABLE TO ITALIAN SECURITIES"** on page 583 of the Base Prospectus shall be deleted and the following substituted therefor:

"PART C – COMMODITY LINKED ANNEX"

In respect of Italian Securities, Part A "Description and Risk Factors", Part B "Additional Terms and Conditions for Commodity Linked Securities" and Part C "Definitions and Interpretation Applicable to Commodity Linked Securities" of the Commodity Linked Annex beginning on page 241 of the Base Prospectus shall be amended as follows:

1. Description and Risk Factors

The word "commercially" shall be deleted from the Risk Factor headed "If a Commodity Market Disruption Event has occurred or exists on a pricing date, the determination of the value of a Relevant Commodity or Commodity Index may be delayed or postponed and as a consequence the redemption or exercise of the Commodity Linked Securities" in Part A of the Commodity Linked Annex.

2. Additional Terms and Conditions for Commodity Linked Securities

The only Commodity Business Day Convention applicable to Italian Securities is the Following Commodity Business Day Convention. Accordingly, the definitions of "Modified Following", "Nearest" and "Preceding" in Commodity Linked Condition 7 (*Commodity Business Day Convention*) on page 259 of the Base Prospectus of the shall not be relevant for the purpose of the Securities.

3. Definitions and Interpretation Applicable to Commodity Linked Securities

The word "commercially" in subsection (b)(iv) of the definition of "Disruption Fallback" in Section 2 (*Terms relating to Commodity Market Disruption Events and Disruption Fallback*) of Part C of the Commodity Linked Annex on page 264 of the Base Prospectus shall be deleted."; and

5. the following text shall be inserted after PART C of such section:

"PART D – EQUITY LINKED ANNEX

In respect of Italian Securities, Part B "Additional Terms and Conditions for Equity Linked Securities" and Part C "Definitions and Interpretation Applicable to Equity Linked Securities" of the Equity Linked Annex beginning on page 377 of the Base Prospectus shall be amended as follows:

1. Additional Terms and Conditions for Equity Linked Securities

- (a) the word "substantially" in the title and in the third line of Equity Linked Condition 1.2 (*Successor Index Sponsor or Substitution of Index with substantially similar calculation*) on page 382 of the Base Prospectus shall be deleted;
- (b) Equity Linked Condition 1.5 (*Futures Price Valuation*) beginning on page 383 of the Base Prospectus shall be deleted;
- (c) Equity Linked Condition 2.1 (*Potential Adjustment Events*) shall be deleted and the following substituted therefor:

"2.1 Potential Adjustment Events

The Issuer may at any time determine and declare that a Potential Adjustment Event has occurred. Following such declaration by the Issuer of any Potential Adjustment Event, the Determination Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (i) make the corresponding adjustment(s), relevant to the exercise, settlement, payment or other terms of the Securities as the Determination Agent determines appropriate to account for the diluting or concentrative effect of such Potential Adjustment Event (the "**Adjustment(s)**") and (ii) determine the effective date(s) of the Adjustment(s). The Determination Agent may (but need not) determine the appropriate Adjustment(s) by reference to the Adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Shares traded on that options exchange.

Notwithstanding the above, the Issuer may alternatively, on giving notice to the Securityholders in accordance with Condition 16 of the Base Conditions, elect, in lieu of the Determination Agent making an Adjustment in respect of a Potential Adjustment Event, to deliver to each Securityholder one or more additional Securities (the "**Adjustment Event Securities**") and/or pay to each Securityholder a cash amount (the "**Adjustment Event Amount**") to account for the

diluting or concentrative effect of such Potential Adjustment Event. Where the Issuer elects to deliver Adjustment Event Securities, such Adjustment Event Securities will be issued on the same (or substantially the same) terms as the relevant Securities as the Determination Agent may determine. In such notice the Issuer will set out the amount of Securities to be delivered and/or cash to be paid and the manner in which such delivery and/or payment is to be made.

