EXHIBIT 10

FILED UNDER SEAL

From:	Chapman, Gavin: Credit markets (NYK) [/O=BZW/OU=EUROPE/CN=RECIPIENTS/CN=EXCHANGE RECIPIENTS/CN=CHAPMANG]
Sent:	Tuesday, January 29, 2008 12:39:07 PM
To:	Hamilton, Tom: RMBS Trading (NYK); Orciuoli, Ralph: FI (NYK)
CC:	Willett, Bradford: Credit Derivatives (NYK); Hutchinson, Severina: RMBS (NYK)
Subject:	US ABS presentation
Importance:	High
Attachments:	ABS CMBS Presentation Jan 2008 v4.ppt

Final presentation attached
rgds, Gavin

Brad, treat this as the final presentation for tomorrow

From: Hutchinson, Severina: RMBS (NYK)
Sent: Tuesday, January 29, 2008 7:30 AM
To: Chapman, Gavin: Credit markets (NYK)
Subject: Presentation
Importance: High

Hi Gavin,

Can you please send Ralph and Tom the most recent presentation for tomorrow?

Thank you vm:)

Severina Hutchinson
RMBS Trading
Barclays Capital
200 Park Avenue
New York, NY 10166
Direct Dial:(212) 412-1538
Fax: (212) 412-1900
E-mail: Severina.Hutchinson@barcap.com
Blackberry: (646) 753-3180

EXHIBIT 284
WIT: HAMILTON
DATE: 10-6-15
E. Mulvenna, CSR/RMR/CRR

Document Produced in Native Format

BARCLAYS CAPITAL

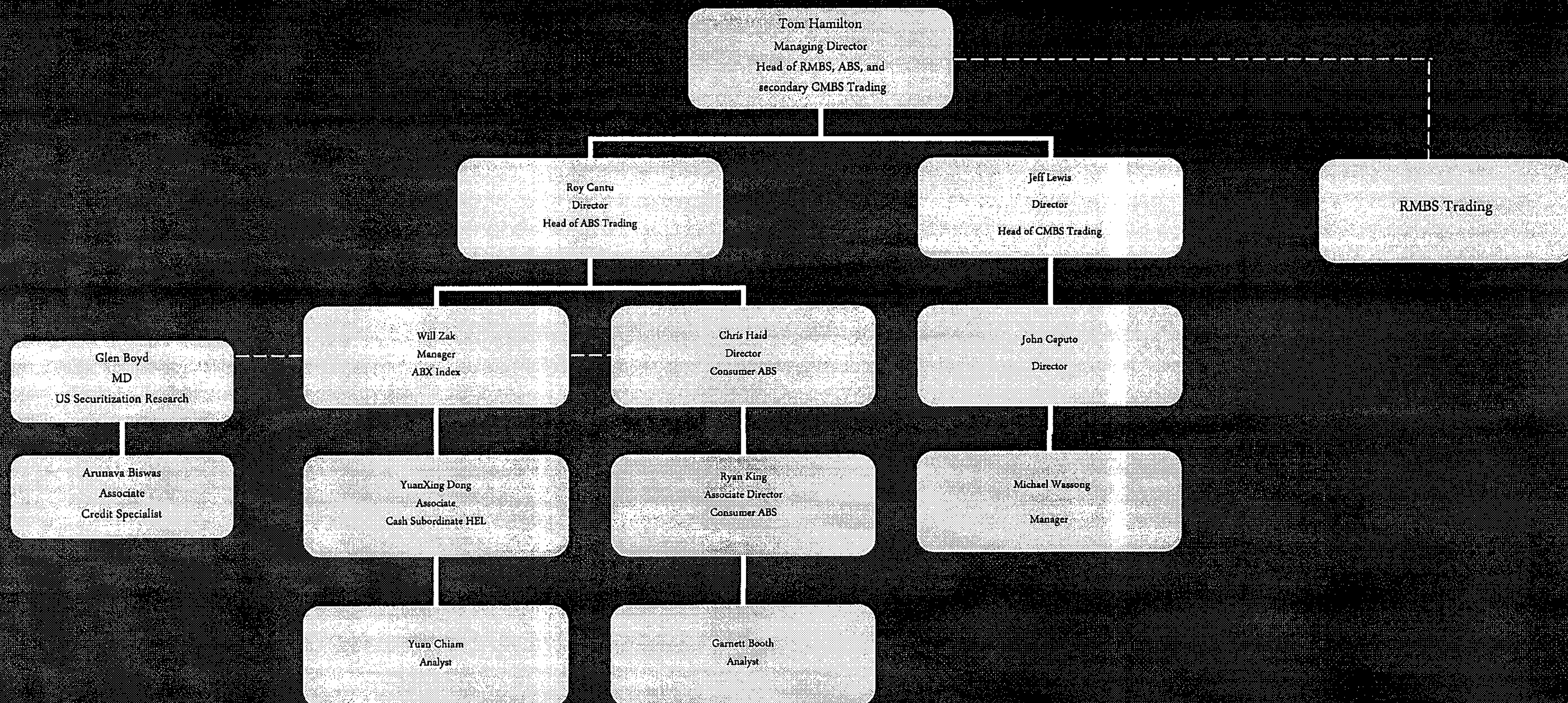
US ABS, CMBS & Whole Loans Trading: 2007 Review, Risks & Outlook for 2008

January 30, 2008

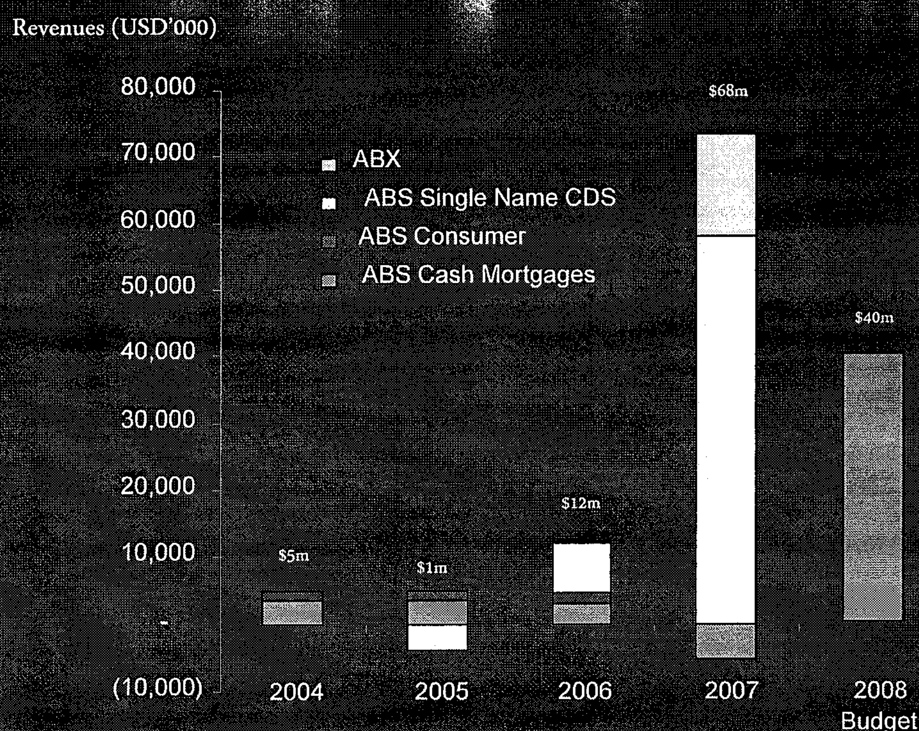
Content

BARCLAYS CAPITAL

Organization Chart



Historical Performance: ABS Trading



Sales Credits	$11m	$15	$35m	$62m
WRAs (mm)	$391	$1,756	$1,566	$1416
Headcount	3	4	5	5
Rtn on WRAs	1.2%	0.1%	0.8%	2.6%

- ABS Trading is the main core business of the desk
- Exceptional P&L performance in 2007 as desk took full advantage of distressed situations arising from July onwards in subprime asset class

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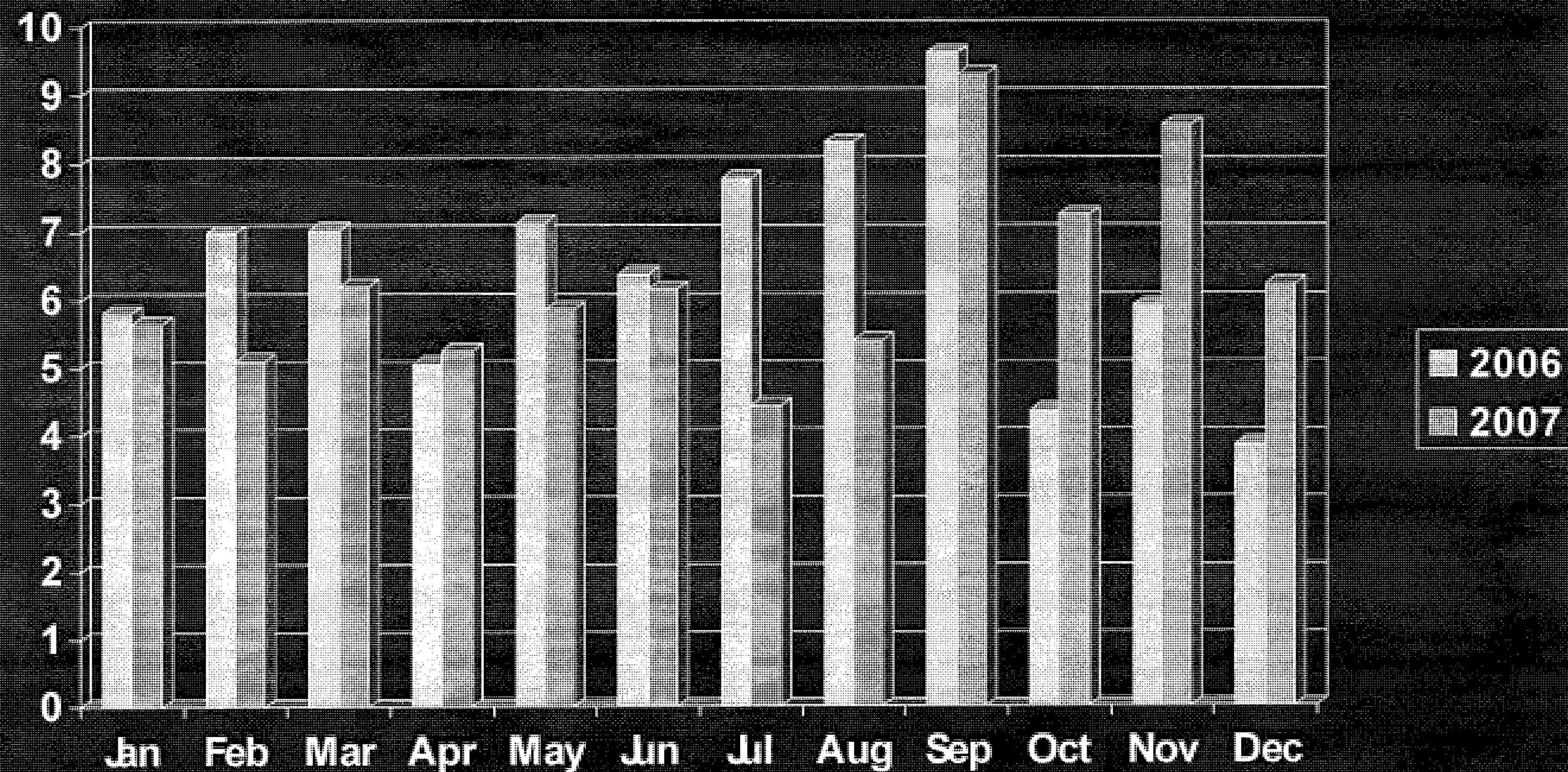
2006 vs. 2007 ABS Trading Volume by Month in Billions



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Top Accounts/Sales Credits: ABS Trading

ABS
2007

Counterparty:	Top 10: $25,643,717
Bracebridge Capital	5,775,673
Morgan Stanley	5,462,588
Winchester	3,688,426
State Street Global Advisors	2,268,020
Citibank	1,820,733
GMO	1,790,157
Credit Suisse	1,508,595
UBS AG	1,217,716
Prudential	1,090,560
UBS Wealth	1,021,249

ABS
2006

Counterparty:	Top 10: $12,246,528
Bracebridge Capital	3,354,892
[redacted]	1,368,125
UBS AG	1,278,781
[redacted]	1,181,235
[redacted]	1,008,091
[redacted]	890,731
Citibank	880,625
[redacted]	814,965
[redacted]	742,500
Morgan Stanley	726,583

2005 Top 10 = $5,668,632
2004 Top 10 = $5,892,365

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Major Risks/ Risk Management: ABS Trading

Major Risks:

- ➢ Asset-Backed Securities Market "Seizes Up"
  - Key products such as ABX and single name CDS cease to exist as new production ceases
- ➢ Real Estate Crisis Spreads to Consumer ABS
  - Default rise on auto, credit card, and student loans
- ➢ Gap Risk
  - Government bailout adversely impacts short positions
- ➢ Counterparty Risk
  - Significant Hedge Fund exposure

Risk Management:

- ➢ Continue to run a long / short book using the following instruments
  - Cash and synthetic single name ABS, ABX, Corporate single name CDS and indices
  - Interest rate swaps and Eurodollars

Reorganization/ New Business Thoughts

ABS Trading

1. Integrate Research Capabilities into the Daily Operations of the Desk

- Trading in a distressed credit market requires more analytics and research support

2. Potential add of products to our platform:

- CDO Cash and Synthetics
- Alt A Sub Cash and Synthetics
- Related Indices (RPX)

3. Implement risk systems that monitor counterparty exposure

- Counterparty risk is always a concern in large derivative markets

4. Staffing - Adequate for our 2008 plans

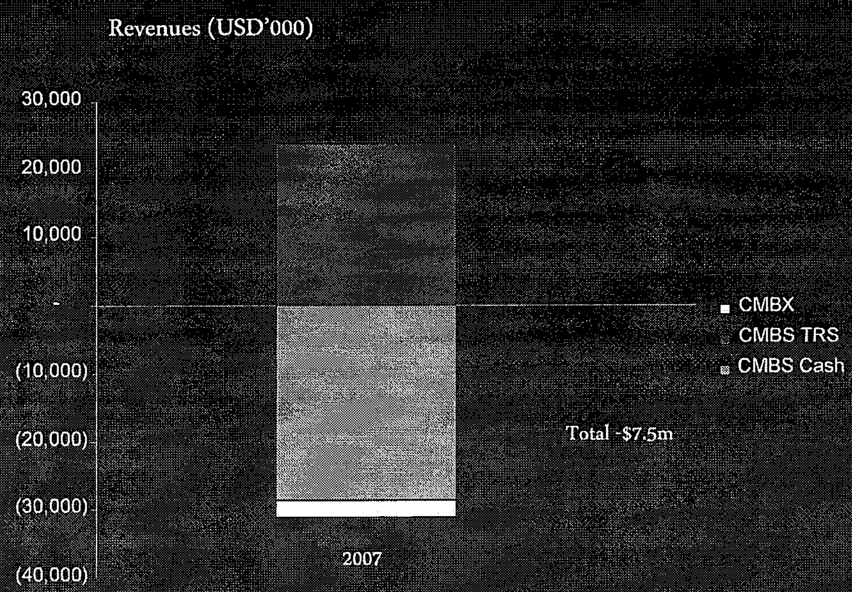
Budget and Goals for ABS

Budget for 2008 = $40 million

GOALS

- Tremendous opportunities to trade in an extremely large distressed market
- Use the desk's marketing machine to position ourselves to clients as experts in trading distressed credits
- Consolidate all MBS/ ABS credit products under one trading framework and thus exploit synergies amongst various sectors
- Run an aggressive, but nimble book and take market share and profits from competitors that are weighed down by legacy positions and/or unwilling to take new risk

Historical Performance: CMBS Trading



Sales Credits	$3m
WRAs (mm)	$927
Headcount	3

- This is a new business - results reflect just 4 months of trading activity
- Current business model under review – CMBS origination has ceased in current market conditions

Major Risks/ Risk Management: CMBS Trading

Major Risks

- CMBS Vacancy rates rise
- Delinquency rates rise
- Security structures
  - Structural changes in bond subordination will impact on legacy positions
- Recession

Risk Management

- Keep positions light, maximizing the bid/offer
- Maintain limited spread risk/ Avoid sub-market, <AA
- Utilize TRS, CMBX index hedges
- Maintain a business with a High Sharpe Ratio (P&L to VAR)
- Have stringent stop losses
- Consider expanding hedging toolkit to include equities /equity options, European corporate indices and single names

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Budget and Goals for CMBS

Budget for 2008 = $ 16 million

GOALS

- Continue to grow the franchise, while maintaining minimal spread exposure
- Reduce cash versus TRS positions
- Continue search for different ways to hedge spreads in a down market

ABS/ CMBS Risk Management: Key Risk Systems/Metrics

Key Risk Systems include:

- SABS (Synthetic ABS front end platform), Market Risk Viewer (Displays aggregated risk of positions across front end systems based on calculations by risk analytics library
- TRS (CMBS TRS front end platform)
- MARS / Bedrock

Key Risk Metrics Include:

- Credit DV01 by Rating, Coupon type, single names, index
- Rate risk and CS01
- HEQ Risk Report by Cash and Synthetics

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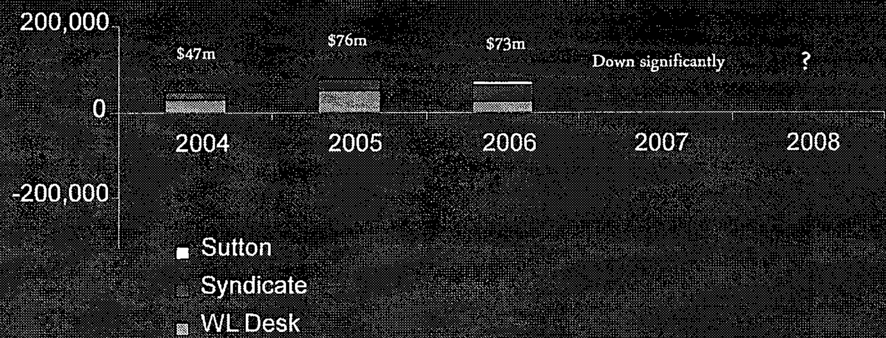
Historical Performance: Whole Loan Securitization

Revenues (USD'000)



SABR Vols (mm)	$7,944	$11,184	$16,538	$9,331
WRAs (mm)	$900	$1,746	$1,561	$3,390
Headcount	1	1	2	1

- Huge losses incurred in business in 2007 due mainly to write-off of residuals
- Original 2008 budget was $57m in carry, offset by further losses on residuals of $231m
- This was set before the re-structure and needs revising based on senior management review on future of business

Major Risks, Re-Org Thoughts, Budget: Whole Loan Securitization

Major Risks:

- Equifirst
- Current loan position
- Future exit strategy
- Risk management of pipeline

Re-Organization Thoughts:

- John Carroll departure
- Waiting on Equifirst strategy before initiating hiring plan

Budget:

- Unclear given Equifirst status
- No intention of doing third party collateral deals

EXHIBIT 11

FILED UNDER SEAL

From:	Godden, Adam: Structuring (NYK) [/O=BZW/OU=USA/CN=NYK AD USERS/CN=USERS/CN=GODDENAD]
Sent:	Thursday, September 13, 2007 4:04:52 PM
To:	Chapman, Gavin: Credit markets (NYK); Carroll, John: Credit Trading (NYK)
CC:	Gupta, Roopali: Structuring (NYK); Piperno, Anthony: Structuring (NYK); Menefee, Paul: ASG (NYK); Wade, Michael :Structuring (NYK)
Subject:	Portfolio theory
Attachments:	Whole_Loan_Portfolio_Investment_9_13_2007.ppt

For our discussion at 2pm. Please note that this is still subject to Mike's review.

Thanks,

Adam.

Whole_Loan_Portfolio_Investmen...

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adam.godden@barclayscapital.com

EXHIBIT RME
138
9/17/15

Document Produced Natively

Whole Loan Portfolio Investment

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Executive Summary

- Recent market events in both the ABS and ABCP markets have heightened the attractiveness of balance sheet financing of subprime whole loan inventory.
  - Current ABS bond spread environment and little market appetite for subordinated bond risk, limits both the potential risk transfer benefits and profitability of securitization.
  - ABCP investor appetite for subprime mortgage exposure has declined significantly.

- Securitization economics have become less favorable due to changing Rating Agency criteria and increased bond spreads that have reduced leverage in current securitization structures.
  - The size of Post-NIM Residuals as a percentage of structure relative to 2006 and 2007 will be larger and thereby lower the expected returns of future Post-NIM Residuals.

- In 2008, the implementation of Basel II will reduce the risk-weighting of subprime whole loans from 50% under Basel I to approximately 35% or less, based upon preliminary analyses.

- Upon the return of a normalized market, the ability to finance subprime whole loans using the balance sheet will provide another tool for Barclays Capital to better maximize the returns of the whole loan business by optimizing use of the balance sheet, securitization market and whole loan sales.

Subprime Whole Loan Inventory Characteristics

Current Inventory	UPB	WAC	FICO	CLTV	% 2nds	% Full Doc	Cost Basis
Discount Inventory	1,990,600,424	8.38	627	88.14	6.88	58.62	97.95
Higher Quality - Lower WAC	2,906,317,345	8.64	625	84.88	1.74	68.73	100.55
Highest Quality - Higher WAC	495,499,855	9.46	623	83.51	0.10	70.80	101.75
TOTAL	5,392,574,374	8.62	626	85.96	3.47	65.31	100.43

*Net of servicing (assumed 75bps). Cost Basis has not been reduced for carry earned

Projected Originations	UPB	WAC
Remaining 2007 Equifirst Production (Sept - Dec)	1,525,000,000	9.65
2008 Equifirst Production	6,514,800,000	9.75

- We Have started moving the inventory from Sutton to the balance sheet (NY Branch). By COB September 12th $2.75Bn had moved from current inventory above.

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Accounting Methodologies

- Owned Whole Loan Inventory
  - Existing owned inventory was assigned the accounting classification of Fair Value at inception of ownership.
  - Accounting policies do not allow for the reclassification of loans into Available-For-Sale.
  - An ongoing methodology for valuing the owned inventory on a monthly basis must be established. ASG is currently working on this with PCG.
    - It is expected that the owned inventory will be held on balance sheet for a significant period of time.
    - Determining the appropriate discount rate for inventory that does not intend to be sold or securitized is a priority.

	Owned Inventory	Newly Originated Inventory
Proposed Accounting Classification	Fair Value	Available-For-Sale
Impact on P&L of Changes in Fair Value	Flows through business P&L	Taken as reserve through equity
Monthly Validation Methodology	For Discussion	For Discussion
Monthly P&L	Change in Fair Value Plus: Principal and Interest received Less: Funding	Interest Received Less: Funding Less: Losses Less: Premium Amortization

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Portfolio P&L Projections

Loan Category ($m)	Forecasted P&L 2007	Forecasted P&L 2008
Discount Inventory	4	18
Higher Quality - Lower WAC	23	83
Highest Quality - Highest WAC	5	15
Remaining 2007 Equifirst Production	5	47
2008 Equifirst Production	N/A	105
Total P&L	37	268

- No change in market value is assumed for life of loans
- P&L is calculated each period for all pools in the following manner:
  - Interest Received plus Prepay Penalties
  - Less: Funding Expenses (1 Month LIBOR + 20bps)
  - Less: Losses
  - Less: Premium Amortization
- Prepayment Assumption -- 90PPC
- Losses
  - Seasoned pools – Loss pipeline
  - Newly originated pools – 4.50% - 5.10%

The RWA Required for the New Whole Loan Portfolio Approach can be Accommodated from the Existing ASG/Conduit RWA Limits

Current ASG/Conduit RWA Limits and Utilization under Basel I Prior to Whole Loan Transfer

	$m
ASG RWA Limit	7,703
Conduit Utilization	2,783
Whole Loan Utilization	1,049
Warehouse Utilization	92
Unused RWAs	3,779

RWAs of Whole Loan Portfolio

RWA balances for Jan. 1 2008 assume that Model Validation and CRM have validated the subprime whole loan credit risk model for Advanced IRB Treatment and therefore a 35% weighting was applied

Loan Category ($m)	Basel I	Basel II	
	Year-End 2007	Jan. 1 2008	Year-End 2008
Discount Inventory	897	628	451
Higher Quality - Lower WAC	1,368	958	720
Highest Quality - Highest WAC	238	167	127
Remaining 2007 Equifirst Production	761	533	419
2008 Equifirst Production	N/A	N/A	2,138
Total[(1)(2)]	3,267	2,287	3,856

[1] Assumes collateral amortizes at base case prepayment and loss assumptions.

[2] Assumes no whole loan sales or securitizations.

Projected Return on RWAs

Loan Category	Basel I	Basel II
	Lifetime RORWA	Lifetime RORWA
Discount Inventory	-7.18%	-10.26%
Higher Quality - Lower WAC	0.45%	0.64%
Highest Quality - Highest WAC	6.33%	9.05%
Remaining 2007 Equifirst Production	6.24%	8.91%
2008 Equifirst Production	N/A	10.16%

- Basel I risk-weighting 50%
- Basel II risk-weighting 35%
- RORWA is calculated in the following manner:
  - Interest and penalties less funding, losses and premium amortization
  - P&L discounted at LIBOR flat
  - Sum of discounted P&L divided by RWA
- Prepayment Assumption – 90PPC
- Losses
  - Seasoned pools – Loss pipeline
  - Newly originated pools – 4.50% - 5.10%

Appendix

Monthly P&L Recognition Methodology for Newly Originated Loans Designated AFS

- Calculation of P&L on a monthly basis for whole loan portfolio investments under AFS accounting includes the following:
  - Monthly Funding Expenses
  - Amortization/Accrual of Whole Loan Premium/Discount over expected collateral WAL
  - Gain/Loss of loans purchased at Discount/Premium that prepay each month
  - Current Period Loss
  - Loss Reserve accrued over WAL of investment following asset impairment test

Example of Monthly P&L Recognition Methodology for New Loans Designated AFS

Assumptions:

- 90PPC

- 4.50% Loss

- 102.50 Price for Loans

- 0.75 Price for Servicing

- Forward 1 Month LIBOR + 20bps

2008 Equifirst Production	2008 Forecasted P&L
Interest & Penalties Received	246
Less: Funding Expenses	123
Less: Premium Amortization[1]	16
Less: Losses	3
Less: Loss Reserve Deposit[2]	0
Total	105

1. Pools purchased below par will accrete over the WAL of the collateral.
2. Post asset impairment test in which losses exceed original expectations will require loss reserves.

Risk Weighting of Subprime Assets under Basel II

- In 2008, the implementation of the Basel II Capital Accord could reduce the risk weighting of subprime whole loans from 50% under Basel I to approximately 35% under Basel II.
- Basel II allows for the calculation of RWAs using two approaches:
  - Standardized Approach – Requires 50% risk-weighting for less than 80% LTV; 100% for over 80% LTV
  - Advanced IRB Approach – Risk-weighting will depend upon validated model that requires PD, LGD and EL inputs reflective of historic and actual asset class performance.
- Previous discussions between CRM and ASG have resulted in an estimated risk-weighting of 35% for subprime whole loans.
- To qualify for the Advanced IRB Approach, model must be validated by CRM and models committee.
  - Model validation and committee approval is a potentially lengthy process.
  - The Standardized Approach will be utilized until the model has been approved.

Interest Rate Hedging of Whole Loan Portfolio Investments

- Barclays Capital will hedge the interest rate risk of the whole loan portfolio in order to mitigate the impact of rising LIBOR rates on the carry earned.
- For newly originated loans assigned an accounting classification of AFS, the desired accounting treatment for corresponding interest rate hedges is "hedge accounting treatment".
- "Hedge accounting treatment" is governed by FAS 133. Under FAS 133, the Whole Loan Business must meet the requirements established under the rule to achieve hedge accounting treatment.
- Until hedge accounting treatment can be established, the Whole Loan business will seek term funding that will mitigate interest rate risk.
  - Term funding strategy will not eliminate prepayment risk associated with deviations over time from the expected amortization schedule.

Issues / Next Steps

	Subject	Status	Who
1	NY or London	Decision to use NY or London balance sheet to accommodate transfers from Sutton.	DF
2	Sutton & BBplc financing	Arranging funding for the REO and unlicenced positions remaining in Sutton post the transfer of the majority of Sutton positions to balance sheet. ASG to provide non-licensed states delinquency stats to TS. TS to also arrange term funding for NY Branch wi	TS
3	Credit risk modelling	Constructing the model and getting GFRM sign off for the WRA treatment under Basle II. RG and DM working with LF to put this together. Target model approval date 12/31/07.	RG/LF
4	Licences	Analysis of the existing licenses held for mortgage business by Barclays in the US and determining what further approvals we need. Pursuing the licenses required then to be managed by Legal & Compliance.	DF/RS
5	FED	Advising the FED of our actions to move our mortgage inventory to the balance sheet.	DF
6	Non compliant positions on balance sheet	Reversing the current unpermitted positions (REO, unlicenced) positions off the balance sheet and back into Sutton, subject to confirming OK to do this for the Resmae & NC positions too.	DM/RS/IS
7	EquiFirst current inventory	Refinance now (via Sutton?) to balance sheet or delay until 3rd party lines fully drawn at beginning of Sept ? Also, RG to calculate what positions could not be currently transferred due to the non-licensed states.	TS/AG
8	Portfolio marks	Putting together the proposals for the valuation of the ongoing marks for PCGs approval.	PM/AP
9	AFS versus HTM classifications	Recommending to PCG the most optimum way to book these positions.	PM
10	P&L recognition	Evaluating the go forward P&L. eg. interest recognition for PCG approval.	PM
11	Accounting analysis	Investigating other accounting treatments used around the firm for similar situations and determining if they are appropriate for our portfolio.	CU
12	Regulatory Capital	Analysis of Basle I and Basle II reg cap treatments for our portfolio.	RV/KJ
13	REO	Determining the best long term solution for our REO positions - Sutton versus other alternatives.	MM
14	WRA & P&L booking centre	Determining where the WRAs and P&L for the new portfolio accrues and ensuring they are applied/booked correctly.	AG/LS/IM
15	EC	EC and ROEC calculations for the new inventory on balance sheet.	AP/AT

AG - Adam Godden
AP - Anthony Piperno
AT - Andrew Taylor
CU - Charles Utley
DF - Doug Freedman
DM - David Mira
IM - Ian Montgomery
IS - Ian Sterling
JO'D - Joseph O'Doherty
KJ - Katy Judd

LF - Larry Forest
LS - Lorrie Stapleton
ML - Mary Logen
MM - Mike Montgomery
MW - Michael Wade
PM - Paul Menefee
RG - Roopali Gupta
RS - Richard Smith
RV - Roger Verstuys
TS - Teri Scott

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<u>EXHIBIT 12</u>

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From: Godden, Adam: Structuring (NYK) [/O=BZW/OU=USA/CN=NYK AD USERS/CN=USERS/CN=GODDENAD]
Sent: Tuesday, September 11, 2007 2:05:16 PM
To: Stapleton, Lorrie: IBD (NYK); Hughes, Harold: GCP Mgmt (NYK)
CC: Quayum, Tas: GCP Mgmt (LDN); Montgomery, Ian: Barclays Capital (NYK); Wade, Michael :Structuring (NYK)
Subject: 2007 / 2008 revised projections
Attachments: master budget.xls

Harold, Lorrie, per our discussion, here is a slightly revised ASG projection for 2007. Changes made:

1) whole loans Syndicate down by $7m as (unknown to us) they wrote down existing positions during August.

2) 2007 ytd actuals updated for the position as at end August.

3) post nim positions backed out of actuals for 2007 ytd despite not yet reversed out of OneView.

Please note: these numbers represent projections under the existing business model. You will be aware that we are currently evaluating a potential move to portfolio our existing and future whole loan positions. If pursued, this will change the composition of our projections materially. Reaching conclusions on this concept and consequently restating budgets to reflect a new world is probably a couple of weeks away.

Lorrie, I will get Mike to use this revision in his forthcoming discussions with Peter.

master budget.xls

Thanks,

Adam.

Adam Godden
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9/17/15

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ASG Budget Worksheet

2007 Projection As of August 31, 2007

	Actual 2004	Actual 2005	Actual 2006	Budget 2007	Actual 2007	2007 Forecast Latest Thinking	2008 Forecast Latest Thinking
Term ABS							
Credit Card	13.4	14.6	11.0	11.0	5.4)	11.0	11.0
Auto/Equipment	6.9	17.0	16.1	17.0	4.5	15.0	17.0
Mortgage							
Prime	3.1	8.9	6.5	15.0	2.4	3.5	3.5
Alt-A	0.0	0.0	0.0	0.0	0.0	0.0	1.5
Sub-Prime	3.8	17.0	20.6	30.0	2.4	2.4	2.0
Student Loans	1.2	2.4	6.2	10.0	4.2	10.0	15.0
Other	3.7	3.0	0.6	10.0	0.5	5.0	10.0
Total Term ABS	32.0	63.0	61.0	93.0	19 4	46 9	60 0
Whole Loan Alt-A ABS							
Trading (excludes Sutton)	0.0	0.0	2.9	0.0	(0.2)	0.0	10.0
Sutton	0.0	0.0	0.0	5.0	2.3	2.3	3.0
Residual Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Syndicate	0.0	0.0	0.5	10.0	2.6	2.6	5.0
Total Whole Loan Alt-A ABS	0.0	0.0	3 4	15 0	4 7	4 9	18 0
Non Agency RMBS				0 0	6 9	0 0	12 0
Whole Loan Sub-Prime ABS							
Trading (excludes Sutton)	27.7	52.4	48.1	90.0	10.2	2.2	43.0
Sutton	0.0	0.0	9.4	20.0	12.5	12.5	13.0
Residual Revenue	3.2	4.2	0.0	40.0	0.0	0.0	0.0
Financing Cost	0.0	0.0	(22.2)	(50.0)	0.0	0.0	0.0
Syndicate	18.7	22.5	21.7	50.0	7.8	7.8	22.0
Total Whole Loan Sub-Prime ABS	49.6	79.1	57.0	150.0	30 5	22 5	78 0
Financing - Shadowed							
ABCP Conduit Fees	24.3	16.3	18.7	25.0	6.2	27.4	25.0
ABCP Conduit Running	0.0	0.0	13.2	25.0	25.4	46.0	50.0
ABCP Dealer Fees	4.0	4.1	6.0	7.0	3.9	7.0	9.0
MVS	1.6	2.3	2.6	4.0	0.4	0.4	0.0
Warehouse - 90% Sheffield	0.0	0.0	4.6	10.0	3.3	3.5	3.9
Warehouse - 10% Balance Sheet	0.0	8.2	5.5	11.0	4.3	5.0	5.5
Total Financing - Shadowed	29.9	30.9	50.5	82.0	43 5	89.3	93 4
Derivatives	0.0	12.3	9.7	15.0	2 9	5.0	5 0
Total Conduit Shadowed Revenue	24.3	16.3	45.8	85.0	49 7	91.7	94 9
Total Shadowed Revenue	111.5	185.2	181.6	355.0	107 9	168.6	266.4
Financing - Not Shadowed							
ABCP Conduit Running	76.3	102.5	72.3	55.0	32.7	44.0	35.0
Total Financing - Not Shadowed	76.3	102.5	72.3	55.0	32 7	44.0	35.0
Total Asset Securitization Revenue	187.8	287.7	253.9	410.0	140.6	212.6	301.4
Total Conduit	100.6	118.8	118.1	140.0	82.4	135.7	129.9
Total Securitization/ABS	87.3	168.9	135.8	270.0	58.2	76.9	171.5

<u>EXHIBIT 13</u>

FILED UNDER SEAL

From: Walker, James: Finance (NYK) [/O=BZW/OU=USA/CN=RECIPIENTS/CN=WALKERJA]
Sent: Tuesday, October 09, 2007 11:55:13 AM
To: Kaczka, Joseph: Product Control (NYK); Landreman, Richard: Product Control (NYK); Utley, Charles: Product Control (NYK)
Subject: FW: Catch up
Attachments: Whole Loan Portfolio Investment v1.2.ppt

Confidentially FYI.....do not share.....will set up a quick session to discuss.

-----Original Message-----
From: Godden, Adam: Structuring (NYK)
Sent: Friday, October 05, 2007 1:48 PM
To: Walker, James: Finance (NYK)
Cc: Wade, Michael :Structuring (NYK)
Subject: Catch up

James,

I think it would be sensible for us to get some time in the diary for Tuesday to catch up on the various issues surrounding portfolio. I think we should minimize participants as far as possible (just you, Mike and I ?) to cut to the chase. With your agreement I will se something up. I would like to discuss the following please:

1) the AFS election mandated by Grant and Mike Keegan. The rationale / the execution / the timing of the execution.

2) your approval to the 150 discount rate used in the portfolio calculations. I believe that you were OK with this for the $5bn pool already transferred, but wanted to check for sure before we put this issue to bed.

3) mark to model approach for calculating premium payable to EquiFirst for ongoing production. Please see attached - our explanation / proposal for why we think the 250 gross premium can be paid and is justified. However, notwithstanding your verdict on this approach, is any premium payable going to be reversed out on consolidation in any event ?

Whole Loan Portfolio Invest...

4) if the answer to 3) is a reversal of the premium on consolidation, we must then move to assisting EquiFirst in maximizing the price it can sell its production to us at without premium reversal. Clearly, EquiFirst will be loss making if it sells production for less than its cost to produce and on the BarCap side, portfolio (Keith Ho's book) will be hugely profitable if it is paying nominally over par for such high quality loan pools. We will need to devise a way of paying EquiFirst as high a price as possible without reversal on consolidation. I suspect we need a task force to evaluate this through to conclusion next week (we need to take out EquiFirst pools very soon as they are almost fully drawn on their 3rd party lines).

5) PCG sign off to the accrued interest number advised by Ops and ASG's plans for allocating it.

Thanks,

Adam.

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EXHIBIT RME
145
9/17/15

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Document Produced in Native Format

Initial Measurement Methodology for Whole Loans

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V1.2

BARCLAYS CAPITAL

Initial Measurement Methodology for Whole Loans

Overview

- Equifirst wishes to sell whole loans to BarCap Portfolio Mgmt at a price consistent with fair value.
- To demonstrate that the price paid to Equifirst is consistent with fair market value, a fair market value for similar instruments must be directly observable.
- The requirements to adequately demonstrate observability under IAS are the following:
  - Comparison to other observable current market transactions in the same instrument
  - Valuation techniques using variables derived only from observable market data.

  [IAS 39, Paragraph AG76]
- The credit markets are currently plagued by illiquidity and the presence of a number of distressed sellers. Market prices are more a function of liquidity needs than the inherent value of the assets. Obtaining reliable fair value estimates based on market transactions is therefore difficult in the current environment.

Conclusion

ASG proposes to use a DCF valuation model utilizing the following inputs for initial and subsequent value measurements:

  - Collateral cashflow assumptions (including loss expectations and prepayment assumptions)
  - Post-Loss and prepayment discount rate
- Post-loss and prepayment discount rates for mortgage loans can be observed in the TBA market.

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DCF Valuation Model Inputs

Variable	Measure	Observable
Collateral Cash Flow Assumptions	Rating agency loss expectations and market prepayment assumptions	•
Post-Loss and Prepayment Discount Rate*	TBA Mortgage Market**	•

*Per IAS 39, Paragraph AG79: "In applying a discount cash flow analysis, an entity uses one or more discount rates equal to the prevailing rates of return for financial instruments having substantially the same terms and characteristics, included the credit quality of the instrument, the remaining term over which the contractual interest rate is fixed, the remaining term to repayment of the principal and the currency I which payments are to be made".

** The To Be Announced ("TBA") mortgage market is a forward or delayed delivery market for Government Sponsored Enterprises ("GSE") eligible mortgages. The TBA rates reflect the relative safety of government backed mortgages and are, therefore, an appropriate proxy for the post loss discount rate. The live TBA rates are also commonly used alongside prepayment and loss rates in the valuation of MBS. TBA pass throughs are actively traded mortgage securities and live prices are readily available.

Based on the above observable parameters, the net coupon price of a pool of Equifirst loans has a fair value of c103.00.

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EXHIBIT 14

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From: Godden, Adam: Structuring (NYK) [/O=BZW/OU=USA/CN=NYK AD USERS/CN=USERS/CN=GODDENAD]
Sent: Thursday, October 04, 2007 3:32:11 PM
To: McDermid, Keri: Portfolio Mgmt (LDN); Piperno, Anthony: Structuring (NYK); Mira, David: Structuring (NYK)
CC: Montgomery, Ian: Barclays Capital (NYK); Hughes, Harold: GCP Mgmt (NYK); Quayum, Tas: GCP Mgmt (LDN); Chapman, Gavin: Credit markets (NYK); Stapleton, Lorrie: IBD (NYK); Wade, Michael :Structuring (NYK)
Subject: Budgets

Things we need to do as a result of the budget meeting this morning please:

1) refresh EquiFirst budgets for 2007 & 2008 reversing out the 250 premium until the end of Q1 2008. We will be using a 100.50 premium instead for the interim period. Rick Gordon is working on this now.

2) the $5bn pool recently transferred to balance sheet will accrue to John Carroll's trading book. Tony, please advise what $ revenue sum for 2007 (after the forthcoming interest carry transfer to basis) and 2008 this specific pool will produce based on our existing modelling.

3) the EquiFirst production from August (still on EquiFirst's 3rd party lines) through the rest of 2007 and then the first 6 months of 2008 will go to portfolio (Keith Ho's book). Tony, please advise what revenues for 2007 and 2008 this will produce (net of transfer to reserves as before). (Keri, these will be the numbers that you should use for your projections as they cater for coupon, less cost of funds, less losses, already).

4) ASG will securitize from 07/01/08 for the rest of the year. Tony, please could I have the forecast securitization revenues for this 6 months of 2008 (it is sufficient to use 2008 as a whole and divide by 2 for portfolio and securitization for this calculation rather then remodelling for specific monthly volumes).

5) ASG will shadow 2), 3) and 4) above and I will record these as separate line items in the ASG budget (pending ROEC calculations demonstrating the returns for portfolio).

6) Alt A and RMBS projections will be zero for 2008. EquiFirst projected Alt A production for 2008 remains (confirmed by MW).

7) David, please liaise with Gavin to restate the ASG WRA projections at the end of the ASG budget spreadsheet. These will now just be represented by the $5bn John Carroll portfolio + securitization + Conduit. The other WRAs for portfolio will now fall in Keith Ho's world.

8) Tony, please send Keri a copy of our portfolio presentation.

Thanks,

Adam.

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EXHIBIT 15

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From:	Watson, Michael: Product Control (SGP) [/O=BZW/OU=SINGAPORE/CN=SGP AD USERS/CN=USERS/CN=WATSONMI]
Sent:	Wednesday, November 07, 2007 4:09:37 AM
To:	Utley, Charles: Product Control (NYK); Landreman, Richard: Product Control (NYK)
CC:	Kaczka, Joseph: Product Control (NYK); Abbott, Jim: Product Control (SGP)
Subject:	RE: Residential mortgages - Sinapore Hedge Questions

Charles

I've had a few discussions with Keri McDermid, the COO of Portfolio Management, and the current proposal is to enter into economic hedges and take the volatility on the hedge through P&L. To this end Keri plans to contact Rich to understand the economic hedging currently employed on the Alt-A loans.

To facilitate this I will set up a conference call for early next week (evening Singapore early morning New York). Although Portfolio Management appear to have decided that hedge accounting is too complex to implement I think it is worthwhile you attending in the event they wish to pursue this option further.

Rich

Does anyone else from PCG New York need to attend the meeting?

Michael Watson
Product Control

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michael.watson@barclayscapital.com

From:	Utley, Charles: Product Control (NYK)
Sent:	07 November 2007 05:31
To:	Utley, Charles: Product Control (NYK); Watson, Michael: Product Control (SGP); Landreman, Richard: Product Control (NYK)
Cc:	Kaczka, Joseph: Product Control (NYK); Abbott, Jim: Product Control (SGP)
Subject:	RE: Residential mortgages - Sinapore Hedge Questions

Gents,

I've not seen anything further with respect to hedge accounting for loans designated as loans and receivables. Has anything been decided? The solution will likely require a complex solution to tackle both prepayment and interest rate risk. This will need to be developed from scratch requiring significant resource, cost and timeline.

We should be updating Adam Godden on progress/issues to ensure there's no surprises.

It's still not clear to me what economic hedging will be done by the business, who will be controlling this business and where the hedge accounting will take place.

Regards,
Charles.

From:	Utley, Charles: Product Control (NYK)
Sent:	Wednesday, October 31, 2007 12:36 PM
To:	Watson, Michael: Product Control (SGP); Landreman, Richard: Product Control (NYK)

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9/17/15

Cc: Kaczka, Joseph: Product Control (NYK); Abbott, Jim: Product Control (SGP)
Subject: RE: Residential mortgages - Sinapore Hedge Questions

Michael,

The hedging Rich is referring to below is economic hedging and is included in a fair value portfolio. That is, both the loans and the hedges are held at fair value through profit and loss. As all the volatility is being reported in profit and loss there is no need for a hedge 'accounting' solution.

In the case of the portfolio loans, the loans are intended to be classified as loans and receivables on an amortised cost basis. Any derivative instruments used to economically hedge the interest rate risk are required to be at fair value through profit and loss. As there is an accounting mismatch, a hedge 'accounting' solution would be required to avoid volatility in profit and loss.

We do not have a hedge accounting solution in the US for prepayable fixed rate assets and as far as I understand the UK doesn't either (other than a potential to transact derivatives via group treasury).

I had reached out to Keri to better understand the intention for the economic strategy - attached is the correspondence to date.

<< Message: RE: Hedge accounting EquiFirst whole loans >>

Perhaps we should have a call to get all the issues on the table.

Regards,
Charles.

From: Watson, Michael: Product Control (SGP)
Sent: Wednesday, October 31, 2007 8:42 AM
To: Landreman, Richard: Product Control (NYK)
Cc: Kaczka, Joseph: Product Control (NYK); Utley, Charles: Product Control (NYK); Abbott, Jim: Product Control (SGP)
Subject: RE: Residential mortgages - Sinapore Hedge Questions

Rich

Thanks for the information.

Charles

Please can you review the hedge process to confirm it meet hedge accounting requirements under IFRS.

Michael Watson
Product Control

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From: Landreman, Richard: Product Control (NYK)
Sent: 31 October 2007 20:10
To: Watson, Michael: Product Control (SGP)
Cc: Kaczka, Joseph: Product Control (NYK); Utley, Charles: Product Control (NYK)
Subject: RE: Residential mortgages - Sinapore Hedge Questions

Michael,

The portfolio manager is responsible for hedging and selecting the hedges for the whole loan portfolio.
We are currently hedging Alt-A Loans in a similar fashion, but the loans and hedges are at "Fair Value".
If and when the portfolio manager presents a different hedge strategy we will have Charles take a look at it.

The loans and the hedges can be modeled in a wide variety of applications which will enable the reporting to the accountants as to the effectiveness of the hedge.
This should more than satisfy any "Hedge Accounting" reporting requirements that may arrise under US GAAP or IFRS.

Rich

From: Watson, Michael: Product Control (SGP)
Sent: Tuesday, October 30, 2007 8:44 PM
To: Landreman, Richard: Product Control (NYK)
Subject: FW: Residential mortgages

Richard

When we discussed Equifirst several weeks ago you mentioned that an area had the bank had a model that would be capable of hedging the fixed rate interest risk for the loans that will be held by Portfolio Management. Could you provide details - how does this work, is it an economic hedge or an accounting hedge? Has Charles reviewed the process to ensure it meets hedge accounting requirements?

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Product Control

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From: McDermid, Keri: Portfolio Mgmt (LDN)
Sent: 25 October 2007 17:51
To: Watson, Michael: Product Control (SGP); Abbott, Jim: Product Control (SGP)
Subject: FW: Residential mortgages

FYI

I suggest we get together and discuss the options and requirements. We also need to consider what the general provision and EC treatment will be.

Regards
Keri

-----Original Message-----
From: Godden, Adam: Structuring (NYK)
Sent: Monday, October 22, 2007 7:51 PM
To: McDermid, Keri: Portfolio Mgmt (LDN)
Subject: FW: Residential mortgages

Keri, Mike K advised me the other day that ongoing EquiFirst origination for your books should be classified as Loans and Receivables. I asked PCG to summarise the implications for this and such is below.

I presume that this is what you were expecting / can work with ?

Thanks,

Adam.

-----Original Message-----
From: Utley, Charles: Product Control (NYK)
Sent: Monday, October 22, 2007 7:13 PM
To: Godden, Adam: Structuring (NYK)
Cc: Walker, James: Finance (NYK); Scott, Teri: Finance (NYK); Kaczka, Joseph: Product Control (NYK)

Subject: RE: Residential mortgages

Adam,

I attach a summary of the accounting classifications.

The significant accounting implications I'm currently aware of are:

- Hedge accounting - assuming the portfolio owner will want to hedge the interest rate risk and manage the associated P&L volatility a hedge accounting solution will need to be developed, approved and implemented. This is potentially a significant task as I'm not aware of any Barcap solutions that can incorporate prepayable mortgage assets. Gavin suggested I contact Keri McDermot with respect to this.
- Elimination of intercompany gain/loss on transfer of the assets.
- Calculation of deferred fees and costs under IFRS - US GAAP (FAS 91) permits the deferral of more internal incremental costs than is permitted under IFRS. Barclays Group reported a GBP 31m difference for this in the 2006 financial statements. We have the detail from Rick Gordon for what is included in his FAS 91 numbers and are working with group to determine what, if any, of those items may not qualify for deferral under IFRS.
- Reclassification risk - designation of the loans as Loans and Receivables is driven by management intent and strategy (this is a change from the existing business model). The PwC IFRS guidance notes that 'loans and receivables typically arise when an entity provides money, goods or services directly to a debtor with no intention of trading the receivable'. Therefore, if the loans are sold/securitised within a short period after making this election it would call in question the appropriateness of this original classification decision with a potential outcome that it should be restated to fair value.
- Classification must be made at the EquiFirst level on the initial recognition of the loans by Barclays Group.

Regards,
Charles.

<< File: IFRS Accounting Classifications - Extracts & Guidance.doc >>

From: Godden, Adam: Structuring (NYK)
Sent: Monday, October 22, 2007 8:33 AM
To: Utley, Charles: Product Control (NYK)
Subject: FW: Residential mortgages

With regards to the below, please could you explain the Loans and Receivables definition, its implications, and how it compares to the other accounting classifications we have been discussing recently.

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From: Godden, Adam: Structuring (NYK)
Sent: Friday, October 19, 2007 1:21 PM
To: Judd, Katy: FC UK/EU - Reg Reporting and Policy [Global Finance]; McDermid, Keri: Portfolio Mgmt (LDN)
Cc: Versluys, Roger: Finance (LDN); Nosworthy, Sophy: Finance (LDN); Joshi, Nikhil: Finance (LDN); Piperno, Anthony: Structuring (NYK); Gupta, Roopali: Structuring (NYK); Menefee, Paul: ASG (NYK); Chapman, Gavin: Credit markets (NYK); Wade, Michael :Structuring (NYK); Carroll, John: Credit Trading (NYK); Keegan, Mike : Barclays Capital; Walker, James: Finance (NYK); Mira, David: Structuring (NYK); Pearson, Glenn: Trading Ops (NYK); Eyre, Mark: Group Risk (LDN)
Subject: RE: Residential mortgages

Happy to clarify what we know right now. I'm copying in all interested parties as a general update to the current position.

The c$5bn portfolio that was previously on Sutton is now on BBplc and is marked as Fair Value. This book accrues to John Carroll.

Existing EquiFirst production that is currently sitting on their 3rd party financing lines pending refinancing by BBplc (representing August, Sept and Oct month to date production) is also recorded as Fair Value. Upon transfer to BBplc, this too will accrue to John Carroll.

Future EquiFirst production will be classified as Loans and Receivables (rather than AFS) at the direction of Mike Keegan and upon transfer to BBplc will then accrue to Portfolio. We have yet to make this accounting nomination pending the completion of internal transfer pricing discussions for the EquiFirst originations. I would however expect for this to be settled in the next few days. In the interim, EquiFirst originations remain on a Fair Value classification and accrue to John Carroll.

Will ask Gavin to comment specifically on your banking book question for the positions in his world.

Thanks,

Adam.

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From: Judd, Katy: FC UK/EU - Reg Reporting and Policy [Global Finance]
Sent: Friday, October 19, 2007 12:30 PM
To: Godden, Adam: Structuring (NYK); McDermid, Keri: Portfolio Mgmt (LDN)
Cc: Versluys, Roger: Finance (LDN); Nosworthy, Sophy: Finance (LDN); Joshi, Nikhil: Finance (LDN)
Subject: Residential mortgages

Adam, Keri,

Do you either of you have a summary that you could provide us with that sets out exactly what is now planned for the holding of residential mortgages on balance sheet? The reason I ask that in today's discussions it was mentioned that John Carroll's desk would still be holding some of the mortgages at FVTPL whilst some would be in Portfolio under an AFS treatment and I am concerned that unless we have the full picture, we will not be able to give full reg advice.
What are the assumptions for the loans held at FVTPL? I am assuming that they will still be treated as banking book. Is this correct?
I recognise this is pretty fluid situation, but I'd be grateful for updates where possible as things change as there may be impacts on the reg treatment and on how we make the WRA calcs operational.
Kind regards
Katy

EXHIBIT 16

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----------------------------X
IN RE:)
) Master File No:
BARCLAYS BANK PLC) 1:09-cv-01989-PAC
SECURITIES LITIGATION)
)
-----------------------------X
)
THIS DOCUMENT RELATES TO:)
ALL ACTIONS)
-----------------------------X

October 23, 2015
9:32 a.m.

** C O N F I D E N T I A L **

VIDEOTAPED DEPOSITION OF

MICHAEL J. KEEGAN, taken by Plaintiffs, held at the offices of Sullivan & Cromwell LLP, 535 Madison Avenue, New York, New York, pursuant to Notice, before Mayleen Cintrón Ahmed, a Registered Merit Reporter, Certified Realtime Reporter, and Notary Public of the State of New York.

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1801 Market Street - Suite 1800
Philadelphia, Pennsylvania 19103

- M. KEEGAN - CONFIDENTIAL
correct?
MR. TOMAINO: Objection. Form.
A. The only thing I'm aware of that was in his portfolio that would have been backed by residential mortgage was a -- was a credit structure called CAIRN, which we took -- which was originally originated by our corporate bank, which is another arm of Barclays, which we took over and, because it was funded, put it in a portfolio.
But other than that, I'm not aware that he had any whole loans or -- nor did he have my authorization to have whole loans.
Q. So you don't recall a portfolio of EquiFirst originations being assigned to Keith Ho to be held as loans and receivables?
A. No, I don't. I don't -- no.
Q. Would that have been appropriate if it had been?
A. I would have fired --
MR. TOMAINO: Objection. Form.
A. -- his ass right there.
Q. I'm sorry? I didn't hear that.
A. I would have fired him.

Q. You would have fired him.

So Mr. Ho could not have taken a position in EquiFirst whole loans without your knowledge --

MR. TOMAINO: Objection. Form.

Q. -- or permission?

A. Without my authority, without my permission, he should not have done it.

Could he have answered a phone call to someone and said yes to something he shouldn't have said yes to? Yes. Was it -- would it have been large, relatively large? I don't think so. I don't -- I don't recall us having those loans in the portfolio.

Q. If those loans were in the portfolio being held as loans and receivables, would they have been marked at fair value?

MR. TOMAINO: Objection. Form. Foundation.

A. Depends what our intent was. If our intent was to sell them, they would have been assets available for sale and would have been marked at fair value through equity; and circumstances that would have driven a recording of --

MR. TOMAINO: Objection. Form. Lack of foundation.

Q. -- a write-down?

A. Bear Stearns went down. The world looked a lot different at that point in time and it looked a lot more riskier at that point in time, six months later.

Q. But with respect to the monoline insurers, would the monoline insurers have to have gone out of business in order for the banks to start taking a fair value write-down --

A. No.

Q. -- of the assets?

A. I don't think the monoline had to go out of business.

Q. So, so in terms of a decision to write down an asset that's wrapped by a monoline insurer, if the bank has a belief that the monoline insurer may go out of business, right --

A. No.

- M. KEEGAN - CONFIDENTIAL

MR. TOMAINO: Wait for a question.

A. I don't think that's the case. I don't think that's the case. It could be that -- I really don't know how we're doing it. It could be marking it off the CDS in the monoline, and the CDS in the monoline could go up. That doesn't mean they're going to go out of business.

But, you know, after Lehman, it kind of meant a whole lot of stuff was going to happen that was really bad, right, so...

Q. Do you know whether any other banks for year-end 2007 -- let me withdraw. Withdraw that question.

(Plaintiffs' Exhibit 358, 1/30/08 email from M. Howard re: Monoline/Bank Write-Up, BARC-ADS-00263822-263855, marked for identification, as of this date.)

MR. NIRMUL: What are we, 358?

THE REPORTER: Yes.

MR. NIRMUL: Thanks.

Q. Marked as Plaintiffs' 3 -- 358, a January 30, 2008 email from Mark Howard to

- M. KEEGAN - CONFIDENTIAL

Mike Keegan, subject: monoline bankruptcy write-up.

The attachment to the email is a report written by Oppenheimer. The title is "U.S. banks, the big what if: 40 to 70 billion in estimated damage caused by monoline downgrades."

(Witness reviewing document.)

Q. Mr. Keegan, I'm not going to go into any detail on the -- on the attachment, what I -- what I really want to know is:

You see that you received this, the attachment on -- on January 30, 2008.

Do you see they were sent to you from -- from Mark Howard, and it was also sent to Stephen King.

A. Yeah.

Q. Okay.

And do you know who Mark Howard is?

A. Mark was -- I don't recall at the time if he was with us or not. Yeah, I guess he was still with us. He was the head of Credit Research at Barclays.

- M. KEEGAN - CONFIDENTIAL
And we would talk to him frequently about the conditions of the monolines and what people thought about them and what we were thinking about to try to get an indication as to where they -- where they thought they stood.
So that's why I think he sent this to us, because he got this report which is a change of Oppenheimer saying they're changing their opinion in January of -- January of 2008.
Q. And why -- and why were you in this time period getting an assessment of what could happen to the monolines?
MR. TOMAINO: Objection. Form.
A. Well, I ran -- I ran other businesses. I ran some prop trading businesses. So, you know, if these were going to fall over, they'd make pretty good shorts, so...
Q. Were you examining how other banks were addressing their exposures to monolines?
MR. TOMAINO: Objection. Form.
A. I don't recall doing that, no. I

<u>EXHIBIT 17</u>

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

Master File No.:
1:09-cv-01989-PAC

IN RE BARCLAYS BANK PLC:
SECURITIES LITIGATION

This Document Relates to:

ALL ACTIONS.

Deposition of Mr. Adam Godden
London, England
Thursday, September 17, 2015

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Accredited Realtime Reporter

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Philadelphia, PA 19103

Mr. Godden, take a look at this email and attachment and let me know if you sent it in the ordinary course of your business as the COO of the Asset Securitization Group.

A. Okay, thank you. I -- I don't recall this document. Again, I have no reason to doubt that I sent it. Having read the document, I -- I now remember some of the background to this though.

Q. Okay. Can you tell me what this document has refreshed with respect to your recollection of the portfolio?

A. Fundamentally, I believe it was the case that certain whole loan positions were decided to be held by the business on the bank's balance sheet, in the absence of selling them, as would have normally been the case.

Q. Instead of selling them to whom?

A. I don't recall. But I mean, securitizing the positions, instead of securitizing, they -- there was the idea to hold them on the bank's balance sheet instead.

Q. Okay. So instead of the ASG securitizing them, they would hold them for the time being?

A. Right. That's what this document is referring to, yeah. And I -- I imagine that was the ref -- the previous reference to portfolio would have been regarding this idea.

THE WITNESS: That the assets are being held above par on the bank's balance sheet.

BY MR. RUSSO:

Q. There's a bullet point at the bottom of this page that says:

"We Have started moving the inventory from Sutton to the balance sheet (NY Branch). By COB September 12th $2.75 [billion] had [been] moved from current inventory above."

Do you see that?

A. Yeah.

Q. Do you recall an effort in September of 2007 to begin transitioning or moving assets from Sutton on to the bank's balance sheet?

A. No, I don't recall.

Q. Do you have any reason to doubt the accuracy of what's -- what's written here?

A. No, I've no reason to doubt it.

Q. Do you know where these assets were being moved to on the bank's balance sheet?

A. No, I don't know.

Q. Looking at page 4 here, titled "Accounting Methodologies", do you know who prepared this slide?

A. No, I don't know.

Q. Do you have an understanding as to what's being conveyed here?

MR. TOMAINO: Objection to form, foundation.

THE WITNESS: So I recall the debate at the time around different accounting treatments for the positions. Looking at this slide, the debate was around whether they were held at fair value or held as available for sale. I recall at the time, as I say, there were different accounting treatments depending on which methodology you used. I recall debates between ASG and PCG around getting to the right answer, but I don't recall the underlying fact base or the treatments or how it was concluded.

BY MR. RUSSO:

Q. Do you recall Barclays determining that for the existing whole loans, it couldn't change the classification from fair value to available for sale?

MR. TOMAINO: Objection to form.

THE WITNESS: I remember the debate but I don't recall the conclusions.

BY MR. RUSSO:

Q. Who -- I know you mentioned ASG and PCG were involved in the debate. Do you recall who specifically?

A. No, I would be speculating.

Q. Okay. And what were ASG and PCG doing to -- to get to the right answer to the accounting treatment for these positions?

EXHIBIT 18

FILED UNDER SEAL

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

------------------------------X
IN RE:)
) Master File No:
BARCLAYS BANK PLC) 1:09-cv-01989-PAC
SECURITIES LITIGATION)
)
------------------------------X
)
THIS DOCUMENT RELATES TO:)
ALL ACTIONS)
------------------------------X

September 22, 2015
9:43 a.m.

** C O N F I D E N T I A L **

VIDEOTAPED DEPOSITION OF

JOSEPH C. KACZKA, taken by Plaintiffs, held at the offices of Sullivan & Cromwell LLP, 125 Broad Street, New York, New York, pursuant to Notice, before Mayleen Cintrón Ahmed, a Registered Merit Reporter, Certified Realtime Reporter, and Notary Public of the State of New York.

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and a reserve of 10 million related to the 2006 PNRs."

Do you see that?

A. Yes.

Q. Okay.

And "PNR" stands for post-NIM residuals; is that right?

A. Yes.

Q. Okay.

And you start the sentence by saying "PCG in agreement with the desk has agreed to," and then you go on?

In order for an asset to be written down, did the desk have to agree with PCG to do so?

MR. SPADA: Objection to form.

A. I would say early -- earlier in the process? Yes. Later in the process? No.

Q. What do you mean by "early in the process"?

A. I think earlier in the process of the deterioration of the mortgage space, you know, we would go back and forth with what

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they thought maybe an asset, what the asset should be and what we thought.

And initially, there was pushback. We would have to be forceful to make our case. I think as time went on, there was less of that pushback and more agreement with, you know, what we thought the losses were and -- and that needed to be taken.

But I -- I think initially there was pushback. And part of that is a function of our respective roles, I think.

Q. And -- this was pushback from the desk?

A. Sure.

Q. Okay.

And the desk was the person who owned these assets?

A. Correct.

Q. Okay. And the desk is the -- withdraw that.

What kind of pushback would they provide?

A. They would disagree --

MR. SPADA: Objection to form.

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A. They would disagree with what we were saying we thought the assets were worth, or the write-downs that we were potentially proposing.

Q. And they disagreed because you wanted to write down the assets and they did not; is that correct?

MR. TOMAINO: Objection to form.

A. In many cases, yes.

Q. In cases of disagreements, how were they resolved between the trading desk and PCG?

MR. SPADA: Objection to form.

A. I -- I think it varied by asset class and the people involved. Are we specifically talking about post-NIMS?

Q. Let's start with post-NIMS.

A. Okay. We would do our analysis, come up with a variance to what the desk had. We would present that to our management, present that to the desk, ask them to opine on what we've done. If they disagreed, they would say so and try to explain why they disagreed.

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If we didn't accept that, we would say "we disagree with what you're telling us," and we would go our management and say "here is what we're told, we don't necessarily accept that, we don't believe that, this is what we think the asset should really be valued."

And we would -- again, the tools that we had said before. Have they been securitized? What are the roll rates looking like? What is the market like in general? To get comfort with what we were saying. And we would also ask the business to sell some of the assets or prove that it's right.

The subprime space had the best of times in the early 2000s: rising home prices and low interest rates. That was the dynamic that made the business profitable. As that changed, so did the performance of the assets.

So initially, I think there was pushback about when people accepted that change in performance. And then ultimately it was very much accepted that there's -- the

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space is under stress and, you know, there are write-downs to be taken.

Q. When did you stop receiving pushback?

A. I can't tell you --

MR. SPADA: Objection to form.

A. I can't tell you exactly when. I don't know. You know, we're talking about the subprime space and the post-NIMS? There were many heated meetings and disagreements with the front office as to what the assets should be valued at. And I would say that we pushed for greater losses.

Q. Were there specific persons at Barclays that stand out in your mind as having given you substantial pushback?

A. Sure. Sure --

Q. And what --

A. -- there were people.

Q. What?

A. People who ran this business or supported this business.

Q. What were the names of those persons?

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A. Mike Wade would be one; Adam Godden would be one; Paul Menefee would be one.

Q. These were all persons who worked on trading desks?

A. Yes.

Q. And it was their assets that you were price testing?

A. Essentially, yes.

Q. And if you refer back to Exhibit 171, looking at the second paragraph starting with the second sentence, you wrote: "These declines in Fair Value are attributable" -- "attributable to higher level of observed defaults and faster prepayments in the underlying loan pools. These adjustments bring the cost basis down to the market level that these assets have performed at. These assets have sufficient seasoning to warrant the specific writedown."

Do you see that?

A. Yes.

Q. And your sentence there that the fair value was attributable to higher levels

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received?

MR. TOMAINO: Objection. Form.

A. I can't point to any specific reasons. I don't remember any specific, like, we're not marking Archstone now or Project Moon or whatever. I don't remember exactly.

Q. What about with respect to the RMBS desk?

A. The RMBS desk, we would age their inventory. Tom Hamilton I found very good about having his traders trade stale positions and mark positions down. And he would communicate, if we went to him and said we had an issue, he would tell his guys: "Sell it. Sell it today."

Q. Uh-hmm.

A. And then they would have a conversation, like, if you're going to book a loss, book a loss. Get rid of it. You know, prove to me. And he was, my dealings with him, that type of individual. So I -- we didn't have pushback from him, per se.

Q. Did you receive pushback from

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anybody else --

A. Oh, Jesus.

Q. -- other than --

A. I don't --

MR. TOMAINO: Objection to form.

A. I don't remember exactly. But we're talking about post-NIMS and NIMS and whole loans and stuff. Front office people, my own management at times, yes; Rich Ricci at times, yes; John Kreitler, yes.

You know, the numbers started to become very large, so people wanted to understand: are these the right numbers, do these make sense? I can understand people pushing back from the front office and my management to say, "prove it." You know what? So yeah, there was -- there was pushback.

Q. In your role as director of PCG during this 2007 period, did you feel -- did you personally feel pressure based on the pushback that you received regarding the PCG figures?

A. Yeah. I --

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MR. SPADA: Objection to form.

A. I felt pressure, sure. When a guy like Rich Ricci questions you, yes, that's a lot of pressure for someone at my level. This is a guy whom I understood to make, you know, 20 million or something like that. It's not somebody to be treated lightly.

Q. Okay. You can set Exhibit 176 aside.

(Witness complying.)

Q. Did you ever -- withdraw that.

Did PCG ever with -- revise its numbers in response to pushback that it received from management or anyone in the front office?

MR. TOMAINO: Objection. Form.

A. Okay. I would say it was revised at my management's instruction. And whether that be having had discussions above my pay grade with the front office or amongst themselves? I'm not sure how that happened.

But yes, there were times where we showed a variance of X, and then the number that would be reported would be a number not

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that -- not that number.

Q. Where those revisions took place, were they, in your opinion, appropriate?

MR. TOMAINO: Objection to form. I don't know how you could possibly ask that question without reference to a specific situation.

MR. STEWART: I'm just saying generally.

MR. TOMAINO: That's the basis for my objection.

MR. SPADA: You can -- you can answer if you know.

A. In my opinion, in many cases I -- I was not happy with taking the loss. No.

I am on record -- and I think if you ask Walker, Clackson, Copson, Utley, Wade, Menefee, Godden, Keegan, any of them, to a man, if they are being truthful, they will say I pushed hard for loss and was one of the first people to say we have problems with some of these asset classes. And I think Landreman was there with me when -- would be of the same opinion.

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take capital. No, I don't remember that.

Q. Your response to Mr. Chapman, you state at the top of page 427: "I disagree. The 'value' is obvious. No need to worry about the capital deduction in 2008 if 'valued' properly now."

Do you see that?

A. Yeah. Yes.

Q. What did you mean by that last sentence in the email that I just read?

MR. TOMAINO: Objection. Form. Foundation.

A. Okay. We're talking about the post-NIMS? I think it was very evident at this point that there was little to no value.

Q. Did you believe at this time that the post-NIMS were being valued properly?

MR. TOMAINO: Objection. Form.

A. This is November 2007? In an earlier email, Rich is talking about how we already took 75 percent write-down on 2006, I think. He's questioning why should 2007 be better.

I don't know exactly what value we

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had on them at the end of November or in November 2007. I clearly think there was little to no value, is basically what I'm saying. What was actually reported? I don't recall off -- you know, I don't know exactly.

But I think to me it was clearly post-NIMS, again, being considered baby equity, if you will, in some of these deals, I think they were fairly near worthless or very, very low, if any, value.

Q. At the time you wrote this email on November 8th, as director of PCG, were you capable of ascertaining what -- what the post-NIMS were being valued at at that time?

MR. TOMAINO: Objection. Form.

A. Okay. As I said earlier, with the process we undertook looking at discounted cash flows, roll rates, the fact that securitizations had stopped, looking at delinquencies, defaults, what became REO, looking at cum losses on the deals, I think it was evident, and I think Rich Landreman agreed with me, I think some other people agreed with me.

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like the acquisition?

MR. TOMAINO: Objection to form. Foundation.

A. I think it was a subprime originator. The thought process was, which had been employed by competitors, was to really be a fully -- what was the term we used? Full service shop: originate, securitize, service. And that's what Barclays set out to do.

I didn't like the product even. You know, I just...

Q. And by "product," you mean?

A. Subprime whole loans.

Q. Why didn't you like about --

A. I just thought --

Q. -- the product?

A. -- they were risky products.

Q. Were there certain characteristics about the loans that you considered risky?

MR. TOMAINO: Objection. Form. Foundation.

A. At what point in time?

Q. October 2007.

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A. Well, by this point I've seen them underperform; I've seen delinquencies, losses; probably down -- significant downgrades. I started to think that there was fraud in the space potentially. I saw companies go out of business.

You know, it's just, if I can -- Adam Godden's front office sending this to James Walker and Mike Wade has cut Landreman and myself out of this. He suggests a meeting with Walker, Mike and I, meaning him. Landreman and I are not part of it.

His bullet No. 4 I think is laughable. "Equifirst will be loss making if it sells production at less than its cost." Well, it has to sell it at fair value.

For them to then say "on the BarCap side... (Keith Ho's book) will be hugely profitable if it is paying nominally over par for such high quality loan pools."

I completely disagree with that statement. I just think that's laughable at that point in time that he can be representing that that -- these were high

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quality loan pools.

So, Walker, I think is onboard at this point and he's now reaching out to Landreman and myself and Utley to discuss this. He's -- he's not going to meet with them without discussing it with us.

But Adam Godden, again, is a front office guy. It's amazing. I don't remember this email, but the fact that it is October of 2007 and he's saying such high quality loan pools is, I just think, disregarding what was happening in the marketplace.

Q. What was your -- your basis for questioning or -- let me withdraw that.

You disagree that the loan pools were high quality; is that right?

MR. TOMAINO: Objection. You mean the Equifirst pools or the subprime market generally? Because his testimony in a prior answer was about the subprime space generally.

Q. Are -- you're referring to subprime, subprime whole loan pools?

A. Okay. I'm referring to Equifirst

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origination. Equifirst origination was some, some subprime whole -- whole loan pools as well. If you can make that distinction, yes. This is Equifirst. Equifirst originated subprime whole loan pools. I think there was, by this time, clearly problems with that product and that business model.

Q. Did -- at what point did you become involved in the Equifirst acquisition?

MR. TOMAINO: Objection to form.

A. I don't know exactly. At some point when I was told that we were going to acquire Equifirst, you know, I started looking at whatever positions they had or what production they had in the pipeline and what they did, that type of thing.

Q. Was PCG asked to look at Equifirst loan pools?

MR. SPADA: Objection to form.

A. I'm sure we did at some point, yes. Who asked me or us? I don't know. But, yeah, I'm sure we did.

Q. Okay. And based on, based on that work, it was your understanding that --

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withdraw that.

In your opinion, was Equifirst subprime product better than other subprime product?

MR. TOMAINO: Objection to form and lack of foundation.

A. Okay. You know, I'm speaking to this document as October 2007, at which point in time I think it's unbelievable that Adam Godden is saying such high quality assets and stuff like that.

I don't remember when we acquired Equifirst. I never particularly liked the product. But early on, when we acquired them, I don't remember exactly, I had no reason to believe they were any better or worse than anybody else.

They originated subprime loans. Subprime loans became a very underperforming asset, whether originated by New Century or First Franklin or Equifirst.

MR. SPADA: When we get to a convenient point, if we can just take a break.

<u>EXHIBIT 19</u>

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BARCLAYS PLC

MINUTES OF A MEETING OF THE BOARD AUDIT AND ACCOUNTS COMMITTEE

HELD AT 1 CHURCHILL PLACE, LONDON E14 5HP

ON WEDNESDAY 14 NOVEMBER 2007

Present:

Stephen Russell – Chairman

Fulvio Conti

Professor Dame Sandra Dawson

Sir Andrew Likierman

In attendance:

Lawrence Dickinson, Secretary

Patrick Gonsalves, Deputy Secretary

Mark Carawan, Barclays Internal Audit Director

Mark Harding, General Counsel

Gary Hoffman, Vice Chairman
(in attendance for Board Accounts Committee and items 1 to 2.3 only)

Robert Le Blanc, Risk Director

Chris Lucas, Group Finance Director

Phil Rivett, PricewaterhouseCoopers

John Varley*, Group Chief Executive
(in attendance for Board Accounts Committee to item 4.2 only)

Marcus Agius, Chairman
(in attendance for Board Accounts Committee and items 1 to 4.2 only)

Jonathan Britton, Group Financial Controller
(in attendance for Board Accounts Committee and item 5.3 only)

Sir Richard Broadbent, Senior Independent Director
(in attendance for Board Accounts Committee only)

Rich Ricci, Chief Operating Officer Investment Banking and Investment Management
(in attendance for Board Accounts Committee and item 4.2 only)

Paul Idzik, Chief Operating Officer
(in attendance from item 1 to item 5.2 only)

Frits Seegers, Chief Executive, GRCB
(in attendance for items 2.3 to 4.1 only)

Colin Klipin, Head of Global Payments
(in attendance for item 2.3 only)

Ahmed Khan, Chief Executive Officer, Emerging Markets
(in attendance for item 4.1 only)

Mike Walters, Head of Compliance
(in attendance for items 5.1 and 5.2 only)

Julie Nicholson, Head of Barclays Financial Risk Analysis and Reporting
(in attendance for item 5.3 only)

*via audio conference for part of Board Accounts Committee

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BOARD ACCOUNTS COMMITTEE

Review of Barclays Capital Trading Update

The Chairman welcomed Sir Richard Broadbent to the meeting. Sir Richard had agreed to attend the Board Accounts Committee for this Item given the work he had been doing in recent weeks on this area on behalf of the Board Risk Committee.

The Chairman referred to the draft Trading Update for Barclays Capital ("BarCap"), which had been sent to members of the Committee in advance of the meeting and during discussion of the statement the following issues were covered:

The Committee discussed whether the timing of the announcement was appropriate, particularly as the statement related only to BarCap. The Committee debated whether it would be possible to bring forward the date of the Group Trading Statement. It was also felt to be important that the statement should include if possible, some third-party assurance as to its accuracy as well as being conservative and open in its nature. John Varley explained that the major driver for making this statement ahead of the Group Trading Statement, which was due towards the end of the month, was to reassure particularly retail investors and depositors in the light of the huge volatility in the Group's share price. Although these pressures had eased a little in recent days the market was still struggling to know how to value the Group's shares. It was acknowledged that issuing a statement in this way was unusual and that it was a finely balanced judgement given that there was a danger that some in the media could describe it as a profits warning. However, it was not yet feasible to publish the Group's Trading Update. The Committee noted that David Mayhew of JP Morgan Cazenove had been consulted and he was supportive of the need to make an announcement. It was agreed that it would be helpful to include an explanation in the text of why the statement was being made outside of the usual cycle. A quotation from Mr Varley would be added for that purpose.

Phil Rivett advised the Committee that it would not be possible to include any reference to PricewaterhouseCoopers ("PwC") having reviewed the statement if the statement were to be made public within the next 24 hours. It would not be possible to achieve the required level of comfort in the time available. It was noted that there was no consistent approach in other banks' statements as to whether they were reviewed by their auditors or not.

Mark Harding advised the Committee Redacted: Redacted For Privilege

Redacted: Redacted For Privilege

Chris Lucas then drew the Committee's attention to the key issues arising from the Trading Statement and the Appendix to the Statement. which clearly set out the net write-downs. It was felt that the balance sheet exposure information would be very helpful to investors. In response to a question, Mr Lucas advised that the revaluations and assessments included in the Statement had been prepared by the BarCap's Product Control Group and had been reviewed by Group Risk, PwC and himself. He felt that BarCap had done a very thorough job and had generally taken a conservative approach with many of the assets such as the CDOs valued at zero. Mr Rivett confirmed that the approach was more thorough and detailed than any other bank had provided. Robert Le Blanc likewise confirmed that he had been impressed with the quality of the work that had been done and that in reviewing the statements he felt it was consistent with the situation as he had observed it over the course of the last six months. It was noted that BarCap and PwC were still discussing the valuation of the whole loans portfolio.

The exposure to SIVs amounted to £700 million and the cumulative write downs on SIVs and SIV-Lites were £70 million. This would be a surprise to the market which had not understood the nature of the Group's exposures. The leveraged finance portfolio valuation reflected the Group's view of the market value of those loans. The carrying value of the exposure had been written down by £190 million which after fees produced a provision of £60 million.

The Own Credit adjustment was a peculiar accounting result reflecting an adjustment in the credit spread on £25 billion of liabilities. The amount of the Own Credit adjustment would be based on the level that could be expected to apply at the end of the year.

The Committee discussed the potential areas that analysts would focus on in the Statement and suggested that the tone of the Statement be revised and that consideration be given to removing the wording about it being a record performance by BarCap given that year to date performance was only marginally ahead of 2006.

The Committee asked to see a further draft of the Trading Statement later in the day once the revisions discussed at the meeting had been made.

Jonathan Britton, Sir Richard Broadbent and Rich Ricci left the meeting.
Paul Idzik joined the meeting.

BOARD AUDIT COMMITTEE

1. CHAIRMAN'S MATTERS

1.1 Approval of Minutes and Actions Arising from Previous Meetings

(1) Minutes

The Minutes of the meetings held on 20 and 25 July 2007, which had been sent to Committee members in advance of the meeting, were approved for signature by the Chairman of the Committee.

(2) Actions Arising

Lawrence Dickinson referred to the Schedule of Actions Arising from the meeting held on 25 July 2007 and noted that all actions were on track. Mark Carawan reported that targets for 2008 had been agreed for the proportion of audit findings that should already be known to Management, now referred to as "issues being actioned by management". An overall target of 50% would be set but with the additional requirement that 75% of high priority issues should be "issues being actioned by management" or IBAM.

2. CONTROLS ISSUES OF GROUP LEVEL SIGNIFICANCE

2.1 Control Issues of Group Level Significance Report

Gary Hoffman presented the Control Issues of Group Level Significance Report, which had been sent to the Committee members in advance of the meeting, and highlighted the following points:

(i) Introduction

There were two new control issues that had arisen, seven issues were rated as being "Behind" and one had been identified as being ready for transfer to Cluster supervision.

(ii) Know Your Customer

Redacted: Redacted For Privilege

(iii) Hawthorn Cash Management

The Group had been encouraged by the Bank of England to exit the previous joint venture arrangements for cash management. Although there are risks involved in transferring this activity to the new business, the sooner the transfer is completed the better the Group's position would be. This issue was receiving a lot of attention from Deanna Oppenheimer and Frits Seegers.

(iv) Control Issues that are behind Schedule

For Business Continuity Management there are two milestones that have been missed although the final completion date has not been changed. The Logical Access Management programme had deliberately prioritised those deliverables that were necessary to achieve SOX compliance, which had resulted in some other milestones being missed. On third-party providers, a number of GRCB businesses are behind schedule in their remediation work.

The Chairman asked if members of the Committee could be provided with a memorandum explaining how, with the use of an example, the new approach to managing third-party providers would now feel different for those providers.

Mr Carawan briefed the Committee on the analysis that he had arranged, which provided evidence that Management's remediation of control issues was improving. In the past, it was not unusual for programmes to go on and off track regularly as a result of poor scoping of the remediation programmes. The influx of new talent and the better identification of key milestones had raised the bar for performance in this area. At the same time, Management was now being much harder in its assessment of what constituted being "off track". In conclusion, he felt that there had been no slippage in the effectiveness of the control environment. Mr Carawan was asked to share his analysis with the members of the Committee.

Mr Hoffman drew the Committee's attention to the paper he had circulated that documented the process for identifying new Control Issues of Group Level Significance.

The Committee noted the paper and agreed that Cash Management could be transferred to Cluster supervision.

2.2 IT Challenges – CIGLS Remediation Efforts

Paul Idzik presented his CIGLS Remediation Efforts paper, which had been sent to Committee members in advance of the meeting and highlighted that IT had only been a root cause of delays in remediation of control issues in 10 out of 46 instances. The implementation of remediation was delayed more frequently because of poor processes or poor management. Often the processes were not well embedded, there was a poor understanding of the control issues or there was a failure to resource the remediation efforts properly.

The Committee noted the paper.

Colin Klipin and Frits Seegers joined the meeting.

2.3 **Global Payments**

Mr Carawan introduced this item by observing that the payments platform was fragile, characterised by frequent outages and too many applications that were past their useful life. That situation had been further aggravated by the additional manual sanctions reviews. Actions had been taken to stabilise the situation which were mitigating the risks facing the Group.

Mr Seegers, supported by Colin Klipin, presented the paper on Global Payments Control Environment, which had been sent to the Committee's members in advance of the meeting, and highlighted that:

(i) **Faster Payments Programme**

The Faster Payments Programme had been implemented recently on time and on budget even though the industry development work would not be ready until May 2008.

(ii) **Assessment of Control Environment**

The current payments platform is not considered to be fit for purpose. There are frequent outages and a high number of severity one and two incidents. Many of the systems were past their useful lives and were no longer supported by the system providers. The controls are primarily manual and although they are currently effective the situation is not sustainable. The business continuity management arrangements for the payments platform had never been tested end to end.

(iii) **Sanctions Screening**

The number of people involved in sanctions screening had grown from 14 to 240. The large number of hits that the system was producing was placing a significant strain on the payments process. This had aggravated an already challenging situation.

(iv) Proposed New Payments Platform

Work had been done to scope a new global payments system. It would cost approximately £210 million to deliver and would take three to four years to complete. That would bring the Bank level with other global international banks. These changes are long over due and would be essential to meet the businesses needs given the ambitious growth plans for GRCB.

The Committee discussed the reasons why this area appeared to have been neglected and noted that the creation of GRCB had enabled Management to get better line of sight to the systems issues affecting payments services. Additionally, the system problems had been further impacted by the sanctions screening process implemented in connection with Project Spring. The Committee also discussed the level of capability that the new platform would provide compared to the Group's global international peers. The new platform would create the opportunity to deliver new products including white labelling products from other banks. This was one of the attributes that the ABN AMRO acquisition would have provided for the Group.

The Committee noted the paper.

Gary Hoffman and Colin Klipin left the meeting.

3. AUDITOR'S REPORT

3.1 **Barclays Internal Audit Report**

Mr Carawan presented his paper on the Barclays Internal Audit Report, which had been sent to the Committee's members in advance of the meeting, and noted that there were 112 overdue Audit items and some 53 that had been overdue for more than 90 days. The overdue items are concentrated in a small number of areas including GRCB Technology and Absa. The Committee discussed how this situation compared to other major banking groups and noted that Barclays was believed to be in the top quartile for how it tracked and monitored remediation activity. The cultural shift that was necessary to be able to identify and remediate control weaknesses promptly would take time to achieve and the Group would not wish to have a culture which suppressed control issues because staff were fearful of the consequences.

The Committee noted the report and approved the adjustments to the Audit Plan as set out in the 'Plan Adjustments Report'.

3.2 PwC Report

Phil Rivett presented the PwC report, which had been sent to Committee members in advance of the meeting which was noted.

Ahmed Khan joined the meeting.

4. REVIEW OF CLUSTER CONTROL ENVIRONMENTS

4.1 GRCB Emerging Markets Update

Mr Seegers, supported by Ahmed Khan, presented the paper on the GRCB Emerging Markets Update which had been sent to the Committee's members in advance of the meeting, and highlighted that:

(i) Recruitment and People Management

Of the 140 open positions, that had existed following the restructuring of the business, some 75% had now been filled with high-quality people. The Emerging Markets Executive Committee was now fully manned and the move from Johannesburg to Dubai was complete although one or two areas, Compliance and Risk, remained in Johannesburg as was always planned. There had been no process breakdowns as a result of the transfer to Dubai.

(ii) Emerging Markets Governance

The Emerging Markets governance structure and culture of control was expected to be fully embedded by the end of the year.

(iii) Control Issues of Group Level Significance

The Emerging Markets efforts to remediate Group level issues such as IT Security, Logical Access, Data Privacy and Records Management was on track and Group policies were being followed as and when they became available.

(iv) Retail Expansion Programme

The retail expansion programme had been delayed in order to address questions and additional requirements raised during the course of the review by GRCB Centre. Emerging Markets now had its own New Product Approval process in place and this process should be fully effective by the end of the year.

The Committee discussed the retention of key individuals and noted that none of those put on retention packages had left the business and the initial results of the employee opinion survey showed good results for the business. In response to a question, Mr Khan advised that his principal concern was the lack of better leading indicators in the risk and control areas but he was satisfied that he had good people in place in the middle and back offices who knew the local markets well. The Committee also discussed how the Barclay's culture was being ingrained into the new recruits and noted the importance of the businesses executive committee team setting the right tone.

(v) Project Lion

When Absa was acquired the Group's intention had been to sell the Barclays Africa business to Absa and increase the Group's shareholding in Absa as a result. However, the South African regulator had not been willing to consent to the transfer because of concerns about Absa's ability to manage those businesses. In the meantime, the Barclays African businesses have being progressing well under Mr Khan's leadership. The current intention was to sell Tanzania to Absa in 2008. This would be an important test for Absa.

(vi) Angola

In Angola, Absa's previous approach had been that of a passive investor. Approval had now been received to increase the shareholding to 60% and the preference was to increase the holding further. The Angolan economy is large and fast-growing and it is important to find the right individual to lead the business in order to exploit the opportunities available in a controlled way. The recruitment was more difficult because the new Managing Director had to be a Portuguese speaker. Absa's management of the Angola business was making progress but improvements were taking longer than had been hoped.

The Committee noted the paper.

Ahmed Khan and Frits Seegers left the meeting.
Rich Ricci rejoined the meeting.

4.2 Barclays Capital Control Environment

Rich Ricci presented the paper on the Barclays Capital Control Environment, which had been sent to the Committee's members in advance of the meeting, and reported that BarCap's control processes and policy had stood up well during the recent market turbulence. One area of weakness that had been identified was in the complex areas where market risk and credit risk overlapped. The Bear Stearns situation had started out as a market risk issue and became a credit risk one also. That transfer had not been well handled. It was unfortunate that the increased risks in this area had been identified and other similar transactions had been revised but the Bear Stearns deal had not.

Mr Ricci advised that BarCap communicated limits and policies very effectively and there was a strong working relationship between the front and back office. This enabled the business to fix potential problems quickly. The approach of always building the controls and robust systems in advance of starting a new business had served BarCap well.

The Committee noted the presentation.

Marcus Agius, Rich Ricci and John Varley left the meeting.
Mike Walters joined the meeting.

5. REGULAR REPORTS

5.1 Semi Annual Group Compliance Report (including Whistleblowing)

Mike Walters presented the Semi-Annual Group Compliance Report, which had been sent to members of the Committee in advance of the meeting and reported that the FSA were expected to deliver the Arrow Report to the Bank shortly.

In response to a question, Mr Walters advised that the rise in Whistleblowing incidents was the result of greater publicity around the Whistleblowing programme.

The Committee noted the Semi-Annual Group Compliance Report.

5.2 Sanctions Compliance

Redacted: Redacted For Privilege

Redacted: Redacted For Privilege

Paul Idzik and Mike Walters left the meeting.
Jonathan Britton and Julie Nicholson joined the meeting.

5.3 Sarbanes-Oxley Act 2002 – Section 404 Update

Jonathan Britton presented the SOX – Section 404 Update, which had been sent to members of the Committee in advance of the meeting and reported that the performance data was all positive, testing was ahead of schedule and Management Self Assessment was going well. Of the 17 current CIGLS, 6 are relevant for SOX purposes. Of those, the only issue causing current concern was Logical Access Management, which was receiving a great deal of attention.

The Committee agreed that the CIGLS threshold should remain at £25 million but the planning materiality threshold for SOX Section 404 purposes should be raised in 2008 to the levels set out in the paper i.e. £200 million for P&L and £3 billion for Balance Sheet.

The Committee noted the update.

Jonathan Britton and Julie Nicholson left the meeting.

5.4 Provision of Services by the Group's Statutory Auditor and Review of the Group's Non-Audit Services Policy

Mr Dickinson presented his papers on the Provision of Services by the Group's Statutory Auditor and Review of the Group's Non-Audit Services Policy, which had been sent to the Committee in advance of the meeting.

The Committee noted the papers and confirmed, after due and careful consideration, that they consider the Group's Statutory Auditor to remain independent.

The Committee approved the changes to the Group's Non-Audit Services Policy.

<u>Papers circulated for information</u>

Senior Approved Persons – Vacancies

MIFID Programme Update

Basel II Programme

EXHIBIT 20

FILED UNDER SEAL

From:	Wade, Michael :Structuring (NYK) [/O=BZW/OU=USA/CN=RECIPIENTS/CN=NEW YORK/CN=MICHAELW]
Sent:	Thursday, November 15, 2007 9:07:11 PM
To:	Goettler, Peter: DCM (NYK)
Subject:	FW: Indicative Whole Loan Bids

FYI

From: Wade, Michael :Structuring (NYK)
Sent: Thursday, November 15, 2007 2:56 PM
To: Clackson, Patrick: Finance (LDN)
Cc: Ricci, Rich: Barclays Capital; Kvalheim, Grant: Barclays Capital (NYK)
Subject: RE: Indicative Whole Loan Bids

Definitely our #1 priority but I need to manage expectations. Even in a normal year, the investor market shuts down mid-December which only gives us a month from today to sell a large amount of loans. As mentioned below we have pushed the GSEs but it is difficult to get them to the finish line. I imagine this will continue to be the case as the GSEs have their own accounting issues to resolve by year-end.

However, with that said, current work in progress that is furthest along:
1) AmGen Finance - we have August, September and October pools in front of them and expect a bid back by Monday/Tuesday.
2) FreddieMac - has expressed a desire for a forward flow arrangement therefore we are working on November/December production that fits conforming criteria. Expect terms Monday/Tuesday.
3) GSC - we have June through September pools in front of them; expect a residual proposal mid-next week.
4) FannieMae - being engaged now

In terms of what you can help with, your guidance on the following would be helpful:
1) Does PWC have other clients in our space that they are pressuring to sell by year-end? It would be helpful to know extent of competing supply. Our sense in discussion with Sales and accounts that this is not happening but it would be useful to know if you know other PWC clients.
2) What is our appetite to be "cherrypicked" by buyers to get sales executed?
3) What is attitude towards accepting more severe bid stipulations to get sales executed?
4) Given the broader Barclays messaging to market is there sensitivity to any particular investor outreach (e.g. In addition to work in progress above, we will need to immediately expand our discussions with a number of hedge funds; is this ok? Are there any off limits accounts?)

From: Clackson, Patrick: Finance (LDN)
Sent: Thursday, November 15, 2007 1:07 PM
To: Wade, Michael :Structuring (NYK)
Cc: Ricci, Rich: Barclays Capital; Kvalheim, Grant: Barclays Capital (NYK)
Subject: RE: Indicative Whole Loan Bids

Michael

Big issues convincing PwC on marking this book, need some really good evidence to support values. Ideally you need to sell c10% before year end to demonstrate marks. PwC pushing very hard for firesale mark of up to $300m down.

Needs to be your no 1 priority, let Rich, James or me know if we can do anything to help.

Patrick

From: Wade, Michael :Structuring (NYK)
Sent: 14 November 2007 16:02
To: Ricci, Rich: Barclays Capital; Clackson, Patrick: Finance (LDN)
Subject: FW: Indicative Whole Loan Bids

EXHIBIT 23
WIT:
DATE: 8-20-15
E. Mulvenna, CSR/RMR/CRR

Rich/Patrick:

Here is some data on Fannie and Freddie purchases of whole loans in the market. While these transactions do not involve EquiFirst collateral directly, the EquiFirst collateral characteristics are as good or better than those listed here. Also, attached is a Freddie Mac matrix of loan characteristics/WACs to produce above par pricing. Given the flood of volumes to these GSEs we are having a difficult time finalizing a trade for our whole loans but we continue to work hard to that end. Until we execute a sale, I would treat the 102/101 pricing as indicative.

The AGFS referenced in the last line below is American General Financial Services (owned by AIG). We are engaged with other portfolio buyers as well.

Lastly, we are engaged with a number of hedge fund buyers that wish to purchase residual or subordinate cashflows rather than whole loans. While not technically a whole loan sale, the trades will result in conveyance of "first loss" risk and a whole loan sale price can be imputed from these residual sales.

Talked to the team about the prospects of selling 10% collateral prior to year-end. We should discuss that timing more fully before committing to PWC.

Please let me know if you require further data.

Regards,
Mike

From: Menefee, Paul: ASG (NYK)
Sent: Wednesday, November 14, 2007 9:52 AM
To: Wade, Michael :Structuring (NYK)
Cc: Godden, Adam: Structuring (NYK); Piperno, Anthony: Structuring (NYK); Kelly, Anita:Structuring (NYK)
Subject: Indicative Whole Loan Bids

Mike,

Per our discussion, Fannie Mae wrapped the following securities with coupons and FICO scores that are reflective of our portfolio. These securities priced at substantial premiums in the secondary market. These deals are public, readily observable and can be accessed on Bloomberg by cusip number which is contained in the first column.

<< OLE Object: Picture (Metafile) >>

As a result of these premium prices, we are working with Freddie and Fannie to gain a better understanding of their appetite for whole loans. Freddie Mac supplied a matrix for the conforming portion of EquiFirst production. Of $430M Sept and Oct EquiFirst Production $181M (42%) qualify under Freddie Mac's whole loan purchase guideline for a Servicing Retained price of 101.84 prior to purchasing MI on > 80 LTV. This premium does not include the value of the retained MSR which can be assumed to be 75-85bp. We are engaging Freddie Mac to better understand their pricing parameters.

In addition, portfolio buyers have expressed an interest in selected portions of EquiFirst origination. We received a bid from AGFS for $58MM of August production at 102.8% on a servicing retained basis.

<< File: Equifirst 11-08-2007.pdf >>

<u>EXHIBIT 21</u>

FILED UNDER SEAL

From: Kaczka, Joseph: Product Control (NYK) [/O=BZW/OU=USA/CN=NYK AD USERS/CN=USERS/CN=KACSKAJ]
Sent: Friday, November 16, 2007 4:57:47 PM
To: Walker, James: Finance (NYK)
Subject: FW: Whole Loan writedown

James, please review. I think fine. What do you think of the mention of the $400-$600 #?

From: Landreman, Richard: Product Control (NYK)
Sent: Friday, November 16, 2007 11:55 AM
To: Kaczka, Joseph: Product Control (NYK)
Subject: RE: Whole Loan writedown

Joe - look at this before I send it.

Adam,

In response to your items below:

1) The allocation of the 45M to the loans would be discretionary. PCG derived a price testing variance based on our understanding of the 150 discount pricing methodology and applied it to the book values as of Sept month end.

2) The application of the 150 discount rate also needs to include a dynamic loss rate. The loss rate PCG derived is based on the "HomEq" roll rates which we apply to the subprime Post NIMS. The roll rate with the increasing deliquencies causes these loans to be valued at a lower rate month over month.
Absent a formal price testing file from ASG and the formal process to validate the desk prices, PCG reported a Sept variance based on the "Book" values. PAC advised PCG to book the variance. Getting this data from any single source has been challenging and this process is improving.

3) November is currently being reviewed. Based on our meetings with PWC, they do not agree that a static discount rate of "Libor + 150" is defendable. They further suggested that a six month roll rate analysis is more reasonable to derive a historic loss methodology in this environment. 12 to 18 months was immediately rejected as not rational in this environment. We are currently waiting for some observable data from ASG to enable PCG to apply observable parameters to the loan data.

PwC was comfortable with the pricing levels of the Scratch & Dent portfolio as presented. The $ 4B Equifirst originated portfolio (older stuff on the branch) was observed by PwC to be quite aggressvie in relation to comparable portfolios which they have seen. The guidance provided for this portolio was in the 85-92 range. This level would indicate an incremental 400 to 600M writedown.

Rich

From: Godden, Adam: Structuring (NYK)
Sent: Friday, November 16, 2007 10:50 AM
To: Kaczka, Joseph: Product Control (NYK); Walker, James: Finance (NYK)
Cc: Wade, Michael :Structuring (NYK); Menefee, Paul: ASG (NYK); Carroll, John: Credit Trading (NYK); Landreman, Richard: Product Control (NYK)
Subject: RE: Whole Loan writedown

Thanks, but we need a bit more clarity than this:

1) so are we now free to propose how to allocate the $45m to individual positions ? Per your previous correspondence you were OK with this conceptually, but I just want to check again.

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2) we need to understand how the 150 discount rate approach resulted in this extra loss. We should have a meeting / con call just for our education if that works for you today please.

3) what level of write down are you expecting for November ? On what basis ? When will this be passed ? Do we have a say in the basis for the number ?

The majority of these problems can be avoided by better communication between our teams. I'm not suggesting this is a one-way problem, but we have to improve dialogue and understanding on these issues going forward. Let's start today please.

Thanks,

Adam.

Adam Godden
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fax +1 (1) 212 412 6846
adam.godden@barclayscapital.com

From: Kaczka, Joseph: Product Control (NYK)
Sent: Friday, November 16, 2007 10:38 AM
To: Godden, Adam: Structuring (NYK); Walker, James: Finance (NYK)
Cc: Wade, Michael :Structuring (NYK); Menefee, Paul: ASG (NYK); Carroll, John: Credit Trading (NYK); Landreman, Richard: Product Control (NYK)
Subject: RE: Whole Loan writedown

Gents, I don't believe a meeting is necessary. For October Monthend we did the following: We booked $23mm of derferred interest to income, and a $45mm loss vs loan inventory. This resulted in a net loss of $22mm. The $45mm writedown has not yet been applied to individual positions. You therefore may think of it as a reserve until allocated across the loans. This resulted from the variance generated by PCG when running the newly agreed methodology using the Libor +150 discount rate. Yes, we are expecting a further writedown in November. This was done at PAC's direction. I hope this clears up any further confusion.

From: Godden, Adam: Structuring (NYK)
Sent: Friday, November 16, 2007 10:17 AM
To: Walker, James: Finance (NYK)
Cc: Wade, Michael :Structuring (NYK); Menefee, Paul: ASG (NYK); Carroll, John: Credit Trading (NYK); Landreman, Richard: Product Control (NYK); Kaczka, Joseph: Product Control (NYK)
Subject: RE: Whole Loan writedown

James, further to the below, I think we need to set up an urgent meeting to go through this in detail - we have been putting together a schedule of our current whole loan positions and we have the absurd position of not knowing if our numbers are right because we are unaware of what entries have been passed on what positions by PCG per the below.

Further, we are discussing with senior management our desire to write down certain specific loans by applying our interest carry and yet don't know any more whether this cash has already been spent elsewhere.

I will schedule for ideally later today or Monday.

Thanks,

Adam.

Adam Godden

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adam.godden@barclayscapital.com

From: Godden, Adam: Structuring (NYK)
Sent: Thursday, November 15, 2007 4:59 PM
To: Walker, James: Finance (NYK)
Subject: Whole Loan writedown

James, further to our conversation, I have been trying to get the detail behind the $22m whole loan write down in October.

As you know, Mike Wade and I were unaware of it and Paul Menefee and John Carroll are still unsure as to the basis for it. We did get an email from Joe highlighting a potential write down of $6m ($29m less a $23m interest release) in early Nov, but they had been expecting a discussion to understand it before any entries were passed. Specifically, I therefore need to understand please:

-why we have taken a loss so soon after we all mutually agreed to the 150 discount rate to value the pool ?

-the basis for the $22m calculation.

-where the $22m is now. On a general reserve ?

-what has happened to the previous interest carry of c$20m ? We have been preparing to allocate this to some of our most distressed positions (i.e to mark down the basis) and I want to be sure that this hasn't now been "spent" elsewhere.

-are you expecting a further write down in November and if so on what basis and when will the entries be passed ?

I appreciate the new PwC guidance gives this whole issue a new direction, but irrespective we need to understand the existing position please.

Thanks,

Adam.

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adam.godden@barclayscapital.com

EXHIBIT 22

FILED UNDER SEAL

From: Kaczka, Joseph: Product Control (NYK) [/O=BZW/OU=USA/CN=NYK AD USERS/CN=USERS/CN=KACSKAJ]
Sent: Friday, November 16, 2007 5:30:34 PM
To: Walker, James: Finance (NYK)
Subject: FW: Whole Loan writedown

From: Kaczka, Joseph: Product Control (NYK)
Sent: Friday, November 16, 2007 12:14 PM
To: Godden, Adam: Structuring (NYK)
Cc: Landreman, Richard: Product Control (NYK)
Subject: FW: Whole Loan writedown

Adam, Please see Rich's responses below. We need your"the business" help. The firm is losing the battle with PWC. PWC is looking for much more substantial writedowns on the $4biillion Equifirst originated loans on PLC's B/S. We need some observeable data to point to, to help persuade PWC to accept the desks levels as reasonable. Thanks

Adam,

In response to your items below:

1) The allocation of the 45M to the loans would be discretionary. PCG derived a price testing variance based on our understanding of the 150 discount pricing methodology and applied it to the book values as of Sept month end.

2) The application of the 150 discount rate also needs to include a dynamic loss rate. The loss rate PCG derived is based on the "HomEq" roll rates which we apply to the subprime Post NIMS. The roll rate with the increasing deliquencies causes these loans to be valued at a lower rate month over month.
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Rich

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Sent: Friday, November 16, 2007 10:50 AM
To: Kaczka, Joseph: Product Control (NYK); Walker, James: Finance (NYK)
Cc: Wade, Michael :Structuring (NYK); Menefee, Paul: ASG (NYK); Carroll, John: Credit Trading (NYK); Landreman, Richard: Product Control (NYK)
Subject: RE: Whole Loan writedown

Thanks, but we need a bit more clarity than this:

1) so are we now free to propose how to allocate the $45m to individual positions ? Per your previous correspondence

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you were OK with this conceptually, but I just want to check again.

2) we need to understand how the 150 discount rate approach resulted in this extra loss. We should have a meeting / con call just for our education if that works for you today please.

3) what level of write down are you expecting for November ? On what basis ? When will this be passed ? Do we have a say in the basis for the number ?

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Thanks,

Adam.

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To: Walker, James: Finance (NYK)
Cc: Wade, Michael :Structuring (NYK); Menefee, Paul: ASG (NYK); Carroll, John: Credit Trading (NYK); Landreman, Richard: Product Control (NYK); Kaczka, Joseph: Product Control (NYK)
Subject: RE: Whole Loan writedown

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Sent: Thursday, November 15, 2007 4:59 PM
To: Walker, James: Finance (NYK)
Subject: Whole Loan writedown

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-where the $22m is now. On a general reserve ?

-what has happened to the previous interest carry of c$20m ? We have been preparing to allocate this to some of our most distressed positions (i.e to mark down the basis) and I want to be sure that this hasn't now been "spent" elsewhere.

-are you expecting a further write down in November and if so on what basis and when will the entries be passed ?

I appreciate the new PwC guidance gives this whole issue a new direction, but irrespective we need to understand the existing position please.

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Adam.

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adam.godden@barclayscapital.com

EXHIBIT 23

FILED UNDER SEAL

From:	Godden, Adam: Structuring (NYK) [/O=BZW/OU=USA/CN=NYK AD USERS/CN=USERS/CN=GODDENAD]
Sent:	Monday, December 10, 2007 9:49:20 PM
To:	Menefee, Paul: ASG (NYK)
CC:	Wade, Michael :Structuring (NYK)
Subject:	FW: CAQ Whitepaper Questions
Attachments:	CAQ - Questions_doc.zip; ATT2411627.txt

Want to send him an update on the work we are doing for him ?

Adam Godden
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+1 212 412 1356
+1 (1) 646 420 8477 (cell)
fax +1 (1) 212 412 6846
adam.godden@barclayscapital.com

From: Kaczka, Joseph: Product Control (NYK)
Sent: Monday, December 10, 2007 4:49 PM
To: Godden, Adam: Structuring (NYK)
Subject: FW: CAQ Whitepaper Questions

Adam, Can you find out where we are with this please? I will forward the 7 page white papers to you as well. Thanks

---

From: Kaczka, Joseph: Product Control (NYK)
Sent: Thursday, December 06, 2007 5:06 PM
To: Wade, Michael :Structuring (NYK); Piperno, Anthony: Structuring (NYK)
Cc: Utley, Charles: Product Control (NYK)
Subject: FW: CAQ Whitepaper Questions

Mike,Anthony, Here are some follow-up questions PWC has in regard to the valuations of the whole loans. My suggestion is that you answer them, and Charles and I will review to help lend support. I will forward to you the white papers that PWC is referencing. Please let me know if you disagree or have any questions. Thanks

---

From: Walker, James: Finance (NYK)
Sent: Thursday, December 06, 2007 2:35 PM
To: Kaczka, Joseph: Product Control (NYK)
Cc: Utley, Charles: Product Control (NYK)
Subject: FW: CAQ Whitepaper Questions

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9/17/15

Joe,

As briefly discussed.

Charles : May well need your help on this over the next few days (with Mike Wade's team).

Thks, James

From: robert.macgoey@us.pwc.com [mailto:robert.macgoey@us.pwc.com]
Sent: 06 December 2007 01:03
To: Walker, James: Finance (NYK)
Cc: michael.guarnuccio@us.pwc.com; micko.odonnell@us.pwc.com
Subject: CAQ Whitepaper Questions

James

Please find attached the questions we believe should be addressed related to the CAQ Whitepaper.

As noted, the IFRS version is due to be released on December 13th but is expected to be very similar.

We recommend this thought process be documented for each of the areas where considerable valuation judgements have been made in light of the current market conditions.

Please let us know if you have any questions or comments.

Rob

This File Could Not Be Processed

Barclays
Fair Value of Sub-prime Whole Loans
Documentation evidencing Barclay's compliance with the CAQ Valuation White Paper

Introduction
On October 3, 2007, the Center for Audit Quality (CAQ) issued a white paper titled, "Measurement of Fair Value in Illiquid (or less liquid) Markets" (the White Paper). The opening paragraph of the White Paper states, "The objective of this paper was to discuss issues associated with the measurement of fair value under existing generally accepted accounting principals (GAAP) in the context of illiquid (or less liquid) market conditions that currently exist in many segments of the credit markets. The paper articulates certain existing requirements of GAAP literature related to the specific issues discussed, with the intention of helping preparers and auditors understand the application of existing GAAP in the context of illiquid market conditions."

Overall question
We request that you prepare a memo, the overall objective of which is to document if your measurement of fair value complies with the requirements of the White Paper.

Specific questions
We request that your memo specifically addresses (but not be limited to) the following specific questions:

1. White Paper, Page 3, Para 4, Definition of Fair Value.
   i. Does your measurement of fair value comply with this definition? (Yes/No*).
   ii. Specifically, is the objective of your measurement of fair value to determine the price that would be received to sell the asset or paid to transfer the liability at the measurement date (an exit price)? (Yes/No*)
   iii. Inherent in your measurement of fair value, what period of exposure to the market would be considered usual and customary to allow for marketing? (State period *) Is this period Inherent in your measurement of fair value? (Yes/No*)

   * Asterisk indicates that additional information/explanation would be expected to support your response.

2. White Paper, Page 3, Last Para, states in part, "It is important to distinguish between an imbalance between supply and demand (e.g., fewer buyers than sellers, thereby forcing prices down) and a "forced" or "distressed" transaction referred to in FAS 157, paragraph 7. The U.S. Securities and Exchange Commission addressed illiquid market conditions in a 2004 accounting and auditing enforcement release. In that release, the Commission concluded that the registrant had violated generally accepted accounting principals by using a definition of fair value that assumed that supply and demand were in reasonable balance when, in fact, GAAP defines fair value as the amount at which an asset could be bought or sold in a current transaction. The Commission concluded that the registrant should consider current market conditions, such as imbalances of supply and demand, when determining the then-current market value. Specifically, the Commission objected to the practice of ignoring prices quoted by external pricing sources and facilitate transacting at more "rational" prices."
   i. Do you believe that supply and demand are in reasonable balance? (Yes/No).
   ii. Do you believe that your measurement of fair value considers current market conditions, such as imbalances in supply and demand? (Yes/No).
   iii. Do you believe that you have ignored prices quoted by external pricing sources? (Yes/No*).
   iv. Do you believe that you are taking a "longer view" of the market (i.e., a view that assumes equilibrium will occur and facilitate transacting at a more "rational" price? (Yes/No*).

v. Does the price of 102% on page 17 of your presentation titled, "Whole Loan Inventory Valuation Methodology" represent: (a) fair value as defined in FAS 157, (b) a forced liquidation, or (c) a distress sale? (Fair Value/Forced Liquidation/Distress Sale*)

3. White Paper, Page 4, Para 2, states in part, "Because the objective of a fair value measurement is to determine the price that would be received to sell the asset at the measurement date (an exit price) - such a measurement, by definition, requires consideration of current market conditions, including the relative liquidity of the market"
   i. Does your measurement of fair value consider the current liquidity of the market? (Yes/No*)

4. White Paper, Page 5, Section titled, "Application of the Fair Value Hierarchy".
   i. Is your measurement of fair value based on Level 1, 2 or 3 inputs? For each level please identify those inputs, if any.

5. White Paper, Page 4, Para 2, states in part, "Even if the volume of observable transactions is not sufficient to conclude that the market is "active", such observable transactions would still constitute Level 2 inputs that must be considered in the measurement of fair value."
   i. Please identify which observable transactions were considered. For each transaction, describe the impact (if any) on your measurement of fair value.

6. White Paper, Page 6, Para 2, states in part, "For financial instruments such as mortgage-backed securities backed by subprime mortgage loans, an entity must consider what information is available about some or all of the assumptions that marketplace participants would use in assessing the current value of an asset at the reporting date.". White Paper, Page 6, Para 1, states in part, "...even if the market participant assumptions are different then the reporting entity's own expectations. The reporting entity may not ignore information about market participant assumptions."
   i. For each significant assumption, does your measurement of fair value consider information the marketplace participants would use? (Yes/No).
   ii. For each significant assumption, please provide evidence supporting how you obtained your understanding of the assumptions that the marketplace participants would use.

7. White Paper, Page 6, Para 3, states in part, "Some observers of current market conditions have asserted that market pricing is irrational, and they have suggested that entities should instead default to a model-based measurement that is based on economic "Fundamentals" of the asset. However, FAS 158 states that the use of an entity's own assumptions about cash flows is compatible with an estimate of fair value, as *long as there are no contrary data indicating the marketplace participants would use different assumptions. If such data exist, the entity must adjust its assumptions to incorporate that market information"*
   i. Do you believe that current market pricing is irrational? (Yes/No*)
   ii. Does your measurement of fair value default to a model-based measurement that is based on economic "Fundamentals" of the asset? (Yes/No*)
   iii. For each significant assumption used in your measurement of fair value, is there any contrary data indicating that the marketplace participants would use different assumptions? (Yes/No*)

8. White Paper, Page 7, Para 1, states in part, "Valuation models that utilize *historical* default data, or an entity's own default assumptions, rather than assumptions that market place participants would use, are not appropriately utilizing *market participant* assumptions, even if the default assumptions are "stressed"."
   i. Does your measurement of fair value utilize historical default data? (Yes/No*)
   ii. Does you measurement of fair value use your own default assumptions or assumptions that the market place would use? (Own/Market*)

EXHIBIT 24

FILED UNDER SEAL

From:	Wade, Michael :Structuring (NYK) [/O=BZW/OU=USA/CN=RECIPIENTS/CN=NEW YORK/CN=MICHAELW]
Sent:	Thursday, December 27, 2007 7:19:19 PM
To:	Mmwade@aol.com
Subject:	FW: PwC Memo - Electronic Version
Attachments:	PWC Memo Draft 12_19_2007.doc

From:	Piperno, Anthony: Structuring (NYK)
Sent:	Thursday, December 27, 2007 2:15 PM
To:	Wade, Michael :Structuring (NYK)
Subject:	PwC Memo - Electronic Version

PWC Memo Draft 12_19_2007.doc

This is what we sent to PwC. I haven't made any modifications following our discussion with them last week.

EXHIBIT 75
WIT:
DATE: 8/20/15
E. Mulvenna, CSR/RMR/CRR

Application of the FAS 157 Fair Value Hierarchy

Both the securitization and whole loan markets for subprime mortgages have experienced extreme disruption over the past six months. Securitization volumes have declined substantially along with the volume of competitive whole loan bids. The recently issued white paper, "Measurements of Fair Value In Illiquid (or Less Liquid) Markets", provides the framework for determining fair value for assets with little market activity that is consistent with FAS 157. According to the white paper, the measurement of fair value can incorporate the following data points:

1) quotable prices for identical assets when observable (Level 1 inputs);
2) quotable prices for similar assets when prices for identical assets are not observable (Level 2 inputs);
3) unobservable inputs (Level 3 inputs).

To provide a measurement of fair value for subprime mortgage whole loans, Barclays Capital began by attempting to identify observable Level 1 inputs in the market. Given the well documented decline in liquidity and transaction volume of subprime mortgage transactions over the past six months as detailed below, sufficient Level 1 inputs were not identified. In the absence of observable Level 1 inputs, Barclays Capital developed a valuation methodology based upon Level 2 and Level 3 inputs.

We note from IFRS 39 that, in the event that a market for a financial instrument is not active, fair value is assessed by using well established valuation techniques including discounted cash flow analysis. An acceptable valuation technique incorporates all factors that market participants would consider in setting a price and should be consistent with accepted economic methodologies for pricing financial instruments. Our valuation methodology for subprime mortgage loans was formed with these principles in mind.

Level 1 Valuation Inputs

As dictated by FAS 157 Barclays Capital first set out to identify Level 1 valuation inputs. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The following items were considered in attempting to define Level 1 valuation inputs:

1) Declining Volumes in Securitization Market During 2007

The market for subprime mortgage securitizations has experienced extreme disruption during 2007 which has significantly curtailed issuance volumes. In the third and fourth quarters of 2006 over $300bn of subprime mortgage securitizations were executed; by contrast in the same period in 2007 less than $40bn of transactions were completed (see Exhibit 1). Since entering the subprime whole loan business in mid-2004, Barclays Capital traditionally securitized, on average, one subprime mortgage transaction per month of an average size of $750mn. This pace of issuance continued through June 2007 after which the market for securitized mortgage product deteriorated significantly. As a result of the limited liquidity, Barclays Capital has not securitized subprime mortgages since SABR 2007-BR5 in June 2007. Similarly, Barclays Capital has not managed a mortgage securitization for a third-party client since March 2007 after managing $14bn of such transactions in 2006. Based on these easily observable market trends during 2007 especially after 1Q07, it is our view that the securitization market for subprime mortgages does not currently provide Level 1 observable inputs.

2) Securitizations Executed in 4Q07

Structured Finance Watch, an ABS pricing service accessible through Bloomberg shows that only selected classes from four securitized subprime mortgage transactions have priced within the past two months.

Deal Name	Deal Size (in millions)	Date	Most Subordinate Class Priced
ABFC 2007-WMC1	$1,420	Nov 2	AA-
CMLTI 07-WFHE4	$97	Oct 22	AAA
SVHE 2007-OPT5	N/A	Oct 11	AA-
FFMER 07-H1	$884	Oct 7	A+

The few deals shown above demonstrate the illiquidity in the market evidenced by the lack of transaction frequency and inability to price a meaningful component of mezzanine or subordinate bonds. Furthermore, it is difficult to determine if the prices for the senior tranches of these transactions that are reported to have been completed actually reflect arms-length transactions as significant portions of these tranches may have been retained by dealers. Feedback from bond syndicate desks across Wall Street and investors reveal that many dealers are retaining a substantial portion of the mezzanine bonds from their own securitizations out of necessity.

For comparative purposes, in October and November 2006 114 subprime mortgage deals priced with a total notional balance in excess of $89bn. As an active participant in that market, Barclays Capital executed three deals during that time period with a total notional balance of $2.4bn. In such a market, Barclays Capital could readily price all components of a securitization capital structure, verify the adequacy of pricing information, compare pricing to other securitizations completed with similar collateral characteristics and derive whole loan sale prices from executed securitizations.

The market trends described previously regarding the lack of an observable securitization market in 2007, have become more acute as the year progressed. These trends further validate our view that the securitization market for subprime mortgages does not currently provide Level 1 observable inputs.

3) Whole Loan Sales

In the absence of a viable securitization market, Barclays Capital looked for Level 1 information in the form of whole loan sales. The most relevant data point is the sale of $1bn of whole loans from EquiFirst to UBS in February 2007 at 101.40 on a servicing released basis. This is a useful data point given the similarity of the collateral attributes of this pool compared to March and April production and the fact that UBS won the pool in a competitive auction that involved a number of market participants. This whole loan sale does not constitute Level 1 data given the number of changes in the mortgage market over the past eleven months. The securitization market had been the primary vehicle of efficiently conveying mortgage risk and its closure has dramatically reduced the volume of whole loan sales.

As further evidence, there have been few competitive subprime whole loan bids since July 2007 and even fewer pools which actually traded. As a potential buyer of whole loans, Barclays Capital was asked to respond to whole loan offerings from WMC, Accredited, FBR and CDC/IXIS among others during 3Q07 and 4Q07. In each instance, we refreshed our analysis on the same pool of loans over the course of several weeks and months as these distressed sellers were unable to find liquidity. Again, the illiquidity in the securitization market affected the market participants' ability to effectively price whole loans. As a result, marketing periods for whole loans extended significantly with very few pools traded. Those pools that did trade were considered "fire sales" consummated by distressed sellers who were forced to liquidate collateral in order to avoid bankruptcy, meet margin calls or free capital to fund future loan production.

Given that many potential buyers of subprime whole loans look to the securitization market as their exit strategy, it follows that the extreme dislocation in the securitization markets has caused the whole loan market to cease functioning. Based on this trend, it is our contention that the whole loan market for subprime mortgages does not currently provide Level 1 observable inputs.

4) Inability to Sell or Securitize Causes Numerous Originator Failures

As described above, 2007 especially after the first quarter, has been characterized by an inability to securitize or sell subprime mortgage collateral and therefore does not provide observable Level 1 inputs. Further evidence of this characterization of the market is provided by the numerous mortgage originator failures during 2007.

As an illustration of this point, we note Delta Financial Corporation recently sought bankruptcy protection following its inability to complete a securitization in keeping with the terms and conditions of the standstill agreement with its creditors (see Exhibit 2). We find the Delta Financial example compelling evidence that the mortgage securitization market is "not active" as defined by

FAS 139 as the company could not complete a securitization when its ability to operate as a going concern depended on it.

We believe that the failure of various mortgage originators that relied on securitizations or whole loan sales provides further proof that these markets do not currently provide Level 1 observable inputs.

5) Collapse of Investor Markets Demand

The collapse of various investor segments further contributes to the lack of liquidity in the subprime securitization market. While demand for mortgage securitization has disappeared or reduced significantly across all segments, we highlight below a few of the most drastic instances of reduced investor demand.

<u>*Disappearance of CDO Demand:*</u> For much of 2006 and 1Q07, CDOs were large buyers of mezzanine bonds in subprime mortgage securitizations. The collapse of the CDO market is constraining liquidity for mortgage securitizations and is a driver behind the inability to sell mezzanine bonds in securitizations. As mentioned earlier, in the very few instances of transactions being executed subordinate bonds previously sold largely to CDOs have been retained by dealers. The knock-on effect is the market's inability to estimate securitization execution which, as previously mentioned, has substantially curtailed whole loan sales.

<u>*Impact of SIVs, SIV-Lites and ABCP Conduits*</u>: Recent turmoil in the short-term financing markets has reduced the liquidity for higher rated tranches in securitizations. In 2006 and 1Q07, SIVs, SIV-Lites, extendible mortgage ABCP Conduits and arbitrage ABCP Conduits combined to purchase a significant amount of higher-rated portions of mortgage securitization capital structures particularly the last-cashflow triple-A bonds. Beginning in 2Q07, commercial paper investors began exiting all SIVs or ABCP Conduits (in whatever form) with any material mortgage exposure. The result of this investor reaction has been: (1) downgrade and wind-down of all SIV-Lites, (2) downgrade and wind-down of all extendible mortgage ABCP Conduits, (3) numerous SIVs taken on balance sheet by sponsors, (4) a US Treasury-sponsored market funding vehicle for remaining SIVs in the form of M-LEC, (5) liquidation of all subprime mortgage collateral from traditional ABCP Conduits and (5) no new buying of mortgage assets by any of these vehicles.

<u>*Limited Financing Options for Potential Investors*</u>: A number of components of the investor market for securitization depend on third-party financing to fund their investments (e.g. hedge funds). The ability of investors to obtain financing for investment of subprime mortgage bonds across the capital structure was significantly reduced during 2007 as banks and broker/dealers tightened the terms of their warehouse or repurchase facilities for these securities. Many providers of this financing exited the business while those remaining require

much lower advance rates and higher funding costs that make investments in mortgage securitization uneconomic.

The factors described above among others have materially and negatively affected various components of the investor market for mortgage securitizations. Together the disappearance of significant portions of traditional investor appetite for mortgage securitizations characterizes an illiquid market. It is our view that investor trends described above provide further evidence that the securitization market for subprime mortgages does not currently provide Level 1 observable inputs.

6) Conclusions from the Securitization and Whole Loan Markets
We note from the definition of active markets in the CAQ White Paper that, "Markets with a reduced transaction volume under current conditions are still considered active if transactions are occurring frequently enough on an ongoing basis to obtain reliable pricing information." Barclays Capital, based on the foregoing, contends that the state of the current securitization and whole loan markets cannot provide Level 1 inputs for fair value measurement purposes.

Level 2 Valuation Inputs
Given the absence of reliable Level 1 valuation inputs, Barclays Capital surveyed the market for Level 2 inputs per FAS 157. Level 2 inputs are defined as inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

1) ABX.HE is not a Level 2 Valuation Input
An often mentioned pricing data point for subprime mortgage loans is the ABX.HE index. Barclays Capital contends that the ABX.HE is not a similar asset for price discovery of cash whole loans that Barclays Capital currently owns. A significant majority of Barclays Capital-owned subprime mortgage assets have been originated by Equifirst using tightened guidelines not consistent with the ABX.HE 07-2 collateral and is serviced by our own mortgage servicer HomEq. The difference in collateral quality is evidenced by the collateral characteristics and performance of our whole loan inventory (see Exhibits 3 and 4).

In addition to including a wide range of originators dissimilar to Equifirst, the latest ABX.HE index covers collateral originated in 4Q06 and 1Q07 which market observers point to as the worst time periods in terms of underwriting quality. We highlight that the Barclays Capital-owned collateral was all originated in March 2007 or later and is not directly comparable to late 4Q06 or 1Q07 collateral originated by the broader market.

As Barclays Capital owns Equifirst we dictate collateral quality through underwriting guidelines. Examples of major guideline changes implemented since we acquired Equifirst are summarized below:

- Eliminated all 2nd lien originations.
- Adjustments to maximum LTV's based upon payment history and FICO score reflecting changes in the markets.
- Reduced maximum CLTV to 90% for all purchase and investor properties.
- The ARM product mix revised to reflect new regulatory requirements, investor and rating agency concerns:
    - 2/28 ARM loans eliminated.
    - 3/27 ARM loans underwritten to a fully indexed debt-to-income ratio.
- Sourced and seasoned reserves of at least 2 months on all documentation types.
- Loans with greater than 1X30 payment history capped at 80%.
- Stated income program for wage earners withdrawn.
- Loan amounts greater than $500k capped at 80% LTV.
- Stated income documentation capped at 80%.
- Mortgage payment history program introduced for customers with a clean 18 month mortgage history.

Based on both underwriting differences and the timeframe when originated, we contend that the ABX.HE index does not constitute a valid Level 2 valuation input.

2) Barclays Capital's Most Recent Securitization is a Valid Level 2 Input
Barclays Capital reviewed the weighted average discount margin over LIBOR for our most recent securitization (SABR 2007-BR5) as a potential Level 2 input. In this transaction, we were able to sell bonds down to the triple-B minus level rating category to independent third-parties. While we were successful selling the entirety of the classes through a triple-B minus rating category, the achieved spread result was the widest ever for a SABR transaction indicative of a stressed market in June 2007:

SABR 2007-BR5			
Class	Discount Margin	% of UPB	WAL
A1A	19	14.70	1.68
A2A	13	36.33	0.97
A2B	18	16.92	2.38
A2C	35	3.95	6.20
M1	55	4.40	5.40
M2	65	4.00	4.86
M3	75	2.50	4.65
M4	157	2.15	4.54
M5	160	2.20	4.47
M6	200	1.85	4.42
B1	450	1.75	4.38
B2	400	1.55	4.35
B3	500	1.55	4.32
NIM1	268	2.41	0.41
NIM2	718	0.67	1.18
POST-NIM	1,796	3.07	2.85
Weighted Average Spread			153.76

This weighted average spread for SABR 2007-BR5 was then widened by 50% to 225bp to capture the difficult-to-quantify spread widening since SABR prices were last observable and reliable in June 2007. We believe that this SABR pricing stressed as described above does represent a valid Level 2 input and therefore it has been incorporated as the discount rate in our discounted cash flow analysis.

3) Updated Capital Structures Have Been Used in Our Analysis

As a method to test our assumption that LIBOR plus 225bp is an appropriate Level 2 input, we utilized updated rating agency models to reflect current collateral characteristics and loss expectations on price/discount rate.

Specifically, we utilized updated rating agency loss and bond sizing models to derive an estimated capital structure for March Equifirst production currently owned by Barclays Capital. The table below highlights the changes in capital structure to updated rating agency modelling assumptions. As expected, credit enhancement across the capital structure increased due to higher loss expectations produced by the more conservative loss models. For example, the required overcollateralization increased approximately 57% from 6.15% under BR5 to 9.65% for March production (although some of this is accounted for by different collateral characteristics).

Capital Structure Comparison		
Tranche Rating	BR5	March Production Pool
AAA	71.90	73.25
AA+	4.40	3.90
AA	4.00	3.55
AA-	2.50	1.40
A+	2.15	1.90
A	2.20	1.45
A-	1.85	1.20
BBB+	1.75	1.25
BBB	1.55	1.05
BBB-	1.55	1.40
Overcollateralization	6.15	9.65

Using the SABR 2007-BR5 discount margins achieved in June 2007 (given that they represent the last observable and reliable SABR prices) with the capital structure for March Equifirst production derived from updated rating agency models results in a weighted average spread over LIBOR of 173bp. We then stressed the SABR 2007-BR5 discount margins by 50% and developed an updated capital structure which further increased overcollateralization and produced a weighted average spread of 220bp over LIBOR. We believe this reinforces our view that LIBOR plus 225bp represents a valid Level 2 input and therefore can be incorporated as the discount rate in our discounted cash flow analysis.

4) Recent Whole Loan Sales are Appropriate Level 2 Inputs
Barclays Capital views whole loan sales, to the extent that they have occurred, as another valuable Level 2 input. We have most strongly focused on the sale of loans to Freddie Mac. Our motivations for selling the mortgage collateral to Freddie Mac include (i) executing a sale at an attractive dollar price in an illiquid environment, (ii) developing a better understanding of Freddie Mac's whole loan purchase parameters and (iii) interest in developing a forward flow agreement given the technology developed in this exercise (i.e. we will be able to alter Equifirst's underwriting criteria to better originate collateral for Freddie Mac going forward).

Absent a strong interest in achieving these objectives, the sale of loans to Freddie Mac would not be executed as the outcome does not serve to maximize profits for Barclays Capital. Given the current state of the mortgage markets and the imbalance between buyers and sellers, we contend any sale achieved to be a distressed sale.

Recent Sale to Freddie Mac: Barclays Capital recently sold $150mn of eligible subprime mortgage loans to Freddie Mac. Originally, we had identified approximately $99mn of loans originated in August through October 2007 for which Freddie Mac was willing to pay 102.80 (this includes an 80bp value for servicing). In the process of fulfilling the $150mn trade size requirement Barclays Capital added loans from various months with various coupons that fit

Freddie Mac's criteria. The upsize of the pool with generally lower coupon collateral changed the overall pool price to 101.93.

This transaction represents a distressed sale. It is our contention that this sale does not constitute a Level 1 input for the following reasons:

- Knowing the lack of viable alternatives for Barclays Capital to find liquidity, Freddie Mac fully utilized its significant leverage in the negotiation of the purchase price. This was most strongly evidenced by modified pricing demands imposed immediately prior to our agreement to sell. Freddie's agreed upon pricing had been 103.30, but changed immediately prior to our agreement based on their views of "market sentiment". Stated differently, Freddie Mac recognized its pricing power in the market and successfully reduced its purchase price.

- Freddie Mac imparted a significant bid/ask spread. Our agency trading desk was asked to assess the market execution of a FHLMC T-Series deal backed by the $150mn sale pool in order to assist Freddie in conducting a mark-to-market exercise. The desk concluded a market value of approximately 104.88 utilizing a FHLMC passthrough execution. This implies a bid/ask spread of approximately 3.75% when comparing Freddie Mac's whole loan purchase price and potential bond proceeds from creating passthrough securities. The size of the bid/ask spread is representative of a distressed sale and is therefore considered a Level 2 input and not a Level 1 input.

- Our discounted cashflow methodology set forth under "Level 3 Valuation Inputs" below, provides a value of 104.84 for this pool. We believe that this provides further evidence that the sale to Freddie Mac should be considered a Level 2 input rather than a Level 1 input.

At a 104 pricing level or above, the indicative yield of the transaction is consistent with the LIBOR plus 225bp discount rate utilized as a Level 2 input.

<u>*Imminent Sale to American General Finance:*</u> Barclays Capital received a bid from American General for $99mn of non-conforming collateral at a price of 102.00. The implied yield of this trade is 2.95% given the rating agency loss expectation of 3.69% and a weighted average coupon of 8.75%. We contend that this bid provides support for the discount rate over LIBOR of 2.25% given that the sale was obtained in a distressed environment and is therefore influenced by liquidations and distressed pricing levels.

<u>Level 3 Valuation Inputs</u>

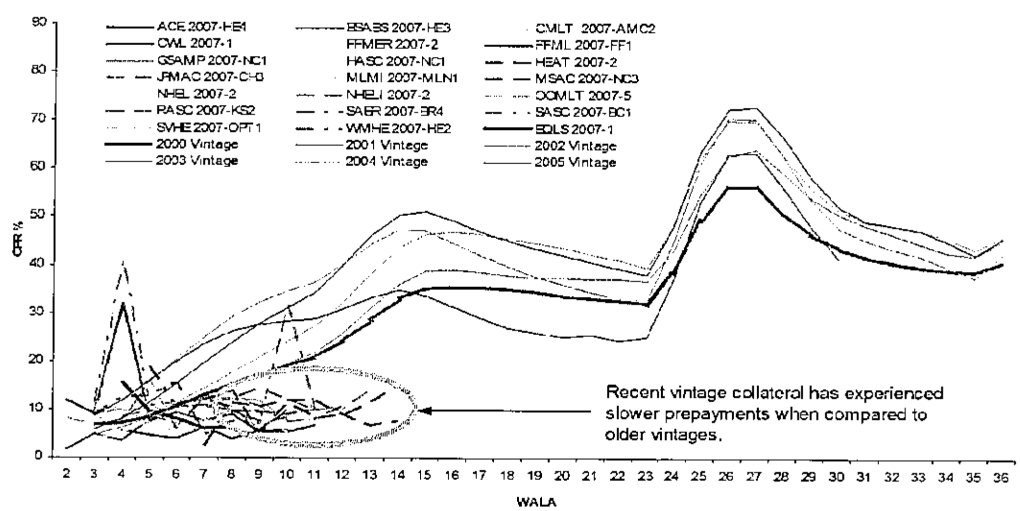
As part of the measurement of fair value for whole loans, Barclays Capital projected future expected cashflows of the collateral based upon assumptions regarding both expected cumulative losses and prepayments. Those cashflows are discounted using a rate of LIBOR plus 225 basis points in light of the observations above.

1) Cumulative Losses

Barclays Capital utilizes both S&P and Moody's loss projection models for the purpose of estimating future expected losses on the collateral. Both the S&P and Moody's loss models are widely used throughout the industry to project losses and have been recently updated to better sensitize projections to recent vintage credit performance. For example, S&P released its revised loss model on November 9, 2007. In describing the increased conservatism of the model, S&P detailed better identification of layered risk factors, updated housing price appreciation factors, reduced reliance of FICO score as a predictor of future default and increased sensitivity to higher LTV and reduced income documentation (particularly in combination with one another). For additional details see the S&P press release attached as Exhibit 5.

2) Prepayments

Barclays Capital developed prepayment assumptions based upon 2003 and 2004 historical data to project prepayments over the past two years. Given the well documented slowdown in prepayments, Barclays Capital has reduced its prepayment expectations to be consistent with recent collateral performance and future expectations of slower prepayments stemming from fewer refinancing options to borrowers. The following graph highlights recent slowing of prepayments across the market:



Barclays
Fair Value of Sub-prime Whole Loans
Documentation evidencing Barclay's compliance with the CAQ Valuation White Paper

Introduction
On October 3, 2007, the Center for Audit Quality (CAQ) issued a white paper titled, "Measurement of Fair Value in Illiquid (or less liquid) Markets" (the White Paper). The opening paragraph of the White Paper states, "The objective of this paper was to discuss issues associated with the measurement of fair value under existing generally accepted accounting principals (GAAP) in the context of illiquid (or less liquid) market conditions that currently exist in many segments of the credit markets. The paper articulates certain existing requirements of GAAP literature related to the specific issues discussed, with the intention of subprime mortgageping preparers and auditors understand the application of existing GAAP in the context of illiquid market conditions."

Overall question
We request that you prepare a memo, the overall objective of which is to document if your measurement of fair value complies with the requirements of the White Paper.

Specific questions
We request that your memo specifically addresses (but not be limited to) the following specific questions:

1. White Paper, Page 3, Para 4, Definition of Fair Value.
   i. Does your measurement of fair value comply with this definition? (Yes/No*).
   YES.
   ii. Specifically, is the objective of your measurement of fair value to determine the price that would be received to sell the asset or paid to transfer the liability at the measurement date (an exit price)? (Yes/No*)
   YES.
   iii. Inherent in your measurement of fair value, what period of exposure to the market would be considered usual and customary to allow for marketing? (State period *) Is this period Inherent in your measurement of fair value? (Yes/No*)
   YES. THE INPUTS USED TO PROVIDE A FAIR VALUE MEASUREMENT ARE IN PART DRIVEN BY THE EXTENDED MARKETING PERIODS EVIDENCED IN THE CURRENT SECURITIZATION AND WHOLE LOAN MARKETS.

   * Asterisk indicates that additional information/explanation would be expected to support your response.

2. White Paper, Page 3, Last Para, states in part, "It is important to distinguish between an imbalance between supply and demand (e.g., fewer buyers than sellers, thereby forcing prices down) and a "forced" or "distressed" transaction referred to in FAS 157, paragraph 7. The U.S. Securities and Exchange Commission addressed illiquid market conditions in a 2004 accounting and auditing enforcement release. In that release, the Commission concluded that the registrant had violated generally accepted accounting principals by using a definition of fair value that assumed that supply and demand were in reasonable balance when, in fact, GAAP defines fair value as the amount at which an asset could be bought or sold in a current transaction. The Commission concluded that the registrant should consider current market conditions, such as imbalances of supply and demand, when determining the then-current market value. Specifically, the Commission objected to the practice of ignoring prices quoted by external pricing sources and facilitate transacting at more "rational" prices."
   i. Do you believe that supply and demand are in reasonable balance? (Yes/No).
   NO.

ii. Do you believe that your measurement of fair value considers current market conditions, such as imbalances in supply and demand? (Yes/No).
YES.

iii. Do you believe that you have ignored prices quoted by external pricing sources? (Yes/No*).
NO. AS HIGHLIGHTED IN SUMMARY ABOVE, THERE ARE NO OBSERVABLE LEVEL 1 EXTERNAL PRICES.

iv. Do you believe that you are taking a "longer view" of the market (i.e., a view that assumes equilibrium will occur and facilitate transacting at a more "rational" price? (Yes/No*).
NO. WE ARE TAKING A VIEW OF THE MARKET AS IT CURRENTLY OPERATES.

v. Does the price of 102% on page 17 of your presentation titled, "Whole Loan Inventory Valuation Methodology" represent: (a) fair value as defined in FAS 157, (b) a forced liquidation, or (c) a distress sale? (Fair Value/Forced Liquidation/Distress Sale*)
C – A DISTRESSED SALE. WE RECENTLY EXECUTED A DISTRESSED TRANSACTION FOR THE PURPOSE OF DEMONSTRATING LIQUIDITY FOR WHOLE LOANS. THIS TRADE WAS NOT CONSISTENT WITH OUR TRADITIONAL MARKETING EFFORTS.

3. White Paper, Page 4, Para 2, states in part, "Because the objective of a fair value measurement is to determine the price that would be received to sell the asset at the measurement date (an exit price) - such a measurement, by definition, requires consideration of current market conditions, including the relative liquidity of the market"
   i. Does your measurement of fair value consider the current liquidity of the market? (Yes/No*)
   YES.

4. White Paper, Page 5, Section titled, "Application of the Fair Value Hierarchy".
   i. Is your measurement of fair value based on Level 1, 2 or 3 inputs? For each level please identify those inputs, if any.

   WE HAVE UTILIZED INPUTS TO OUR VALUATION METHODOLOGY THAT ARE DETAILED THROUGHOUT PAGES 1 THROUGH 10.

5. White Paper, Page 4, Para 2, states in part, "Even if the volume of observable transactions is not sufficient to conclude that the market is "active", such observable transactions would still constitute Level 2 inputs that must be considered in the measurement of fair value."
   i. Please identify which observable transactions were considered. For each transaction, describe the impact (if any) on your measurement of fair value.

   WE HAVE RECENTLY SOLD A WHOLE LOAN TO FREDDIE MAC AS DETAILED ON PAGES 8 AND 9 OF THIS DOCUMENT.

6. White Paper, Page 6, Para 2, states in part, "For financial instruments such as mortgage-backed securities backed by subprime mortgage loans, an entity must consider what information is available about some or all of the assumptions that marketplace participants would use in assessing the current value of an asset at the reporting date.". White Paper, Page 6, Para 1, states in part, "...even if the market participant assumptions are different then the reporting entity's own expectations. The reporting entity may not ignore information about market participant assumptions."
   i. For each significant assumption, does your measurement of fair value consider information the marketplace participants would use? (Yes/No).
   YES.

VALUATION METHODOLOGY IS BASED UPON THE FOLLOWING INPUTS:

1) CASHFLOW ASSUMPTIONS:
   a) CUMULATIVE LOSS PROJECTIONS WERE DERIVED USING A COMBINATION OF BOTH MOODY'S AND S&P LOSS MODELS. THESE MODELS ARE COMMONLY USED WITHIN THE MARKET AND HAVE RECENTLY BEEN UPDATED TO BETTER SENSITIZE THEIR MODELS TO THE PERFORMANCE OF 2006 AND EARLY-2007 VINTAGE SUBPRIME LOANS.
   b) PREPAYMENT ASSUMPTIONS WERE DERIVED USING HISTORICAL PREPAYMENT DATA ADJUSTED FOR THE RECENT VINTAGE COLLATERAL PERFORMANCE AND THE REDUCTION IN REFINANCING ABILITY OF BORROWERS.
2) DISCOUNT SPREAD ASSUMPTION: ASG DERIVED THE SPREAD OF 225 BPS OVER 1-MONTH LIBOR USED TO DISCOUNT COLLATERAL CASHFLOWS IN THE FOLLOWING MANNER:

   a) DERIVED A WEIGHTED AVERAGE DISCOUNT SPREAD FROM OUR MOST RECENT SECURITIZATION (SABR 2007-BR5) OF 150 BPS AND STRESSED THAT SPREAD 50%.

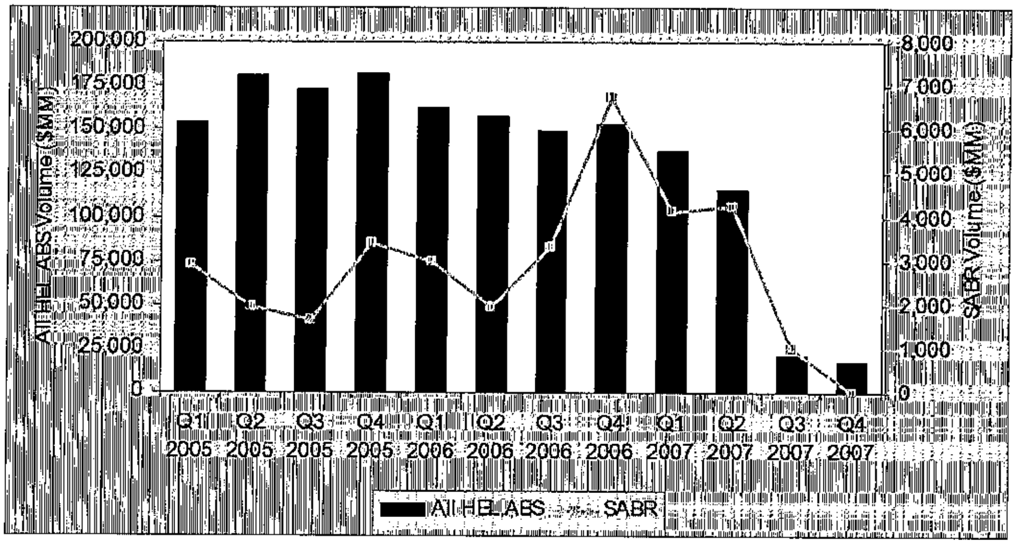
ii. For each significant assumption, please provide evidence supporting how you obtained your understanding of the assumptions that the marketplace participants would use.

7. White Paper, Page 6, Para 3, states in part, "Some observers of current market conditions have asserted that market pricing is irrational, and they have suggested that entities should instead default to a model-based measurement that is based on economic "Fundamentals" of the asset. However, FAS 158 states that the use of an entity's own assumptions about cash flows is compatible with an estimate of fair value, *as long as there are no contrary data indicating the marketplace participants would use different assumptions. If such data exist, the entity must adjust its assumptions to incorporate that market information"*
   i. Do you believe that current market pricing is irrational? (Yes/No*)
   YES. THERE ARE NO LEVEL 1 INPUTS AND ONLY VERY LIMITED LEVEL 2 INPUTS AVAILABLE.
   ii. Does your measurement of fair value default to a model-based measurement that is based on economic "Fundamentals" of the asset? (Yes/No*)
   NO. MEASUREMENT OF FAIR VALUE IS BASED UPON INPUTS THAT ARE DERIVED FROM OBSERVABLE MARKET INPUTS WHERE AVAILABLE.
   iii. For each significant assumption used in your measurement of fair value, is there any contrary data indicating that the marketplace participants would use different assumptions? (Yes/No*)
   NO. WE BELIEVE WE ARE UTILIZING MARKET BASED INPUTS.

8. White Paper, Page 7, Para 1, states in part, "Valuation models that utilize *historical* default data, or an entity's own default assumptions, rather than assumptions that market place participants would use, are not appropriately utilizing *market participant* assumptions, even if the default assumptions are "stressed"."
   i. Does your measurement of fair value utilize historical default data? (Yes/No*)
   BARCAP'S MEASUREMENT OF FAIR VALUE UTILIZES RATING AGENCY LOSS MODELS BUILT UPON HISTORICAL DATA THAT WERE RECENTLY UPDATE TO BETTER SENSITIZE THEIR MODELS TO THE PERFORMANCE OF THE 2005, 2006 AND EARLY 2007 COLLATERAL VINTAGES. GIVEN THE COLLATERAL COMPOSITION OF OUR WHOLE LOAN INVENTORY USING LOSS ASSUMPTIONS DERIVED FROM 2006 VINTAGE BONDS IS NOT APPLICABLE AS UNDERWRITING GUIDELINES HAVE BEEN UPDATE TO ADDRESS THE PERFORMANCE OF EARLIER VINTAGES.

ii. Does you measurement of fair value use your own default assumptions or assumptions that the market place would use? (Own/Market*)
THE USE OF RATING AGENCY MODELS TO PROJECT CUMULATIVE LOSSES IS A COMMON PRACTICE IN THE MARKETPLACE.

Exhibit 1



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BARC-ADS-00408739

Exhibit 2

Press Release Source: Delta Financial Corporation

Delta Financial Corporation Announces Intent to Seek Bankruptcy Protection

Thursday December 6, 9:57 am ET

WOODBURY, N.Y.--(BUSINESS WIRE)--Delta Financial Corporation (NASDAQ: DFC - News) today provided an update as to its financial condition and current plans.

The Company previously announced on November 15, 2007 that it had entered into a letter of intent with an affiliate of Angelo, Gordon & Co. ("Angelo Gordon"). The letter of intent contemplated, among other things, the issuance of senior notes and common stock to that affiliate of Angelo Gordon. Also on November 15, 2007, the Company entered into a standstill agreement with three of its warehouse providers. Each of these agreements was subject to several varying conditions, including the Company's pricing a securitization of mortgage loans.

The Company has been unable to complete such a securitization transaction upon satisfactory terms. Consequently, on December 5, 2007, the Company received reservation of rights notices from its warehouse lenders indicating that events of default have occurred under the warehouse facilities and the standstill agreement. Under these circumstances, the Company's financial obligations under these agreements may be accelerated, and it may be subject to substantial payment obligations, as well as incurring cross-default claims from its other creditors.

In light of the foregoing, the Company does not expect to be able to consummate the above-referenced transaction with Angelo Gordon. Furthermore, the Company does not believe that it will be able to continue as a going concern.

The Company presently intends to file shortly for protection under the federal bankruptcy code. The Company intends to continue to operate its business as a "debtor in possession" as provided under the bankruptcy code; however, it intends to suspend taking new mortgage loan applications until further notice.

The Company is currently conducting discussions with entities that are potentially interested in acquiring its assets and/or operations in connection with a bankruptcy proceeding. However, due to the preliminary nature of these discussions, no assurances can be given that the Company will complete any such transaction.

About the Company

Founded in 1982, Delta Financial Corporation is a Woodbury, New York-based specialty consumer finance company that has been engaged in the business of originating, securitizing and selling non-conforming mortgage loans.

Contact:

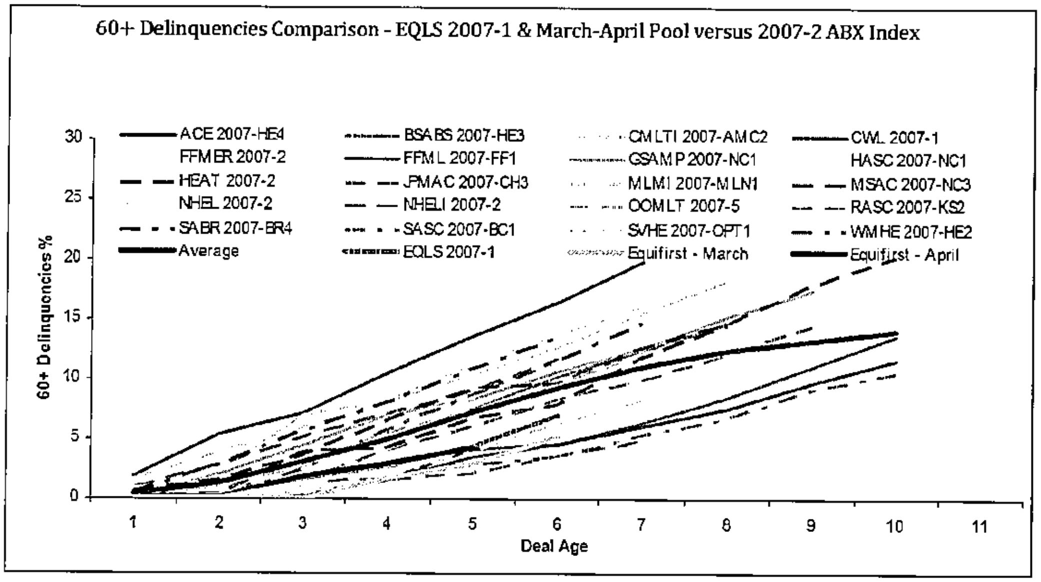
Delta Financial Corporation
Larry Karpen, 516-812-8222
Vice President
lkarpen@deltafinancial.com

Source: Delta Financial Corporation

Exhibit 3

Collateral Attributes	ABX.HE 2007-1	ABX.HE 2007-2	March Purchase	April Production	May Production	June Production	July Production
Balance			1,402,687,992	802,547,461	659,910,864	642,271,782	866,676,179
Weighted Average Coupon	8.300	8.300	8.297	8.475	8.672	8.744	8.700
FICO	626	625	629	622	620	626	630
Full Documentation	57.80	55.70	61.65	67.30	68.80	67.87	69.26
Debt-To-Income			40.79	40.39	40.81	40.87	41.02
Interest Only Loans	15.20		3.11	2.39	1.92	3.00	3.06
Second Liens	3.70	3.70	6.00	3.50	1.04	0.88	1.08
Silent Seconds	30.90		26.09	14.86	6.13	7.36	5.97
Loan-to-Value:							
Loan to Value	81.20	81.70	78.85	79.15	81.65	83.29	83.67
Combined Loan to Value	82.40	84.50	88.91	84.84	83.64	85.30	85.60
Occupancy Status:							
Primary	93.10	92.90	92.88	93.00	90.99	89.86	90.05
Investment	5.30	5.60	5.61	5.61	7.50	8.08	8.17
Second Home	1.60	1.60	1.51	1.39	1.51	2.07	1.78
Mortgage Type:							
ARM	80%	76%	71%	68%	70%	68%	64%
Fixed	21%	24%	29%	32%	30%	32%	35%
ARM Product Type:							
2/28	82%	81%	93%	93%	91%	85%	65%
3/27	15%	15%	3%	2%	3%	10%	27%
5/25	4%	4%	4%	5%	5%	5%	9%

Exhibit 4



CONFIDENTIAL BARC-ADS-00408742

Exhibit 5

[Page]

<u>EXHIBIT 25</u>

FILED UNDER SEAL

BARCLAYS PLC

MINUTES OF A MEETING OF THE BOARD AUDIT COMMITTEE
HELD AT 1 CHURCHILL PLACE, LONDON E14 5HP
ON WEDNESDAY 13 FEBRUARY 2008

Present:

Stephen Russell - Chairman

Fulvio Conti

Professor Dame Sandra Dawson

Sir Andrew Likierman

In attendance:

Lawrence Dickinson, Company Secretary

Patrick Gonsalves, Deputy Secretary

Mark Carawan, Barclays Internal Audit Director

Mark Harding, General Counsel

Paul Idzik, Chief Operating Officer

Robert Le Blanc, Risk Director

Chris Lucas, Group Finance Director

Phil Rivett, PricewaterhouseCoopers

(in attendance for items 1.4 3)

John Varley, Group Chief Executive

Jonathan Britton, Financial Controller

(in attendance for item 1.2 2)

Rich Ricci, Chief Operating Officer, IBIM

(in attendance for items 2(1) to 2(5)

Patrick Clackson, Chief Financial Officer, IBIM

(in attendance for items 2(1) to 2(5)

Iain MacKinnon, Tax Director

(in attendance for item 2(8))

Apologies:

Gary Hoffman, Vice Chairman

Sir Michael Rake

1. CHAIRMAN'S MATTERS

1.1 Review of Effectiveness & Independence of Relationship with External Auditors

Chris Lucas presented his paper on the annual review of the audit relationship with PricewaterhouseCoopers LLP (PwC), which had been sent to Committee members in advance of the meeting, and highlighted that the evaluation process had improved on the previous year. There had also been a pleasing improvement in the overall performance scores and it was clear that PwC had worked hard at the areas of concern identified in 2007. The main continuing weakness was in the co-ordination between the central team in London and the overseas teams, particularly in New York. In response to a question, Mr Lucas confirmed that the deterioration in the scores from BGI arose from this latter weakness.

Jonathon Britton joined the meeting

1.2 Provision of Services by the Group's Statutory Auditor

Lawrence Dickinson presented his paper on the Provision of Services by the Group's Statutory Auditor, which had been sent to Committee members in advance of the meeting. The Committee noted the services that had been provided by PwC since the Committee's last meeting.

The Committee discussed the level of non audit fees being paid to PwC compared to the size of the Group audit fee and specifically highlighted the appropriateness of their involvement in transfer pricing advice. Mr Lucas confirmed that the Chief Financial Officers in the Group had recently been reminded of the need to properly consider alternative providers of non audit services. There were clearly some areas where it made sense for the Group's statutory auditor to perform the work and some areas where it was inappropriate.

The Committee confirmed, after due and careful consideration, that they still considered the Group's Statutory Auditor to be independent.

1.3 Re-Appointment of PwC LLP and Confirmation of Auditor's Remuneration for 2007

Mr Lucas presented his paper on Auditor's Remuneration, which had been laid on table at the meeting and highlighted that PwC had carried out additional audit work in relation to the Sub-prime valuations for Barclays Capital and, as a result, there might be an additional fee to be settled for that work.

The Committee discussed the circumstances in which the Group would consider alternative statutory auditors and the length of time that PwC had been the Group's statutory auditors. Given PwC's improved performance over 2007, it was not considered necessary to put the audit out to tender.

The Committee agreed to recommend to the Board the audit fees payable to PwC for the year ended 31 December 2007 and that resolutions to reappoint the auditors and to authorise the Directors to set their remuneration be proposed at the Barclays 2008 AGM.

Phil Rivett joined the meeting.

1.4 Approval of PwC Advisory Fees for Sarbanes-Oxley for 2008

Jonathan Britton referred the Committee to his paper on the approval of PwC Advisory Fees for Sarbanes Oxley for 2008, which had been sent to Committee members in advance of the meeting, and highlighted that the SOX programme was now rated 'Amber' and the year end process continued to go smoothly with no significant issues of concern having arisen.

The Committee approved the proposed £0.25 million limit for PwC's work in relation to Sarbanes-Oxley compliance in 2008.

1.5 Actions Arising from 5 February 2008

Mr Dickinson referred the Committee to the Actions Arising from the meeting held on 5 February 2008 and highlighted that management had been asked to consider the targets that should be set for the level of issues being actioned by management to be achieved by the end of 2008 and to report to the Committee on that target.

1.6 Société Générale

Robert Le Blanc reported that in light of the substantial trading losses reported by Société Générale, Barclays Capital was conducting a review of its own relevant control processes. The full report would be presented to Group ExCo and to the Board Audit Committee.

1.7 Committee Responsibilities for Financial Results

The Chairman reminded the Committee of its responsibilities in relation to the Group's financial results, including the need to ensure that the results presented a true and fair view, reflected an appropriate tone and that there was an appropriate disclosure of all relevant facts. The Chairman also referred the Committee to the recent publication by the Financial

Reporting Council on Key questions for audit committees which had been sent to members of the Committee in advance of the meeting.

Patrick Clackson and Rich Ricci joined the meeting.

2. BOARD ACCOUNTS COMMITTEE

(1) Main Themes and Issues and Accounting Policies

Mr Lucas presented his paper on Main Themes and Issues and Accounting Policies, which had been sent to Committee members in advance of the meeting, and drew the Committee's attention to the Group's significant IFRS accounting policies extracted from the 2007 Annual Report and appended to his paper. There had been no material changes in the Group's disclosures or accounting policies apart from the following two disclosure changes:

(a) US GAAP - the SEC had recently issued a ruling that foreign private issuers, who prepare financial statements in accordance with IFRS, are no longer required to reconcile their results to US GAAP.

(b) IFRS 7 - new and amended disclosures would be required under IFRS 7 relating to financial instruments disclosures in the Group's Annual Report. The principal change was the requirement to include a table of additional analysis in note 48 'Liquidity Risk' as appended to Mr Lucas's paper.

The Committee approved the adoption of the Accounting Policies to be used in the 2007 Annual Report as set out in the paper presented to the Committee.

(2) Report of the Disclosure Committee on 12 February 2008

Mr Lucas referred the Committee to the Minutes of the Disclosure Committee meeting held on 12 February 2008, which had been laid on table at the meeting and highlighted that:

(a) Governance Process - the Disclosure Committee had received positive assurances from the Group Governance and Control Committee relating to the Group's internal control framework and from Jonathan Britton on fraud involving personnel engaged in the production of the statutory results.

(b) Legal and Technical Committee - the Committee had raised a number of issues relating to the principal transactions note, fair value measurements, performance goals, GRCB centre costs and agency staff numbers. The report circulated set out how the Committee had agreed to deal with those issues.

(c) Barclays Capital Disclosures - Mr Lucas also drew the Committee's attention to the revised Barclays Capital disclosures, that had been sent to members of the Accounts Committee in advance of the meeting.

The Committee noted the revised Barclays Capital disclosures which were welcomed and encouraged an equally transparent approach on the other areas highlighted in PwC's report as one-off issues. In response to a question, Mark Harding confirmed that Sullivan and Cromwell's advice had been that the US Sanctions disclosure should be in the Competition and Regulatory matters section.

The Committee noted the Report from the Chairman of the Disclosure Committee.

(3) Auditors' Report on Status and Matters Arising from Year End Audit

Phil Rivett presented the PwC Report, which had been sent to Committee members in advance of the meeting, and highlighted the following:

(a) ABS CDO Super Senior Liquidity Facilities - PwC have carried out a significant amount of work in recent months on this area and have concluded that the Group's fair value estimates are in the mid range for such facilities. Management are considered to have implemented a reasonable and consistent methodology to determine the estimated fair value and impairment of the super senior positions.

The Committee discussed the comparative quality and vintage of Barclays Capital's portfolios compared to its peers.

(b) US Sub-prime/Alt-A Whole Loans and Residuals - Mr Rivett confirmed that PwC were now comfortable that they had a good understanding of the underlying portfolios. Given the limited market data available, evaluation processes are necessarily highly subjective but it would be helpful to communicate to investors the quality of the loan vintages held by Barclays Capital.

The Committee discussed the geographical distribution of the loans in this portfolio and noted the improved loan quality post August 2007. Some organisations had written down the residuals to zero but this did not seem appropriate for BarCap positions, given that positive cash-flows were still being received. PwC have concluded that the provisions were adequate, although there remains a down side risk in the valuation of the remaining assets.

(c) Leverage Finance - unsold underwriting positions for private equity sponsored leveraged loans syndications amounted to £7.5 billion at 31 December 2007, a provision of £58 million had been recorded and fees of £130 million had not been recognised in line with the Group's policy. PwC had reviewed management's analysis of the borrower performance and concur with the level of the provision.

(d) One-off Item - Own Credit Adjustment IFRS requires that financial liabilities measured at fair value reflect movements in the credit spread of the issuer. The Group has recognised a gain of £658 million as a result of Own Credit. Barclays had not included the impact of a change in the credit spread on derivatives and PwC were supportive of that approach.

The Committee discussed how the size of the Own Credit adjustment would compare to other institutions.

(e) One-off Item - Unobservable Income Reserves - financial instrument valuations should be determined using observable market prices. Where no such data was available no upfront revenue can be included in income and a reserve is created. A total of £424 million had been released during 2007 from the unobservable income reserves. This arises from improved processes to determine the observability of income. PwC have reviewed the reasonableness of the majority of the reserve and agree that it is appropriate to recognise the income.

(f) Methodology Change - Fair Value Adjustment - management have reviewed a number of reserve methodologies during the year which has resulted in a release of approximately £184 million to the income statement. PwC reviewed the revised policies and consider the rationale for the changes to be reasonable.

The Committee discussed the likely market understanding of the one-off items and the need for items such as the release of previously unobservable income to be transparent to the market. The Committee noted the PwC report.

(4) Accounting for Derivatives

Mr Lucas presented his paper on Accounting for Derivatives, which had been sent to Committee members in advance of the meeting. The increases in notional and fair value amounts over the year were driven by growth in the markets and the increasing level of automated trades. There were no issues of concern arising from the information presented to the Committee.

The Committee noted the accounting for derivatives presentation.

(5) Review of Mark to Market Valuations

The presentation on the Review of Mark to Market Valuations paper, which had been sent to Committee members prior to the meeting, was noted, the main elements of the paper having been reviewed either at the briefing session held with management following the 5 February meeting or earlier in this meeting.

Patrick Clackson and Rich Ricci left the meeting.

(6) Review of Credit Impairment

Robert Le Blanc presented his paper on Credit Impairment, which had been sent to Committee members in advance of the meeting, and highlighted that:

(a) Group Impairment - the full year charge of £2,795 million was some 30% higher than in 2006 and 17% adverse to plan, mainly due to increased credit provisions for Barclays Capital.

(b) UK Retail Bank and Barclaycard - there were good improvements in the impairment charges for UK Retail Bank (12% lower than in 2006) and in Barclaycard (21% lower than in 2006).

(c) Coverage Ratios - these had declined, principally as a result of the inclusion of Barclays Capital's asset backed securities CDO positions, with the potential credit risk loans coverage falling to 33.1% and credit risk loans falling to 39.2%.

Mr Rivett confirmed that he was content with the proposed impairment charge with a lower level of management override and a reduced level of unadjusted differences. In response to a question, Mr Le Blanc advised that approximately one third of the reduction in the Barclaycard impairment charge resulted from changes in methodology with the remainder reflecting an improvement in the underlying business. The Committee discussed the reduction in the coverage ratios and noted that management was comfortable with this view as a result of the improved collections processes in the Group and a change in the business mix towards secured corporate and retail lending from credit cards. The Committee confirmed that they were content with the proposed impairment charge

(7) Goodwill Impairment

Mr Lucas presented his paper on Goodwill Impairment, which had been sent to Committee members in advance of the meeting, and highlighted that the position of EquiFirst had been considered very carefully. The business still, however, generated sufficient profits that no diminution of the goodwill needed to be recognised.

Iain MacKinnon joined the meeting.

(8) Review of Tax Computation

Iain MacKinnon, presented his paper on Review of Tax Computation, which had been sent to Committee members in advance of the meeting, and highlighted that.

(a) <u>Group Tax Charge</u> - would stand at £1,981 million for 2007 giving an effective tax rate of 28%.

(b) <u>Tax provisions</u> - had been increased by £336 million because provisions relating to new trades in 2007 have not been offset by settlements in respect of prior year trades. Discussions with HMRC have commenced with respect to pre-January 2006 SCM trades.

(c) <u>Deferred Tax Assets</u> - one significant issue for 2007 had been a recognition of deferred tax assets in the US and Ireland for losses incurred that expected to offset future profitability. The amount for 2007 was £215 million within the overall net deferred tax assets of £609 million.

(d) <u>HMRC Relationship</u> - this was now much better.

Mr Rivell commented that although there was significant judgement applied in assessing the tax risk on SCM trades, he was content that there was a robust process in place for Group Tax to review such trades and the numbers presented were appropriate. In response to a question, Mr MacKinnon advised that the cash payment in the UK was low as a result of previous overpayments.

The Committee noted the Tax Computation Report.

Iain MacKinnon left the meeting.

(9) **Litigation Statement**

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for
privilege

(10) Internal Control Assurance Statement

Mr Le Blanc presented the paper on the Turnbull Review of Internal Controls, which provided confirmation that the system of internal control review requirements of Internal Control and Guidance for Directors in the Combined Code had been met within the Group businesses for the 12 month period ended 31 December 2007.

(11) Consideration of Final Dividend 2007

Mr Lucas presented his paper on the Final Dividend for 2007, which had been sent to Committee members in advance of the meeting, and reported that the recommendation was for a final dividend of 22.5p which would be 9.8% higher than the final dividend for 2006. A dividend at that level would cost £1,485 million.

The Committee noted the proposed dividend and confirmed that it was comfortable with this recommendation being put to the Board.

(12) 2007 Results Announcements

Mr Lucas referred to the Results Announcement, which had been sent to Committee members in advance of the meeting, and highlighted the following disclosure issues:

(a) Profit Before Tax - the performance summary would highlight PBT before business disposals which resulted in a 3% growth year-on-year. The performance summary would also make more specific reference to the Barclays Capital write-downs.

(b) Outlook Statement - John Varley's statement on the outlook would be closely scrutinised but it will not make any statement as to where the industry was in the credit cycle.

(c) UK Banking - reference would be made to the 8% improvement in the UK banking cost: income ratio over three years.

(d) Barclays Global Investors - there would be disclosure of the liquidity support that BGI had provided to certain market funds

(e) Principal Transactions Note this note would highlight the impact of the Own Credit adjustment.

(f) Derivatives Disclosure - references would be made to the day one profit and loss arising on such transactions and the IFRS 7 disclosures from the Annual Report and Accounts would be added to this note.

(g) Basel II - the Results Announcement would, for the first time, show the Group's capital position under Basel II. Given the market's interest in the Bank's capital position, this would be an important disclosure. The Equity Tier one ratio was currently just below target but the other capital ratios were above the target level.

The Committee noted the draft Results Announcement and in conclusion the Chairman commented that the 2007 results had been very complex and had raised significant issues. The quality of the papers presented to the Committee and the rigour of the results process had left the Committee feeling more comfortable than they had been at the start of the process. The Committee was overall satisfied that the Results Announcement, subject to the revisions that had been discussed, presented a true and fair view and disclosed all material matters for investors. The Committee encouraged management in their final reviews of the documentation to continue to be as transparent as possible, in particular in relation to the one-off items and the write-offs that have been taken.

(13) Next Steps re: Preliminary Results Announcement and Report and Accounts

Mr Dickinson referred to his paper on the recommended governance process surrounding the production and approval of the Barclays PLC Annual Report, which had been sent to Committee members in advance of the meeting, and highlighted that the final version of the Annual Report and Accounts would be approved at the Mini-Board meeting on 7 March 2008. The Committee noted the next steps in the results process.

Management left the meeting.

3. COMMITTEE PRIVATE SESSION WITH BIA AND PWC

Mr Rivett commented that the key issues had all been discussed at the meeting. The level of write-downs and impairment was large but the process had been thorough and was well documented. He noted that he had been invited to the FSA to discuss the results. The accounting treatment in respect of the recognition of income which was now observable was appropriate and Mr Rivett did not believe the treatment was imprudent.

He noted that there could be further challenges in 2008, particularly in respect of the valuation of the whole loan portfolio. The current valuations may need to be reviewed at the end of the year if sales had not been achieved.

Mark Carawan noted that in respect of the trading losses at Société Générale, each of the major Banks was undertaking a review of procedures and controls similar to the Group's own review. A report would be made to GCCC in April which would then be shared with the Board Audit Committee. It was noted that precise details on what had happened were still not clear.

Mr Carawan also updated the Committee in respect of the KYC/AML/Sanctions audit. This is a Group-wide audit involving approximately 70,000 hours of audit time. Twelve reports would be issued in March in respect of the principal businesses, with separate ratings for KYC, Anti-Money Laundering and Sanctions Compliance. Although a large number of issues had been identified, no major issues had been identified to date which were not known to management. The findings of the Audit would be discussed at the April meeting of the Committee.

In response to a question, Mr Carawan commented that the Internal Audit Team in New York was strong. The team in San Francisco now reported to him rather than management and had trebled in size. A recent review by the OCC Redacted: Redacted for Privilege

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Redacted for Privilege

Mr Carawan also updated the Committee in respect of some recent developments with the FSA. They were encouraging BIA to accelerate the audits on Treating Customers Fairly in order to ensure there was sufficient time to remediate any issues before the year-end. There had also been a Whistle-blowing letter received in respect of First Plus which BIA was investigating. After some discussion with the FSA and the BAC Chair, it had been agreed with the FSA that senior management could be informed of the allegation.

Paper Circulated for Information

Senior Approved Persons - Vacancies

Periodic Financial Reporting