For the avoidance of doubt, if the Issuer determines and declares that a certain event constitutes a Potential Adjustment Event, then Equity Linked Condition 6 below shall not apply in respect of such event.";

- (d) Equity Linked Condition 2.5.1 (*Substitution of Shares*) beginning on page 386 of the Base Prospectus shall be deleted and the following substituted therefor:

"2.5.1 If "Substitution of Shares - Standard" is specified as applicable in the applicable Final Terms, if any Share shall be affected by a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting, as the case may be, (the "**Affected Shares**") then without prejudice to the rights that the Securityholder has under the Securities (as described above), the Issuer or the Determination Agent on its behalf shall have the discretion to substitute the Affected Shares with substitute shares (the "**Substitute Shares**") as selected by the Determination Agent in its sole discretion for inclusion in the Basket of Shares as of the Announcement Date or the Tender Offer Date, as the case may be.

The Substitute Shares shall have such criteria as the Determination Agent deems appropriate including, but not limited to, the following:

- (i) the Substitute Shares shall be of same broad economic sector as the Share Company of the Affected Shares;
- (ii) the issuer of the Substitute Share shall be of a similar international standing and creditworthiness as the Share Company of the Affected Shares;
- (iii) the Substitute Share shall be listed on a stock exchange, market or quotation system which, for so long as the Italian Securities are admitted to listing on Borsa Italiana S.p.A. and to trading on the Electronic Securitised Derivatives Market (SeDeX) of Borsa Italiana S.p.A., is acceptable to Borsa Italiana S.p.A.; and
- (iv) the Substitute Share shall not be a Share already in the Basket of Shares.

The Initial Price of the Substitute Shares shall be determined in accordance with the following:

Initial Price = Substitute Price x (Affected Share(k)/Affected Share(j))

where:

"Substitute Price" means the official closing price per Share of the relevant Substitute Shares as of the Valuation Time on the dates on which the Affected Share(j) is determined or if such date is not a Scheduled Trading Date on the relevant Exchange in respect of the Substitute Shares, the following Scheduled Trading Date of the Substitute Shares;

"Affected Share(k)" means the "Initial Price" of the relevant Affected Shares as specified in the applicable Final Terms; and

"Affected Share(j)" means the last closing price per Share of the Affected Shares on or prior to the Announcement Date or the Tender Offer Date (as the case may be).

The Determination Agent shall notify the Securityholders as soon as practicable after the selection of the Substitute Shares and the failure by the Determination Agent to give such notice shall not however prejudice or invalidate the Substitute Shares being included as of the time and date specified above.

If Physical Settlement is specified in the Settlement Method in the applicable Final Terms or is elected by the Issuer or Securityholder pursuant to Condition 5 or 6 of the Base Conditions (as the case may be), Entitlement Substitution shall be deemed to be applicable with respect to a series of Share Linked Securities.";

- (e) Equity Linked Condition 3.1 (*Consequences of Disrupted Days following a Market Disruption Event*) beginning on page 387 of the Base Prospectus shall be amended by the deletion of the word "commercially" in:
 - (i) the fifth line of Condition 3.1.1 thereof;
 - (ii) the penultimate line of Condition 3.1.2 thereof; and
 - (iii) the penultimate line of Condition 3.1.3 thereof;
- (f) Equity Linked Condition 5 (*FX Disruption Event*) on page 389 of the Base Prospectus shall be amended by the insertion of the words "In respect of Securities other than Italian Securities," at the beginning of sub-paragraph 5.1.2; and
- (g) no Additional Disruption Events shall be applicable to Italian Securities. Accordingly, Equity Linked Condition 8 (*Additional Disruption Events*) on page 397 of the Base Prospectus shall not be relevant for the purpose of the Securities.

2. Definitions and Interpretation applicable to Equity Linked Securities

- (a) the words "in its sole and absolute discretion" shall be deleted in the definition of "Cash Amount" in Section 1 and the words "in a reasonable manner" substituted therefor;

- (b) the words "and Expenses" shall be deleted in the definition of "Cash Amount" in Section 1;
- (c) the definition of "Expenses" in Section 1 shall be deleted and the following substituted therefor:

""Expenses" means, in respect of a Security, all Taxes arising in connection with the redemption of such Security and/or delivery or transfer of the Relevant Assets."."

PART E – PRO FORMA FINAL TERMS FOR WARRANTS AND EXERCISABLE CERTIFICATES

In respect of Italian Securities, the "Pro Forma Final Terms for Warrants and Exercisable Certificates" (the "**Form of Final Terms**") beginning on page 99 of the Base Prospectus shall be amended as follows:

1. Provisions Relating to Issuer Call Option and Early Exercise

The following paragraphs shall be inserted after item 66 of Part A of the Form of Final Terms:

"Additional cancellation and exercise provisions for Italian Securities

- | | | |
|-----|--|---|
| 41. | Call Option: | [Applicable][N/A] <i>(if not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| | (i) Issuer Call Optional Cash Settlement Amount: | [●] <i>(specify formula or methodology for calculation)</i> [[●] per Calculation Amount][As defined in Condition 24 of the Base Conditions] [N/A] |
| | (ii) Optional Cash Settlement Date: | [As defined in Condition 24 of the Base Conditions] [Other <i>(specify)</i>] |
| | (iii) Issuer Call Option Exercise Period: | [●] [N/A] |
| | (iv) Issuer Call Notice Period: | [As per Condition 6.2(d)] [Other <i>(specify)</i>] [N/A] |
| 42. | Early Exercise Trigger Event: | [Applicable <i>(specify)</i>]: [●] [N/A] |

- (i) Trigger Early Cash ☒ (specify formula or methodology
Settlement Amount: for calculation)]
[Other (specify)]
[N/A]
- (ii) Trigger Early Cash ☒ Business Days following the
Settlement Date: Actual Exercise Date]
[Other (specify)]
[N/A]"

SCHEDULE 5

TAXATION

This Schedule 5 sets out certain amendments to the section headed "Taxation" set out on pages set out on pages 699 to 722 (inclusive) of the Base Prospectus

The sub-section headed "**3 Italian Taxation**" beginning on page 718 of the Base Prospectus shall be amended as follows:

1. the fifth paragraph shall be deleted and the following substituted therefor:

"Any capital gains realised by a Securityholder which is an Italian pension fund (subject to the regime provided by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. ad hoc substitute tax.

Capital gains realised by non-Italian resident Securityholders are not subject to Italian taxation provided that the Italian Securities (i) are transferred on regulated markets, or (ii) if not transferred on regulated markets, are held outside Italy.

The provisions of the applicable tax treaties against double taxation entered into by Italy apply if more favourable and all relevant conditions are met.";

2. the following text shall be inserted after the final paragraph of the sub-section headed "**Atypical Securities**":

"The withholding is levied by the Italian intermediary appointed by the Issuer, intervening in the collection of the relevant income or in the negotiation or repurchasing of Italian Securities.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, (Decree No. 262), converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding EUR 1,000,000;
- (b) transfers in favour of relatives to the fourth degree and relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding EUR 100,000; and
- (c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift."; and

3. the paragraph headed "EU Savings Directive" shall be deleted.

SCHEDULE 6

PURCHASE AND SALE

This Schedule 6 sets out certain amendments to the section headed "Purchase and Sale" set out on pages 722 to 741 (inclusive) of the Base Prospectus

The sub-section headed "**Republic of Italy**" beginning on page 730 of the Base Prospectus shall be amended as follows:

1. all references to "Italian Securities" shall be deleted and replaced with "Securities";
2. the words "Article 34-ter of" shall be inserted before the words "Regulation No.11971" in subparagraph (ii) of the first paragraph thereof; and
3. the final paragraph shall be deleted and the following substituted therefor:

"Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies, Securities which are initially offered and placed in Italy or abroad to qualified investors only but in the following year are continuously (*sistematicamente*) distributed on the secondary market in Italy become subject to the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Securities being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors."