EXHIBIT 166

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EXHIBIT
496
12/10/15 DJ

From: Diamond, Bob: Barclays Capital
Sent: Thursday, December 6, 2007 6:40 PM
To: Sherwood, Helen: Barclays Capital (LDN)
Subject: FW: Monolines

Blue file please

From: Ricci, Rich: Barclays Capital
Sent: 06 December 2007 07:44
To: Diamond, Bob: Barclays Capital
Subject: FW: Monolines

From: Clackson, Patrick: Finance (LDN)
Sent: 06 December 2007 07:44
To: Ricci, Rich: Barclays Capital
Subject: Monolines

Issue

We have AAA exposures to sub prime markets wrapped by monolines

Some of these are CDOs with EOD triggers

Our exposures are attached, mainly earlier vintages but about $2.3bn 2006 - 1 to 2007 - 1 vintage

Mgmt Report Pack 11 30 07.pdf

All Ambac and MBIA who are the biggest/most financially secure

Credit are ok with exposure - think monolines will not go bust if downgraded and will pay back over time

We mark bonds + wrap from monolines, if bond value falls, monoline exposure increases

We mark monoline exposure at current spreads, as the exposure increases we take P&L hits for the wider spreads

Below is a general overview on total monoline exposure to sub prime

Direct and Indirect RMBS Exposure

Monoline	Claims-Paying Resources	Statutory Capital	Policyholders Reserves	Capital Ratio	Financial Resource Ratio	ABS CDO % of CPR	ABS CDO Underlying WARF	Subprime RMBS Direct % of CPR	Subprime RMBS Underlying WARF
MBIA	$ 14,175	$ 6,825	$ 10,706	148x	84x	112%	AA	36%	A+
Ambac	$ 14,195	$ 6,742	$ 10,731	143x	63x	206%	A-	66%	AA-
FSA	$ 6,257	$ 2,843	$ 4,813	218x	92x	6%	AA+	61%	A+
FGIC	$ 5,144	$ 2,579	$ 4,050	194x	97x	200%	A	171%	A-
Assured	$ 3,557	$ 1,721	$ 2,479	125x	60x	13%	AA+	190%	AAA
SCA	$ 3,491	$ 1,753	$ 2,561	131x	71x	444%	AA+	62%	AAA
CIFG	$ 1,400	$ 679				653%	AAA	136%	BBB+

As of 6/30/07
Ambac Claims-Paying Resources and CDO exposure as of 9/30/07
MBIA, FGIC, and SCA Claims-Paying Resources and Capital as of 9/30/07
Policyholders' Reserves- Statutory Capital + Unearned Premium Reserves + Loss and LAE Reserves

Ratings:

Monoline	S&P Ratings	Moodys Ratings	Fitch Ratings	Latest Ratings Action	Date
MBIA	AAA	Aaa	AAA	M/F Affirmed	1/29/2007, 21-Sept-07
Ambac	AAA	Aaa	AAA	Fitch Affirmed	2-Mar-07
FSA	AAA	Aaa	AAA	Fitch Affirmed	1-Oct-07
FGIC	AAA	Aaa	AAA	Fitch Affirmed	22-Jun-07
Assured	AAA	Aaa	AAA	Moodys Upgrade	11-Jul-07
SCA	AAA	Aaa	AAA	Fitch Affirmed	17-May-07
CIFG	AAA (neg watch)	Aaa	AAA	S&P Neg Watch	7-Jun-07

Market Overview

- Of the $6.6 Billion new subprime RMBS business written in 2007, nearly 75% was written by XLCA, FSA, and FGIC
- The notional value of subprime-related CDOs insured in 2007 grew by 36% to $97.3 Billion. XLCA, ACA and Ambac, have been the most active during 2007.

MBIA Overview

- MBIA has not written significant business on mezzanine ABS CDOs post 2004 (although they do not provide exact figures). They have only written protection on one mezzanine ABS CDO since 2005.
- Attachment points for MBIA's super-senior positions referencing High Grade deals ere typically 2.5x to 3x the AAA rating agency requirement. MBIA wrapped $3Bn of high grade ABS CDOs in Q3 2007 attaching at a minimum of 50%.
- 3.6% of MBIA's $5.1Bn direct subprime RMBS exposure is rated BBB. 7.3% is rated below investment grade

Ambac Overview

- $3Bn of Ambac's $29Bn CDO exposure is Mezzanine, including (4) CDO^2 of Mezzanine ABS
- Ambac has internally downgraded 4 of their CDOs, including three CDO^2 of Mezzanine ABS CDOs and one cash flow CDO of Mezzanine ABS
- $1.6Bn of Ambac's $8.8Bn direct subprime exposure is 2005 vintage, $1Bn is 2006, and $0.6Bn is 2007 (through Q2)
- 48% of Ambac's direct subprime exposure is rated BBB. 5% is rated below investment grade.

FSA Overview

- 99.5% of CDO exposure is pooled corporate credit
- FSA has generally not participated in ABS CDOs and insures only two transactions totalling $370mm, $300mm attaching at super-senior levels and $70mm attaching at AA. 15.4% of the underlying collateral in these transactions is subprime

FGIC Overview

- 75% of FGIC's $10.3Bn CDO exposure is High Grade, 25% Mezz
- FGIC has limited 2006 subprime vintage to $339mm out of $8.8Bn in total MBS subprime exposure, however they have significant exposure to 2005 and 2007, $3.6Bn and $1.8Bn respectively

Assured Overview

- Assured has not written any CDO of ABS business since 2003
- 94% of Assured's direct subprime exposure is AAA rated

SCA Overview

- SCA has significant direct exposure to 2007 vintage subprime mortgages, but no exposure to the 2006 vintage.
- For high grade CDOs of ABS, SCA attaches at an average of 2.6 times the natural AAA subordination required by the rating agencies.
- 97.8% of SCA's CDOs of ABS are "high grade," and no CDOs of "mezzanine" ABS have been added to the portfolio since May 2004

CIFG Overview

- On 7-June-2007 S&P put CIFG on negative watch over concerns with respect to the effectiveness and processes of the company's board, appropriate succession planning for senior management, and the degree of long-term support provided by parent Natixis S.A. CIFG also has below-average earnings and ROE.

Negative Basis Book
Geographic / Product Type

Sum of Current Notional USD		
Region	Asset Classification	Total
US	Mezz ABS CDO	2,130
	High Grade ABS CDO	3,385
	CDO^2	177
	CLO (with ABS CDO / CLO exposure)	185
	CRE CDO (Subprime Exposure)	1,362
	CRE CDO	4,118
	REIT TRUPs	224
	Bank Trust Preferred	941
	CLO^2	110
	CLO	17,533
	Emerging Market Securities	192
	Synthetic CDO Corporate Bonds	217
	Aircraft	113
EUROPE	Mezz ABS CDO	914
	High Grade ABS CDO	3,640
	REIT TRUPs	1,371
	CLO	7,091
	Infrastructure	5,099
ASIA	Infrastructure	1,749

Negative Basis Book
Subprime / ABS-related Exposure

Notional Exposure of SS Tranche (mm)		Vintage									
Underlying Asset Classification	Counterparty	2003-2	2004-1	2004-2	2005-1	2005-2	2006-1	2006-2	2007-1	2007-2	Grand Total
Mezz ABS CDO	AIG					850					850
	AMBAC						349(1)				349
	Banca Intessa			200							200
	Goldman Sachs	167	119	130							415
	MBIA			548	483						1,031
	ML	135	64								199
High Grade ABS CDO	AIG			678		1,148					1,826
	AMBAC				224		385(2)				610
	FGIC				161						161
	MBIA				1,319		650(3)	472(4)	750(5)		3,192
	West LB		1,241								1,241
CDO^2	ACA	37									37
	CIBC	140									140
CRE CDO (Subprime Exposure)	MBIA		50	332						980	1,362
CRE CDO	Assured							100			100
	MBIA					255	338	465	2 340		3,398
	XL								620		620
REIT TRUPs	Assured							224	522	848	1,595
Bank Trust Preferred	Assured			95							95
	CIBC					251					251
	FSA			95							95
	ML	174									174
CLO (with ABS CDO / CLO exposure)	AMBAC					185					185
CLO^2	XL			110							110

(1) BLHV 2006-1A - Belle Haven 06-1
(2) MLTN 2006-HG1A - Millerton Highgrade
(3) HARP 2006-1A - Harp Highgrade
(4) BROD 2006-2A - Broderick 2
(5) HRIDG 2007-1A - Highridge Highgrade

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EXHIBIT 167

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From:	Le Blanc, Robert: Group Risk (LDN) [/O=BZW/OU=EUROPE/CN=RECIPIENTS/CN=EXCHANGE RECIPIENTS/CN=LEBLANCR]
Sent:	Friday, March 07, 2008 2:17:16 PM
To:	Varley, John: Barclays PLC; Diamond, Bob: Barclays Capital; Seegers, Frits: Barclays PLC; Idzik, Paul: Barclays Group; Lucas, Chris: Barclays PLC
Subject:	BRC Papers - 1 of 2
Attachments:	Forward Risk Trends BRC version 1.1.ppt; GRPR MAR 08 v1 3.ppt; Stress testing.PPT

These are the first three papers of the set for the next Board Risk Committee.

Pls may I have any comments by next week, these are due to go out to Risk Committee on Wednesday 12th, for the Committee meeting on 19th March.

Items 2.1 is the Risk Update and has already been seen by Exco.

Item 2.2 is the normal quarterly Group Risk Profile Report.

Item 2.3 is a paper on Stress testing we assembled for the FSA, and has been seen in its component parts by Exco previously.

thanks

Robert

Item 2.1 - Risk Update - Forward Risk Trends

Forward Risk
Trends BRC vers...

Item 2.2 - Group Risk Profile Report

GRPR MAR 08 v1
3.ppt

Item 3.3 - Stress Testing

Stress testing.PPT

Document Produced in Native Format

Risk Update:
Forward Risk Trends for
Credit and Market Risk – March 2008

Forward Risk Trends Mar 08

This paper provides an update on the 12 risk trends recently presented to ExCo by Risk for inclusion on Active Watchlist, for agreement of next steps or for noting. An appendix updates actions agreed following the Oct 07 risk discussion.

Pg	Area	Comments	ExCo Action	Risk Trend
1)	Equifirst	Equifirst origination continues at reduced levels on tightened criteria. Forward portfolio performance is difficult to predict and opportunity to sell assets remains limited. BarCap management continues to monitor performance and review strategy.	Active Watchlist	→
2)	BCB Leveraged Finance	Exposure to Financial Sponsors leveraged loans fell in 2007, with some growth in the corporate leveraged book. For 2008, the Financial Sponsors book is constrained.	Active Watchlist	→
3)	Indian Retail Lending	Retail lending is expanding rapidly. We are reviewing risk appetite for 2008 business plans in consideration of delays in infrastructure roll out.	Active Watchlist	↑
4)	Kenya	Civil unrest after contested elections has hit Kenya's key foreign exchange earners. Transfer and convertibility risks have escalated in the absence of a political solution.	Active Watchlist	↑
5)	BarCap Impairment and Watch Lists	Corporate credit performance remains steady but the wholesale environment remains challenging. Watch list balances have grown, largely due to CDO and FI counterparties being added.	Active Watchlist	↑
6)	Monolines	Barclays has exposure mainly via guarantees provided for securities that we hold ("negative basis" trades). Losses would require significant financial deterioration of the monoline guarantors.	Active Watchlist	↑
7)	Barclaycard US (Middle Market)	Delinquency levels have increased and we have tightened credit criteria. Portfolio performance remains in an acceptable range and is monitored closely.	Active Watchlist	↑
8)	Absa Mortgages, Cards and Loans	Delinquent balances have been rising and 2008 impairment is forecast to rise 36% to £183m. Although portfolio performance remains acceptable, the impact of a downside stress is not fully understood.	Active Watchlist	↑
9)	FirstPlus	Tightened underwriting criteria over the past year reflect our reduced risk appetite. As a result, balance sheet growth has slowed and the credit quality of new business has improved.	Active Watchlist	→
10)	UK Pension Fund	The fund trustees plan to rotate £6bn of investments out of bonds into funds and derivatives. This could also allow us to de-risk the scheme and we should consider recommending this to the trustees.	Agree next steps	→
11)	BarCap DVaR	Underlying DVaR has risen sharply due to price volatility and lower diversification. A new permanent limit of £70m is now set, allowing BarCap to create sufficient headroom against agreed MTP appetite.	For noting	↑
12)	Commercial Property	The environment for commercial property lending is weakening and we are holding caps steady. Selective origination may see moderate growth within these caps, which will be reviewed again in July.	For noting	→

Equifirst Origination of Sub-Prime whole loans

Equifirst origination continues at reduced levels on tightened criteria. Forward portfolio performance is difficult to predict and opportunity to sell assets remains limited. BarCap management continues to monitor performance and review strategy.

Environment/Trends

- Sub-prime collateral performance will continue to deteriorate in 2008 (ARM resets, tightened underwriting, declining HPA driving rising delinquencies). Further downside may develop from a potential US slowdown and limited liquidity as investors remain on the sidelines.
- Liquidity for securitisation or whole loan sales will be low in 2008.

Barclays Positioning & Exposure

- Barclays continues to originate sub-prime mortgages via Equifirst, with a view to exit via securitisation when the market reopens. Origination totals about $200m per month, down from $700m per month in mid-2007. We have originated 90% of our $6.5bn sub-prime whole loans through Equifirst.
- Underwriting criteria have been significantly tightened. Over 99% of loans are for primary residence owner occupiers and no second liens are now being originated. Average LTVs are now 78% with over half of loans at lower-risk fixed rates instead of ARMs.
- Our exposure to sub-prime and Alt-A (near-prime) whole loans and originator "warehouse" lines (structured as whole loan repos) was reduced markedly during H1 07 as problems began to emerge. Further de-risking remains impacted by limited liquidity.

Risk Appetite & Next Steps

- Other than the much reduced and more selective origination via Equifirst, we have no appetite for any additional sub-prime or Alt-A mortgage exposure.
- Origination is at a minimum level for current operations.
- The business strategy for Equifirst (and HomEq) continues to be discussed by BarCap senior management.

	Apr 07 - Aug 07 Monthly Weighted Average	Sep 07 - Dec 07 Monthly Weighted Average
Production $m	694	204
Weighted Average Coupon	8.8	9.8
FICO	624	606
Full Documentation %	68.7	77.3
Debt-To-Income %	40.7	40.2
Second Liens %	1.5	0.0
Combined LTV %	84.7	77.9
Occupancy Status:		
Primary %	91.0	99.7
Investment %	7.3	0.1
Second Home %	1.7	0.2
Mortgage Type:		
ARM	66%	49%
Fixed	34%	51%

BCB Leveraged Portfolio

Exposure to Financial Sponsors leveraged loans fell in 2007, with some growth in the corporate leveraged book. For 2008, the Financial Sponsors book is constrained.

Environment/Trends

- Terms on offer within the market remain aggressively structured but are now more conservative than in late 2006/early 2007. Leveraged multiples have reduced slightly and senior debt pricing for mezzanine risk is no longer being offered by competitors.
- There is limited evidence in the mid market of reduced competition with significant sponsor activity remaining. Pricing is increasing but there is less upside available on underwriting income.
- In the corporate leveraged market, M&A activity continues to generate deal flow and pricing has not improved.

Barclays Positioning & Exposure

- BCB differentiates between higher risk leveraged finance business introduced by Financial Sponsors and generally lower leveraged corporate finance provided to existing customers involved in M&A activity.
- Exposure to Financial Sponsors Leveraged business has reduced by one-third during the past 18 months from a peak of c£4bn to c£2.6bn at end December 2007. This has been achieved through greater distribution and reduced hold appetite.
- Mezzanine exposure in Financial Sponsor transactions has also reduced £146m at May 07 to £83m at end Dec 07 as a result of aggressive sell-down of subordinated debt on new originations. Corporate leveraged exposure grew by £300m to £3.5bn during 2007.
- Currently £500m of Corporate exposure is included in Corban 2 (completed in 2007), which provides second loss protection.

Risk Appetite/Justification

- Maintain conservative stance on Financial Sponsors given potential vulnerability of market to weaker economic conditions.
- Continue to grow corporate leveraged finance business which is both lower risk and critical to our business franchise, but increase market distribution once investor demand returns.

BCB Leveraged Finance Caps and Exposure

Mandate & Scale Limits £m	Jan-07		Jun-07		Dec-07		2008 Est
	Limit	Position	Limit	Position	Limit	Position	Limit
UKBB Financial Sponsors	4,050	3,255	3,500	2,637	3,000	2,552	2,750
UKBB Corporate LF	3,230	3,190	3,480	3,220	3,730	3,518	4,000
Total	**7,280**	**6,445**	**6,980**	**5,857**	**6,730**	**6,070**	**6,750**

Indian Personal Loans, Business Loans and Credit Cards

Retail lending is expanding rapidly. We are reviewing risk appetite for 2008 business plans in consideration of delays in infrastructure roll out.

Environment/Trends

- Economic growth has been 9% over five years, and India is expected to become the world's fifth-largest consumer economy within 20 years.

Barclays Positioning

- Card and Loan products were launched in May 07. We are now the leading foreign bank originator of personal loans and credit cards in the four main cities where we operate. We acquire clients mainly through third party Direct Sales Agents (10,000 in place at Dec 07).
- Our market share of balances in India will be 4% to 5% at end Q1, and our business loan delinquency to date is less than 200 accounts.
- By the end of Q1 08, based on Dec 07 volumes, we project lending balances of £530m, comprising £200m business loans, £270m personal loans and £60m cards. Card issuance reached 60,000 in Nov 07 and since May 07 we have issued 290,000 cards with limits totalling £160m.
- Delinquency roll rates are above plan levels and management has responded with urgent initiatives.
- Key technology infrastructure has been delayed to the end of Q1 08, with business loan implementation now due in H2 08.
- Given growth targets and the pace of expansion across product portfolios, there is limited opportunity for Test and Learn initiatives, although we have taken actions to adjust credit criteria based on early performance.

Strategic System Roll-Out

Risk Capability	Front-End Application	Score Cards	Decision Engine	Fraud	Collections
Planned Launch	All strategic solutions were planned for implementation to be completed in Q4 07				
Revised PIL	Feb-08	Feb-08	Feb-08	Mar-08	Complete Dec 07
Revised Cards	Mar-08	Feb-08	Mar-08	Mar-08	Mar-08
Revised BIL	H2 08	No card	H2 08	H2 08	H2 08

Risk Appetite/Justification/Next Steps

- The expansion plans in India require significant risk appetite, as balances and limits will continue to grow rapidly during 2008.
- We need to supplement our reliance on credit bureau data (currently the primary basis for about 80% of decisions) with new scoring models and decision strategies. Implementation of credit scoring and analytic tools, technology and fraud risk infrastructure is needed to improve underwriting, detect the reasons for any deterioration promptly and have sufficient confidence that target loss rates are achievable.
- Management is confident that current tactical solutions are effective. However, we should consider focusing our efforts on completing systems work for personal loans and cards and slowing the growth rate of business loans until infrastructure is completed in H2 08.

Kenya

Civil unrest after contested elections has hit Kenya's key foreign exchange earners. Transfer and convertibility risks have escalated in the absence of a political solution.

Environment/Trends

- Kenya has been placed on Watch List since early Jan 08 with GRCB Country Risk Committee meeting on a weekly basis.
- The Shilling has depreciated 17% since the disputed elections. The tourism and horticulture industry (generating foreign earnings of c.US$1.3bn in 2007) have slowed down significantly, as a result of the violence in the key towns, and has placed significant downward pressure on foreign reserves. News and information sources are becoming more unreliable due to political positioning.

Barclays Positioning & Exposure

- Kenya has been downgraded from a DG16 to DG17. Our top-20 corporate exposures total £240m; five of them (totalling £150m) have been placed on EWL and are being closely monitored. Total country financing limits are £1,220m and our largest sector exposures are to manufacturing and agriculture, which make up 37% of the book.
- Shilling/Dollar convertibility and the prospect of exchange controls pose a risk to the serviceability of cross-border foreign currency loans. Foreign currency limits are £354m of £1,220m total country limits. Manufacturing and agriculture comprise 37% of the book.
- Financial Institution limits total £96m, half of which are in foreign currency. Our exposure is mostly short-dated FX trading (less than 180 days) and money market placing lines. All these limits are currently under review.
- Sovereign exposure is £376m, of which only 2% is in foreign currency.
- All non-country Barclays staff have been evacuated. In-country staff in high-risk areas have been moved to safe havens, with the situation reviewed daily.

Risk Appetite/Justification

- We now operate a strict maintain policy with daily monitoring.
- There is no lending without approval from country risk committee and referral one level of credit discretion higher.
- Options under consideration to reduce foreign currency exposure include conversion of exposure into local currency but this will require a legal opinion.
- We should develop tactical steps to control the loan book, pending further country developments.
- Any action will need to be carefully considered against brand and reputational issues, given our leading position in the country.

Kenyan exposure summary

Default Grade	17
Sovereign Total Financing Limits	£376m
Local currency	£374m
Foreign currency	£2m
Country Total Financing Limits	£1,220m
Local currency	£866m
Foreign currency	£354m
Country LGD Guideline	£218m
Country LGD Utilisation	£179m

BarCap Impairment Outlook and Watch Lists

Corporate credit performance remains steady but the wholesale environment remains challenging. Watch list balances have grown, largely due to CDO and FI counterparties being added.

Environment/Trends

- Well publicised disruption in the US sub-prime and wider ABS markets has resulted in widespread downgrades in this sector and has impacted global liquidity and investor risk appetite.

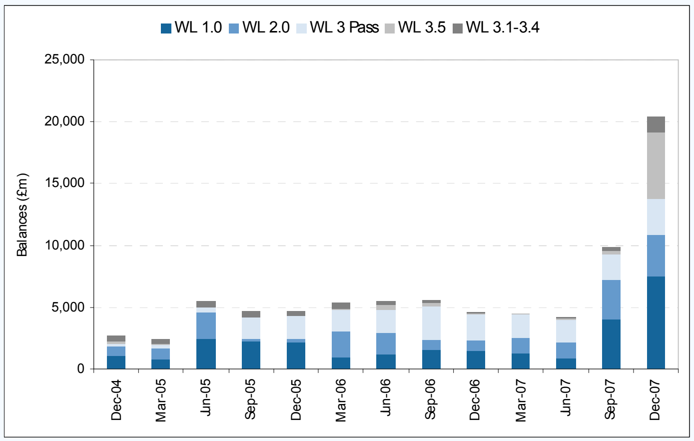
Barclays Positioning & Exposure

- As a result, BarCap Watch List balances have risen sharply since mid-2007, and as a range of largely CDO and Financial Institution counterparties directly impacted by the US sub-prime market have been added. Impairment has been taken against a number of these names which could increase if conditions deteriorate further. Watch list balances are disproportionate to anticipated losses because we have collateral support from these counterparties.
- Additionally, there may be further Watch List growth and ultimately impairment as a result of some signs of distress emerging in the consumer-led and business service sectors. We also expect the number of Watch Listed hedge funds to grow further, although the broader financial sector portfolio is holding up well.
- The underlying performance of our unsold leveraged underwritings (c£8bn) is broadly steady although there are no signs of liquidity returning to the market. There is the potential for further increases in Watch List if performance deteriorates before positions can be sold.
- Watch List growth could also come from our large commercial property portfolios in the UK and US, if these markets continue to cool rapidly.

Next Steps

- Continued heightened awareness of identifying and escalating deterioration in credit quality.
- Proactive and close monitoring where deterioration occurs and in particular of financial collateral.
- Maintain vigilance and networks with other market participants.
- Exploit ability to dispose of or restructure exposure where market conditions permit.

BarCap Watch Lists



Monolines

Barclays has exposure mainly via guarantees provided for securities that we hold (“negative basis” trades). Losses would require significant financial deterioration of the monoline guarantors.

Environment/Trends

- The AAA ratings of the monoline bond insurers are under pressure because of uncertainty over their exposure to sub-prime losses. Insurance of sub-prime assets comprises about 25% of the monolines’ portfolio exposure of $2tn. Their credit spreads have widened.
- Fitch downgraded Ambac to AA and SCA to A and with most monolines on negative watch, further downgrades are expected over the next month unless various attempts to introduce new capital (e.g. from major US banks) are successful.
- An acceleration of downgrades would threaten the monolines’ business franchise. In an extreme situation, the insurance policies sold on municipal bonds could be negated by downgrades, forcing pension funds to sell municipal debt because of investment rating restrictions.

Barclays Positioning & Exposure

- BarCap has exposure via a portfolio of asset-backed securities which is guaranteed by monolines (“negative basis” book). Exposure on a CEE basis (current mark plus potential future exposure to a 98% confidence level) is c$6.5bn; the total notional is c$40bn. Losses would require deterioration in underlying securities as well as significant financial deterioration of the monoline, which we continue to regard as unlikely. We also have some primary exposure to monolines (c$750m) and some additional trading exposure.
- BGI cash funds hold $520m of monoline insured bonds, and $3.5bn of monoline-supported SIV and ABCP exposure.

Risk Appetite/Next Steps

- Headroom has been reduced and limits suspended. Monoline exposure is currently illiquid.
- Internal ratings will be updated reflecting our outlook for capital raises plus rating agency actions that could impact business models.
- We expect that our internal ratings will typically be in the BBB range for the holding companies and A to AA range at the operating subsidiaries.
- GFRM’s Structured Products Team has engaged CRAG and outside legal counsel for advice on various options and alternatives.

Monoline CDS Spreads

US Cards – Middle Market

Delinquency levels have increased and we have tightened credit criteria. Portfolio performance remains in an acceptable range and is monitored closely.

Environment/Trends

- Across the US card industry, delinquency is rising because of housing market stress, a slowing retail sector and the effects of minimum payment legislation.
- The US economic environment has begun to weaken, with unemployment rising from 4.4% in Mar 07 to 5.0% in Dec 07.

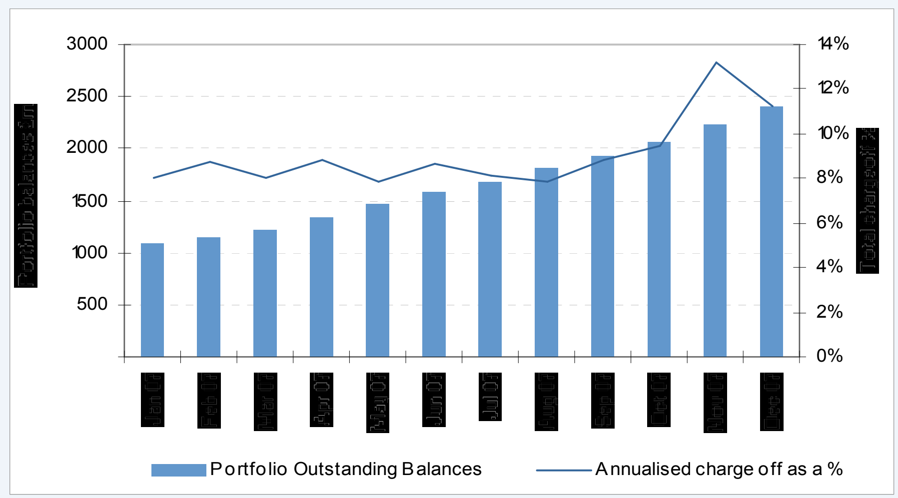
Barclays Positioning & Exposure

- US Middle Market card balances grew by 149% to $2,413m in 2007, 65% ahead of original STP estimates.
- Within the middle market, 53% of accounts booked in 2007 were below FICO 660, one measure of sub-prime. Between H1 07 and H2 07, 30+ delinquency levels rose from 5.0% to 5.5% . Annualised charge-off rates rose from 8.6% to 11.2% over the same period.
- Total delinquency levels are a concern and early cycle delinquencies exceed planned levels. Much of this is attributed to ‘min-pay’ structures, quantified as a $40m P&L impact in 07. Increased delinquencies have been observed throughout the market.
- Extensive credit actions have been taken in Q4 07 to mitigate the impact of the economic downturn, faster than competitor reaction to changing conditions.

Risk Appetite/Justification/Next Steps

- The full effects of the economic deceleration in the US economy, overlaid with min pay legislation are still not fully clear.
- As a result of the rising industry delinquency trends and the failing sub-prime mortgage market we have tightened middle market underwriting.
- We must monitor portfolio performance closely, being prepared to tighten criteria further if it deteriorates relative to our projected loss curves.

US Middle Market – Balances and Charge-off rates



Absa Mortgages, Cards and Loans

Delinquent balances have been rising and 2008 impairment is forecast to rise 36% to £183m. Although portfolio performance remains acceptable, the impact of a downside stress is not fully understood.

Environment/Trends

- Successive rises in interest rates took the Prime lending rate to 14.5% in Dec 07, up 400bps since Jun 06. House price growth has moderated and there are signs that consumer demand is tapering off, with a moderate slowdown in year-on-year growth in consumer credit demand in Dec 07. Rolling power cuts are problematic, and currency volatility remains a threat.
- The National Credit Act (NCA) of Jun 06 controls borrowing and lending practices and constrains industry collection techniques.

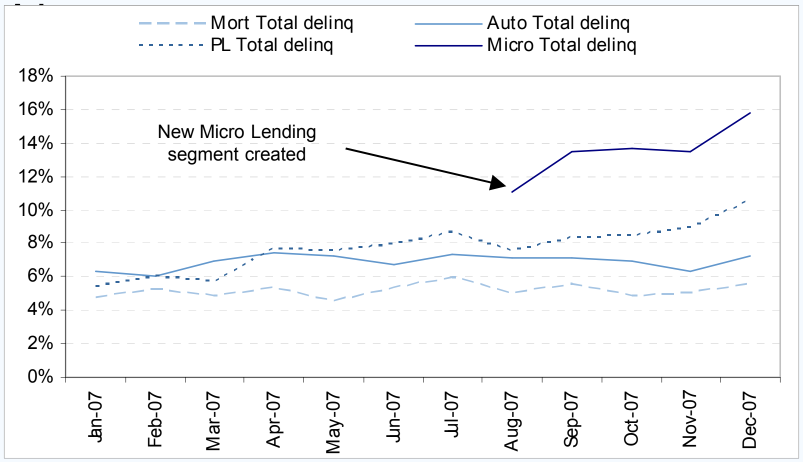
Barclays Positioning & Exposure

- As at Dec 07, outstanding advances comprised £14.8bn for mortgages, £920m for cards and £816m for consumer and micro loans.
- Current mandate allows for secured (1st charge) residential mortgages with appetite of 50% of flow above 90% LTV at origination (currently under review). Mortgage market share held steady at 34% in 2007 compared with 29% for second-placed Standard Bank. Following implementation of the NCA, approval rates fell from 55% in May 07 to 40% in Dec 07.
- Delinquency levels have increased in most portfolios, most notably in Personal and Micro Loans.
- Recent vintage performance for cards is improving as a result of tightened lending criteria, with balances more than 30 days in arrears at three months on book decreasing by 65% in H2 07.

Risk Appetite/Justification/Next Steps

- We do not yet understand the full effects of the NCA, the significant rises in interest rates, a potential consumer downturn and the softening housing market.
- Infrastructure improvements and a tightening of lending criteria have supported our ongoing business volumes.
- We must track vintage performance, and be prepared to reduce risk appetite quickly if the portfolio does not perform within the acceptable range. We should determine that the recent underwriting and NCA changes are sufficient to address the deterioration in vintage performance.

Total Delinquencies as percentage of Loans and



FirstPlus

Tightened underwriting criteria over the past year reflect our reduced risk appetite. As a result, balance sheet growth has slowed and the credit quality of new business has improved.

Environment/Trends

- Following the adoption of re-aging controls in 2006, delinquencies and charge-offs increased sharply, driving the impairment charge above budget. However, the position has stabilised somewhat in recent months, as shown in the chart below.
- Rising consumer indebtedness, continued pressure on discretionary income and a weakening in the UK housing market continue to present challenging trading conditions despite the recent interest rate cut.

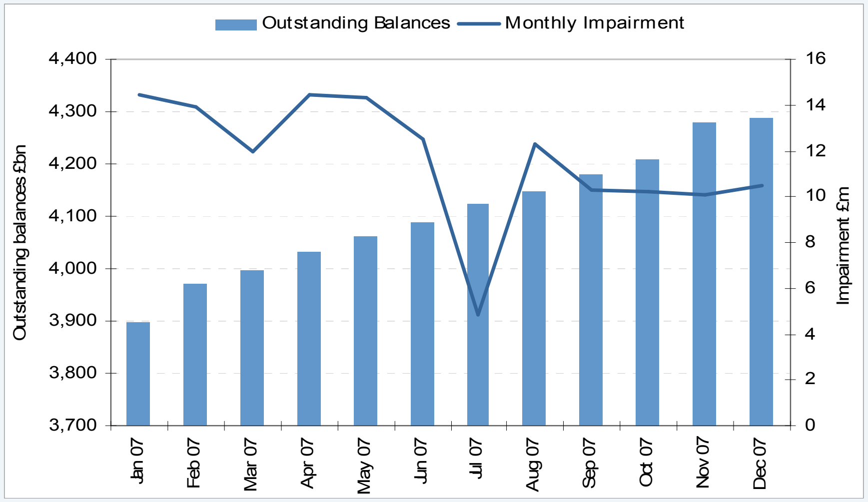
Barclays Positioning & Exposure

- Secured (2nd charge) debt consolidation is sold through direct advertising and brokers. Current loan balances are £4.5bn.
- The business targets “non-conforming sector” including high LTVs. During 2007, we tightened lending criteria on three occasions, including a recent reduction in maximum LTV from 125% to 100%, not including PPI advances.
- Delinquent balances had increased to 6.5% of the portfolio by Aug 07, and were broadly steady at 6.3% by the year end.

Risk Appetite/Justification/Next Steps

- We will continue to review products and customer segments to identify propositions, such as the recent launch of the ‘Fair and Square’ product, so as to improve profitability.
- We will track portfolio performance, being alert to any rises in delinquencies should the UK economy show signs of slowing.
- We expect total balances to remain broadly flat in 2008.
- The strategy for this business is being reviewed by Barclaycard management.

Asset growth and monthly impairment charge



UK Retirement Fund – Market Risk

The fund trustees plan to rotate £6bn of investments out of bonds into funds and derivatives. This could also allow us to de-risk the scheme and we should consider recommending this to the trustees.

Environment/Trends

- Volatility in pension funding positions has led many schemes to invest assets so they match liabilities more closely, a trend known as liability driven investment or “LDI”. This is usually executed through an interest rate and inflation swap “overlay” which can be tailored closely to pension liabilities (indexed to inflation and very long-term) and is distinct from underlying investments, which may remain in equities, bonds or property.
- Whilst Trustees are responsible for investments, it is common for corporate sponsors to define a risk appetite around any strategy.

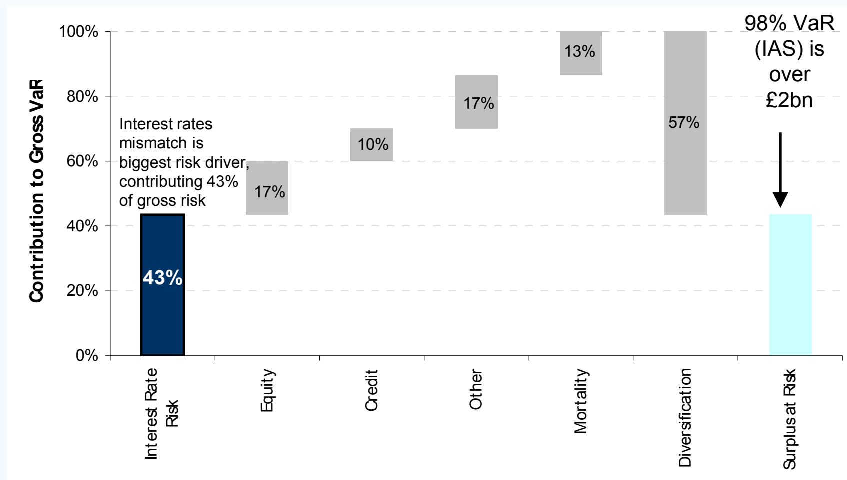
Trustee Positioning

- The UKRF has a £6bn bond portfolio (50% index linked gilts, 50% corporate bonds) which in duration terms is still much shorter than pension liabilities and is only 50% indexed to inflation. Real interest rates are therefore a more significant driver of pension risk than equity volatility. The Bank measures this risk using a one-year VaR, which also underpins pension risk economic capital.
- The Trustee is proposing to rotate out of bonds into a mixture of managed funds, using derivatives (LDI) to maintain the extant duration of the assets (but increase inflation indexation).

Risk Appetite/Justification/Next Steps

- Higher market volatility and correlation imply pension risk and capital will most likely rise. Recent capital guidance from the FSA asserts that our pension risk economic capital is too low.
- The market action by the Trustee is an opportunity to de-risk the scheme – this would require extending the duration of the LDI strategy beyond what is currently being planned.
- A request needs to be communicated to the Trustee now, in anticipation of agreeing a more formal risk appetite within the scheme funding discussions which are currently underway but which will not be final until H2 08.

UKRF Risk Drivers as % of Gross VaR



Barclays Capital DVaR Limit for 2008

Underlying DVaR has risen sharply due to price volatility and lower diversification. A new permanent limit of £70m is now set, allowing BarCap to create sufficient headroom against agreed MTP appetite.

Environment/Trends

- Large price moves in Nov and Dec 07 and higher correlation across markets have driven up underlying DVaR. These tail events will remain in the price history for the next two years, raising the run-rate for DVaR.
- BarCap updates its price history daily, so large price moves have an immediate impact on DVaR. Whilst VaR increases have been observed in several peers (UBS, Lehman), some banks (CS, Citi, Merrill) only update historical prices monthly, delaying the impact in their disclosed VaR.

Barclays Positioning

- Volatile and busy markets are creating opportunities across the rates business; interest rate risk appetite and profitability have increased. Commodity risk profile remains close to appetite (i.e. VaR/stress limits), with significant opportunities in energy, metals and power and gas.
- Credit risk is being actively reduced, as reflected in lower stress test results, although basis risks and idiosyncratic risks remain significant.

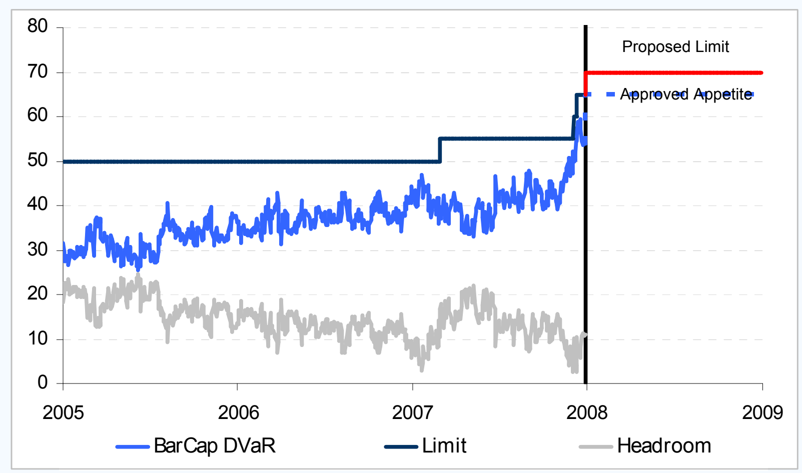
Risk Appetite/Justification/Next Steps

- BarCap risk appetite (average annual DVaR) of £65m has been agreed for the 2008 MTP. An increased limit of £70m for 2008 is appropriate to support this appetite and ensure adequate headroom.

	Approved Risk Appetite	BarCap Limit	Standby Limits (temporary)	Total Capacity	Appetite vs Capacity
2007	£55m	£55m	£15m	£70m	80%
2008	£65m	£70m	£10m	£80m	80%

- Subject to ExCo approval, this limit proposal will be submitted to Board Risk Committee (who have approved our 2008 appetite).

BarCap DVaR Limit and Headroom: 2005 to date



Commercial Property

The environment for commercial property lending is weakening and we are holding caps steady. Selective origination may see moderate growth within these caps, which will be reviewed again in July.

Environment/Trends

- The environment for commercial property lending is showing signs of rapid deterioration, particularly in the UK, US and Spain.
- IPD Index reported capital falls in all major classes of UK commercial property averaging 4.2% for Dec 2007 and several property funds have restricted redemptions to avoid forced sales in the face of heavy investor demand for redemptions.
- Spanish residential property price falls are widely expected in 2008 and 2009 and analysts are predicting a 10%-15% fall in US commercial property prices in 2008

Barclays Positioning & Exposure

- Key markets are UK (BCB, BarCap and Wealth), US (BarCap), Spain and South Africa (where about 50% of the ACBB portfolio relates to property exposure).
- Our UK commercial property lending has been less aggressive than our peers over recent years which has led to smaller UK portfolios than RBS and HBoS, with little high-risk speculative commercial development.
- In Spain, where the environment is most difficult, we saw significant increases our EWL in H2 07 as well as impairment in excess of STP as problems emerged across a range of property exposures.
- European and US CMBS markets are all but shut; our exposure is predominantly in UK/Europe where deal structure provides an alternative exit in the form of the bank syndication market (as partially evidenced by the £1bn exposure reduction between Oct 07 and Dec 07).

Risk Appetite & Next Steps

- Key take and hold limits are shown opposite. Additional exposure arises in some other areas including CMBS warehousing, where we have reduced European warehouse limits from £10bn to £7bn.
- Caps have been held flat or reduced and will be reviewed in Jul 07. We remain comfortable with selective origination and modest growth in our core markets within these caps.

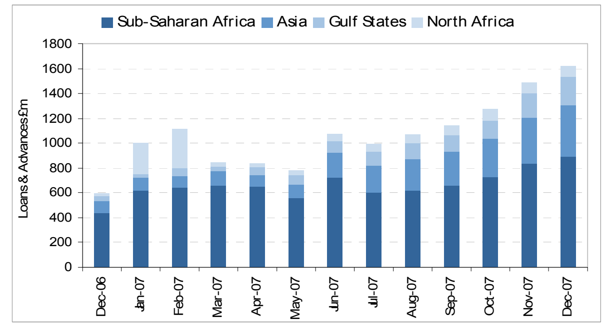
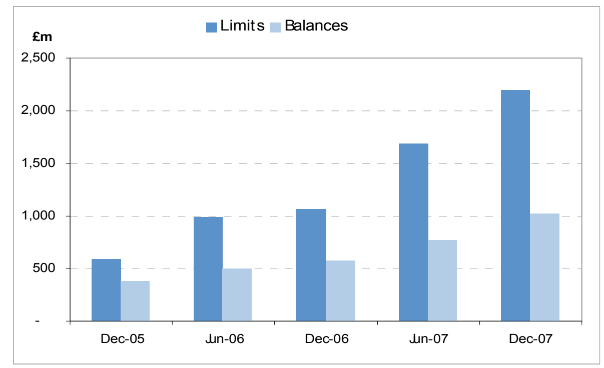
Commercial Property Mandate and Scale Limits and Exposures

	Cap	Exposure
UK Commercial	£12.6bn	£9.5bn
UK Residential	£8.9bn	£6.7bn
US Commercial	£6.9bn	£6.7bn
ABSA	£5.9bn	£4.7bn
Spain	£3.6bn	£3.3bn
Total	£37.9bn	£30.9bn

Data as at 31.12.2007; Absa cap is subject to additional concentration criteria.

Updates to risk appetite actions agreed by ExCo in Oct 07

Emerging Market Retail, UAE Corporate, BGI

<table>
<tr><th>Action/Comments</th><th>Update</th><th>Supporting materials</th></tr>
<tr><td>Emerging Market Retail
Demand for risk appetite is significant, with the mass market being targeted through new products and Direct Sales Agents. The management challenge will be how to prioritise infrastructure build-out, whether to slow growth if build-out is delayed and how to monitor performance to respond quickly should it deteriorate.</td><td>EM risk appetite demand continues to be significant and 75% year-on-year balance growth is forecast for 2008. There were 23 proposals submitted to credit committee in H2 07 requesting approval for expansion plans and new product launches to support the growth. Infrastructure development to keep up with growth remains a significant challenge.</td><td>
</td></tr>
<tr><td>UAE Corporates
Recent rapid growth in the corporate ‘take and hold’ book is planned to continue. We should be aware of the event risk and the limitations in our risk infrastructure and develop a fuller set of Mandate & Scale limits, especially relating to SMEs.</td><td>Book growth continues and we remain primarily concerned about event / political risk rather than simple credit risk - this is being managed via scenario / stress testing which we are conducting and developing each quarter.</td><td>
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<tr><td>BGI
BGI has recommended capital investment in its active products to capture revenue from currently idle capacity. This will introduce investment risk and requires new controls, including an overall Mandate and Scale limit.</td><td>Mandate and scale limits are under discussion with Group Market Risk. Additional risk exposure arises from money fund investments, where investors do not expect investments to fall below par (break the buck), so an implicit guarantee exists.</td><td><table>
<tr><th>Current Investments</th><th></th><th>Note</th></tr>
<tr><td>Lakeville</td><td>£292m</td><td>Invested in BGI MultiStrategy fund</td></tr>
<tr><td>External Alpha</td><td>£54m</td><td>Invested in 2 external FoHF</td></tr>
<tr><td>CDO investments</td><td>£13m</td><td>Junior tranche of BGI managed CDO</td></tr>
<tr><td>Other (seed capital)</td><td>£6m</td><td></td></tr>
<tr><td>Total</td><td>£365m</td><td></td></tr>
</table></td></tr>
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Updates to risk appetite trends discussed at ExCo in Oct 07

UK Mortgages, Europe Cards and Loans, Barclays Branded Cards

<table>
<tr><th>Action/Comments</th><th>Update</th><th>Supporting materials</th></tr>
<tr><td>

UK Mortgages

There is continued growth in line with the Medium Term Plan and within agreed underwriting criteria. While profitability is thin, mortgages are a key lead product.

</td><td>

Despite pressure on funding costs and the potential for an economic downturn, profitability is expected to improve in 2008 with the most recent product refresh producing an all-in margin of 84 bps compared with the 2008 STP margin of 35 bps. The main threat to overall profitability is likely to come from sharply reduced volumes if the recent contraction in market completions continues through the year.

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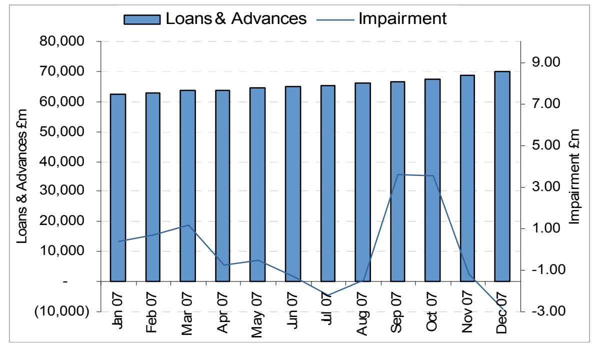

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Europe Cards and Loans

Overall risk appetite for expansion is confirmed subject to continued infrastructure build-out. A regional modelling and analytics centre is being established in Madrid and a loans risk reward profit model is under development.

</td><td>

The businesses are currently preparing risk appetite statements by country, for agreement with Barclaycard over the next month. The German Loans platform is expected to be implemented in Q2. New collections systems will begin testing and development in Q4 08. A new data mining and analytics environment will be delivered in H2 08. Personal Loans launched to Open Market in Spain, Portugal and Italy during H2 07. Italy Mortgage risk appetite was increased through changes in lending criteria in Q3 07. Personal Loan and Mortgage delinquencies have been largely stable with the exception of Portugal where they increased in 2007.

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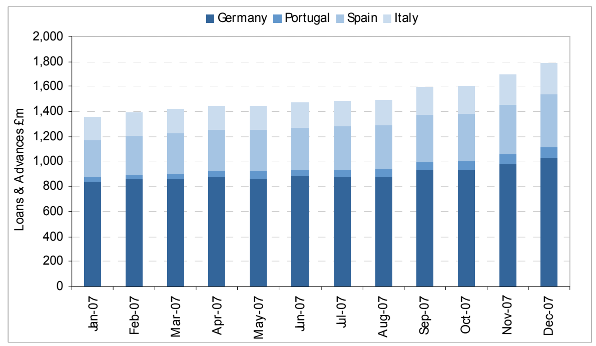

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Barclays Branded Cards

New application quality remains strong. We are looking for new accounts and increased balance growth in very strong credit categories.

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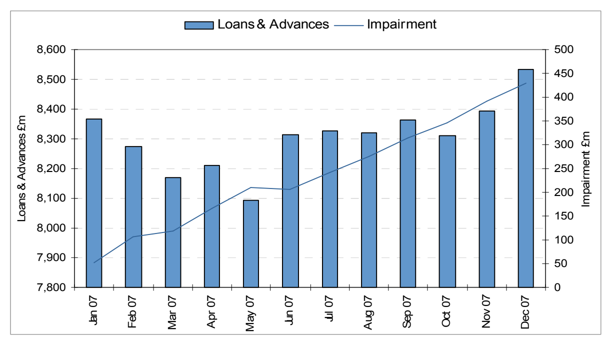
The overall acceptance rate increased in each of last three months. Securitization data shows that BBC is best in industry in charge-off rates and speed of improvement of portfolio credit quality.

</td><td>



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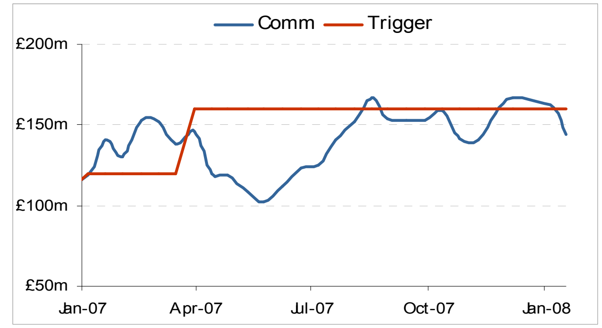
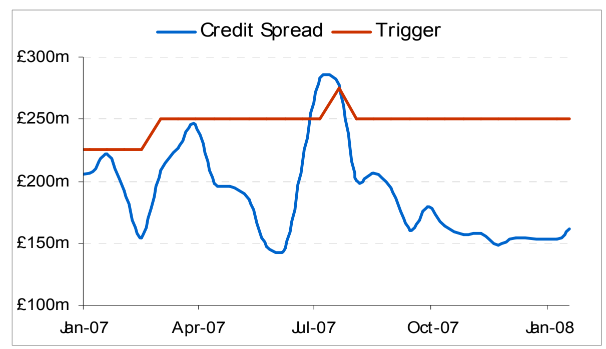
Updates to risk appetite trends discussed at ExCo in Oct 07

Commodities, BarCap Leveraged Finance, Traded Credit

Action/Comments	Update	Supporting materials
Commodities An increase in risk appetite has been confirmed, with expansion into new areas (physical oil trading) subject to timely infrastructure build-out.	Build-out of physical oil trading is on track. Significant exposures in European and US power and gas mean business remains very close to its stress trigger. No increase in DVaR or stress limit has been agreed to date.	
BarCap Leveraged Finance We have reset conservative guidelines for new business, covering deal size, leverage, covenants, sponsors, distribution and overall Book Hold positions for the near term.	We continue to hold the unsold underwrites from before the start of the market turmoil as we believe credit quality on the major positions is strong and we do not wish to take the current market price, though we are making some sales where investor appetite is beginning to return (e.g Boots Mezz). New business is being undertaken on more conservative parameters (e.g. stronger covenants, lower leverage levels) and at lower volume levels.	See table below
Traded Credit Traded credit exposure has been reduced in the currently difficult environment, although existing DVaR and stress limits will be maintained at present levels.	Traded credit exposures remain at a lower level. The business is looking to reduce its cash exposures as these are balance sheet and capital intensive, and lead to cash vs. CDS basis risk, which is difficult to manage. CS1% has risen in the flow business as structured trading, which is typically short, has taken exposure down, thereby increasing overall CS1% across the business.	

Primary Leveraged Exposure	Total £m
Underwriting - committed positions	**£8,709**
Of which Junior Debt is:	*£2,544*
Holds - existing portfolio	*£905*
Holds - targeted in underwriting positions	*£753*
Total targeted holds	**£1,657**
Total Primary LevLoan Exposure (excl swaps)	**£10,366**

Figures as at Dec 07

Document Produced in Native Format

Update on Stress Testing
Discussion document for BRC

March 2008

Agenda

The objective of this paper is to give the BRC clearer view of the various approaches to stress testing performed at Barclays, their results, consistency and impact on the capital plan.

1. Describing our stress testing approaches
2. Results and consistency
3. Summary of the capital plan (based on the annual stress testing severe scenario)
4. Forward planning given current economic outlook

Executive Summary

- The Group's stress testing incorporates three categories:
    - **Group Wide Stress Tests:**
        - Risk Appetite Financial Volatility 1:7 and 1:20
        - Annual stress tests (scenario based)
    - **Risk Type Bespoke Tests**
        - Wholesale Credit stress tests
        - Traded Market stress tests
    - **Regulatory Capital Tests**

- The three approaches are complementary; they allow us to examine stress performance from various angles

- Their results send broadly consistent messages about our predicted performance through a stress

- The annual stress tests indicate that our capital buffers are sufficient to maintain capital adequacy

- In light of the current economic developments, the Group is considering its early warnings and resultant reaction strategy

Stress testing approaches

There are several different stress testing processes designed to capture macro and specific stresses over short and long-term durations.

Stress category	Group-Wide Tests		Risk Type Bespoke Tests	RWA Sensitivity Test
Name of process	**Risk Appetite Financial Volatility**	**Annual stress tests**	**Include: -Wholesale Credit Stress Tests -Traded Market Stress Tests**	**Pillar 1 RWA stress testing (FSA)**
Purpose	To verify that the financial volatility of the Group remains within the risk appetite of the Group, for the purpose of the Medium Term Plan (MTP)	Internal: Shape overall Group strategy by assessing sensitivity of MTP to adverse business conditions and the mitigation plans that businesses would put in place. FSA: Part of the ICAAP, helps the FSA set capital guidance	The **Wholesale Credit Stress Test** inform the strategic decisions of the Wholesale Credit Risk Management Committee (WCRMC). The **Traded Market Stress Tests** monitor the traded market risks within Barclays Capital.	Fulfils a regulatory requirement by providing information on the volatility of IRB RWAs.
Results terminology	"1:7" and "1:20" appetite utilisation	"Moderate downturn" and "Severe downturn"[1] Stress Test results	Risk-Type Specific Stress Testing Results (Wholesale, Traded Product)	Pillar 1, (or pro-cyclicality) stress testing results
Description of output	Utilisation of the Group's appetite, expressed as PBT performance.	Forecast P/L, B/S and capital under the scenarios	Credit and market stress test results are expressed as P/L impacts.	Increase in IRB RWAs in a "1:25" environment
Typical severity	BAU, "1:7", "1:20" and EC level sensitivities	The "severe" downturn is judged to be at least as acute as the worst expected economic downturn over a typical 25-year period	The scenarios depict significant events that could develop in the near future. The Traded Product tests aim for "1 in 5" scenarios	Worst credit environment for each portfolio in 25 years
Audience	ExCo, BRC, FSA	ExCo, BRC, FSA	Relevant committees (WCRMC, ExCo as appropriate)	FSA
Overview of process	Group Risk use statistical analyses to assess Barclays risk of under-performance	ExCo and BRC agree scenarios which are then parameterised by Risk; businesses derive P/L and B/S projections given the scenarios.	WCRMC agree wholesale credit scenarios that are then quantified by the business risk functions. BarCap GFRM design the Traded Market Risk scenarios and derive the results.	Group Risk derives the scenarios and results
Frequency	Appetite set annually and reviewed quarterly	Annual	Wholesale Credit: Quarterly Traded Products: Fortnightly.	Annual

Stress testing approaches

The three approaches are complementary; their differences allow us to examine stress performance from various angles.

Type of stress test		Key differences with group-wide stress test
Group-level	Risk Appetite Financial Volatility	At an equivalent severity level, we expect stressed PBT derived from Financial Volatility Risk Appetite should be **lower** than stressed PBT derived from Group-wide stress tests because of the differences in approach (statistical versus scenario-based). Credit losses should, however, be more in-line in the two processes. **(see Appendix for more details)**
Risk Type Bespoke Tests	Wholesale Credit Stress Tests	The **Wholesale Credit** tests depict very specific scenarios in particular geographies that reflect current concerns of management. Where scenarios are compatible with a downturn, they can be compared to group-wide stress testing results.
	Traded Market Stress Tests	The Traded Market stress tests feature a series of non-additive scenarios that specifically relate to the traded book of Barclays Capital and unfold in days, not years. While we do not expect the results to be comparable to the Group-wide stress tests, the market scenarios can be incorporated into the wider downturn scenarios.
RWA Sensitivity Tests	Pillar 1 RWA stress testing (FSA)	The RWA pattern from the group-wide stress tests is different to that implied by the Pillar 1 RWA stress tests because of different underlying assumptions: Following guidance by the FSA we have assumed that all our capital calculations were “Point-in-Time”, whereas some of our capital calculations follow a “through-the-cycle” approach (which produces more stable RWAs). The Pillar 1 test includes no time dimension and effectively assumes that the business goes un-managed during the stress. The Pillar 1 tests assumes the worst environment in 25 years for each portfolio, while the Pillar 2 test assumes an economic downturn judged to be as severe as would occur once in 25 years, which implies some diversification.

Results and consistency

Risk Appetite Financial volatility returns statistical 1:7 and 1:20 outcomes for various risk types, which are then aggregated to provide a Group view.

	2008		2009		2010	
	1:7	1:20	1:7	1:20	1:7	1:20
MTP Total Income After Op. Costs - starting point (a)	**10,373**	**10,373**	**11,673**	**11,673**	**13,345**	**13,345**
Extra business risk loss	443	682	498	768	570	878
Extra market risk loss	570	800	625	870	675	940
Extra operational risk loss	500	510	530	540	565	575
Expected impairment	2,621	2,621	2,808	2,808	3,272	3,272
Extra impairment	1,434	2,344	1,812	2,862	1,868	3,068
Total impairment	4,055	4,965	4,620	5,670	5,140	6,340
Total loss (b)	**5,568**	**6,957**	**6,273**	**7,848**	**6,950**	**8,733**
PBT (a-b)	**4,805**	**3,416**	**5,400**	**3,825**	**6,395**	**4,612**

Results and consistency

The annual stress testing exercises are based on scenarios, such as economic downturns. The tables below describe the "moderate downturn scenario".

1. Narrative

In this scenario, inflation proves hard to tame, affecting over-indebted consumers and asset prices. The slow-down is moderate but affects all economies to a certain extent.

In the United Kingdom:

- Inflation is more stubborn than is widely recognised and the Bank of England raises interest rates to 6.5% and has to maintain them at that level for a while.
- The raising of interest rates causes a cyclical slowdown in the economy, with growth of just 0.5% in 2009. House prices decline by about 9% over 2008-2009.
- Corporate profits come under pressure, negatively affecting asset prices and employment. Profits and salary growth decline.

In the United States:

- The United States suffer similar pressures to the UK, such that the Fed has to raise interest rates to 6.5% as in the UK.
- The housing market fails to recover, with the sub-prime sector particularly affected. This reduction in households' wealth along with moderately increasing unemployment causes personal consumption growth (70% of US GDP) to decline significantly. As a result, GDP growth dips below 1%.

In Continental Europe:

- Inflation affects Europe, where the ECB continues its rate tightening policy such that the refi rate increases to 5% (a 25% increase from current levels). Spain suffers particularly from a housing market slowdown (as housing drives a large proportion of GDP)
- The decline in US personal consumption eventually affects European exports and confidence.

In Emerging Markets:

- South Africa is affected by low demand for non-oil commodities, and by the continuation of the repo rate tightening. GDP growth declines and other African countries are similarly affected by increasing costs of finance. Other emerging markets suffer their worst year in 10 in terms of credit conditions.

Financial markets

- Stock prices perform poorly because of higher cost of finance and a high risk premium.
- Long bond rates are very high because of an increase in the risk premium, as the outlook for inflation is uncertain.
- Corporate risk spreads are persistently high, close to 2003 levels.

2. Summary of variables

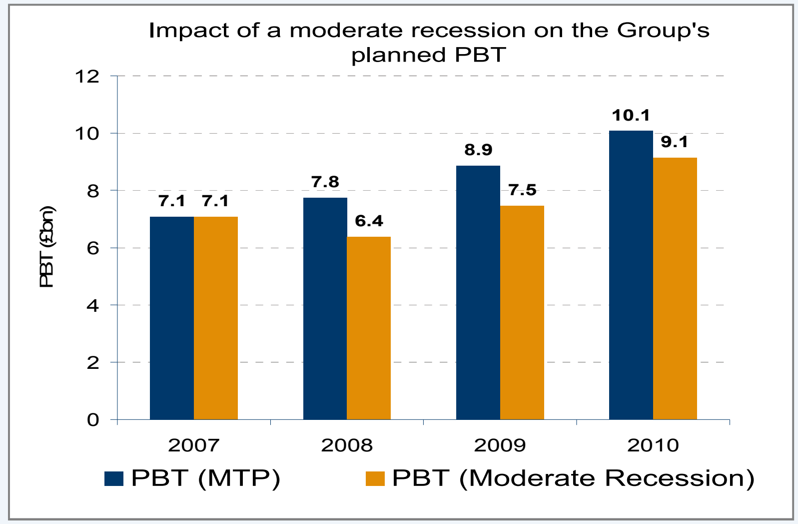
	Scenario			Recent	MTP
	2008	2009	2010	position	2009
GDP growth:					
UK	1.5%	0.5%	1.5%	3.0%	2.5%
US	2.2%	0.7%	3.0%	1.8%	2.5%
France	2.0%	1.0%	0.5%	1.3%	1.9%
Germany	2.0%	1.5%	0.5%	2.5%	n.a.
Spain	2.0%	1.0%	0.5%	4.0%	2.5%
South Africa	3.9%	3.2%	3.4%	5.1%	4.7%
Policy interest rates:					
UK	6.5%	6.5%	6.0%	5.8%	6.0%
US	6.0%	6.5%	6.0%	5.3%	5.0%
Euro area	4.5%	5.0%	3.5%	4.0%	4.5%
S. Africa (avg prime rate)	13.5%	14.1%	13.6%	13.5%	12.6%
House prices:					
UK	-3.0%	-6.0%	0.0%	11.2%	3.0%
Spain	2.0%	0.0%	-5.0%	5.8%	n.a.
South Africa	6.9%	2.5%	4.7%	14.5%	9.8%
Financial Markets					
Gilt 5-yr yield	6.5%	6.0%	5.5%	5.0%	5.4%
Euro Gov 5-yr yield	5.0%	4.8%	4.5%	4.3%	4.7%
Treasury 5-yr yield	6.0%	5.5%	4.8%	5.3%	5.5%
FTSE 100	-5.0%	-10.0%	10.0%	6.0%	4.8%
STOXX 50	-5.0%	-10.0%	10.0%	12.0%	4.2%
S&P 500	-5.0%	-10.0%	10.0%	14.0%	4.9%

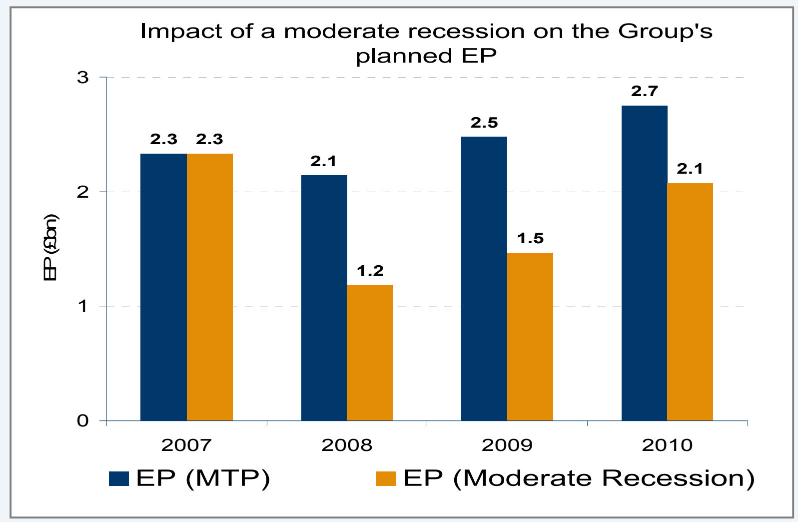
Results and consistency

In our annual stress testing exercise, a moderate downturn scenario would see PBT drop by £3.7bn (14%) over the three years. EP would decline by 36% over the same period

Key outputs of the 2007 moderate downturn stress test:

- **PBT** is £3.7bn (14%) below Plan over the three years, roughly equally attributable to IBIM and to GRCB:
  - **Income** is £3.0bn lower than Plan (MTP projection: £86.6bn) over the three years. More than one third of this reduction in income occurs in the first year of the downturn as a result of lower non-interest income in IBIM
  - **Operating costs** are reduced by £2.6bn across the three years (£1bn lower in 2008 and 2009), offsetting roughly 85% of the reduction in income.
  - **Impairment** is £3.2bn (37%) above plan over the three-year period, peaking at £4.3bn in 2009 (0.32% of assets compared to 0.20% under Plan). 56% of this figure is accounted for by IBIM, and 44% by GRCB
- **Economic Profit** falls £2.6bn (36%) below plan over 2008-2010, recovering to 25% below Plan in 2010.
- The results assume that the businesses **mitigate** £1.8bn of the PBT impact over 2008-2010 (equivalent to £1.3bn of EP); most of the PBT and EP benefit occurs from 2010 due to time lags between identifying the problem and generating the benefit.
- Planned dividend growth is achieved.
- The **equity ratio** falls to 4.9% reflecting lower retained profit without offsetting reduction in RWAs. The **Tier 1 Ratio and Risk Asset Ratio** reduce marginally, but remain ahead of targets.





Results and consistency

The tables below describes the “severe downturn scenario”, which includes a market dislocation at the outset.

1. Narrative

Following further surges in energy prices, increasing global prices and a generalised re-appraisal of risks, a severe global downturn develops.

In the United Kingdom:

- The Bank of England has to raise interest rates to 7% to counter the impact on inflation of a further surge in energy and commodity prices arising from strong global demand and the rapid waning of the previous favourable benefits to costs of globalisation. This leads to a severe slowdown, with the economy contracting by 1.3% in 2009 (commensurate with the “trough” of the early 1990s downturn).
- Sharply rising interest rates encourage a reappraisal of previously low risk premia; the credit channels are restricted as lenders seek to reduce exposure to high risk segments. The inability of highly indebted corporates to refinance their debts reinforces the macro economic downturn as defaults and unemployment rise substantially.
- The substantial increase in unemployment, squeeze on incomes, declining wealth of households (due to falling house prices and declining financial markets) also reinforces the macro-economic downturn. Lenders increasingly seek to restrict credit to high risk segments of the market.

In the United States:

- Global pressures and a weak dollar force the Fed to act, and interest rates peak at 6.8%.
- Consumer spending stalls in real terms, and mortgage market weakness extends to the prime sector and unemployment doubles.
- The corporate sector is under stress and a number of high-profile defaults occur.

In Continental Europe:

- Europe suffers from high borrowing costs and low exports. The refi rate increases to 5.5% (a 38% increase from current levels).
- downturns develop in major Euro zone economies. Spain is especially affected.

In Africa and Middle East:

- In Africa and the Middle East, economic growth falters as export markets dry up. A house price correction in South Africa affects credit risk in the retail book.
- In the middle east (UAE) various property projects are put on hold. Other emerging markets suffer their worst year in 25 in terms of credit conditions.

Financial markets:

- Strong increase in Asian currencies as central banks move away from US assets.
- Severe generalised increase in cost of financing, disruptions in credit derivatives markets.
- Weak performance in equities with large index falls in 2008-09.

2. Summary of variables

	Scenario 2008	2009	2010	Recent position	MTP 2009
GDP growth:					
UK	0.5%	-1.3%	0.5%	3.0%	2.5%
US	2.0%	-0.5%	2.5%	1.8%	2.5%
France	1.0%	-0.5%	1.0%	1.3%	1.9%
Germany	0.5%	-1.0%	1.0%	2.5%	n.a.
Spain	2.0%	-2.0%	1.0%	4.0%	2.5%
South Africa	3.0%	1.4%	1.8%	5.1%	4.7%
Policy interest rates:					
UK	6.5%	7.0%	6.5%	5.8%	6.0%
US	6.0%	6.8%	6.5%	5.3%	5.0%
Euro area	4.5%	5.5%	4.0%	4.0%	4.5%
S. Africa (avg prime rate)	13.9%	16.1%	17.3%	13.5%	12.6%
House prices:					
UK	-10.0%	-10.0%	-5.0%	11.2%	3.0%
Spain	5.0%	-10.0%	-5.0%	5.8%	n.a.
South Africa	3.1%	-5.4%	-1.4%	14.5%	9.8%
Financial Markets					
Gilt 5-yr yield	7.0%	6.5%	6.0%	5.0%	5.4%
Euro Gov 5-yr yield	5.8%	5.3%	5.0%	4.3%	4.7%
Treasury 5-yr yield	6.5%	6.0%	5.3%	5.3%	5.5%
FTSE 100	-10.0%	-20.0%	0.0%	6.0%	4.8%
STOXX 50	-10.0%	-20.0%	0.0%	12.0%	4.2%
S&P 500	-10.0%	-20.0%	0.0%	14.0%	4.9%

Results and consistency

The tables below describe the “severe downturn scenario”, which includes a market dislocation at the outset (continued).

A market dislocation would occur at the beginning of 2008, triggered by the credit derivatives closing for a day in an environment of spreads widening. The economic impact is that liquidity dries up in the market. The effect on the market is mixed for bonds and the USD. Credit, stocks and commodities are weak.	
Interest Rates	This gives rise to a funding problem. Borrowing becomes difficult. Flight to quality and borrowing restrictions net out and the curve does not steepen
Foreign Exchange	Repatriation flows from current account surplus nations. EM currencies collapse
Credit	Credit market will show drastic widening for lower rated credit
Equities	Equities will become fundamentally weaker across the board
Commodities	Commodities generally weaken sharply apart from precious metals which become stronger

Results and consistency

The severe scenario takes a wide view of what an "economic downturn" is: neither the real economy nor the financial markets function properly. This means that severe adverse performance occurs in almost every part of the business, since all of our sources of income are affected (see appendix for scenario details).

Severe downturn

1. This is preceded by a **market dislocation/liquidity** event, triggered by the credit derivatives closing for a day as spreads are widening.
2. Because the rate of inflation is far above target levels, Central Banks fear an "inflationary spiral" and continue to **raise rates**.
3. A **severe downturn** ensues so that markets do not recover and the economy enters a long period of adverse performance. This characterised by:

- Negative GDP growth in 2009 (-0.5% in the US, -1.3% in the UK)
- Funding costs persistently higher
- Large declines in house prices (-23% in the Halifax Index: In the US the OFHEO index would decline by 5% (2007:-0.3%, first negative figure in history)
- Large declines in values of commercial property (-22% in UK)
- Large declines in equity prices (28% globally)
- Higher unemployment (+50% in UK)

Effects on Investment Banking / Investment Manageme nt

- Increased wholesale credit losses due to:
  - Lower interest cover
  - Declines in collateral values
  - Market dislocation causes BarCap to take additional assets on Balance Sheet which then become impaired
  - The adverse credit environment and market dislocation trigger large losses in the bridge and underwriting books
- Lower revenue due to:
  - Losses in mark-to-market positions caused by the market / economic environment.
  - Trading losses
  - Lower assets under management leading to lower fees in BGI / Wealth
  - BGI ability to earn above-market returns is impaired

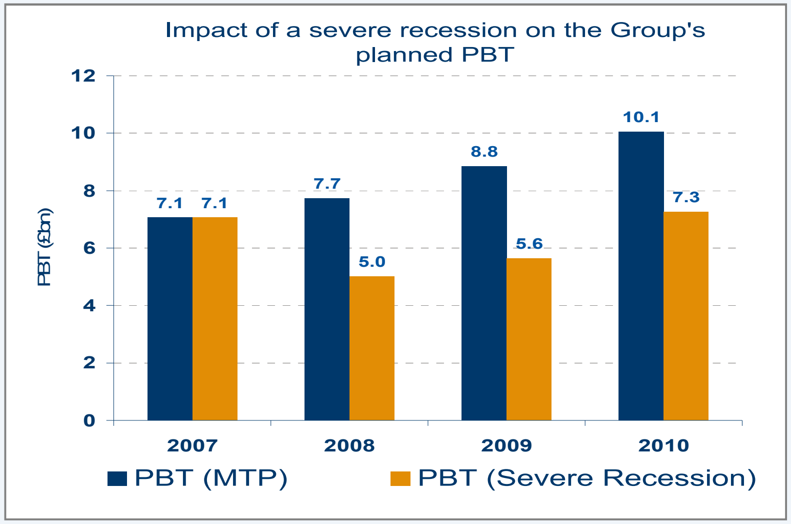
Effect on Retail and Commercia l Banking

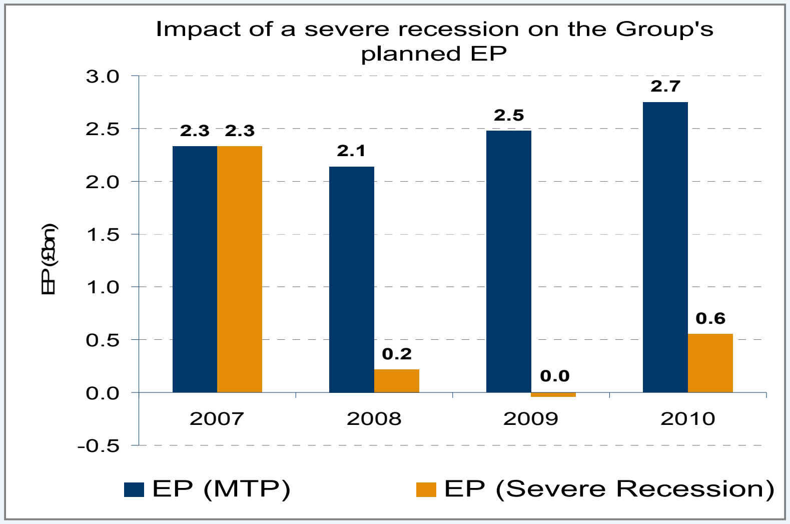
- Increased wholesale credit losses due to:
  - Lower interest cover
  - Declines in collateral values
- Increased retail credit losses due to:
  - Lower house prices
  - Higher unemployment
  - Higher cost of living (interest rates and inflation)
- Lower revenue due to:
  - Lower lending volumes
  - Lower take-up of non-interest yielding products

Results and consistency

Our annual stress testing indicates that in the severe downturn we would continue to make positive PBT but this would be £8.8bn (33%) below Plan over the three years. Without management action the equity ratio would fall below 4.6%.

- **PBT** is £8.8bn (33%) below Plan over the three years, roughly equally attributable to IBIM and to GRCB:
  - **Income** is £6.9bn (8%) lower than Plan over the three years. One third of this reduction in income occurs in the first year of the downturn as a result of lower non-interest income in IBIM
  - **Operating costs** are reduced by £5.0bn across the three years, offsetting roughly three-quarters of the reduction in income. 67% of the cost reductions are made in IBIM where the cost base is very sensitive to revenue
  - **Impairment** is £6.6bn (76%) above plan over 2008-2010, peaking at £5.7bn in 2009 (0.41% of assets, compared to 0.20% under Plan). The increase arises equally in IBIM and GRCB.
- **Economic Profit** falls £6.6bn (90%) below plan (to £0.7m) over three years. EP (which goes slightly negative in 2009) is affected more severely by downturn than profit because economic capital, and hence the capital charge, does not fall in line with reductions in profit
- Without management action, the **equity ratio** would fall below 4.6%, the minimum ratio established by the annual risk appetite review. Options to manage the equity ratio include:
  - Managing down risk weighted assets (page 19)
  - Reducing annual dividend (page 20)
- **Tier 1 and Risk asset ratios** are maintained close to internal targets.



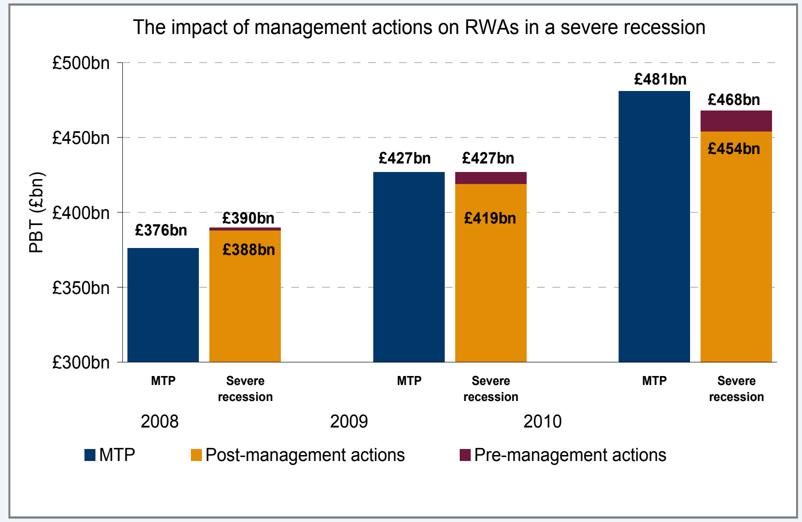


Results and consistency

The pattern of RWA growth in the annual stress test severe scenario is broadly as expected; RWAs initially increase above Plan levels while in later years management actions and a less favourable environment for lending growth causes growth to decline.

- During the first year RWAs would increase by £12bn (3%) as more assets would come onto the balance sheet in Barclays Capital following the market dislocation. Barclaycard and Absa show increased assets compared to Plan because of the point-in-time nature of the RWA calculations.
- From the second year the GRCB businesses drive a reduction in the growth rate of RWAs compared to Plan by curbing lending growth in order to contain the impairment charge.

Details by Business on next page



Increase (Decrease) in RWAs Compared to Plan in the Severe Scenario, by Business

	2008	2009	2010
UK Business Banking	£0.3bn	(£7.5bn)	(£13.2bn)
UK Retail Banking	(£0.6bn)	(£2.9bn)	(£5.6bn)
Barclaycard	£2.0bn	£1.4bn	(£0.6bn)
Western Europe	(£2.3bn)	(£4.3bn)	(£5.8bn)
Emerging Markets	(£1.0bn)	(£4.1bn)	(£7.2bn)
Absa	£2.8bn	£0.3bn	(£1.1bn)
Barclays Capital	£12.0bn	£12.3bn	£12.6bn
Barclays Global Investors	(£0.5bn)	(£0.5bn)	(£0.6bn)
Wealth Management	(£0.6bn)	(£2.5bn)	(£5.2bn)
Total	**£11.7bn**	**(£0.3bn)**	**(£13.6bn)**

Results and consistency

The pattern of RWA growth in each business depends on lending strategy, the market environment, the behaviour of customers and whether the RWA calculation accounts for the current position in the credit cycle.

Increase (Decrease) in RWAs Compared to Plan in the Severe Scenario, by Business

Business	2008	2009	2010	Comment
UK Business Banking	£0.3bn	(£7.5bn)	(£13.2bn)	Lending growth is curtailed to contain the impairment charge. RWA growth decreases as well as the calculation is mostly through-the-cycle (though a conservative "add-on" was included)
UK Retail Banking	(£0.6bn)	(£2.9bn)	(£5.6bn)	Lending growth decreases, especially in the Home Finance businesses.
Barclaycard	£2.0bn	£1.4bn	(£0.6bn)	Assets increase as customers seek to "draw down" their credit lines. The calculation of RWAs is also "point-in-time". These effects cause RWAs to increase above Plan levels in the first two years of the downturn.
Western Europe	(£2.3bn)	(£4.3bn)	(£5.8bn)	Lending growth decreases. RWAs decrease in line with lending as the calculation follows the "Standardised" approach.
Emerging Markets	(£1.0bn)	(£4.1bn)	(£7.2bn)	Lending growth is curtailed. RWAs decrease in line with lending as the calculation follows the "Standardised" approach.
Absa	£2.8bn	£0.3bn	(£1.1bn)	Lending growth decreases, but the calculation of RWAs is partly "point-in-time", so that RWAs increase in the first years of the downturn.
Barclays Capital	£12.0bn	£12.3bn	£12.6bn	The market dislocation causes assets to come onto the balance sheet (as in the summer 2007 experience), causing RWAs to increase above Plan in 2008. The growth pattern is similar to that of the MTP thereafter.
Barclays Global Investors	(£0.5bn)	(£0.5bn)	(£0.6bn)	Assets under management decrease.
Wealth Management	(£0.6bn)	(£2.5bn)	(£5.2bn)	Lending growth is curtailed. RWAs decrease in line with lending as the calculation follows the "Standardised" approach.
Total	**£11.7bn**	**(£0.3bn)**	**(£13.6bn)**	

Results and consistency

The annual stress test severe downturn scenario is wide ranging and considers many of the issues covered by the risk-type bespoke stress tests.

Wholesale Credit Tests examples

Scenarios analysed recently	Affected portfolios	Typical credit loss per year	Considered in annual stress test severe scenario?
US slowdown impacts UK-based export businesses	UK Commercial	£3m - £5m	✓
Effect of a tightening of the availability of credit on the UK household sector.	UK Commercial	£30m - £85m	✓
Effect on UKBB Financial Sponsors Leveraged book of difficulties in customers' ability to service debt	UK Commercial	£40m - £60m	✓
The first order effects of a slowdown in the property and construction sector due to the impact of a slowing housing market on housebuilders and residential investment & development	UK Commercial	£10m - £25m	✓
Effect on the UAE corporate book of a sudden and significant geopolitical event with global implications - for example, military action on Iranian targets	UAE Wholesale Book	£50m - £110m	✗
Falling Iberian residential property prices – caused for example by high inflation and interest rates	Spain Wholesale Book	£60m - £170m	✓
Default on medium-size loan (e.g. management buyout of a small professional business)	Wealth Loan Book	£10m - £12m	✓
Default on large exposure in Wealth (e.g. draw-down of revolving facility and default, or call on letter of credit with depreciated collateral)	Wealth Loan Book	£20m - £30m	✓

Traded Market Tests examples

Scenarios analysed recently	Impact in most recent report*	Considered in annual stress test severe scenario?
Appetite for US assets decreases: China rebalances reserves and announces change in reserve strategy	-£102m	✗
Energy crisis: Sudden oil price increase to $125	+£372m	✗
Far East tensions: For instance, China-Taiwan conflict or North-South Korea conflict	-£80m	✗
Terror event in the US/Europe	+£91m	✗
Liquidity Crisis in inflationary scenario: Credit derivatives market closes on a day in an environment of spread widening	+£162m**	✓

* The impact of adverse events on market risk losses can be positive or negative, depending on the trading position of Barclays Capital at the time the test is performed.

**At the time the group-wide stress scenario was designed, this market stress test predicted a loss to Barclays Capital.

Results and consistency

The Pillar 1 RWA stress testing analysis implies the volatility of RWAs in Barclays IRB portfolios will be 31%. At total Group level, this equates to 18% increase in RWAs.

		Base case IRB RWAs (£m)		Stressed IRB RWAs (£m)		
Cluster	**Portfolio**	**Including securitisations**	**Excluding securitisations**	**Excluding securitisations**	**Including securitisations**	**Change**
Barclaycard	Barclaycard Branded Cards	2,211	7,565	9,655	4,301	94.5%
	Monument	980	980	1,251	1,251	27.6%[1]
	Masterloan	701	701	895	895	27.6%[1]
	Barclays Branded Loans	6,478	6,478	8,268	8,268	27.6%[1]
	FirstPlus	3,958	3,958	5,182	5,182	30.9%
Barclays Capital	Banking Book	52,894	52,894	71,535	71,535	35.2%
	Trading Book	20,302	20,302	28,358	28,358	39.7%
UK Banking	Home Finance	9,342	10,738	15,282	13,886	48.6%
	Personal Customers	648	648	827	827	27.6%[1]
	Premier Customers	112	112	143	143	27.6%[1]
	Small Business	7,927	7,927	10,125	10,125	27.7%[1]
	Medium Business and Agri.	14,509	14,509	15,348	15,348	5.8%
	Larger Business	53,668	62,168	75,431	66,931	24.7%
Absa	Home Finance	6,086	6,086	8,661	8,661	42.3%
	Retail	5,703	5,835	7,640	7,508	31.7%[1]
	Equities	780	780	780	780	0.0%[2]
	Wholesale	7,653	7,653	10,350	10,350	35.2%
Central Functions	Treasury	967	967	1,308	1,308	35.2%
Group total		**194,919**	**210,301**	**271,039**	**255,657**	**31.2%**

[1]Includes the RWA-equivalent impact of increased impairment on capital supply

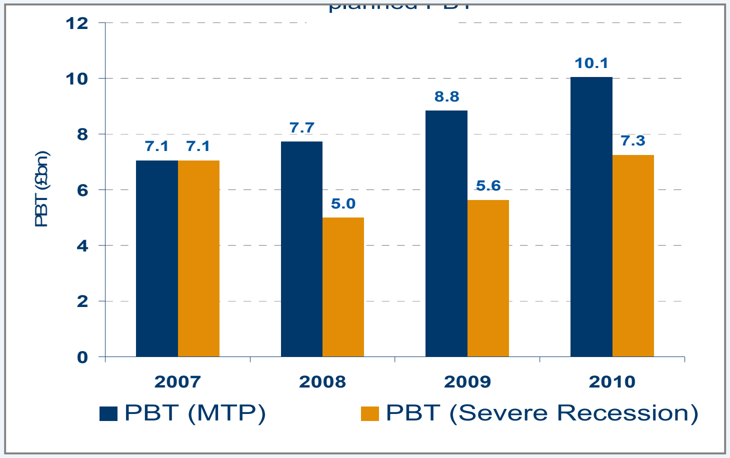
[2]Although an IRB portfolio, not subject to rating migration

Results and consistency

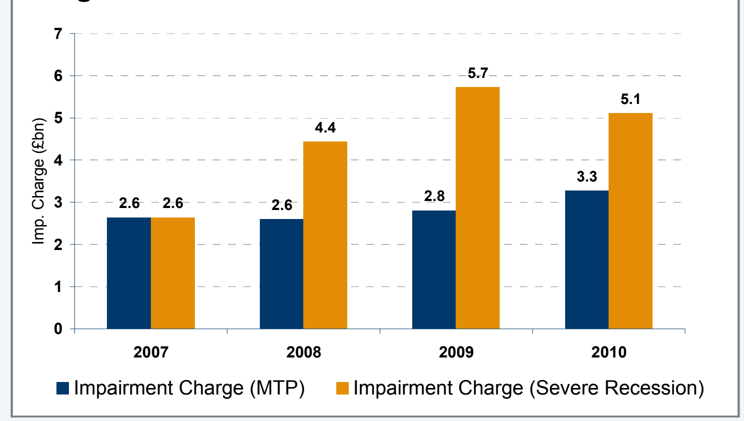
Whilst not directly comparable, the results of different categories of stress tests provide reassurance that the group-wide results are consistent.

Group-wide Stress Testing

Impact of severe downturn on Planned PBT



Impact of severe downturn on Planned Impairment Charge



Other Stress Tests

Results of other stress testing streams support the broad conclusions of the group-wide tests:

Financial Volatility Risk Appetite	Over 2008-10 the 1:20 measures imply PBT of £3.4bn-£4.6bn, extra credit losses of £2.3bn-£3.1bn and extra market risk losses of £0.8bn-£0.9bn. The **Group-wide stress test** ("severe downturn") shows PBT of £5.0bn-£7.3bn and extra credit losses of £1.8bn-£2.9bn. The PBT in the two exercises are quite different. This is because in Risk Appetite, "1:20" refers Barclays-specific projection, i.e. the worst result in 20 years caused by major risk types. Annual stress testing looks at the effect of a generic downturn which mainly affects credit and market risks.
Traded Market Risk	The "Liquidity Crisis in inflationary scenario" was assumed to be a trigger of the group-wide severe downturn scenario and to directly affect BarCap. Including the scenario was found to create very small incremental losses as BarCap already makes pessimistic assumptions in its Group-wide stress testing calculations.
Wholesale Credit Risk	A scenario depicting a Spanish property price collapse implies that wholesale credit losses for Spain could increase to 3x to 9x Plan levels. The group-wide stress tests depict a global downturn that would severely affect property markets, and results for Spain show losses increasing 4x to 8x Plan levels.
Pillar 1 RWA	The Pillar 1 calculation assumes that the RWAs for all portfolios are based on a "point-in-time" approach. This is the main reason why the increase in RWAs implied by the Pillar 1 stress calculation is much higher than the one implied by the Group-wide stress calculation. If the Pillar 1 analysis is modified such that wholesale RWAs are calculated using a "through-the-cycle" approach, the group-wide increase in RWAs is about 5%, which is closer to the increase in RWAs shown in the first year of the Group-wide stress results.

Results and consistency

The stress testing results include the effects of projected management actions.

GRCB	**BCB** would initially focus on constantly reviewing caps/hold levels on key sectors to assess whether they are comfortable with risk mixture and pricing strategy. Support Risk Control Units to identify early breaches of covenants and tighten Early Warning List Policy. As a stress crystallises book growth could be reduced and income strategy would be geared toward existing relationships and non-debt. Defensive strategies would include raising additional collateral, managing "early warning list" cases and exiting unsatisfactory cases.
	Barclaycard would initially monitor key risk indicators in key markets. It would contain growth in the affected portfolios and re-price where appropriate. Operating efficiency would be improved and collections activity would be increased.
	UK Retail Banking would closely monitor and escalate issues to senior management as the stress would develop. The mitigating actions are centred around restricting high-risk assets growth, reducing operating costs and deploying additional collections resources.
	Western Europe would contain book growth/cut costs as appropriate.
	Emerging Markets would severely curtail balance sheet growth to contain impairment.
IBIM	**Barclays Capital** would put in place Crisis reporting and management procedures, and continual stress testing would be used to uncover sectors or portfolios giving concern. In appropriate portfolios, limits to counterparties would be tightened. Sale or dispersal of risk would also be sought. Tighter controls on originations would be implemented and the number of underwritings/bridge loans might be reduced.
	Barclays Global Investors would initially escalate risks to the Global Risk and Compliance Committee (GRCC) for discussion and recommend actions to the Executive Committee (ExCo) for approval and implementation. BGI would also focus on operating cost reduction; in the moderate scenario costs are cut by 10% of the revenue shortfall in the first year, and by 50% of the shortfall in the second year.
	Wealth would cut costs but also review credit limits in the highest risk segments and raise more collateral as is feasible.

Stress Testing and Capital Plan

Capital Plans are based on the annual stress testing severe downturn scenario. Illustration 1: Holding dividend steady whilst constraining RWA growth.

Capital Plan - Base Case

	Dec-07	Jun-08	Dec-08	Dec-09	Dec-10
Capital Issuance	5,809	3,750	5,000	5,000	5,000
Securitisations (reduction in RWAs)	(6,951)	(847)	(4,307)	(5,333)	(1,557)
Retained profit after tax and MI	4,417	2,316	4,723	5,311	5,912
Total Adjusted Common Equity	17,659	18,479	19,629	22,302	25,094
Total Tier 1 Capital After Deductions	27,473	27,842	29,475	34,260	38,482
Net Capital Base	42,818	43,741	45,391	52,414	58,813
Net Total RWAs	352,870	369,638	375,529	427,229	480,790
Equity Ratio	5.0%	5.0%	5.2%	5.2%	5.2%
Total external gross dividend for the year	(2,269)		(2,463)	(2,791)	(3,129)

Capital Plan - Severe Scenario

	Jun-08	Dec-08	Dec-09	Dec-10
Capital Issuance	3,450	4,700	4,000	4,000
Securitisations (reduction in RWAs)	(847)	(4,307)	(5,333)	(1,557)
Retained profit after tax and MI	1,400	2,300	3,000	3,900
Total Adjusted Common Equity	17,562	17,771	18,438	19,853
Total Tier 1 Capital After Deductions	26,753	27,309	29,967	32,130
Net Capital Base	42,179	42,580	46,708	50,025
Net Total RWAs	381,638	386,749	404,238	431,497
Equity Ratio	4.6%	4.6%	4.6%	4.6%
Total external gross dividend for the year		(2,269)	(2,269)	(2,269)

Base Case

- Capital plan reflects the end of January position

Severe Scenario Plan

- Takes the impact of the severe scenario within the Group stress test (pages 12-14) and assumes that dividends are maintained at 2007 levels but that RWA growth is contained further to maintain the equity ratio at 4.6%.
- Securitisations and Capital issuance are considered fungible, if we do less securitisation, we would look to increase issuance.

Stress Testing and Capital Plan

Capital Plans are based on the annual stress testing severe downturn scenario. Illustration 2: Continuing RWA growth whilst reducing dividend.

Capital Plan - Base Case

	Dec-07	Jun-08	Dec-08	Dec-09	Dec-10
Capital Issuance	5,809	3,750	5,000	5,000	5,000
Securitisations (reduction in RWAs)	(6,951)	(847)	(4,307)	(5,333)	(1,557)
Retained profit after tax and MI	4,417	2,316	4,723	5,311	5,912
Total Adjusted Common Equity	17,659	18,479	19,629	22,302	25,094
Total Tier 1 Capital After Deductions	27,473	27,842	29,475	34,260	38,482
Net Capital Base	42,818	43,741	45,391	52,414	58,813
Net Total RWAs	352,870	369,638	375,529	427,229	480,790
Equity Ratio	5.0%	5.0%	5.2%	5.2%	5.2%
Total external gross dividend for the year	(2,269)		(2,463)	(2,791)	(3,129)

Capital Plan - Severe Scenario

	Jun-08	Dec-08	Dec-09	Dec-10
Capital Issuance	3,450	4,700	4,000	4,000
Securitisations (reduction in RWAs)	(847)	(4,307)	(5,333)	(1,557)
Retained profit after tax and MI	1,400	2,300	3,000	3,900
Total Adjusted Common Equity	17,562	17,807	19,122	20,879
Total Tier 1 Capital After Deductions	26,753	27,309	29,967	32,130
Net Capital Base	42,179	42,580	46,708	50,025
Net Total RWAs	381,638	387,529	419,229	453,790
Equity Ratio	4.6%	4.6%	4.6%	4.6%
Total external gross dividend for the year		(1,800)	(1,800)	(2,000)

Base Case

- Capital plan reflects the end of January position

Severe Scenario Plan

- Takes the impact of the severe scenario within the Group stress test (pages 12-14) and assumes business RWA growth is delivered, reducing the dividend to maintain the equity ratio at 4.6%..
- Securitisations and Capital issuance are considered fungible, if we do less securitisation, we would look to increase issuance.

Stress Testing and Capital Plan

The Group would drive other management actions beyond what the Businesses have incorporated in their stress testing results.

- The Group maintains close control on capital demand by businesses and has demonstrated that it can rebuild capital ratios. Following the acquisition of ABSA, we rebuilt our equity ratio from 4.6% to 5.3%, equivalent of reducing RWAs by c£30bn over an 18 month period.

- To sustain a 4.6% equity ratio throughout a severe stress, whilst maintaining consistent dividend payments, RWAs would be reduced by £22bn over a 3 year period.

- Prioritisation of actions to reduce RWAs would depend on the exact circumstances prevailing at the time and relative costs of each option. Actions would include the following:
  - Securitisations (e.g. Cards, Business Loans)
  - Optimise capital allocation within the businesses including:
    - Reduction of the £100bn new RWA growth remaining in the severe scenario
    - Reduction of the stock of RWAs (c£350bn) by sale of low yielding assets and/or managing down RWAs (e.g. reducing limits)
  - Disposal of non customer assets (e.g. property)
  - Sale of businesses

- Other actions include reducing costs, (e.g. strategic investment and marketing)

- Group would also have the option to issue more equity capital, either through a Private placement, rights issue or re-introduction of script dividends

Forward Planning

A follow-up ExCo meeting will consider actions to mitigate the developing slowdown in growth in advanced economies.

ExCo Request to Businesses:

In light of the current economic outlook - in particular the possibility of a moderate economic slowdown led by the US and UK economies - ExCo asked that Group Risk and the businesses work together to develop an early warning and reaction strategy, to be reported back to ExCo on 13th March.

1. Which areas or portfolios in particular would suffer if there were such a slowdown? Please also consider whether there are markets outside the UK and the US that could be significantly affected.
2. What would be the early warning indicators of economic stress for each of these areas? Please consider both external indicators (e.g. unemployment, housing starts, retail sales, securitisation performance, etc) and internal indicators (e.g. watchlists, delinquency rates).
3. What is the trigger zone for these indicators to trigger a change in our risk appetite in these businesses?
4. What further specific adjustments to business would we make if there is a slowdown and these triggers are hit? (e.g. higher LTV's? Lower multiples -> change cutoff threshholds?)
5. What is the estimate of the effects on Revenues and on Impairment?, over what time period?

Forward Planning

The businesses are preparing to take specific actions to mitigate the anticipated slowdown in growth in advanced economies.

Businesses have considered potential management actions to respond to a possible moderate stress. The following two pages illustrate potential mitigating actions.

Activity	Early warning indicator	Potential mitigating action	Examples of action for consideration
Wholesale lending	• Widening credit spreads • Falling commercial property values • Increasing watchlist volumes	• Restrict new business flow in riskier sectors (eg leveraged deals, commercial property) • Tighten criteria for new property lending • Increase collateral haircuts	• BarCap: Tighten caps on leveraged deals: Current European caps are £300m junior hold tranches, £2bn subordinated underwriting (including £500m requiring Group Risk sign-off) • Spain: Reduce LTVs from 70% to 60% for offices, prime commercial and hotels
Secured retail lending	• Falling house prices • Increasing delinquencies • Increasing consumer indebtedness	• Tighten scorecard cut-offs • Tighten LTV criteria for new business • Hire additional collections resources	• UKRB mortgages: Reduce high LTV buy-to-let (greater than 75%) from 30% of new business to 15%

Forward Planning

Potential mitigating actions (continued)

Activity	Early warning indicator	Potential mitigating action	Examples of action for consideration
Unsecured retail lending	• Increasing delinquency • Falling retail spending • Rising unemployment	• Actively target limit decreases and greatly reduce limit increases • Tighten scorecard cut-offs • Hire additional collections resources	• UKRB Unsecured Loans: Reduce the proportion of new business that is to lower quality customers (below BRG 2) from 50% to 25%
Group-wide		• Reduce strategic investment spend, eg defer the roll-out of new infrastructure • Reduce operating costs	• Absa: Defer the roll-out of the distribution network project • Implement a cost freeze

Appendix 1

Further details on differences between Risk Appetite Financial Volatility and Annual Stress Testing

Assumption	Financial Volatility	Annual Stress Testing
Probability	• Refers to a result, for instance the worst financial result in seven years, caused by all major risk types. • Refers to a one-year event.	• Refers to business conditions (scenario), for instance a downturn that we expect to occur no more than once every 25 years. The losses are driven mainly by credit and market risks. • Refers to the entire event over many years.
Start point	• The starting point for each year is the previous year's MTP projection.	• The starting point for each year is the previous year's stress projection.
Basis of credit loss calculation	• Credit losses are calculated on a "through-the-cycle" basis.	• Credit losses are calculated on a "point-in-time" basis.
Management assumptions	• Assume that the capital plan is unchanged.	• Assume that the capital plan is modified to keep ratios and capital buffers at acceptable levels.

Appendix 2

Downturn scenarios: UK macro variables

		Moderate Scenario				Severe Scenario			
	2006 (a)	2007 (e)	2008	2009	2010	2007	2008	2009	2010
Economic activity - headline indicators									
Real GDP, % change year-on-year	2.8	2.6	1.5	0.5	1.5	2.6	0.5	-1.3	0.5
Consumer price index, % change	2.3	2.4	2.5	2.5	2.2	2.4	3.0	3.5	3.0
Average BoE policy rate	4.60	5.50	6.50	6.50	6.00	5.50	6.50	7.00	6.50
Gilt 5-year yield, %	4.7	5.8	6.5	6.0	5.5	5.8	7.0	6.5	6.0
Gilt 10-year yield, %	4.5	5.6	7.0	5.5	5.5	5.6	7.5	6.0	6.0
FTSE 100, % eoy growth	10.7	5.5	-5.0	-10.0	10.0	5.5	-10.0	-20.0	0.0
Retail consumers' financial position									
Consumer spending, % change	2.0	2.5	2.0	1.0	1.7	2.5	0.7	-0.8	0.0
Average earnings, % change	4.1	4.5	4.5	3.7	3.0	4.5	4.5	4.5	3.5
Compensation of employees, annual sum % change	4.5	4.8	4.5	3.5	3.5	4.8	4.0	3.2	4.5
Claimant Count rate	3.0	2.7	3.2	4.0	3.5	2.7	3.5	5.0	4.0
Unemployment rate	5.4	5.5	6.0	6.6	6.1	5.5	6.6	8.2	7.1
Income gearing %	12.4	14.9	17.7	17.8	16.9	14.9	18.4	19.8	18.1
Corporate customers' financial position									
Gross op. surplus of private non-fin. corps, % change	4.4	10.0	1.0	-1.0	1.0	10.0	-2.0	-5.0	0.0
Income gearing (PNFC) per cent	19.6	23.4	29.0	29.3	27.9	23.4	31.4	33.8	31.4
Property prices									
Halifax index, year-end change, London and SE	10.3	7.0	-3.0	-6.0	0.0	7.0	-12.0	-12.0	-5.0
Halifax index, YE change, UK exc. London and SE	7.6	4.0	-3.0	-6.0	0.0	4.0	-8.0	-8.0	-5.0
Halifax index, YE change, UK	8.5	5.0	-3.0	-6.0	0.0	5.0	-10.0	-10.0	-5.0
Commercial Property Prices % change	12.4	3.0	-5.0	-6.0	-4.0	3.0	-7.0	-12.0	-5.0
Bank lending and margins									
Credit card lending, % growth	-1.5	2.0	0.0	0.0	2.0	2.0	0.0	-8.0	-5.0
Credit card lending margin	11.0	11.0	11.5	11.5	11.5	11.0	12.5	14.0	14.0
Non credit card lending, % growth	3.5	3.0	2.0	2.0	3.0	3.0	2.0	-5.0	-5.0
Non card lending margin	3.0	3.0	3.5	3.5	3.5	3.0	4.0	5.0	5.0
Mortgage lending, % growth	11.5	10.8	5.0	5.0	6.0	10.8	5.0	2.0	3.0
Mortgage lending margin	0.3	0.3	0.5	0.5	0.5	0.3	0.7	1.0	1.0
Growth in lending to corporations	18.6	15.0	6.0	0.0	2.0	15.0	5.0	-5.0	0.0
Corporate lending margin	1.7	1.7	2.0	2.0	2.0	1.7	2.5	2.7	2.5

Appendix 3

Downturn scenarios: Global macro variables

		Moderate Scenario				Severe Scenario			
	2006 (a)	2007 (e)	2008	2009	2010	2007 (e)	2008	2009	2010
United States									
Real GDP	3.3	2.4	2.2	0.7	3.0	2.4	2.0	-0.5	2.5
Fed funds rate	5.3	5.3	6.0	6.5	6.0	5.3	6.0	6.8	6.5
CPI (Dec to Dec)	2.5	2.7	2.8	3.0	2.5	2.7	3.5	4.0	3.0
CPI (period average)	3.2	2.6	2.8	2.9	2.7	2.6	3.1	3.8	3.5
Unemployment rate	4.6	5.0	5.5	6.0	6.0	5.0	6.5	7.0	6.0
Debt servicing ratio	14.5	14.8	15.5	16.0	15.5	14.8	17.0	18.0	16.0
OFHEO HPI Index	6.0	5.0	2.0	0.0	5.0	5.0	1.0	-5.0	5.0
Treasury 5-year yield, %	4.7	5.30	6.00	5.50	4.75	5.30	6.50	6.00	5.25
Treasury 10-year yield, %	4.71	5.40	6.50	5.25	4.75	5.40	7.00	5.75	5.25
S&P 500, % eoy growth	13.6	4.4	-5	-10	10	4.4	-10	-20	0
Euro area									
HICP (inflation)	2.2	1.9	2.1	2.3	2.0	1.9	2.5	2.9	2.2
Refinancing rate	3.5	4.3	4.5	5.0	3.5	4.3	4.5	5.5	4.0
Euro gov 5-year yield, %	3.6	4.8	5.0	4.8	4.5	4.8	5.8	5.3	5.0
STOXX 50, % eoy growth	15.1	4.4	-5.0	-10.0	10.0	4.4	-10.0	-20.0	0.0
Spain									
Real GDP, % growth	3.9	3.7	2.0	1.0	0.5	3.7	2.0	-2.0	1.0
Unemployment Rate	8.5	9.0	9.3	9.8	9.0	9.0	10.0	12.0	9.0
House price growth	9.1	5.0	2.0	0.0	-5.0	7.0	5.0	-10.0	-5.0
France									
Real GDP, % growth	2.0	2.4	2.0	1.0	0.5	2.4	1.0	-0.5	1.0
Unemployment Rate	9.0	9.5	9.5	10.0	10.0	9.5	10.0	11.5	10.0
Germany									
Real GDP, % growth	2.8	2.5	2.0	1.5	0.5	2.5	0.5	-1.0	1.0
Unemployment Rate	7.8	8.5	8.5	9.0	9.0	8.5	9.0	10.0	9.0
Italy									
Real GDP, % growth	1.9	1.9	0.6	1.6	1.0	1.9	0.5	-2.0	1.0
Unemployment Rate	6.8	7.0	8.0	9.0	10.0	7.0	10.0	11.0	10.0
South Africa									
Real GDP, % growth	5.6	4.6	3.9	3.2	3.4	4.6	3.0	1.4	1.8
Prime Rate (%)	10.5	13.0	13.5	14.1	13.6	13.0	13.9	16.1	17.3
House Price Growth	15.3	13.0	6.9	2.5	4.7	12.8	3.1	-5.4	-1.4
Exchange rates									
Exchange rate: $/ £	2.0	2.1	2.1	1.8	1.8	2.1	2.3	1.9	1.8
Exchange rate: $/ €	1.3	1.4	1.5	1.4	1.2	1.4	1.6	1.4	1.2
Exchange rate: £/ €	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.7
Exchange rate: €/ £	1.5	1.5	1.4	1.3	1.5	1.5	1.4	1.4	1.5

EXHIBIT 168

The New York Times

BUSINESS DAY

JP Morgan Pays $2 a Share for Bear Stearns

By ANDREW ROSS SORKIN MARCH 17, 2008

In a shocking deal reached on Sunday to save Bear Stearns, JPMorgan Chase agreed to pay a mere $2 a share to buy all of Bear — less than one-tenth the firm's market price on Friday.

As part of the watershed deal, JPMorgan and the Federal Reserve will guarantee the huge trading obligations of the troubled firm, which was driven to the brink of bankruptcy by what amounted to a run on the bank.

Reflecting Bear's dire straits, JPMorgan agreed to pay only about $270 million in stock for the firm, which had run up big losses on investments linked to mortgages.

JPMorgan is buying Bear, which has 14,000 employees, for a third the price at which the smaller firm went public in 1985. Only a year ago, Bear's shares sold for $170. The sale price includes Bear Stearns's soaring Madison Avenue headquarters.

The agreement ended a day in which bankers and policy makers were racing to complete the takeover agreement before financial markets in Asia opened on Monday, fearing that the financial panic could spread if the 85-year-old investment bank failed to find a buyer.

As the trading day began in Tokyo, however, markets tumbled more than 4 percent. In the United States, investors faced another week of gut-wrenching volatility in American markets.

Despite the sale of Bear, investors fear that others in the industry, like Lehman Brothers, already reeling from losses on mortgage-related investments, could face further blows.

The deal for Bear, done at the behest of the Fed and the Treasury Department, punctuates the stunning downfall of one of Wall Street's biggest and most storied firms. Bear had weathered the vagaries of the markets for 85 years, surviving the Depression and a dozen recessions only to meet its end in the rapidly unfolding credit crisis now afflicting the American economy.

A throwback to a bygone era, Bear Stearns still operated as a cigar-chomping, suspender-wearing culture where taking risks was rewarded. It was a firm that was never considered truly white-shoe, an outsider that defied its mainstream rivals.

When the Federal Reserve helped plan a bailout in 1998 of Long Term Capital Management, the hedge fund, Bear Stearns proudly refused to join the effort. Until recent weeks, Alan "Ace" Greenberg, Bear Stearns's chairman for more than 20 years and a championship bridge player, still regaled its partners over lengthy lunches about gambling with the firm's money in its wood-paneled dining room.

The cut-price deal for Bear Stearns reflects deep misgivings about its future and the enormous obligations that JPMorgan is assuming in guaranteeing the firm's obligations. In an unusual move, the Fed will provide financing for the transaction, including support for as much as $30 billion of Bear Stearns's "less-liquid assets."

Wall Street was stunned by the news on Sunday night. "This is like waking up in summer with snow on the ground," said Ron Geffner, a partner Sadis & Goldberg and a former enforcement lawyer for the Securities and Exchange Commission. "The price is indicative that there were bigger problems at Bear than clients and the public realized."

The deal followed a weekend of frantic negotiations to save the ailing firm. With the Fed and Treasury Department patched in by conference call from Washington, Bear Stearns executives held the equivalent of a speed-dating auction over the weekend, with prospective bidders holed up in a half dozen conference rooms at its Madison Avenue headquarters. More than 150 JPMorgan employees descended on Bear Stearns to examine the firm's books and trading accounts.

Even as those talks took place, Bear Stearns simultaneously prepared to file for bankruptcy protection in the event a deal could not be struck, underscoring the severity of its troubles.

On Sunday night, Jamie Dimon, the chief executive of JPMorgan, held a conference call with the heads of major American financial companies to alert them to the deal and allay their concerns about doing business with Bear Stearns.

"JPMorgan Chase stands behind Bear Stearns," Mr. Dimon said in a statement. "Bear Stearns's clients and counterparties should feel secure that JPMorgan is guaranteeing Bear Stearns's counterparty risk. We welcome their clients, counterparties and employees to our firm, and we are glad to be their partner." While Bear Stearns toyed with suitors like big private equity firms like the J.C. Flowers & Company, the only meaningful bidder was JPMorgan.

The deal is a major coup for Mr. Dimon, who slept only a handful of hours over the weekend while negotiating with Bear and government officials. Over the last few years, he has focused intensely on cutting costs, improving technology and integrating JPMorgan's disparate operations. But he also has been adamant about preparing the company for an economic downturn.

For JPMorgan, one of the few major banks to emerge relatively unscathed from the subprime crisis, the deal provides a major entry to prime brokerage, which provides financing to hedge funds. While that business has been lucrative in recent years, it has slowed as the financial markets have slumped.

Bear also would give JPMorgan a much bigger presence in the mortgage securities business, which the bank's executives say they are committed in spite of the recent market downturn.

There are, of course, some drawbacks to a deal, even at a bargain-basement price. Mr. Dimon has long expressed doubts that combining two big investment banks is a good idea. Bear's prime brokerage business would require a big technology investment. And there are often severe cultural issues and significant management overlap.

It is unclear how many of Bear Stearns's employees, who together own a third of the company, will remain after the combination. People involved in the talks suggested that as much as a third of the staff could lose their jobs. The deal also raises the prospect that some employees at JPMorgan, which was already considering cutbacks, may face the prospect of additional layoffs as the two firms merge their operations.

With Bear, JPMorgan also inherits a balance sheet that is packed with financial land mines, though the Fed has agreed to protect the firm from a certain amount of liability. Even though JPMorgan has performed well through this recent turbulence, it is unclear if it would want that additional risk.

"Having taken Bear Stearns out of the problem category, and the strong action by the Federal Reserve, we would anticipate the market will behave quite differently on Monday than it was Thursday or Friday," Michael Cavanaugh, JPMorgan's chief financial officer, told analysts during a conference call.

The swiftness of Mr. Dimon's decision to buy Bear is remarkable given that he has not been an aggressive acquirer since he joined the firm after selling it BankOne, where he was chief executive. He has cautioned patience about making acquisitions, though he had suggested in recent months that the firm might be ready to make a major deal.

Earlier this month, the co-chief executive of JPMorgan's investment bank, William T. Winters, said on a conference call with investors: "If a special opportunity came up to acquire a prime broker at a decent return, we wouldn't hesitate. We've always said, 'Boy, if there was one for sale, we'd love to look at it.' "

A deal needed to be reached quickly to protect the business from collapsing entirely. With most if not all of its clients stopping trading with the firm, its days were numbered.

James E. Cayne, Bear Stearns's former chief executive and one of its largest individual shareholder, will likely walk away with a little more than $13.4 million, the value of his Bear stock holdings, according to James F. Redda & Associates. Those would have been worth $1.2 billion in January 2007, when Bear's stock was trading at a $171.51. Mr. Cayne has taken home more than $232 million in salary, bonus and other pay between 1993 and 2006, the time period for which there is publicly available data, according to Equilar, an executive compensation research firm.

Many hedge funds had started expressing concern about Bear Stearns by late Thursday. Jana Partners, a large hedge fund, for example, sent a memo to its investors that said, "In response to many recent inquiries regarding Bear Stearns, we are writing to inform you that we have no direct exposure to Bear Stearns or its affiliates through a prime brokerage relationship or otherwise."

Not all investors are expected to be pleased with the deal. A conference call with investors and analysts on Sunday night was broken up when a Bear Stearns shareholder sought an explanation of why he would be better off approving this transaction rather than seeing Bear Stearns file for a Chapter 11 bankruptcy.

The JPMorgan executives demurred, instead referring the investor to Bear Stearns executives for an explanation. The shareholder declared that he would vote against the deal.

Afterward, Mr. Cavanaugh said JPMorgan felt comfortable in pulling the trigger despite the short due-diligence process. "We've known Bear Stearns for a long time," Mr. Cavanaugh said.

Jenny Anderson and Eric Dash contributed reporting.

A version of this article appears in print on , on page A1 of the New York edition with the headline: Sale Price of $2 a Share Reflects the Depth of Problems Faced by Bear Stearns.

EXHIBIT 169

The New York Times

BUSINESS DAY

What Created This Monster?

By NELSON D. SCHWARTZ and JULIE CRESWELL MARCH 23, 2008

LIKE Noah building his ark as thunderheads gathered, Bill Gross has spent the last two years anticipating the flood that swamped Bear Stearns about 10 days ago. As manager of the world's biggest bond fund and custodian of nearly a trillion dollars in assets, Mr. Gross amassed a cash hoard of $50 billion in case trading partners suddenly demanded payment from his firm, Pimco.

And every day for the last three weeks he has convened meetings in a war room in Pimco's headquarters in Newport Beach, Calif., "to make sure the ark doesn't have any leaks," Mr. Gross said. "We come in every day at 3:30 a.m. and leave at 6 p.m. I'm not used to setting my alarm for 2:45 a.m., but these are extraordinary times."

Even though Mr. Gross, 63, is a market veteran who has lived through the collapse of other banks and brokerage firms, the 1987 stock market crash, and the near meltdown of the Long-Term Capital Management hedge fund a decade ago, he says the current crisis feels different — in both size and significance.

Not only is the Federal Reserve's action unprecedented since the Great Depression — by lending money directly to major investment banks — but taxpayers are also now on the hook for billions of dollars in questionable trades these same bankers made when the good times were rolling.

"Bear Stearns has made it obvious that things have gone too far," says Mr. Gross, who plans to use some of his cash to bargain-shop. "The investment community has morphed into something beyond banks and something beyond regulation. We call it the shadow banking system."

It is the private trading of complex instruments that lurk in the financial shadows that worries regulators and Wall Street and that have created stresses in the broader economy. Economic downturns and panics have occurred before, of course. Few, however, have posed such a serious threat to the entire financial system that regulators have responded as if they were confronting a potential epidemic.

As Congress and Republican and Democratic presidential administrations pushed for financial deregulation over the last decade, the biggest banks and brokerage firms created a dizzying array of innovative products that experts now acknowledge are hard to understand and even harder to value.

On Wall Street, of course, what you don't see can hurt you. In the past decade, there has been an explosion in complex derivative instruments, such as collateralized debt obligations and credit default swaps, which were intended primarily to transfer risk.

These products are virtually hidden from investors, analysts and regulators, even though they have emerged as one of Wall Street's most outsized profit engines. They don't trade openly on public exchanges, and financial services firms disclose few details about them.

Used judiciously, derivatives can limit the damage from financial miscues and uncertainty, greasing the wheels of commerce. Used unwisely — when greed and the urge to gamble with borrowed money overtake sensible risk-taking — derivatives can become Wall Street's version of nitroglycerin.

Bear Stearns's vast portfolio of these instruments was among the main reasons for the bank's collapse, but derivatives are buried in the accounts of just about every Wall Street firm, as well as major commercial banks like Citigroup and JPMorgan Chase. What's more, these exotic investments have been exported all over the globe, causing losses in places as distant from Wall Street as a small Norwegian town north of the Arctic Circle.

With Bear Stearns forced into a sale and the entire financial system still under the threat of further losses, Wall Street executives, regulators and politicians are scrambling to figure out just what went wrong and how it can be fixed.

But because the forces that have collided in recent weeks were set in motion long before the subprime mortgage mess first made news last year, solutions won't come easily or quickly, analysts say.

In fact, while home loans to risky borrowers were among the first to go bad, analysts say that the crisis didn't stem from the housing market alone and that it certainly won't end there.

"The problem has been spreading its wings and taking in markets very far afield from mortgages," says Alan S. Blinder, former vice chairman of the Federal Reserve and now an economics professor at Princeton. "It's a failure at a lot of levels. It's hard to find a piece of the system that actually worked well in the lead-up to the bust."

Stung by the new focus on their complex products, advocates of the derivatives trade say they are unfairly being made a scapegoat for the recent panic on Wall Street.

"Some people want to blame our industry because they have a vested interest in doing so, either by making a name for themselves or by hampering the adaptability and usefulness of our products for competitive purposes," said Robert G. Pickel, chief executive of the International Swaps and Derivatives Association, a trade group. "We believe that there are good investment decisions and bad investment decisions. We don't decry motor vehicles because some have been involved in accidents."

Already, legislators in Washington are offering detailed plans for new regulations, including ones to treat Wall Street banks like their more heavily regulated commercial brethren. At the same time, normally wary corporate leaders like James Dimon, the chief executive of JPMorgan Chase, are beginning to acknowledge that maybe, just maybe, new regulations are necessary.

"We have a terribly global world and, over all, financial regulation has not kept up with that," Mr. Dimon said in an interview on Monday, the day after his bank agreed to take over Bear Stearns at a fire-sale price. "I can't even describe the seriousness of that. I always talk about how bad things can happen that you can't expect. I didn't fathom this event."

TWO months before he resigned as chief executive of Citigroup last year amid nearly $20 billion in write-downs, Charles O. Prince III sat down in Washington with Representative Barney Frank, the chairman of the House Financial Services Committee. Among the topics they discussed were investment vehicles that allowed Citigroup and other banks to keep billions of dollars in potential liabilities off of their balance sheets — and away from the scrutiny of investors and analysts.

"Why aren't they on your balance sheet?" asked Mr. Frank, Democrat of Massachusetts. The congressman recalled that Mr. Prince said doing so would have put Citigroup at a disadvantage with Wall Street investment banks that were more loosely regulated and were allowed to take far greater risks. (A spokeswoman for Mr. Prince confirmed the conversation.)

It was at that moment, Mr. Frank says, that he first realized just how much freedom Wall Street firms had, and how lightly regulated they were in comparison with commercial banks, which have to answer to an alphabet soup of government agencies like the Federal Reserve and the comptroller of the currency.

"Not only did Wall Street have so much freedom, but it gave commercial banks an incentive to try and evade their regulations," Mr. Frank says. When it came to Wall Street, he says, "we thought we didn't need regulation."

In fact, Washington has long followed the financial industry's lead in supporting deregulation, even as newly minted but little-understood products like derivatives proliferated.

During the late 1990s, Wall Street fought bitterly against any attempt to regulate the emerging derivatives market, recalls Michael Greenberger, a former senior regulator at the Commodity Futures Trading Commission. Although the Long-Term Capital debacle in 1998 alerted regulators and bankers alike to the dangers of big bets with borrowed money, a rescue effort engineered by the Federal Reserve Bank of New York prevented the damage from spreading.

"After that, all was forgotten," says Mr. Greenberger, now a professor at the University of Maryland. At the same time, derivatives were being praised as a boon that would make the economy more stable.

Speaking in Boca Raton, Fla., in March 1999, Alan Greenspan, then the Fed chairman, told the Futures Industry Association, a Wall Street trade group, that "these instruments enhance the ability to differentiate risk and allocate it to those investors most able and willing to take it."

Although Mr. Greenspan acknowledged that the "possibility of increased systemic risk does appear to be an issue that requires fuller understanding," he argued that new regulations "would be a major mistake."

"Regulatory risk measurement schemes," he added, "are simpler and much less accurate than banks' risk measurement models."

Mr. Greenberger, still concerned about regulatory battles he lost a decade ago, says that Mr. Greenspan "felt derivatives would spread the risk in the economy."

"In reality," Mr. Greenberger added, "it spread a virus through the economy because these products are so opaque and hard to value." A representative for Mr. Greenspan said he was preparing to travel and could not comment.

A milestone in the deregulation effort came in the fall of 2000, when a lame-duck session of Congress passed a little-noticed piece of legislation called the Commodity Futures Modernization Act. The bill effectively kept much of the market for derivatives and other exotic instruments off-limits to agencies that regulate more conventional assets like stocks, bonds and futures contracts.

Supported by Phil Gramm, then a Republican senator from Texas and chairman of the Senate Banking Committee, the legislation was a 262-page amendment to a far larger appropriations bill. It was signed into law by President Bill Clinton that December.

Mr. Gramm, now the vice chairman of UBS, the Swiss investment banking giant, was unavailable for comment. (UBS has recently seen its fortunes hammered by ill-considered derivative investments.)

"I don't believe anybody understood the significance of this," says Mr. Greenberger, describing the bill's impact.

By the beginning of this decade, according to Mr. Frank and Mr. Blinder, Mr. Greenspan resisted suggestions that the Fed use its powers to regulate the mortgage market or to crack down on practices like providing loans to borrowers with little, if any, documentation.

"Greenspan specifically refused to act," Mr. Frank says. "He had the authority, but he didn't use it."

Others on Capitol Hill, like Representative Scott Garrett, Republican of New Jersey and a member of the Financial Services banking subcommittee, reject the idea that loosening financial rules helped to create the current crisis.

"I don't think deregulation was the cause," he says. "And had we had additional regulation in place, I'm not sure what we're experiencing now would have been averted."

Regardless, with profit margins shrinking in traditional businesses like underwriting and trading, Wall Street firms rushed into the new frontier of lucrative financial products like derivatives. Students with doctorates in physics and other mathematical disciplines were hired directly out of graduate school to design them, and Wall Street firms increasingly made big bets on derivatives linked to mortgages and other products.

THREE years ago, many of Wall Street's best and brightest gathered to assess the landscape of financial risk. Top executives from firms like Goldman Sachs, Lehman Brothers and Citigroup — calling themselves the Counterparty Risk Management Policy Group II — debated the likelihood of an event that could send a seismic wave across financial markets.

The group's conclusion, detailed in a 153-page report, was that the chances of a systemic upheaval had declined sharply after the Long-Term Capital bailout. Members recommended some nips and tucks around the market's edges, to ensure that trades were cleared and settled more efficiently. They also recommended that secretive hedge funds volunteer more information about their activities. Yet, over all, they concluded that financial markets were more stable than they had been just a few years earlier.

Few could argue. Wall Street banks were fat and happy. They were posting record profits and had healthy capital cushions. Money flowed easily as corporate default rates were practically nil and the few bumps and bruises that occurred in the market were readily absorbed.

More important, innovative products designed to mitigate risk were seen as having reduced the likelihood that a financial cataclysm could put the entire system at risk.

“With the 2005 report, my hope at the time was that that work would help in dealing with future financial shocks, and I confess to being quite frustrated that it didn’t do as much as I had hoped,” says E. Gerald Corrigan, a managing director at Goldman Sachs and a former New York Fed president, who was chairman of the policy group. “Still, I shudder to think what today would look like if not for the fact that some of the changes were, in fact, implemented.”

ONE of the fastest-growing and most lucrative businesses on Wall Street in the past decade has been in derivatives — a sector that boomed after the near collapse of Long-Term Capital.

It is a stealth market that relies on trades conducted by phone between Wall Street dealer desks, away from open securities exchanges. How much changes hands or who holds what is ultimately unknown to analysts, investors and regulators.

Credit rating agencies, which banks paid to grade some of the new products, slapped high ratings on many of them, despite having only a loose familiarity with the quality of the assets behind these instruments.

Even the people running Wall Street firms didn't really understand what they were buying and selling, says Byron Wien, a 40-year veteran of the stock market who is now the chief investment strategist of Pequot Capital, a hedge fund.

"These are ordinary folks who know a spreadsheet, but they are not steeped in the sophistication of these kind of models," Mr. Wien says. "You put a lot of equations in front of them with little Greek letters on their sides, and they won't know what they're looking at."

Mr. Blinder, the former Fed vice chairman, holds a doctorate in economics from M.I.T. but says he has only a "modest understanding" of complex derivatives. "I know the basic understanding of how they work," he said, "but if you presented me with one and asked me to put a market value on it, I'd be guessing."

Such uncertainty led some to single out derivatives for greater scrutiny and caution. Most famous, perhaps, was Warren E. Buffett, the legendary investor and chairman of Berkshire Hathaway, who in 2003 said derivatives were potential "weapons of mass destruction."

Behind the scenes, however, there was another player who was scrambling to assess the growing power, use and dangers of derivatives.

Timothy F. Geithner, a career civil servant who took over as president of the New York Fed in 2003, was trying to solve a variety of global crises while at the Treasury Department. As a Fed president, he tried to get a handle on hedge fund activities and the use of leverage on Wall Street, and he zeroed in on the credit derivatives market.

Mr. Geithner brought together leaders of Wall Street firms in a series of meetings in 2005 and 2006 to discuss credit derivatives, and he pushed many of them to clear and settle derivatives trading electronically, hoping to eliminate a large paper backlog that had clogged the system.

Even so, Mr. Geithner had one hand tied behind his back. While the Fed regulated large commercial banks like Citigroup and JPMorgan, it had no oversight on activities of the investment banks, hedge funds and other participants in the burgeoning derivatives market. And the industry and sympathetic politicians in Washington fought attempts to regulate the products, arguing that it would force the lucrative business overseas.

"Tim has been learning on the job, and he has my sympathy," said Christopher Whalen, a managing partner of Institutional Risk Analytics, a risk management firm in Torrance, Calif. "But I don't think he's enough of a real practitioner to go mano-a-mano with these bankers."

Mr. Geithner declined an interview request for this article.

In a May 2006 speech about credit derivatives, Mr. Geithner praised the benefits of the products: improved risk management and distribution, as well as enhanced market efficiency and resiliency. As he had on earlier occasions, he also warned that the "formidable complexity of measuring the scale of potential exposure" to derivatives made it hard to monitor the products and to gauge the financial vulnerability of individual banks, brokerage firms and other institutions.

"Perhaps the more difficult challenge is to capture the broader risks the institution might confront in conditions of a general deterioration in confidence in credit and an erosion in liquidity," Mr. Geithner said in the speech. "Most crises come from the unanticipated."

WHEN increased defaults in subprime mortgages began crushing mortgage-linked securities last summer, several credit markets and many firms that play substantial roles in those markets were sideswiped because of a rapid loss of faith in the value of the products.

Two large Bear Stearns hedge funds collapsed because of bad subprime mortgage bets. The losses were amplified by a hefty dollop of borrowed money that was used to try to juice returns in one of the funds.

All around the Street, dealers were having trouble moving exotic securities linked to subprime mortgages, particularly collateralized debt obligations, which were backed by pools of bonds. Within days, the once-booming and actively traded

C.D.O. market — which in three short years had seen issues triple in size, to $486 billion — ground to a halt.

Jeremy Grantham, chairman and chief investment strategist at GMO, a Boston investment firm, said: "When we had the shot across the bow and people realized something was going wrong with subprime, I said: 'Treat this as a dress rehearsal. Stress-test your portfolios because the next time or the time after, the shot won't be across the bow.' "

In the fall, the Treasury Department and several Wall Street banks scrambled to try to put together a bailout plan to save up to $80 billion in troubled securities. The bailout fell apart, quickly replaced by another aimed at major bond guarantors. That crisis was averted after the guarantors raised fresh capital.

Yet each near miss brought with it growing fears that the stakes were growing bigger and the risks more dangerous. Wall Street banks, as well as banks abroad, took billions of dollars in write-downs, and the chiefs of UBS, Merrill Lynch and Citigroup were all ousted because of huge losses.

"It was like watching a slow-motion train wreck," Mr. Grantham says. "After all of the write-downs at the banks in June, July and August, we were in a full-fledged credit crisis with C.E.O.'s of top banks running around like headless chickens. And the U.S. equity market's peak in October? What sort of denial were they in?"

Finally, last week, with Wall Street about to take a direct hit, the Fed stepped in and bailed out Bear Stearns.

It remains unclear, exactly, what doomsday scenario Federal Reserve officials consider themselves to have averted. Some on Wall Street say the fear was that a collapse of Bear could take other banks, including possibly Lehman Brothers or Merrill Lynch, with it. Others say the concern was that Bear, which held $30 billion in mortgage-related assets, would cause further deterioration in that beleaguered market.

Still others say the primary reason the Fed moved so quickly was to divert an even bigger crisis: a meltdown in an arcane yet huge market known as credit default swaps. Like C.D.O.'s, which few outside of Wall Street had ever heard about before last summer, the credit default swaps market is conducted entirely behind the scenes and is not regulated.

Nonetheless, the market's growth has exploded exponentially since Long-Term Capital almost went under. Today, the outstanding value of the swaps stands at more than $45.5 trillion, up from $900 billion in 2001. The contracts act like insurance policies designed to cover losses to banks and bondholders when companies fail to pay their debts. It's a market that also remains largely untested.

While there have been a handful of relatively minor defaults that, in some cases, ended in litigation as participants struggled over contract language and other issues, the market has not had to absorb a bankruptcy of one of its biggest players. Bear Stearns held credit default swap contracts carrying an outstanding value of $2.5 trillion, analysts say.

"The rescue was absolutely all about counterparty risk. If Bear went under, everyone's solvency was going to be thrown into question. There could have been a systematic run on counterparties in general," said Meredith Whitney, a bank analyst at Oppenheimer. "It was 100 percent related to credit default swaps."

Amid the regulatory swirl surrounding Bear Stearns, analysts have questioned why the Securities and Exchange Commission did not send up any flares about looming problems at that firm or others on Wall Street. After all, they say, it was the S.E.C., not the Federal Reserve, that was Bear's primary regulator.

Although S.E.C. officials were unavailable for comment, its chairman, Christopher Cox, has maintained that the agency has effectively carried out its regulatory duties. In a letter last week to the nongovernmental Basel Committee of Banking Supervision, Mr. Cox attributed the collapse of Bear to "a lack of confidence, not a lack of capital."

IT'S still too early to assess whether the Federal Reserve's actions have succeeded in protecting the broader economic system. And experts are debating whether the government's intervention in the Bear Stearns debacle will ultimately encourage riskier behavior on the Street.

"It showed that anything important is going to be bailed out one way or the other," says Kevin Phillips, a former Republican strategist whose new book, "Bad Money," analyzes what he describes as the intersection of reckless finance and poor public policy.

Mr. Phillips says that it's likely that the Fed's actions have ushered in a new era in financial regulation.

"What we may be looking at is a rethinking of the whole role of the Federal Reserve and what they represent," he says. "If they didn't solve it in this round, I'm not sure they can stretch it out and do it again without creating a new law."

On Capitol Hill, leading Democrats like Senator Christopher J. Dodd of Connecticut, chairman of the Senate Banking Committee, and Mr. Frank of the House Financial Services Committee are pushing for just that.

Last Thursday, Mr. Frank offered up a raft of suggestions, including requiring investment banks to disclose off-balance-sheet risks while also making the firms subject to audits — much like commercial banks are now. He also wants investment banks to set aside reserves for potential losses to provide a greater cushion during financial panics.

Earlier in the week, Mr. Dodd said the Fed should be given some supervisory powers over the investment banks.

But broad new rules aimed at systemic risk are likely to face strong opposition from both the industry and others traditionally wary of regulation. Analysts expect new, smaller-bore laws aimed at the mortgage industry in particular, which was the first sector hit in the squeeze and which affected Wall Street millionaires as well as millions of ordinary American homeowners.

THERE is an emerging consensus that the ability of mortgage lenders to package their loans as securities that were then sold off to other parties played a key role in allowing borrowing standards to plummet.

Mr. Blinder suggests that mortgage originators be required to hold onto a portion of the loans they make, with the investment banks who securitize them also retaining a chunk. “That way, they don’t simply play hot potato,” he says.

Mr. Grantham agrees. “There is just a terrible risk created when you can underwrite a piece of junk and simply pass it along to someone else,” he says.

Ratings agencies have similarly been under fire ever since the credit crisis began to unfold, and new regulations may force them to distance themselves from the investment banks whose products they were paid to rate.

In the meantime, analysts say, a broader reconsideration of derivatives and the shadow banking system is also in order. “Not all innovation is good,” says Mr. Whalen of Institutional Risk Analytics. “If it is too complicated for most of us to understand in 10 to 15 minutes, then we probably shouldn’t be doing it.”

A version of this article appears in print on , on page BU1 of the New York edition with the headline: What Created This Monster?.

<u>EXHIBIT 170</u>

FILED UNDER SEAL

Papers for Information

BARCLAYS PLC

**MINUTES OF A MEETING OF THE BOARD AUDIT COMMITTEE
HELD AT 1 CHURCHILL PLACE, LONDON E14 5HP
ON WEDNESDAY 16 APRIL 2008**

Present:

Stephen Russell - Chairman
Fulvio Conti
Professor Dame Sandra Dawson
Sir Michael Rake

In attendance:

Lawrence Dickinson, Secretary
Patrick Gonsalves, Deputy Secretary
Mark Carawan, Barclays Internal Audit Director
Mark Harding, General Counsel
Gary Hoffman, Vice Chairman
Paul Idzik, Chief Operating Officer
Robert Le Blanc, Risk Director
Chris Lucas, Group Finance Director
Phil Rivett, PricewaterhouseCoopers
John Varley, Chief Executive
Ahmed Khan, Chief Executive, Emerging Markets
(in attendance for item 4.1 only)
Frits Seegers, Chief Executive, GRCB
(in attendance for items 4.1 to 4.3 only)
Leo Salom, Chief Executive, Western Europe
(in attendance for item 4.2 only)
Eduardo Eguren, Chief Operating Officer, GRCB
(in attendance for item 4.3 only)
Bob Rickert, Chief Operating Officer, GRCB
(in attendance for item 4.3 only)
Rich Ricci*, Chief Operating Officer, IBIM
(in attendance for items 4.4 and 4.5 only)
Mike Walters, Head of Barclays Compliance
(in attendance for items 5.1 only)

Apologies: Sir Andrew Likierman

*via conference call

1. **CHAIRMAN'S MATTERS**

1.1 **Chairman's Introduction**

Before proceeding to deal with the items included on the agenda, the Chairman observed that further work was required to enhance the clarity and ease of use of the papers presented to the Committee.

He also felt that the Committee should be briefed on the challenging financial markets that formed the backdrop to this meeting. He highlighted the importance of the Board Accounts Committee being appropriately involved in forthcoming public statements such as the Trading Update and the Half-Year Results and PricewaterhouseCoopers' (PwC) close and continuous involvement in the difficult area of valuing financial assets in present markets.

John Varley and Chris Lucas updated the Committee on the current market conditions and reported that March 2008 had seen a particularly unhelpful set of market conditions where client activity and therefore income was reduced and the efforts of the European Central Bank and the Federal Reserve to facilitate greater liquidity in the markets had resulted in further de-leveraging. These asset disposals had created new marks forcing further write-downs of the assets held. In addition, narrower spreads had led to a negative contribution Own Credit which had, until that point, provided a counter-balance to the asset write-downs. Market trading conditions had improved somewhat in April and there was now a better flow of client business but the macro economic environment had deteriorated. The GRCB business was performing well. The Group's discussions with the FSA on capital ratios were continuing and the difficult judgement of how far to reduce Risk Weighted Assets (RWAs) without permanently damaging customer relationships was being looked at hard.

Mr Lucas also advised that consideration had been given to whether a public statement on current Group performance should be released to the market but it had been concluded that there was no need currently to make a public statement. Mr Lucas also confirmed that the Board Accounts Committee would be involved in the forthcoming AGM Statement and the Trading Update. The expected approach for the Trading Update would be similar to the announcements made at the last quarter of 2007.

Gary Hoffman reported that the Judgement on the Current Account charging test case was expected within the next few weeks.

Given the very difficult business environment which could put pressure on businesses to search for growth it would be even more important for the Committee to ensure that management retained its focus on achieving controlled growth.

1.2 Approval of Minutes and Actions Arising from Previous Meetings

(1) Minutes

The Minutes of the meetings held on 5 February, 13 February and 28 February 2008, 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 meetings held on 13 February and 28 February 2008 and highlighted that each of the items identified for action at recent meetings would be covered during the course of this meeting.

(3) Review of Committee Effectiveness

Mr Dickinson referred the Committee to his paper entitled Review of Committee Effectiveness Following Board Evaluation, which had been sent to members of the Committee in advance of the meeting. The Committee noted the results of the effectiveness review and endorsed the proposed actions to address the identified issues.

2. CONTROL ISSUES OF GROUP LEVEL SIGNIFICANCE

2.1 Control Issues of Group Level Significance (CIGLS) Report Including Review of Long Dated CIGLS

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

(1) New CIGLS

One new CIGLS had been created relating to Unsupported Infrastructure and Applications. Further work was required to fully scope this issue. It was likely that some unsupported systems could be considered 'low risk' while others could be considered to represent 'material risk' to the Group. This was not a new issue but it was being identified as a CIGLS to ensure that it received the appropriate focus and resourcing.

(2) **Third-party Supplier Management**

This CIGLS was currently behind schedule due to the Western Europe business not being in line with Group policy. This was expected to be back on track before the end of Q2 2008.

2.2 Long Dated CIGLS

Mark Carawan referred the Committee to his paper on Long Dated Control Issues of Group Level Significance which had been sent to members of the Committee in advance of the meeting and highlighted the following points:

(1) **Introduction**

Internal Audit had conducted a review of 5 Long dated CIGLS to identify root causes for the resolution of those issues remaining so intractable and having a tendency to reappear even after they were deemed to have been closed. The root causes were the same as those identified by a similar review conducted by Group Risk in 2005.

(2) **Root Causes**

These included poor definition of the control issue, the scope of resolution required and frequent changes of accountable executives. Often, major control issues were addressed by piecemeal solutions where shared solutions might have been more effective, timely and efficient. Timescales often slipped due to the fragmented funding process.

(3) Agreed Actions

In future, there would be senior level involvement in the scoping of control issues and there would also have to be agreement between management and Internal Audit of key CIGLS mile-stones, with achievement of mile-stones being subject to issues assurance auditing by Internal Audit.

Clear ownership of control issues would be mandated and only 1 CIGLS could be owned by an Accountable Executive. Skilled and competent resources, including effective senior programme managers, must be in place for the duration of the remediation. There would also be consequences for the Accountable Executives when CIGLS fail to meet scope and timelines. Internal Audit would also be required to conduct post remediation audits of CIGLS after closure by management.

The Committee expressed disappointment that previously identified causes of remediation failure had not been fully addressed but noted the more direct involvement of Internal Audit and Group ExCo in monitoring the resolution of control issues.

The Committee noted the reports.

3. AUDITOR'S REPORT

3.1 Barclays Internal Audit Report

Mr Carawan presented the Barclays Internal Audit Report, which had been sent to members of the Committee in advance of the meeting. He drew the Committee's attention to the section in the detailed report providing information on Internal Audit's and Group Risk's overview activities for Basel II and the increase by 16 people in Internal Audit's headcount to accommodate growth in the business and scope of responsibilities. The Committee also noted that Internal Audit would be conducting "at close" reviews for the Goldfish and Expo Bank acquisitions.

The Committee discussed the appropriateness of the expected closure date for actions relating to cryptography and noted that management had put in place appropriate tactical safeguards to mitigate the risk until full resolution. The Committee also discussed how the GRCB technology infrastructure compared to the IBIM businesses and noted that BarCap had benefited from significant investment in its infrastructure which had enabled it to cope well with volume growth in the recent difficult markets. Barclays Wealth's technology was not as strong, being partly dependent on GRCB infrastructure. BGI systems were being challenged by the increased sophistication of its business and would need to address the issue that its key outsourced supplier had now been purchased by a competitor. The building of the new data centre would provide increased capacity and business continuity.

The Committee noted the report and the changes to the BIA Audit Plan set out in the Barclays Internal Audit Report.

3.2 Barclays Internal Audit Report on KYC, AML and Sanctions Compliance

Mr Carawan gave a verbal update on KYC, AML and Sanctions Compliance and reported that Internal Audit's work on this area would amount to just under 70,000 hours of work and was now in its final stages. Within the next three weeks individual ratings for each business and the Group centre would be communicated to management. Management actions to address identified issues were already under way and the majority of BarCap's issues had already been addressed. All material concerns had been highlighted to management as the audit work progressed. The full results of the audit would be presented to the next meeting of the Committee.

3.3 Barclays Internal Audit Report on Overdue Audit Issues

Mr Carawan presented Barclays Internal Audit Report on Overdue Audit Issues, which had been sent to Committee members prior to the meeting, and commented that one third of overdue audit issues resided in Absa, which did not appear to be applying an appropriate sense of urgency to address audit issues. Mr Varley confirmed that he had discussed the matter with the Absa Chairman and he would be looking for a significant improvement, although it would take time to fully resolve this. Some 38% of issues that had been overdue for more than a year related to GRCB technology. BGI was responsible for 15% of overdue items and the business was coming under significant cost management pressures. It was noted that the BGI Audit Committee was giving very clear direction on the need to make progress and management were addressing their concerns. Aside from Absa, the trends in this area were improving.

The Committee noted the report.

3.4 PricewaterhouseCoopers (PwC) Report - 2008 Global Integrated Audit Plan

Phil Rivett presented the draft 2008 Global Integrated Audit Plan, which had been sent to Committee members in advance of the meeting, and highlighted the following:

(1) **Materiality**

The materiality level that PwC would apply for the audit had been increased to £350 million, consistent with the changes made by management to the materiality level for the Section 404 assessment and in line with the increased profitability of the Group.

(2) **Areas of Focus**

Given the difficulties experienced in the financial markets, PwC would continue to focus significant attention on wholesale credit market exposures in BarCap and BGI. Western Europe, Emerging Markets and Absa, as they were disclosed separately, would not be taken out of scope as a result of the new materiality level as different materiality levels would be applied to each business unit to reflect their financial and disclosure risk. Impairment would also continue to be a focus of attention. For the first time one senior manager would look across the whole of GRCB business. IFRS7 disclosures and Basel II would also receive special attention as would the consolidation process as a new system would be in place for the first time for the 2008 year-end. Logical access management would be assessed by PwC for SOX purposes.

The Committee discussed the change to materiality and noted that reputational risk was one of the factors that would guide PwC's areas of work. The Committee also requested that PwC's involvement in the valuation of complex financial instruments should be fairly continuous given the challenging market conditions.

The Committee approved the PwC Global Integrated Audit Plan for 2008.

Frits Seegers and Ahmed Khan joined the meeting.

4. **REVIEW OF CLUSTER CONTROL ENVIRONMENT**

4.1 **Direct Sales Force : Control Issues and Mitigation**

Frits Seegers and Ahmed Khan presented the Direct Sales Force : Control Issues and Mitigation paper, which had been sent to Committee members in advance of the meeting, and reported that:

(1) **Lead Generators**

This was a better description of the role of the direct sales force members as they were only involved in identifying potential customers and helping them to complete credit card and loan application forms. All credit, KYC and operational elements were dealt with by Barclays people. Key areas of risk arising from the use of Lead Generators were:

(a) Treating Customers Fairly - All marketing materials and forms used by Lead Generators were in a form approved by Barclays Legal and Compliance teams. Within the next 6 months further actions to enhance controls in this area would be completed.

(b) Compliance - The Lead Generators were often highly educated with many in some jurisdictions holding MBAs. They all receive induction and refresher training on Sanctions, Money Laundering and KYC regulations. A new system to track post induction refresher training was being implemented.

(c) Fraud - Independent fraud and awareness testing was being conducted with all prospective customers being called back by someone independent of the Lead Generators. The level of fraud sampling would increase to 100% by September 2008. So far some 272 frauds had been identified and prevented.

In response to a question, Mr Seegers advised that he and his senior team had considerable experience in utilising Lead Generators. This approach was a very important distribution channel for the business, particularly in Emerging Markets. Barclays trains the trainers of the Lead Generators and ensures that they are provided with appropriate materials. Any fraud incidents are dealt with robustly with the 3rd party agents being instructed to dismiss the Lead Generator involved. Generally Lead Generators work exclusively for Barclays and often sell only one product. There are some 250 3rd party suppliers and the intention was to have over 50,000 Lead Generators by the end of 2008, whether the Lead Generators are employed by 3rd party agents or are directly contracted by Barclays was dependent on local regulation. Those involved in the management of the Lead Generators and the follow up of their activities were a mixture of existing Barclays staff or newly recruited staff with significant experience of these types of operations.

Mr Carawan noted that the plans for the expansion of the numbers of Lead Generators were ambitious and the business faced a challenge to fully embed its 3rd party supplier management model. The EM level monitoring tools and processes were not yet in place. Internal Audit would be conducting an audit of this area in Q3. Mr Hoffman briefed the Committee on the discussion that had taken place at the Group Governance and Control Committee where it had been made clear that whilst growth was important to the Group, it must be on a controlled basis. The Board Audit Committee endorsed that view.

Ahmed Khan left the meeting.
Leo Salom joined the meeting.

4.2 Western Europe

Mr Seegers and Leo Salom presented the Review of Western Europe's Control Environment, which had been sent to Committee members in advance of the meeting and reported that:

(1) Control Environment

Since the last report to the Committee in June 2007 good progress had been made in embedding the control governance framework into the business. The Western Europe Governance and Control Committee had been created with appropriate functional and independent representatives at country level.

(2) Control Functions

The Chief Operating Officer position had been upgraded and there had been a 15% increase in headcount in control areas as well as an increase in the quality of the people.

(3) Audit Performance

The business had 7 'satisfactory', 4 'on track' and 4 'room for improvement' audits in 2007. Overdue audit items had been reduced from 20 to just 4 and the remaining outstanding items were expected to have been resolved by the half-year. One issue had failed 'Issues Assurance' due to staff being overzealous in declaring victory too early.

(4) Business Challenges

The business had significant growth plans including the opening of some 240 new branches during 2008. Additionally there was a deteriorating economic environment and exposures to the Spanish property market would need to be carefully monitored. Logical access management was a continuing concern but a number of tactical fixes were being implemented.

In response to a question, Mr Salom advised that 6 out of 12 senior people within the Spanish business had been changed and the cultural shift to ensure staff take greater accountability for control issues was receiving significant attention. Mr Salom confirmed that the changes made in Spain were having the intended impact.

The Committee also discussed the business' migration towards a single operating platform. The first stage would be for front-end applications to move to one system. The initial areas of focus had been to address capability gaps for the business and to leverage on the experiences of the Emerging Markets business. Given the business' ambitious growth plans, the pace of the migration to a single operating platform had been moderated to ensure that the volume of change could be managed.

Leo Salom left the meeting.
Eduardo Eguren and Bob Rickert joined the meeting.

4.3 GRCB IT

Mr Seegers, supported by Eduardo Eguren and Bob Rickert, presented the Review of GRCB IT Control Environment, which had been sent to Committee members in advance of the meeting and highlighted that:

(1) Unsupported Infrastructure and Applications

The principal risk associated with this control issue was that when unsupported systems or applications failed they took longer to bring back online and they were likely to be less secure as they would probably not be updated by the suppliers for newly identified security weaknesses. The number of systems that fall into this category was concerning but GRCB had allocated funds to start to address the issue. Identifying this as a CIGLS would assist management by shining a light on the matter to ensure focus was maintained.

(2) **Strategic Programmes**

Until the strategic multi-year transformation programmes have been completed, the residual risk would remain high. However, the number of effective controls had been increased which was leading to good progress in reducing severe incidents impacting GRCB's systems.

In response to a question, Mr Rickert advised that even if he had unlimited financial resources, the pace at which the transformation required could be completed would be restricted by the ability of the Group to manage such an enormous volume of change. He also advised that IT could become a strategic advantage for the businesses, for instance by increasing the capability to manipulate customer data and improved integration of the customer delivery channels. The new core platform had already been identified and good progress had been made in rolling that out in India and the United Arab Emirates. Western Europe would start to move to the new platform in 2009. The new platform was extremely rich in capability.

Frits Seegers, Eduardo Eguren and Bob Rickert left the meeting.
Rich Ricci joined the meeting.

4.4 Société Générale - Lessons Learned

Rich Ricci presented the Société Générale - Lessons Learned paper, which had been sent to Committee members in advance of the meeting and highlighted that:

(1) **Review**

Following the discovery of €4.9 billion of losses in the Société Générale trading business, BarCap had conducted a review of its own controls focusing on the equity derivatives/futures asset class. The FSA had been advised that this review was happening. Ernst & Young had validated the work conducted.

(2) **Conclusions**

The review had concluded that the large futures positions that had occurred in Société Générale would have been detected by BarCap. Some of the controls in place were, however, manual in nature. A remediation programme had been developed and progress would be monitored by the BarCap Governance and Control Committee. The review would now be extended to other asset classes, starting with the most complex structured business areas.

The Committee discussed the proposals relating to dummy counterparties monitoring and noted that significant resource had been committed to ensuring the manual controls remained effective. BarCap's track record showed that they usually built robust control systems before commencing business. The Committee expressed surprise at the number of enhancements that would be needed although they noted that the significance of some of the areas identified were greater than others. Mr Ricci advised that the BarCap equities business had seen very substantial increases in volumes and in the sophistication of the business conducted. The Committee noted that the road map to complete the enhancements would be shared with the FSA and the possibility of regulatory requirements being imposed remained.

4.5 BarCap/BGI Complex Financial Instruments

Mr Ricci presented the BarCap/BGI Complex Financial Instruments paper, which had been sent to Committee members in advance of the meeting and highlighted that the controls included in the report were only the most material ones and this was not a comprehensive list of all relevant controls.

Rich Ricci left the meeting.
Mike Walter joined the meeting.

5. REGULAR REPORTS

5.1 Semi-Annual Group Compliance Report (Including Whistleblowing)

Mike Walters presented his report on the Semi-Annual Group Compliance Report (Including Whistleblowing), which had been sent to Committee members in advance of the meeting, and reported that:

(1) **BBC Whistleblowing Programme**

The FSA had confirmed that it would not be taking regulatory enforcement action.

(2) **FSA/TCF**

This issue had become a high priority for the FSA. The Gap Analysis requested by the FSA had been substantially submitted on time by the clusters. The clusters must demonstrate embedding of TCF values by the end of the year but further work was required to achieve that.

(3) **PPI**

The FSA had recently requested information from Barclaycard on Firstplus' PPI refund policy where weaknesses existed. Management's TCF reviews had already identified the weakness in the policy and that was being addressed.

The Committee noted the Semi-Annual Group Compliance Report (including Whistleblowing).

Mike Walters left the meeting.

5.2 Project Spring and Sanctions Compliance

Mark Harding updated the Committee on Redacted: Redacted For Privilege

Redacted: Redacted For Privilege

5.3 Provision of Services by the Group's Statutory Auditor

Mr 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 expressed concern as to whether the level of service being sourced from PwC was appropriate. Mr Lucas had issued clear guidance to the business FDs and that message would now be reinforced.

The Committee noted the services that had been provided by PwC since the Committee's last meeting. The Committee confirmed that, after due and careful consideration, they still considered the Group's Statutory Auditor to be independent.

Management left the meeting.

6. **COMMITTEE PRIVATE SESSION WITH BIA AND PWC**

The Committee discussed its own role and that of PwC in reviewing the Trading Update to be made at the AGM and the Interim Management Statement due on 15 May 2008. Members reiterated the need for PwC to review closely the valuation figures ahead of the Interim Management Statement.

Mr Carawan drew the Committee's attention to management changes at BGI, particularly the departure of the Finance Director, and commented that the management team were currently very stretched, although well supported by BarCap/IBIM.

<u>Paper circulated for information</u>

Fraud Risk Control Framework (Annual Update)
The Committee approved the Fraud Risk Control Framework
Senior Approved Persons – Vacancies
Basel II Update
Proposed Changes to the Guidance on Audit Committee (The Smith Guidance)

Update on Project Joyce
The Committee noted the update.

EXHIBIT 171

DEALS | Wed Jun 25, 2008 | 1:10pm EDT

Barclays gets $9 billion to boost capital, Qatar invests

Barclays gets $9 billion to boost capital, Qatar invests

A Barclays sign is seen outside a branch of Barclays Bank in central London May 15, 2008. REUTERS/Toby Melville

By **Dan Lalor** and **Steve Slater** | LONDON

British bank Barclays (BARC.L) raised 4.5 billion pounds ($8.9 billion) from investors including Qatar and Japan's Sumitomo Mitsui (8316.T) and aims to use half the cash to rebuild capital and half to pursue growth.

Qatar's state investment firm and a member of its ruling family could become two of the biggest shareholders in Britain's third-biggest bank, with a combined stake of up to 10 percent, or over $4 billion.

But under the structure of the deal announced on Wednesday, existing shareholders will get the chance to buy up to 4 billion pounds of shares at a discount. What they don't buy, sovereign wealth funds from Qatar, China, Singapore and other "anchor" investors will take.

Barclays shares jumped 6.5 percent to close at 331 pence, boosting other bank stocks across Europe, as investors welcomed the completion of the well-flagged capital raising exercise. Barclays stock recently hit a 10-year low at 293p.

Barclays has lost more than $5 billion on assets hurt by the U.S. subprime crisis and credit crunch and said last week it planned to raise billions of pounds to rebuild its capital base.

"About half the capital will be directed at higher (capital) ratios and about half will be directed at new business opportunities," said Barclays Chief Executive John Varley.

The bank has one of the thinnest capital cushions among European banks. The

TRENDING **STORIES**

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5 **Trump considering Mitt Romney for secretary of state: NBC News**

The bank has one of the thinnest capital cushions among European banks. The fundraising would have increased its core tier 1 capital ratio to 6.3 percent at the end of last year, from the 5.1 percent it reported.

That ratio will stay above its target of 5.25 percent for "the foreseeable future" but will come down from 6.3 percent as cash is used for growth, possibly on acquisitions, Varley told reporters on a conference call.

RIVALS RETREAT

Barclays said it intends to keep paying dividends in cash and the annual payout would be in line with last year's 34p per share until the dividend is more than twice covered by earnings.

The bank's fundraising will be through a placing and open offer of 1.4 billion new shares at 282 pence apiece, a 9.3 percent discount to Tuesday's closing price. Shareholders will be offered three new shares for every 14 held.

Another 500 million pounds will be raised through a placing to a unit of Japan's Sumitomo Mitsui Financial Group Inc (SMFG) of 169 million new shares at 296 pence, a 4.7 percent discount.

SMFG will get a 2 percent stake and a co-operation agreement will give it access to Barclays Capital's investment bank platform and its India and Pakistan footprint, while Barclays will be able to access a wider Japanese and Asian network for areas such as private banking.

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and Sheikh Hamad bin Jassim bin Jabr al-Thani, a member of the royal family, have agreed to invest up to 1.8 billion pounds and 533 million pounds respectively.

QIA invested in Swiss bank Credit Suisse CSGN.VX earlier this year and in February Sheikh Hamad said Qatar could spend as much as $15 billion on overseas banks in the next two years. The stake in Barclays was a step towards building up its portfolio in "quality financial institutions," a person familiar with the investor said.

Two major existing shareholders, China Development Bank CHDB.UL and Singapore state investor Temasek TEM.UL will invest 136 million pounds and up to 200 million pounds respectively. In addition, leading institutional shareholders and other investors will invest up to 1.3 billion pounds.

CDB and Temasek are investing at prices well below the 740 pence they paid for Barclays shares last summer.

Varley said he wouldn't rule out acquisitions, but is mainly focused on taking advantage of higher margins and problems the credit crunch has created among rivals.

RELATED COVERAGE

Barclays says avoided worst of leverage finance hits

FACT BOX **Barclays deal structure, investors**

Bob Diamond, head of investment bank Barclays Capital, said there was "a terrific opportunity" to grab market share on Wall Street as "six or seven" big U.S. banks have stepped back during the market turmoil.

Barclays has opened over 600 branches outside Britain this year and bought a bank in Russia and a UK credit card business, and Varley said it is taking "a substantially higher" share of UK mortgage lending.

Barclays' credit crunch-related losses are far lower than many rivals, and analysts said there remains concern that they haven't written off enough.

Diamond said the bank had better-quality assets, was managing risk better than rivals, and had avoided getting involved in many of the leveraged finance deals that had caused others to take big writedowns.

Varley said the bank considered a rights issue but the structure of its deal gave it "speed and certainty" that a rights issue couldn't provide.

Rival Royal Bank of Scotland (RBS.L) raised 12 billion pounds from a rights issue and HBOS HBOS.L is seeking 4 billion pounds from investors, but shares in both have endured a rocky ride during the lengthy rights process.

For a factbox on the deal's investors click on <ID:nL25128160>.

(Editing by Erica Billingham)

Barclays gets $9 billion to boost capital, Qatar invests

EXHIBIT 172

Citywire

July 12, 2008 Saturday 1:00 AM GMT

LENGTH: 953 words

HEADLINE: Reader Survey: Banks could be set for second round of rights issues

BODY:

UK banks have taken a battering in the credit crunch and based on the response to June's Reader Survey, HBOS PLC (HBOS)and Bradford & Bingley PLC (BB.) (B&B) are the two worst bets in the sector at present.

Citywire contacted 2,500 advisers between 20 and 23 June to ask which banks were felt to be the most vulnerable during the credit crisis. The survey was sent out a few days before Resolution's Clive Cowdrey outlined his £2 billion plan to consolidate smaller mortgage lenders, starting by seeking a stake in B&B.

Some 58% of survey respondents said B&B was the most vulnerable in the tighter credit market. The embattled mortgage lender, which at the time of writing had lost around 80% of its value on the previous year, was forced to raise capital in May on the back of a halving in profits in the first quarter of 2008.

However, the lender's original plan to shore up its balance sheet was subsequently scuppered after the share price plummeted to well below the rights issue price of 82p. As a result, the deal was restructured and the bank aggravated shareholders by outlining plans to sell a 23% stake to US private equity firm Texas Pacific Group (TPG) at a reduced price of 55p a share.

A number of advisers say B&B's size is detrimental to its ability to withstand the credit crunch. Gareth Tregidon, of WH Ireland financial services said he believes it will suffer further as it is not known well enough globally to attract the external investment needed.

HBOS, which has been put through the mill by investors this month, was also singled out by advisers, with 50% expecting the bank to return to the market to raise more cash.

The Financial Services Authority's new disclosure rules on shorting stocks underlined the bearish stance the market has taken on HBOS. The rules revealed that Harbinger Capital, which is run by Philip Falcone, had a 3.29% short position in HBOS, worth about £350 million. It also showed Meditor Capital Management and Lansdowne Partners were shorting the stock.

Lisa Jones, of intermediaries Hargreaves & Jones believes HBOS' reliance on the money market for funds, coupled with its investment in UK house builders, will result in more hurdles.

A number of other banks have experienced similar funding issues, although Lloyds TSB Group PLC (LLOY) appears to be in a relatively strong position due to a healthier balance sheet than its peers. Royal Bank of Scotland Group(RBS) completed a mammoth £12 billion rights issue earlier in the month and Barclays PLC (BARC) raised £4 billion from sovereign wealth funds and other overseas investors to shore up its capital ratios.

A third of advisers expected Alliance & Leicester PLC (AL.) which has yet to place a rights issue to go to the market for cash.

Of the rest, 20.8% expect Barclays to hold a further rights issue and 16.7% believe RBS needs more than the £12 billion it raised from shareholders.

Asian-focused lenders HSBC Holdings PLC (HSBA)and Standard Chartered PLC (STAN), along with Lloyds, were seen as more financially secure.

But Wayne Buttery, fund manager at Margetts Fund Management, says he is concerned that more UK banks will need to be rescued later this year.

Buttery says: 'The government can't afford another Northern Rock-style takeover and so one has to wonder what arrangements the regulators can put into place to facilitate such a rescue should it become necessary. It's going to take some thinking out of the box to deal with such a situation without causing a run on several banks all at once if we are not careful.'

ABSOLUTE RETURNS

In the second part of our survey advisers were asked their view on the Investment Management Association's new Absolute Return sector and whether they believe these funds which are typically pitched as safer havens in market volatility have, on the whole, succeeded in protecting investors' capital.

The question provoked some scathing remarks, with a number of advisers criticising managers for jumping on the 'fashionable fund' bandwagon without having the necessary skills to do the job.

Hilary Pryor, of TMS Financial Solutions, says: 'They jumped on the bandwagon without getting their fund strategy right first. Absolute Return funds are fashionable at the moment but only a few managers have the ability to make the concept work.'

Jones says the instruments managers use cost a lot of money and if they get it wrong then it results in a lose-lose situation. 'You need to have the expertise in-house and the in-house ability to structure the products these funds need to use otherwise the costs are too high. Only a few of them actually seem to know what they are doing,' she says.

However, Buttery was not as critical, pointing out that in the world of finance there is no such thing as a risk-free investment.

He says: 'They are subject to man-made decisions. In this world there are no absolutes.'

When questioned about which fund in the sector advisers feel will weather the current market volatility, 89.5% of selected Citywire AA-rated Mark Lyttleton's BlackRock UK Absolute Alpha Acc fund as a favourite.

Lyttleton has stood up to the market volatility impressively. According to Lipper, he has significantly outperformed his peers with a 13.1% return over the 12 months to the end of May, versus a sector average of 5.2%.

This is reflected by the sharp rise in assets under management in the fund, which stood at around £30 million little more than a year ago and are now on the verge of breaking through the £1 billion mark.

Threadneedle's Absolute Return fund was the second most popular among advisers, with 15.8% saying it has the capacity to cope well in the market volatility. Under Quentin Fitzsimmons the fund has returned 10.5% in the 12 months to the end of May.

LOAD-DATE: July 15, 2008

EXHIBIT 173

The Economist

July 12, 2008
U.S. Edition

SECTION: FINANCE & ECONOMICS

LENGTH: 1164 words

HEADLINE: Under the hammer;
Bank consolidation

BODY:

A wave of M&A deals is expected to hit the industry--eventually

LIKE plane-crash survivors forced to eat their fellow passengers, investment bankers have found some sources of nourishment amid the wreckage of the banking industry. Helping weakened institutions to raise capital has produced a useful stream of fees. Goldman Sachs, a tediously successful investment bank, notched up a 72% increase in equity-underwriting revenues in the second quarter, much of it from other banks. But many have their eyes on an even bigger prize: the wave of M&A deals that is expected, eventually, to result from the credit crisis.

That a big shake-out is coming is in little doubt. Weaknesses in funding and business models have been laid horribly bare. Some franchises were too focused on the wrong markets. Wachovia, America?s fourth-largest bank, has suffered from outsize exposure to California?s imploding housing market and is a potential takeover target. Others face regulations that threaten their profits. The Wall Street banks are bracing for tougher capital and liquidity requirements as the price for access to the balance sheet of the Federal Reserve. Others still are questioning whether they have the right mix of businesses. The integration of volatile investment banking and staid wealth management at UBS and Credit Suisse, two Swiss banks, is the subject of much alpine soul-searching. Allianz, a German insurer, has apparently lost patience with its foray into investment banking, and is restructuring its Dresdner Bank subsidiary.

Rumours fly about the blockbuster deals that may soon be done. Lehman Brothers, a Wall Street bank that is desperately fighting to restore confidence in its prospects, is at the centre of many of them. Barclays, Deutsche Bank, HSBC and Royal Bank of Canada are among the names to have been bandied about as predators in recent weeks. UBS, which has been hit by massive write-downs on mortgage-backed securities, is also the subject of whispers--with Barclays, Deutsche and HSBC again to the fore. Bright-eyed bankers peddle ideas for other combinations. How about Lehman?s Wall Street clout and Standard Chartered?s emerging-markets network? Or HSBC and Merrill Lynch?

Short of an implosion to rival that of Bear Stearns in March, however, the rumours are unlikely to become real deals for the time being. For sellers, shares have fallen so steeply that deals are only for the truly desperate. Lehman, where the employees own lots of the equity, has a strong reason not to sell out while prices are so low. UBS is badly bloodied, but has raised lots of capital and said on July 4th that it will come close to breaking even in the second quarter. In Germany the long-awaited sale of Postbank, a retail bank, is reportedly sticking on the optimistic price expectations of Deutsche Post, its parent.

More importantly, buyers are scarce. "There are so few people with strong hands to play," says Huw van Steenis, an analyst at Morgan Stanley. Those banks that do have the firepower to make purchases have plenty of reasons to sit tight.

In an environment this febrile, banks are anxious to husband their own capital rather than deplete it. Deutsche Bank is under pressure to bring down its leverage ratio, a measure of gross assets to capital. Barclays raised £4.5 billion ($9 billion) in June, but is still more thinly capitalised than many of its peers. HSBC has been burnt by its disastrous acquisition of Household, an American lender, and is in any case committed to expanding in emerging markets rather than developed ones.

Remember too that those banks able to contemplate acquisitions just now are the very ones that tended to manage their balance-sheets most conservatively in the run-up to the crisis. Taking a bet on a big deal today would be a huge and uncharacteristic gamble. Due diligence on banks? structured-credit exposures remains a nightmarish prospect for would-be acquirers ("a toxic tool-chest of joy" is one observer?s pithy description of Lehman).

Liquidity is also now a big part of buyers? calculations. Few want to bump up the amount of debt that needs to get rolled over while credit markets are still dislocated. Inevitably, accounting standards add to the complexity, by requiring acquirers to account for the assets and liabilities they buy at fair value.

In addition, paying out today makes little sense, because targets are still getting cheaper. On July 7th the KBW Bank index of American commercial-bank shares fell to its lowest level since 1997, as investors fretted about rising credit losses. Buyers would doubtless also welcome greater certainty about the regulatory reforms before forking out, particularly over the higher capital requirements the investment banks may have to bear.

Regulators themselves may set up roadblocks to deals, either because they take a generally dim view of capital-sapping acquisitions or because of the rules. The restriction that no bank can own more than 10% of American deposits is one reason to doubt reports linking JPMorgan Chase and Wachovia. For UBS, the Swiss would also doubtless want a foreign buyer to decamp to Switzerland, a big barrier to a deal. "Consolidation will come in two years? time, not now," says Alessandro Profumo, the boss of UniCredit, an Italian bank. "For now, people are conserving capital."

The less that big pieces of the jigsaw move, the more smaller ones will instead. Banks? need for capital is not yet satisfied and there is mounting concern that investors are less willing to inject cash into sinking assets (see Buttonwood). Disposals are the obvious escape route. Some smaller deals are already being done. Bidding is under way for the insurance arm of Royal Bank of Scotland; Banco Sabadell and Banco Pastor, two Spanish banks, have put bits of their insurance divisions on the block too. Citigroup is in talks to offload its German retail operations; predators will doubtless hope that it decides to sell some of its emerging-markets operations too. Deutsche snapped up the Dutch corporate-banking arm of ABN AMRO from Fortis, a Benelux bank, for a song on July 2nd. It paid £709m ($1.1 billion) in cash.

Expectations grow that Merrill Lynch, which is due to report its second-quarter earnings on July 17th, will sell some or all of its stakes in Bloomberg, an information provider, and (more damaging to future earnings) BlackRock, a thriving fund manager. A phoney war has broken out down under in anticipation that HBOS, Britain?s biggest mortgage lender, will offload its Australian unit. According to one of Europe?s most senior bankers, there will be "an unending fire-sale of non-core assets" over the next 18 months.

The big question, of course, is whether that will keep bank finances shored up long enough for markets to stabilise. If losses continue to spiral, capital dries up, and disposable assets cannot find purchasers, banks will have little choice but to cut back even harder on lending, or to take whatever price they can get.

LOAD-DATE: July 10, 2008

EXHIBIT 174

1 of 2 DOCUMENTS

The Observer

The Observer (England)

July 13, 2008

SECTION: OBSERVER BUSINESS PAGES; Pg. 7

LENGTH: 1094 words

HEADLINE: Business & Media: Business: Don't bank on a B&B buyer: Bradford & Bingley's market value is now substantially less than the profit it made last year. So why do all the possible bidders seem to be looking the other way? Heather Connon looks into why even the giveaway price of £ 300m seems overinflated

BYLINE: Heather Connon

BODY:

The buyers should be queuing up: Bradford & Bingley's value has plunged to less than £ 300m, a sixth of its value at the start of the year and just a tenth of what it was worth this time two years ago. Even that value could include a substantial bid premium: Bruce Packard at Pali International thinks the shares are actually worthless, while other analysts' estimates range from 20p to 30p.

Yet last year, Bradford & Bingley made more than £ 350m profit before tax - more, that is, than its market value last week - and it has £ 40bn of mortgage loans and £ 20bn of savings balances. Even allowing for the Armageddon that seems to be breaking out in the housing market, that must surely be worth something?

Not enough to make it worth the bother, seems to be the general feeling. The six high street banks - HSBC, Lloyds TSB, HBOS, Royal Bank of Scotland, Barclays and Abbey - have all been strong-armed by the Financial Services Authority into underwriting B&B's £ 400m rights issue.

Given that the shares are trading around 10p below the 55p at which the new shares are being offered, it seems likely that they will end up owning around half of the bank's shares between them. But, while none was prepared to comment publicly on their own intentions, it seems that there is little appetite for buying the entire bank among any of them.

'It is not a very attractive business,' said a senior executive at one of the high street banks, 'and it would be very difficult to justify to shareholders.'

'We all already have the branch networks, the staff and relationships with the customers,' said another. And another: 'It is never pleasant to do the staff reduction exercises that follow takeovers but [a deal like this] would grab the headlines in a very negative way.'

It is certainly easier to rule out candidates to acquire the business than to list them. HSBC has the advantage of one of the strongest banking balance sheets in the world, but it has made it clear that it is focused on expanding in emerging markets and, given its expensive foray into mortgage lending in the United States, a takeover of B&B would be deeply unpopular with all investors, including activist Knight Vinke.

Royal Bank of Scotland may be hugely relieved to have got its own £ 12bn rights issue away but that does not mean it has the spare cash to pick up struggling mortgage lenders. Barclays is seen as having rather too little capital, despite raising £ 4bn in a placing. Lloyds TSB is the perennial favourite to acquire a UK mortgage bank - indeed, it wanted to take over Northern Rock before its collapse, but failed to get assurances on funding from the financial authorities. But it is likely to be happy to use the competitive advantage of its lack of exposure to the kind of sub-prime mess that is undermining rivals to build its mortgage and savings book, without resorting to a messy acquisition. Santander, owner of Abbey, is also clearly interested in expanding its UK presence, having held tentative talks with Alliance & Leicester, but it is unlikely to be keen to take on the high-risk buy-to-let and self-certification mortgages that dominate B&B's portfolio, nor to grapple with the task of restructuring its securitisations and other financial portfolios.

What is more likely, according to analysts, is that B&B will effectively be carved up between a number of different buyers - although even that will not be easy. A credit downgrade by Moody's has made raising debt on the security of its assets much more expensive, as well as forcing it to restructure its main £ 9bn Aire Valley trust. Following the downgrade, B&B is no longer able to act as a counterparty to interest-rate swaps taken out by the Aire Valley vehicle. That means the bank has to find a new counterparty - which will be all but impossible in the current climate - or provide extra funding for the trust, stretching its finances still further.

Unravelling its funding arrangements will therefore be a significant challenge for anyone contemplating a consortium bid; so, too, will be finding buyers for some of its higher-risk mortgages. B&B has been acquiring portfolios of buy-to-let mortgages under an arrangement with GMAC (almost £ 800m of loans were bought in in the first six months of this year alone) and it has admitted that bad debts on these purchased loans have been rising far more sharply than on its own portfolio. Investors are concerned that its own buy-to-let portfolio will also start to suffer significant arrears, hitting the value of its own portfolio.

Bruce Packard, banking analyst at Pali International, thinks that its write-offs could be as high as £ 1.6bn, or about 4 per cent of its total loan book.

'Although this seems ridiculously high, given the £ 22m impairment loss in 2007, this cumulative number equates to arrears levels of 20 per cent,' he said.

'This is below the level of losses on US sub-prime, where delinquency levels are well over 30 per cent. We also highlight that the 4 per cent of losses that £ 1.6bn equates to is below the level of UK commercial property write-downs that banks saw during the last recession, and although there was no buy-to-let in the early Nineties, there are perhaps parallels with the economics of commercial property.'

One banking expert also suggested that rival Alliance & Leicester could be 'encouraged' to merge with B&B. That has some logic: combined, the two banks would be better able to raise funds and compete in a more difficult economic climate. But it is uncertain whether A&L would want - or has the resources and management strength - to take on the integration and restructuring of B&B's portfolio.

At HBOS, led by Andy Hornby, shares remained at, or below, the 275p rights issue level last week, making it likely that a substantial part of its £ 4bn issue will be left in the hands of the underwriters. While RBS secured more than 90 per cent acceptances for its refinancing, the shares are now trading below the 200p at which these shares were issued.

That trail of failed rights issues means that A&L is likely to have to seek a more innovative funding solution, however, perhaps by seeking strategic partners as Barclays did with its foreign investors.

While it insists that it does not need to raise new funding and points out that it has secured resources to last it until next year, the FSA has made it clear that it wants banks to strengthen their balance sheets. A&L is expected to fall into line, although the FSA, having had to prop up three B&B rights issues, is likely to be steering A&L away from that route.

LOAD-DATE: July 14, 2008

EXHIBIT 175

FILED UNDER SEAL

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re BARCLAYS BANK PLC SECURITIES LITIGATION	:	Master File No. 1:09-cv-01989 (PAC)
This Document Relates To:	:	
ALL ACTIONS	:	

EXPERT REPORT OF ALLAN W. KLEIDON, Ph.D.

December 15, 2015

Table of Contents

I. Qualifications

1. I am a Senior Vice President at Cornerstone Research, a financial and economic consulting firm, and an Honorary Professor in the School of Business at the University of Queensland in Australia. Prior to joining Cornerstone Research, I was an Associate Professor of Finance at the Graduate School of Business, Stanford University, and I have taught in the Graduate School of Business and the School of Law at Stanford since joining Cornerstone Research. I have also taught at the Haas School of Business at the University of California, Berkeley, and the University of Chicago, Graduate School of Business. I received my doctorate in 1983 from the University of Chicago and my Master of Business Administration degree from that institution in 1981. My academic and other work primarily has been in the fields of econometrics (the application of statistical methods within an economic framework), security prices and markets, corporate finance, and management of financial institutions. I have published numerous articles on economic and financial topics. A copy of my curriculum vitae and a list of prior testimony over the past four years are attached hereto as Exhibit 1.

II. Assignment

2. I understand that this case arises out of an April 2008 offering by Barclays Bank PLC ("Barclays" or the "Company") of dollar-denominated non-cumulative callable preference shares, Series 5, which were sold in the form of American Depositary Shares (the "Series 5 ADS"), and that the Second Consolidated Amended Complaint, dated September 13, 2013 (the

"Complaint") alleges that the Series 5 Offering Documents contained misrepresentations (i.e., misstatements or omissions).[1]

3. I have been asked by counsel for Barclays to analyze whether any declines in the price of the Series 5 ADS during the period April 8, 2008 (the "Offering Date") to March 24, 2009 (the filing date of Barclays' Form 20-F for the year ended December 31, 2008 ("2008 Form 20-F")) (the "Analysis Period") were attributable in whole or in part to any of the alleged misrepresentations cited in the Complaint.

4. A list of the documents I have considered in forming my opinions is attached hereto as Exhibit 2. Cornerstone Research is being compensated for my work in this matter at my regular hourly rate, which currently is $940. My compensation is not affected by the outcome of this matter.

III. Summary of Opinions

5. Below is a brief summary of my findings and opinions in this matter. The bases for my findings and opinions are detailed in the sections that follow. My work in this matter is ongoing, and I reserve the right to supplement my analysis if additional information becomes available.

- There were no statistically significant price declines in the Series 5 ADS in the Analysis Period on any days when (i) any allegedly corrective information cited

[1] As used in this report, the term "Series 5 Offering Documents" refers to: Barclays Form F-6 Registration Statement filed on August 31, 2007; Barclays Prospectus Supplement to Prospectus dated August 31, 2007, filed on April 8, 2008 ("Prospectus Supplement"); and the documents incorporated by reference therein, including but not limited to Barclays' Form 20-F for the year ended December 31, 2007, filed on March 26, 2008 ("Barclays 2007 Form 20-F").

in the Complaint was disclosed to the market, or (ii) any allegedly undisclosed risk cited in the Complaint materialized.

- All statistically significant price declines in the Series 5 ADS in the Analysis Period occurred on days when (i) there was no allegedly corrective information cited in the Complaint disclosed to the market, and (ii) no allegedly undisclosed risk cited in the Complaint materialized.

- Based on my analysis, the price declines during the Analysis Period are not attributable in whole or in part to any of the alleged misrepresentations.

IV. The Series 5 ADS

6. Barclays is an international financial services provider engaged in global retail banking, commercial banking, investment banking, and investment management (Barclays 2007 Form 20-F, p. 8). Barclays offered 100 million Series 5 ADS at $25 per share on or about April 8, 2008. According to *Bloomberg*, an additional six million Series 5 ADS were offered on April 17, 2008 pursuant to the overallotment provision of the offering. The Series 5 ADS are listed and traded on the New York Stock Exchange ("NYSE"). Each Series 5 ADS represents one preference share. The underlying preference shares are not traded. The Series 5 ADS are callable, meaning the shares can be redeemed at par by Barclays at predetermined times (i.e., dividend payment dates) and under specific circumstances (e.g., all the Series 5 ADS may be redeemed upon the occurrence of a regulatory event,[2] and all or part of the Series 5 ADS may be redeemed for any reason after June 15, 2013) (Prospectus Supplement, p. 2). The Series 5 ADS

[2] Prospectus Supplement, p. S-8 ("[I]f at any time the preference shares are no longer eligible to qualify as Tier 1 Capital (as such term is defined in the FSA's 'General Prudential Sourcebook' or any successor publication replacing such sourcebook) then we may redeem all, but not some only, of the preference shares.").

rank senior in liquidation rights to ordinary shares and have dividend priority over Barclays' ordinary shares. Unlike Barclays' ordinary shares, the Series 5 ADS do not have voting rights.

7. The Series 5 ADS pay quarterly dividends at an annual rate of 8.125% on the face value of $25 per preference share. As shown in Exhibit 3 (the Series 5 ADS dividend history), Barclays has paid this dividend on every quarterly dividend date since issuance of the Series 5 ADS. These Series 5 ADS have certain characteristics in common with corporate debt. For example, the fixed dividend is similar to interest payments associated with debt and, unlike holders of ordinary shares, Series 5 ADS holders do not have a residual claim on the assets of the Company.

8. Exhibit 4 shows the Series 5 ADS closing prices from issuance through November 30, 2015. The Series 5 ADS closing price reached a low of $4.95 per share on March 9, 2009, and then increased throughout 2009 to reach the original offering price of $25 on January 14, 2010. The Series 5 ADS closing price has not been below $24.57 since February 2012, and the average closing price over the past almost four years (February 2012–November 2015) is $25.80—above the original offering price.

9. As discussed in Section VI below, macroeconomic and market conditions changed dramatically after the Offering Date, a period often referred to as the global financial crisis. During this period, among many other developments, Lehman Brothers declared bankruptcy (September 15, 2008)[3] and the U.S. government announced a $250 billion bank

[3] "Lehman Creditors, Shareholders May Lose Billions (Update1)," *Bloomberg*, September 15, 2008, 11:56 AM ET.

bailout (October 13, 2008).[4] The turmoil continued into 2009. Stock prices generally reached their lowest point in March 2009 (for example, the lowest price for the S&P 500 Index was reached on March 9, 2009,[5] the same day that the Series 5 ADS reached their lowest price).

V. Summary of Allegations

10. The Complaint (¶135) alleges certain misrepresentations in the Series 5 Offering Documents:

> The statements…from the April 2008 Prospectus and 2007 20-F were false and misleading for the following reasons:
>
> (a) …Barclays knowingly failed to properly write down its exposure to U.S. subprime and Alt-A mortgages, CDOs, monoline insurers and RMBS in accordance with applicable accounting standards, and failed to adequately disclose the risks posed by these assets;
>
> (b) …Barclays knowingly failed to adequately disclose the risk to the Company associated with its exposure to monoline insurers, including the fact that the Company had more than £21.5 billion of notional exposure to highly risky mortgage-backed assets, such as £10 billion in A/BBB and non-investment grade CLOs and MBSs, which had only been written down by less than 0.3% at the time of the Series 5 Offering;
>
> (c) Barclays failed to disclose the substantial and material risk that the Company's U.S. subprime and Alt-A exposure had on its stated capital ratio, shareholder's equity and the risk that the same posed to the Company's future capital ratio and liquidity; and
>
> (d) The Company's failure to disclose and comply with items (a)-(d) [*sic* (c)] above was in contravention of Barclays' stated risk management policies and public recommendations.

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[4] "U.S. Investing $250 Billion in Banks," *New York Times*, October 13, 2008, No Time.

[5] "S&P 500 Virtually Doubles from Its Bear Market Low," *CBS News*, February 14, 2011, 5:56 PM ET.

11. The Complaint (¶195) further alleges:

> Barclays would not begin to make certain disclosures of its capital credit market exposures until its 2008 Interim results, as of June 30, 2008, and certain important disclosures were not made until the annual report as of December 31, 2008 was filed in March 2009. For example, although Barclays disclosed in its 2007 Form 20-F that the impairment charges for Barclays Capital were £782 million, Barclays failed to disclose the total fair value losses and total gross losses pertaining to BarCap's credit risk, which included U.S. residential mortgages (i.e., ABS CDO super senior, other U.S. subprime, Alt-A and U.S. RMBS wrapped by monoline insurers); commercial real estate; commercial mortgages (i.e., commercial MBS and CMBS wrapped by monoline insurers); and other credit market assets (i.e., SIVs and SIV-lites, credit derivative products companies and CLOs and other assets wrapped by monoline insurers). As Barclays eventually disclosed in its 2008 Form 20-F, the total fair value losses for these credit market risks in 2007 were £2.217 billion. These losses of £2.217 combined with the £782 million impairment charges for 2007 resulted in an undisclosed total gross loss of nearly £3 billion in 2007.

12. The Complaint (¶210) also alleges:

> …Barclays failed to disclose its gross exposure to such leveraged loans in 2007 in accordance with IFRS 7, ¶¶31, 33. As of December 31, 2008, however, after Series 5 was completed, Barclays disclosed in its 2008 Form 20-F that its exposure to leveraged loans was £10.506 billion.

VI. Background

13. This section discusses the evolution of the global financial crisis, from April 2007 through March 2009. Section A outlines major events prior to the April 2008 Series 5 ADS offering, a period during which home prices declined and rising defaults in the subprime mortgage market spread beyond subprime mortgages and impacted the overall economy from April 2007 to April 2008. Section B details major events that occurred after the Series 5 ADS offering, including substantial losses sustained by financial institutions, attempts by various government agencies around the world to stabilize the financial markets, and the bankruptcy of

Lehman Brothers on September 15, 2008. There were substantial declines in financial markets during both periods.

A. Events prior to the Series 5 ADS Offering

14. There was a substantial decline in home prices in 2007, which caused turmoil in the financial markets and the broader economy. Rising defaults in subprime mortgages triggered ratings downgrades of subprime assets and assets backed by subprime residential mortgage-backed securities products. On April 2, 2007, New Century Financial, one of the largest U.S. subprime lenders, filed for Chapter 11 bankruptcy protection.[6] Uncertainty about the extent to which home prices would continue to decline and the magnitude of the losses that financial institutions might face caused many banks to stop lending to other banks for fear of counterparty risk. Both the uncertainty associated with the housing market and the dislocation in the interbank lending markets contributed to a sharp drop in the issuance of asset-backed securities.[7]

15. Ben Bernanke, Chairman of the Federal Reserve Board, stated (Speech by Ben S. Bernanke, "Financial Markets, the Economic Outlook, and Monetary Policy," January 10, 2008):

> [A]s subprime mortgage losses rose to levels that threatened even highly rated tranches, investors began to question the reliability of the credit ratings and became increasingly unwilling to hold these products. Similar concerns arose in the market for asset-backed commercial paper (ABCP). In this market, various institutions established special-purpose vehicles to issue commercial paper to help fund a variety of assets, including some private-label mortgage-backed securities, mortgages warehoused for securitization, and other long-maturity assets. Investors had typically viewed the commercial paper backed by these assets as

[6] "New Century, Biggest Subprime Casualty, Goes Bankrupt," *Bloomberg*, April 2, 2007, 4:38 PM ET.

[7] Paul Mizen, "The Credit Crunch of 2007-2008: A Discussion of the Background, Market Reactions, and Policy Responses," Federal Reserve Bank of St. Louis *Review*, September/October 2008, pp. 531–568 at 542–543.

> quite safe and liquid. But the concerns about mortgage-backed securities and structured credit products more generally (even those unrelated to mortgages) led to great reluctance on the part of investors to roll over ABCP, particularly at maturities of more than a few days, leaving the sponsors of the various investment vehicles scrambling for liquidity. Those who could not find new funding were forced to sell assets into a highly illiquid and unreceptive market.

16. On July 18, 2007, Bear Stearns warned investors in two of its hedge funds that they would incur significant losses in subprime-related assets and that it would wind down those funds.[8] On September 14, 2007, the British bank Northern Rock experienced a liquidity shortage and requested financial support from the Bank of England, causing depositors to withdraw £1 billion from Northern Rock in what was the biggest run on a British bank in more than a century.[9]

17. Various financial institutions reported write-downs in the fourth quarter of 2007. In the United States, Citigroup and Merrill Lynch reported the largest losses from their extensive collateralized debt obligation ("CDO") businesses; Bank of America and Bear Stearns reported losses in the billions; and other financial institutions including insurance companies and hedge funds reported mortgage-related losses.[10] As the Complaint (¶¶118–119) acknowledges, Barclays itself issued an "unscheduled trading update" on November 15, 2007 disclosing exposures and write-downs with respect to various asset classes.[11]

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[8] "Bear Stearns Says Battered Hedge Funds Are Worth Little," *New York Times*, July 18, 2007, No Time.

[9] "Timeline: Northern Rock bank crisis," *BBC News*, September 13, 2007, No Time.

[10] "Merrill Lynch Reports $7.9 Billion Write-Down," *New York Times*, October 24, 2007, No Time; "Citi's Sub-Prime Related Exposure in Securities and Banking," *Citigroup.com*, November 4, 2007, No Time; "Bank of America Joins Parade of Mortgage-Related Losses," *New York Times*, January 23, 2008, No Time; "Bear Stearns Takes a $1.2 Billion Write-Down," *New York Times*, November 14, 2007, No Time.

[11] The November 15, 2007 disclosure focused on exposures and write-downs with respect to various asset classes held by Barclays Capital Inc. Throughout this report, my references to "Barclays" include Barclays Capital Inc.

18. The S&P 500 Financials Index declined 21% during 2007. Investment banks and other financial institutions faced tighter credit markets and increasing capital pressures.

19. In early 2008, governments around the world responded to the deteriorating macroeconomic environment, increasing their efforts to support the financial system and bolster the economy by lowering short-term interest rates and attempting to improve liquidity. For example, on January 22, 2008, the U.S. Federal Reserve cut rates by three-quarters of a percentage point to 3.5%. This was the biggest cut in 25 years and its first emergency cut in rates since 2001.[12] In the U.K., the Banking (Special Provisions) Bill, which defined the circumstances in which the Treasury can take a financial institution into public ownership, received Royal Assent on February 21, 2008.[13] On March 11, 2008, the U.S. Federal Reserve announced the creation of the Term Securities Lending Facility ("TSLF"), which would lend up to $200 billion of Treasury securities to banks.[14]

20. In the United States, investors continued to lose confidence in Bear Stearns and there was significant doubt as to whether it would remain solvent. On March 16, 2008, the troubled bank was acquired by J.P. Morgan Chase at $2 per share, less than 7% of its share price just two days earlier.[15] U.S. Treasury Secretary Timothy Geithner stated (Timothy Geithner, "Financial Crisis Amnesia," *Wall Street Journal*, March 1, 2012):

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[12] "Historical Changes of the Target Federal Funds and Discount Rates," Federal Reserve Bank of New York, http://www.newyorkfed.org/markets/statistics/dlyrates/fedrate.html, accessed on November 5, 2015.

[13] Hugh Pym, *Inside the Banking Crisis: The Untold Story* (London: Bloomsbury Publishing, 2014), p. 184.

[14] "Federal Reserve Announces Expansion of Its Securities Lending Program," Federal Reserve Bank of New York, March 11, 2008, No Time.

[15] "JPMorgan Acts to Buy Ailing Bear Stearns at Huge Discount," *New York Times*, March 16, 2008, No Time.

> [Bear Stearns] was deeply entwined in financial markets and had the perfect mix of vulnerabilities. It took on too much risk. It relied on billions of dollars of risky short-term financing. And it held thousands of derivative contracts with thousands of companies. These weaknesses made Bear Stearns the most important initial casualty in what would become the worst financial crisis since the Great Depression. But as we saw in the summer and fall of 2008, these weaknesses were not unique to that firm.

B. Events after the Series 5 ADS Offering

21. Following the collapse of Bear Stearns, the credit crisis continued to worsen and spread to other sectors of the global economy during the remainder of 2008 and into 2009. The prices of the Series 5 ADS declined at various points over this period, as did the prices of other stocks, in response to the growing global financial crisis, as shown in Exhibit 5.

22. On April 8, 2008, the IMF warned ("Global Financial Stability Report," International Monetary Fund, April 2008):

> [F]alling U.S. housing prices and rising delinquencies on mortgage payments could lead to aggregate losses related to the residential mortgage market and related securities of about $565 billion, including the expected deterioration of prime loans. Adding other categories of loans originated and securities issued in the United States related to commercial real estate, the consumer credit market, and corporations increases aggregate potential losses to about $945 billion.

23. Monetary authorities and large financial institutions around the world took major steps to try to stem the crisis. After cutting interest rates by 0.25% on April 10, 2008,[16] the Bank of England announced on April 21, 2008 details of a £50 billion plan to allow banks affected by the credit crunch to swap mortgage-backed securities for government bonds. The U.S. Federal

[16] "Statistical Interactive Database – Official Bank Rate History," Bank of England, http://www.bankofengland.co.uk/boeapps/iadb/Repo.asp, accessed on November 1, 2015.

Reserve lowered the federal funds rate an additional 0.25% on April 30, 2008, citing weak economic activity.

24. On June 6, 2008, the United States announced a decline of 49,000 payrolls and an increase in the unemployment rate from 5% to 5.5%, signaling a weaker job market.[17]

25. On July 12, 2008, the FDIC announced that IndyMac Bank had been closed by the Office of Thrift Supervision and placed into conservatorship of the FDIC,[18] a move widely interpreted as a sign of more failures to come ("Crisis Deepens as Big Bank Fails," *Wall Street Journal*, July 12, 2008):

> IndyMac is the biggest mortgage lender to go under since a fall in housing prices and surge in defaults began rippling through the economy last year – and it likely won't be the last. Banking regulators are bracing for a slew of failures over the next year as analysts say housing prices have yet to bottom out.

26. The following Monday, the U.S. Treasury stepped in to assist Fannie Mae and Freddie Mac directly ("Treasury Acts to Shore Up Fannie Mae and Freddie Mac," *New York Times*, July 14, 2008):

> Alarmed by the sharply eroding confidence in the nation's two largest mortgage finance companies, the Bush administration on Sunday asked Congress to approve a sweeping rescue package that would give officials the power to inject billions of federal dollars into the beleaguered companies through investments and loans. In a separate announcement, the Federal Reserve said it would make one of its short-term lending programs available to the two companies, Fannie Mae and Freddie Mac.

[17] "U.S. Economy: Payrolls Fall, Unemployment Rate Climbs (Update4)," *Bloomberg*, June 6, 2008, 4:32 PM ET.

[18] "FDIC Establishes IndyMac Federal Bank, FSB as Successor to IndyMac Bank, F.S.B.," Federal Deposit Insurance Corporation Press Release, July 11, 2008, No Time.

27. On September 7, 2008, the Federal Housing Finance Agency placed Fannie Mae and Freddie Mac into government conservatorship.[19] Placing Fannie and Freddie into conservatorship was described as "a seismic event in a year of repeated financial crises followed by aggressive federal intervention."[20]

28. On September 15, 2008, Lehman Brothers filed for Chapter 11 bankruptcy protection, further increasing the turmoil in the financial markets. Chairman Bernanke commented on the impact of Lehman's collapse on money market funds, which, in turn, constricted liquidity (Speech by Ben S. Bernanke, "Reflections on a Year of Crisis," September 15, 2009):

> As a result of losses on Lehman's commercial paper, a prominent money market mutual fund announced on September 16 that it had "broken the buck"--that is, its net asset value had fallen below $1 per share. Over the subsequent several weeks, investors withdrew more than $400 billion from so-called prime money funds. Conditions in short-term funding markets, including the interbank market and the commercial paper market, deteriorated sharply. Equity prices fell precipitously, and credit risk spreads jumped.

29. On the same day that Lehman Brothers filed for bankruptcy protection, Bank of America announced that it would purchase Merrill Lynch for $29 per share "to avert a deepening financial crisis"; Merrill Lynch traded earlier in 2007 for nearly $100 per share. September 15 was described as "one of the most dramatic days in Wall Street's history."[21]

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[19] "U.S. Seizes Fannie and Freddie," *CNN Money*, September 7, 2008, 8:28 PM ET.

[20] "In Rescue to Stabilize Lending, U.S. Takes Over Mortgage Finance Titans," *New York Times*, September 8, 2008, No Time.

[21] "Bids To Halt Financial Crisis Reshape Landscape of Wall St.," *New York Times*, September 15, 2008, No Time.

30. The next day, September 16, 2008, AIG received a bailout package from the U.S. government in return for an 80% public stake in the firm, "without which the company may have [had] only days to survive."[22] AIG at this time conducted business with "thousands of companies around the globe," indicating the widespread effects its failure would have had.[23] The collapse of AIG "would have been a chain reaction…[and] the spillover effects [w]ould have been incredible."[24] The government's bailout of AIG was described as "the most radical intervention in private business in the…history" of the Federal Reserve.[25]

31. Treasury Secretary Henry Paulson discussed this period of the crisis in a speech delivered in late November 2008 (Remarks by Secretary Henry M. Paulson Jr. at the Ronald Reagan Presidential Library, November 20, 2008): "By mid-September, after 13 months of market stress, the financial system essentially seized up and we had a system-wide crisis. Credit markets froze and banks substantially reduced interbank lending…. Our system was on the verge of collapse."

32. On September 25, 2008, the Office of Thrift Supervision seized Washington Mutual Bank and placed it into FDIC receivership.[26] On the same day, J.P. Morgan purchased the assets of Washington Mutual from the FDIC.[27]

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[22] "Fed's $85 Billion Loan Rescues Insurer," *New York Times*, September 16, 2008, No Time; "Bids To Halt Financial Crisis Reshape Landscape of Wall St.," *New York Times*, September 15, 2008, No Time.

[23] "Fed's $85 Billion Loan Rescues Insurer," *New York Times*, September 16, 2008, No Time.

[24] "Fed's $85 Billion Loan Rescues Insurer," *New York Times*, September 16, 2008, No Time.

[25] "Bids To Halt Financial Crisis Reshape Landscape of Wall St.," *New York Times*, September 15, 2008, No Time.

[26] "Government Seizes WaMu and Sells Some Assets," *New York Times*, September 26, 2008, No Time.

[27] "Government Seizes WaMu and Sells Some Assets," *New York Times*, September 26, 2008, No Time.

33. On September 29, 2008, the FDIC announced that Citigroup would acquire the banking operations of Wachovia Corp. in an FDIC-assisted transaction.[28] On October 3, 2008, rather than complete the transaction with Citigroup, Wachovia announced that it had agreed to be acquired by Wells Fargo.[29]

34. The markets continued to face a series of steep one-day drops. On October 10, 2008, the Financial Times Stock Exchange 100 ("FTSE") fell 8.9% to 3,932.1 points, its first time under the 4,000 mark in five years, representing the worst daily fall since the stock market crash of 1987 and wiping approximately £89.5 billion from the value of Britain's largest companies.[30] On October 15, 2008, the Dow Jones fell 733 points, or 7.9%, to 8,578, and the S&P 500 fell 90 points, or 9%, to 907.8, their worst single-day percentage drops since the 1987 crash.[31] By December 31, 2008, the FTSE had fallen 31.3% over 2008, the biggest annual fall since the index began.[32] The S&P 500 fell 38.5% over the same period.[33]

35. The U.S. government responded with a series of aggressive policy responses, including the Troubled Asset Relief Program ("TARP"), a voluntary capital purchase program

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[28] "Citigroup Inc. to Acquire Banking Operations of Wachovia," FDIC Press Release, September 29, 2008, No Time.

[29] "Wells Fargo Swoops In," *New York Times*, October 3, 2008, No Time.

[30] "London Suffers Third Biggest Fall in 'Great Crash of 2008,'" *Guardian*, October 10, 2008, 2:00 PM ET.

[31] "Another Huge Dow Loss," *CNN Money*, October 15, 2008, 6:21 PM ET.

[32] "FTSE 100 Index Has Its Worst Year," *BBC*, December 31, 2008, 4:32 PM ET.

[33] "U.S. Stocks Post Steepest Yearly Decline Since Great Depression," *Bloomberg*, December 31, 2008, 8:17 PM ET.

under which the U.S. Treasury would purchase up to $250 billion of senior preferred shares from U.S. financial institutions.[34]

36. In the U.K., on October 8, 2008, Prime Minister Gordon Brown announced a bailout for the financial industry,[35] and on the same day, the U.K. government introduced higher capital requirements as part of the government's attempt to stabilize the financial system.[36]

37. Chairman Bernanke has described September and October of 2008 as "the worst financial crisis in global history," noting that 12 out of 13 of the most important U.S. financial institutions "were at risk of failure."[37]

38. By the end of 2008, the U.S. government ultimately purchased approximately $178 billion in the preferred stock and warrants of 214 financial institutions.[38] These extraordinary government interventions were not limited to traditional financial institutions; on December 19, 2008, the Treasury authorized loans of up to $13.4 billion for General Motors and $4 billion for Chrysler from the TARP program.[39]

39. On February 26, 2009, the U.K. government announced the details of its asset purchasing program.[40] On March 18, 2009, the Federal Reserve decided to purchase up to $300

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[34] "U.S. Investing $250 Billion in Banks," *New York Times*, October 13, 2008, No Time.

[35] "Britain's Bank Bailout Worth Hundreds of Billions," *New York Times*, October 8, 2008, No Time.

[36] "Rescue Plan for UK Banks Unveiled," *BBC*, October 8, 2008, 12:58 PM ET.

[37] "Bernanke: 2008 Meltdown Was Worse than Great Depression," *Wall Street Journal*, August 26, 2014, 4:03 PM ET.

[38] "The Troubled Asset Relief Program: Report on Transactions Through December 31, 2008," Congressional Budget Office, January 16, 2009, p. 2.

[39] "Bush Aids Detroit, but Hard Choices Wait for Obama," *New York Times*, December 19, 2008, No Time.

[40] "Asset Protection Scheme and Increased Lending," HM Treasury Press Release, February 26, 2009, No Time.

billion of longer-term Treasury securities "to help improve conditions in private credit markets."[41] On March 26, 2009, the U.S. government revealed details of a regulatory framework centered on systemic risk, consumer and investor protection, regulatory gaps, and international coordination.[42]

40. Chairman Bernanke made the following observation about the period from August 2008 forward (Speech by Ben S. Bernanke, "Reflections on a Year of Crisis," September 15, 2009):

> A year after the onset of the current crisis in August 2007, financial markets remained stressed, the economy was slowing, and inflation—driven by a global commodity boom—had risen significantly. What we could not fully appreciate then was that the economic and policy environment was about to become vastly more difficult. In the weeks that followed, several systemically critical financial institutions would either fail or come close to failure, activity in some key financial markets would virtually cease, and the global economy would enter a deep recession.

VII. Event Study Analysis

41. To assess whether any declines in the price of the Series 5 ADS during the Analysis Period were attributable in whole or in part to any of the alleged misrepresentations cited in the Complaint, I conducted an event study. An event study is a widely used and generally accepted statistical framework for investigating the effects of information on securities prices. Section VII.A below explains the general event study methodology, while Section VII.B describes the particular regression model used in this report. Section VII.C analyzes all days in

[41] "Federal Reserve Monetary Policy Release," Board of Governors of the Federal Reserve System Press Release, March 18, 2009, No Time.

[42] "Treasury Outlines Framework for Regulatory Reform," U.S. Treasury Press Release, March 26, 2009, No Time.

the Analysis Period on which there were statistically significant movements in the price of the Series 5 ADS, as well as the days on which allegedly corrective information entered the market as described in the Complaint.[43]

A. Methodology

42. Over the past 40 years, the event study methodology has been used and refined in academic research in the fields of finance and accounting.[44] An event study provides an objective measure of whether a particular disclosure is associated with a significant change in the total mix of information.

43. The standard approach uses the statistical method of linear regression to account for market and industry effects. Because stock prices reflect market, industry, and company-specific information, it is necessary to extract the market and industry-related portions of stock price movements to isolate that part that may be related to company-specific information. Once market and industry effects are controlled for, standard statistical tests can be conducted on the remaining price movement (known as the "residual return") to test for significant price changes

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[43] In this report, the phrase "corrective information" includes both (i) allegedly corrective information that was disclosed to the market, and (ii) the materialization of any allegedly undisclosed risk. The use of the phrase "corrective information" is based solely on the allegations of the Complaint; it does not reflect any conclusion that any "corrective information" was disclosed to the market, or that any allegedly undisclosed risk materialized, on any given day.

[44] For an introduction to event study analysis, see Richard A. Brealey, Stewart C. Myers, and Franklin Allen, "Corporate Financing and the Six Lessons of Market Efficiency," Chapter 13 in *Principles of Corporate Finance*, 8th ed. (New York: McGraw-Hill/Irwin, 2006). See also Stephen J. Brown and Jerold B. Warner, "Using Daily Stock Returns: The Case of Event Studies," *Journal of Financial Economics* 14 (1985), pp. 3–31; John J. Binder, "On the Use of the Multivariate Regression Model in Event Studies," *Journal of Accounting Research* 23, no. 1 (Spring 1985), pp. 370–383; A. Craig MacKinlay, "Event Studies in Economics and Finance," *Journal of Economic Literature* 35, no. 1 (March 1997), pp. 13–39; and John Y. Campbell, Andrew W. Lo, and A. Craig MacKinlay, "Event-Study Analysis," Chapter 4 in *The Econometrics of Financial Markets* (Princeton, NJ: Princeton University Press, 1997).

that may indicate the presence of new, material, company-specific information in the market. Such statistical tests must account for the normal random movements in stock price.

44. To account for this random element, "normal" stock price volatility is estimated over a control period. A standard statistical measure of normal behavior during the control period is defined as the range that contains a specified fraction of observations. This range, or "confidence interval," depends on the normal variation or volatility of the residual price changes for the security in question. The standard 95% confidence interval (or equivalently 5% significance level, corresponding to a t-statistic of 1.96 or greater in absolute value) used in event studies is applied in this report.[45]

45. Thus, this methodology identifies days on which the security price increased or decreased by significantly more than would have been predicted by market and industry factors; such price movements are referred to as "statistically significant" ("positive" for statistically significant price increases and "negative" for statistically significant price decreases). For days with statistically significant price movements, one can analyze the company-specific information that entered the market that may explain the price movements. This is a standard and generally accepted methodology for event studies and it is the one employed here.

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[45] The *Reference Manual on Scientific Evidence* (David H. Kaye and David A. Freedman, "Reference Guide on Statistics," in *Reference Manual on Scientific Evidence*, 3rd ed., Federal Judicial Center (Washington, DC: The National Academies Press, 2011))—a guide published by the Federal Judicial Center for use by federal judges—states (pp. 251–252, internal footnote omitted, emphasis added):

> In practice, statistical analysts typically use levels of 5% and 1%. The 5% level is the most common in social science, and an analyst who speaks of significant results without specifying the threshold probably is using this figure. An unexplained reference to highly significant results probably means that p is less than 1%. *These levels of 5% and 1% have become icons of science and the legal process.*

B. Regression Model Specification

46. To account for both market and industry effects, an index is constructed based on the Standard & Poor's ("S&P") U.S. Fixed Rate Preferred Stock Index. The S&P U.S. Fixed Rate Preferred Stock Index is composed of preferred stocks that pay dividends at a fixed rate.[46] As of December 31, 2008, the S&P U.S. Fixed Rate Preferred Stock Index contained 57 "Financial" securities (based on the Global Industry Classification Standard), three of which were issued by Barclays.[47] A market-capitalization-weighted index ("Preferred Stock Index") composed of the 54 financial securities of the S&P U.S. Fixed Rate Preferred Stock Index not issued by Barclays is constructed. Exhibit 5 gives the performance of the Series 5 ADS during the Analysis Period relative to the Preferred Stock Index and the NYSE Composite Index. The list of securities that comprise the Preferred Stock Index is given in Exhibit 6.[48]

47. A separate regression was performed for the periods before and after the Lehman bankruptcy on September 15, 2008 (Period 1: April 11, 2008 to September 14, 2008; Period 2: September 15, 2008 to March 24, 2009).[49] A statistical test indicates that the volatility of the residual returns, which are shown in Exhibit 7,[50] increased after the Lehman bankruptcy. The

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[46] "S&P U.S. Fixed Rate Preferred Stock Index," S&P Dow Jones Indices, http://us.spindices.com/indices/fixed-income/sp-us-fixed-rate-preferred-stock-index, accessed on December 11, 2015.

[47] There were a total of 63 securities as of December 31, 2008 in the S&P U.S. Fixed Rate Preferred Stock Index, of which 57 were "Financial" securities. Three Barclays securities were excluded from the index.

[48] The addition of the NYSE Composite Index as a second regressor does not improve the explanatory power of the model.

[49] Consistent with standard practice, indicator variables are included for the 10 days identified in the Complaint as pertaining to allegedly corrective information.

[50] Volatility is estimated as squared residuals.

regression model summary is given in Exhibit 8 and the residual returns for all the trading days in the Analysis Period are given in Exhibit 9.

48. In the regression estimated over Period 1, the model indicates five days on which the Series 5 ADS had a statistically significant residual price change using a 95% confidence interval. This equates to approximately 4.6% of the total number of trading days in Period 1.[51] Given the normal variation in the residual price changes, one would expect the percentage to be close to 5%, as it is. In Period 2, the model indicates five days on which the Series 5 ADS had a statistically significant residual price change, which equates to 3.8% of the total number of trading days in Period 2.[52, 53]

C. Event Study Analysis of Relevant Days

49. This section analyzes all of the days in the Analysis Period on which there were statistically significant movements in the price of the Series 5 ADS, as well as the days on which allegedly corrective information entered the market. The Complaint contains a section titled "Post-Offering Events," in which it cites many specific events that occurred after the Series 5 ADS offering. For the purposes of analysis, all of the events cited in that section of the

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[51] There are five statistically significant days in Period 1 out of 108 total trading days.

[52] There are five statistically significant days in Period 2 out of 132 total trading days.

[53] This result may be due to the presence of a large "outlier" residual return (50.1%) on January 26, 2009. As a sensitivity analysis, I estimated another regression model over Period 2 in which I included an indicator variable for January 26, 2009. This model resulted in five additional significant days (September 30, 2008, October 10, 2008, January 30, 2009, February 9, 2009, and March 10, 2009). Four of these five days were not cited in the Complaint, and I did not find any evidence that the Barclays-specific news that entered the market on any of these days corrected any misrepresentations asserted in the Complaint. The fifth day, February 9, 2009, became statistically significant, but positive, under this alternative regression model.

Complaint that occurred within the Analysis Period (Complaint, ¶¶211–223), along with the March 24, 2009 filing of Barclays' 2008 Form 20-F (Complaint, ¶195), have been considered to be allegedly corrective disclosures.

50. As shown in Figure 1 below, there are 10 days on which the residual returns are statistically significant, and 11 days on which allegedly corrective information entered the market. There was a statistically significant price movement on only one of the days when allegedly corrective information entered the market, and on that day—October 13, 2008—the price of the Series 5 ADS *increased* from $9.10 to $13.87.

Figure 1

Days with Statistically Significant Price Movements (positive/negative)		**Days on Which Allegedly Corrective Information Entered the Market** (Only one statistically significant price movement)
July 14, 2008	(negative)	May 15, 2008
July 18, 2008	(negative)	June 25, 2008
July 21, 2008	(negative)	August 7, 2008
September 11, 2008	(negative)	**October 13, 2008 (positive)**
September 12, 2008	(positive)	October 31, 2008
October 13, 2008	**(positive)**	November 18, 2008
January 21, 2009	(negative)	November 24, 2008
January 23, 2009	(negative)	January 13, 2009
January 26, 2009	(positive)	February 9, 2009
March 9, 2009	(negative)	February 17, 2009
		March 24, 2009

51. The dates cited in Figure 1 are discussed in chronological order below. The analysis demonstrates that (i) on days when allegedly corrective information entered the market, there were no statistically significant price declines; and (ii) on days when there were statistically significant price declines, no allegedly corrective information entered the market (which is consistent with the fact that none of the days with a statistically significant price decline was cited in the Complaint). I have found no evidence that any price declines during the Analysis Period are attributable in whole or in part to any of the alleged misrepresentations.

1. May 15, 2008
Allegedly Corrective Information? Yes
Statistically Significant Price Movement? No

52. On May 15, 2008, Barclays released its financial results for the first quarter of 2008 (ending March 31, 2008), including a five-page appendix that detailed Barclays' credit market exposures and reported write-downs of various credit market assets (Barclays Form 6-K, filed on May 15, 2008).

53. The Complaint (¶211) refers to this disclosure and states:

> On May 15, 2008, just over a month after the Series 5 Offering, the Company issued a Q1 Interim Management Statement announcing that it had taken £1.7 billion in charges to BarCap's risk assets, but failed to disclose to investors how the marks taken were split across the Company's asset classes. The Company also disclosed that it was below the target 5.25% Equity Tier 1 ratio, and that it expected its Tier 1 capital and equity under Basel II on June 30, 2008 to be lower than the 7.6% and 5.1% the Company reported as its goals on December 31, 2007.

54. The closing price of the Series 5 ADS on May 15 was $25.23, an increase of $0.06 over the closing price of $25.17 on the previous trading day (May 14). The residual return is not statistically significant (t = -0.02).[54]

55. Based on my analysis, the allegedly corrective information that entered the market on May 15, 2008 did not cause a decline in the price of the Series 5 ADS.

2. June 25, 2008
Allegedly Corrective Information? Yes
Statistically Significant Price Movement? No

56. On June 25, 2008, Barclays filed a Form 6-K stating that it would issue 1.576 billion new ordinary shares in order to raise approximately £4.5 billion from new and existing investors.[55]

57. Although the Complaint does not cite the June 25 Form 6-K directly, it does refer, in ¶214, to a June 26, 2008 *Wall Street Journal* article reporting on Barclays' June 25 disclosure.

58. Analyst reports released shortly after the June 25 announcement stated that Barclays' capital raising had been anticipated by the market. For example:

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[54] As discussed in ¶44 above, a t-statistic of 1.96 or greater in absolute value indicates statistical significance at the 5% level.

[55] Barclays Form 6-K, filed on June 25, 2008. Barclays previously confirmed that it was considering a new equity issuance in a trading update on June 16, 2008 ("Barclays notes recent speculation regarding the possible issuance of new equity by Barclays by way of a placing and pre-emptive offer to existing shareholders. The Board of Barclays confirms this is currently under active consideration. A further announcement will be made in the event that the Board of Barclays decides to pursue such an equity issuance."). See http://www.newsroom.barclays.com/releases/ReleaseDetailPage.aspx?releaseId=1377, accessed on April 22, 2015. There was no statistically significant change in the price of the Series 5 ADS on June 16.

- "It has been clear to the market for some time that Barclays would have to raise around £4bn of capital. What the market has been speculating about was the method of raising capital." (Charles Stanley, June 25, 2008)

- "We understand the excitement and relief at BARC's long-anticipated capital raise, but it does not change our view that BARC will not escape the deteriorating macro trends that have claimed most of its peers." (Panmure Gordon & Co., June 25, 2008)

- "Fitch had expected Barclays to raise new capital to above its equity tier 1 ratio target of 5.25%, particularly given turbulent markets and stakeholder sentiment." (Fitch, June 25, 2008)

59. The Complaint itself acknowledges that the market had been anticipating that Barclays would be raising additional capital. For example, the Complaint (¶212) quotes a *Wall Street Journal* article from May 16, 2008 referring to "a widely expected move to raise capital" by Barclays.

60. The closing price of the Series 5 ADS on June 25 was $24.96, an increase of $0.16 over the closing price of $24.80 on the previous trading day (June 24). The residual return is not statistically significant (t = -0.04).

61. Based on my analysis, the allegedly corrective information that entered the market on June 25, 2008 did not cause a decline in the price of the Series 5 ADS.

3. July 14, 2008
Allegedly Corrective Information? No
Statistically Significant Price Movement? Yes (negative)

62. On July 14, 2008, the closing price of the Series 5 ADS was $20.85, a decrease of $2.50 from the closing price of $23.35 on the previous trading day (July 11). The residual return is statistically significant (t = -2.75). Because the Complaint did not identify July 14 as a date on

which allegedly corrective information entered the market, I conducted a search of information concerning Barclays that entered the market on that date (as well as the prior and subsequent trading days).[56] The Barclays-specific information included references to M&A deals in which Barclays was a sponsor, advisor, or underwriter, including an acquisition of Anheuser-Busch by InBev and a sale of Somerfield to The Co-Operative Group by Barclays and a consortium of private equity firms.[57, 58] I do not find any evidence that any of the Barclays-specific information that entered the market at this time corrected any misrepresentations alleged in the Complaint.

4. July 18, 2008
Allegedly Corrective Information? No
Statistically Significant Price Movement? Yes (negative)

63. On July 18, 2008, the closing price of the Series 5 ADS was $22.31, a decrease of $0.59 from the closing price of $22.90 on the previous trading day (July 17). The residual return is statistically significant (t = -4.24). Because the Complaint did not identify July 18 as a date on which allegedly corrective information entered the market, I conducted a search of information concerning Barclays that entered the market on that date (as well as the prior and subsequent

[56] For a list of days with statistically significant returns, see Exhibit 9. A search was performed on all major business publications in the Factiva database on and around days in which there was a statistically significant return using the search term "Barclays" in the headline or lead paragraph.

[57] "Senior Syndication Underway for InBev's $45B M&A Debt-Sources," *Dow Jones International News*, July 14, 2008, 9:30 AM ET; "Co-op Likely to Seal Buy of Somerfield within Days – Source," *Dow Jones International News*, July 14, 2008, 6:21 AM ET.

[58] In addition, macroeconomic events surrounding July 14, 2008 included the seizure of IndyMac Bancorp Inc. by U.S. federal regulators after market close on Friday, July 11, 2008 ("Focus: Santander-A&L Tie Unlikely to Spark Anti-Trust Probe," *Dow Jones International News*, July 14, 2008, 2:28 PM ET). Some analyst reports released after July 14, 2008 indicate that the general weakness in global financial markets had weighed on Barclays' common stock price (see, for example, "Significant Decline in Common Stock Price Since Our FY 2007 Update Report," Independent International Investment Research, July 16, 2008).

trading days). The Barclays-specific information included an announcement from Barclays that its open offer to raise £4.5 billion in capital (referenced above) had closed on July 17, that 19% of the new shares had been purchased by existing shareholders, and that the remaining shares had been allocated to certain institutional investors (Barclays Form 6-K, filed on July 18, 2008). I do not find any evidence that any of the Barclays-specific information that entered the market at this time corrected any misrepresentations alleged in the Complaint. As previously discussed, Barclays' £4.5 billion offering had been publicly known no later than June 25, and there was no statistically significant movement in the price of the Series 5 ADS on June 25.

5. July 21, 2008
Allegedly Corrective Information? No
Statistically Significant Price Movement? Yes (negative)

64. On July 21, 2008, the closing price of the Series 5 ADS was $22.12, a decrease of $0.19 from the closing price of $22.31 on the previous trading day (July 18). The residual return is statistically significant (t = -3.11). Because the Complaint did not identify July 21 as a date on which allegedly corrective information entered the market, I conducted a search of information concerning Barclays that entered the market on that date (as well as the prior and subsequent trading days). The Barclays-specific information included the reduction of mortgage rates by Woolwich (Barclays' mortgage-lending arm),[59] the introduction of a new credit card in conjunction with Hilton hotels,[60] and the launch of "National Share Giving Day" by Barclays

[59] "Woolwich Launches Market Leading Fixed and Tracker Mortgages," Barclays Press Release, July 21, 2008, 6:16 AM ET.

[60] "Enjoy the Best of Summer with Hilton Family Hotels and Barclaycard," Barclays Press Release, July 21, 2008, 6:30 AM ET.

Stockbrokers, which gave investors an opportunity to donate shares to a range of U.K. charities for no cost.[61] I do not find any evidence that any of the Barclays-specific information that entered the market at this time corrected any misrepresentations alleged in the Complaint.

6. August 7, 2008
Allegedly Corrective Information? Yes
Statistically Significant Price Movement? No

65. On August 7, 2008, Barclays released its financial results for the first half of 2008 (ending June 30, 2008), including an 11-page section detailing credit market exposures and reporting write-downs of various credit market assets (Barclays Form 6-K, filed on August 7, 2008).

66. The Complaint (¶215) refers to this disclosure and states:

> On August 7, 2008, Barclays issued its 2008 Interim Results, disclosing that its first half net income declined 34% to £1.72 billion ($3.4 billion). The net income reduction was due in large part to a massive writedown of £2.8 billion of credit-related assets, more than analysts predicted.

67. The closing price of the Series 5 ADS on August 7 was $24.46, a decrease of $0.23 from the closing price of $24.69 on the previous trading day (August 6). The residual return is not statistically significant (t = -0.66).

68. Based on my analysis, the allegedly corrective information that entered the market on August 7, 2008 did not cause a decline in the price of the Series 5 ADS.

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[61] "Barclays Stockbrokers Launches National Share Giving Day to Celebrate Sharegift Initiative," Barclays Press Release, July 21, 2008, 6:49 AM ET.

7. September 11, 2008
Allegedly Corrective Information? No
Statistically Significant Price Movement? Yes (negative)

69. On September 11, 2008, the closing price of the Series 5 ADS was $20.06, a decrease of $1.66 from the closing price of $21.72 on the previous trading day (September 10). The residual return is statistically significant (t = -2.86). Because the Complaint did not identify September 11 as a date on which allegedly corrective information entered the market, I conducted a search of information concerning Barclays that entered the market on that date (as well as the prior and subsequent trading days). The Barclays-specific information included Barclays' announcement that it had commenced the transfer of credit card customer accounts to Barclaycard from a credit card portfolio acquired from Discover Financial Services U.K.[62] In addition, it was reported that Lehman was actively looking to be acquired, after announcing a quarterly loss of nearly $4 billion the previous day, and that Barclays was a potential buyer.[63, 64] I do not find any evidence that any of the Barclays-specific information that entered the market at this time corrected any misrepresentations alleged in the Complaint.

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[62] "Barclaycard Rewards Goldfish Customers," Barclays Press Release, September 11, 2008, 7:27 AM ET.

[63] "Update: Sale of Lehman May Be More Likely after Firm's Latest Moves," *Dow Jones Business News*, September 10, 2008, 3:38 PM ET.

[64] Lehman's deteriorating financial condition featured prominently in the public press on September 11, 2008. After market close on September 10, 2008, it was reported that Moody's Investors Service placed a review on Lehman's credit rating, opening the possibility of a downgrade that "would drive up Lehman's borrowing costs, making it tougher to operate" ("Lehman Races to Find a Buyer," *Wall Street Journal*, September 12, 2008, No Time). Additionally, on September 11, 2008, it was reported that a Merrill Lynch & Co. analyst expressed concerns about Lehman "fac[ing] a potential 'take-under' offer, a scenario in which a company is sold for less than its per-share stock price" ("Lehman Races to Find a Buyer," *Wall Street Journal*, September 12, 2008, No Time).

8. September 12, 2008
Allegedly Corrective Information? No
Statistically Significant Price Movement? Yes (positive)

70. On September 12, 2008, the closing price of the Series 5 ADS was $20.90, an increase of $0.84 from the closing price of $20.06 on the previous trading day (September 11). The residual return is statistically significant (t = 2.96). Because the Complaint did not identify September 12 as a date on which allegedly corrective information entered the market, I conducted a search of information concerning Barclays that entered the market on that date (as well as the prior and subsequent trading days). The Barclays-specific information included Barclays continuing to be named, along with other financial institutions such as Bank of America, as a potential buyer of Lehman.[65] I do not find any evidence that any of the Barclays-specific information that entered the market at this time corrected any misrepresentations alleged in the Complaint.

9. October 13, 2008
Allegedly Corrective Information? Yes
Statistically Significant Price Movement? Yes (positive)

71. On October 13, 2008, Barclays issued a press release announcing that, rather than accepting U.K. government funds, it would seek to raise over £6.5 billion of Tier 1 capital through the issuance of new shares to investors, and that it would not pay a final dividend for its ordinary shares in 2008.[66, 67]

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[65] "UK Summary: FTSE Positive as Banks Gain; Lehman Move Eyed," *Dow Jones International News*, September 12, 2008, 7:00 AM ET.

[66] There were also reports on October 13 that the U.K. government would make capital investments, totaling £37 billion, in a number of U.K. financial institutions including RBS, HBOS, and Lloyds ("UK Govt to Make GBP37B Investment in Banks," *Dow Jones International News*, October 13, 2008, 2:25 AM ET). That same day, the U.S.

72. The Complaint (¶217, emphasis in original) states, "By October, these [first half 2008 write-downs] and other impending writedowns and impairments required Barclays to seek ***another*** massive infusion of capital," and goes on to quote Barclays' October 13 press release, which explains that the U.K. government had introduced higher capital requirements in an effort to stabilize the financial system.

73. The closing price of the Series 5 ADS on October 13 was $13.87, an increase of $4.77 from the closing price of $9.10 on the previous trading day (October 10). The residual return is statistically significant and positive (t = 2.58). This is the only day in the Analysis Period when allegedly corrective information entered the market and there was a statistically significant price movement. However, on this day, the price of the Series 5 ADS *increased*.

74. Based on my analysis, the allegedly corrective information that entered the market on October 13, 2008 did not cause a decline in the price of the Series 5 ADS.

10. October 31, 2008
Allegedly Corrective Information? Yes
Statistically Significant Price Movement? No

75. On October 31, 2008, Barclays announced that it was selling up to one-third of the Company to investors in Abu Dhabi and Qatar (the "Abu Dhabi Offering").[68]

76. The Complaint (¶219) refers to this announcement and states:

Treasury Department also announced that it was finalizing plans to inject capital into banks as part of TARP ("Europe Raises Stakes in Bank Bailout Race," *Wall Street Journal*, October 13, 2008, No Time).

[67] "Update on Capital, Dividend and Current Trading," Barclays Press Release, October 13, 2008, 2:10 AM ET.

[68] "Barclays Announces Capital Raising," Barclays Press Release, October 31, 2008, 4:49 AM ET.

> As evidenced by Barclays' piecemeal disclosure of its capital needs, the market was slow to realize the true condition of the Company's capital structure. Investors were extremely unhappy, and it quickly became apparent however, that Barclays might not be able to persuade investors to approve a (now) £7+ billion plan to raise cash by the November 24 deadline.

77. The closing price of the Series 5 ADS on October 31 was $16.12, a decrease of $0.13 from the closing price of $16.25 on the previous trading day (October 30). The residual return is not statistically significant (t = -0.30).

78. Based on my analysis, the allegedly corrective information that entered the market on October 31, 2008 did not cause a decline in the price of the Series 5 ADS.

11. November 18, 2008
Allegedly Corrective Disclosure? Yes
Statistically Significant Price Movement? No

79. On November 18, 2008, Barclays announced that it would permit its existing institutional shareholders to participate in the previously announced Abu Dhabi Offering, discussed above.

80. The Complaint (¶220) quotes an *Associated Press* report on the announcement.

81. The closing price of the Series 5 ADS on November 18 was $15.56, a decrease of $1.43 from the closing price of $16.99 on the previous trading day (November 17). The residual return is not statistically significant (t = -0.73).

82. Based on my analysis, the allegedly corrective information that entered the market on November 18, 2008 did not cause a decline in the price of the Series 5 ADS.

12. November 24, 2008
Allegedly Corrective Information? Yes
Statistically Significant Price Movement? No

83. On November 24, 2008, Barclays' ordinary shareholders approved the Abu Dhabi Offering.

84. The Complaint (¶221) states that Barclays' shareholders "railed against the Individual Defendants' stewardship of the Company," and quotes a November 24 *Reuters* article discussing the shareholder vote.

85. The closing price of the Series 5 ADS on November 24 was $13.44, an increase of $0.94 from the closing price of $12.50 on the previous trading day (November 21). The residual return is not statistically significant (t = -1.33).

86. Based on my analysis, the allegedly corrective information that entered the market on November 24, 2008 did not cause a decline in the price of the Series 5 ADS.

13. January 13, 2009
Allegedly Corrective Information? Yes
Statistically Significant Price Movement? No

87. On January 13, 2009, Barclays announced that it would eliminate more than 2,100 jobs in its retail and commercial banking units.[69]

[69] "Barclays Set to Cut 2,100 Banking Jobs – Source," *Reuters*, January 13, 2009, 12:32 PM ET; "Barclays to Cut 2,100 Jobs in Investment Units," *New York Times*, January 13, 2009, 2:08 PM ET.

88. Although the Complaint (¶222) does not specify the date of this announcement, it states that the announcement was made "in mid-January" and states that "[a]nalysts were again surprised by this development":

> "We think this is a significant development, as previously Barclays had been arguing that this downturn was a great time to invest in people," said analysts at Evolution Securities.
>
> "Management have consistently been too upbeat with their outlook statements; we are going into the worst downturn in living memory and it is hard to see how Barclays, with a 1.4 trillion pound balance sheet, is not going to have to recognize larger write-downs," they added.

89. The closing price of the Series 5 ADS on January 13 was $18.29, a decrease of $0.94 from the closing price of $19.23 on the previous trading day (January 12). The residual return is not statistically significant (t = -0.48).

90. Based on my analysis, the allegedly corrective information that entered the market on January 13, 2009 did not cause a decline in the price of the Series 5 ADS.

14. January 21, 2009
Allegedly Corrective Information: No
Statistically Significant Price Movement? Yes (negative)

91. On January 21, 2009, the closing price of the Series 5 ADS was $10.35, a decrease of $2.88 from the closing price of $13.23 on the previous trading day (January 20). The residual return is statistically significant (t = -3.16). Because the Complaint did not identify January 21 as a date on which allegedly corrective information entered the market, I conducted a search of information concerning Barclays that entered the market on that date (as well as the prior and subsequent trading days). The Barclays-specific information included media reports

that there was speculation that Barclays would be nationalized by the U.K. government.[70] This speculation proved to be wrong, as Barclays was not nationalized and did not accept any U.K. government funds. I do not find any evidence that any of the Barclays-specific information that entered the market at this time corrected any misrepresentations alleged in the Complaint.

15. January 23, 2009
Allegedly Corrective Information? No
Statistically Significant Price Movement? Yes (negative)

92. On January 23, 2009, the closing price of the Series 5 ADS was $8.02, a decrease of $1.50 from the closing price of $9.52 on the previous trading day (January 22). The Series 5 ADS residual return is statistically significant ($t = -1.99$). Because the Complaint did not identify January 23 as a date on which allegedly corrective information entered the market, I conducted a search of information concerning Barclays that entered the market on that date (as well as the prior and subsequent trading days). The Barclays-specific information included (i) a news report that Barclays would report a net profit for 2008,[71] and (ii) similar to the (incorrect) speculation about nationalization of Barclays two days earlier, an analyst report that expressed the view (based on Barclays' ordinary share price) that there was a "70 per cent chance of nationalisation."[72] I do not find any evidence that any of the Barclays-specific information that entered the market at this time corrected any misrepresentations alleged in the Complaint.

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[70] "Update 1-Barclays Slumps, Dogged by Capital Worries," *Reuters News*, January 21, 2009, 4:36 AM ET; "Lloyds and Barclays Suffer Further Losses," *Financial Times*, January 21, 2009, No Time.

[71] "Barclays CEO: Will Make 08 Profit after Write-Downs – Report," *Dow Jones International News*, January 23, 2009, 2:07 AM ET.

[72] "Concern Remains that Bank Is on the Brink," *Financial Times*, January 23, 2009, No Time.

16. January 26, 2009
Allegedly Corrective Information? No
Statistically Significant Price Movement? Yes (positive)

93. On January 26, 2009, the closing price of the Series 5 ADS was $12.60, an increase of $4.58 over the closing price of $8.02 on the previous trading day (January 23). The Series 5 ADS residual return is statistically significant (t = 6.55). Because the Complaint did not identify January 26 as a date on which allegedly corrective information entered the market, I conducted a search of information concerning Barclays that entered the market on that date (as well as the prior and subsequent trading days). The Barclays-specific information included a joint open letter issued on January 26 by Barclays' Chairman (Mr. Agius) and CEO (Mr. Varley) stating that Barclays would report a positive pre-tax profit for 2008 (net of write-downs) and that gross write-downs would be approximately £8 billion (£5 billion net) for 2008 for various assets classes.[73] As discussed in ¶52 above, Barclays had previously reported write-downs for the first quarter and first half of 2008 announced on May 15 and August 7, 2008, respectively. The open letter stated:

> Also included in the 2008 results are some £8bn of gross write downs (£5bn net of own credit, hedging and attributable income) relating to credit market exposures in Barclays Capital. This amount is arrived at by applying year end valuations and marks to market. It is derived on a consistent basis with, and includes, the comparable numbers for the first half of 2008 which were £3.3bn gross and £2bn net. In the interests of clarity and transparency, we are reporting these numbers on a gross and net basis. We will provide extensive details as to the level of write downs and marks by asset class when we report our results on 9th February 2009.

[73] "Open Letter from Marcus Agius and John Varley," Barclays Press Release, January 26, 2009, 2:00 AM ET.

Also on January 26, 2009, Barclays announced that, as part of a consortium of five banks, it would provide $4.5 billion in financing for Pfizer's $68 billion purchase of Wyeth.[74] I do not find any evidence that any of the Barclays-specific information that entered the market at this time corrected any misrepresentations alleged in the Complaint.

17. February 9, 2009
Allegedly Corrective Information? Yes
Statistically Significant Price Movement? No

94. On February 9, 2009, Barclays released its financial results for the year ending December 31, 2008 (Barclays Form 6-K, filed on February 9, 2009 ("Barclays Form 6-K, February 9, 2009")).[75]

95. The Complaint does not refer to this February 9 announcement of Barclays' 2008 year-end results. The Complaint (¶195) does, however, refer to Barclays' 2008 annual report—the 2008 Form 20-F—which was filed on March 24, 2009 and provided details of Barclays' credit market exposures and write-downs of various credit market assets, including a reference to gross losses of £2.999 billion for 2007 due to dislocation of credit markets. Because the February 9 results announcement also provided details of Barclays' credit market exposures and write-downs of various credit market assets, including a reference to gross losses of £2.999 billion for 2007 due to dislocation of credit markets (Barclays Form 6-K, February 9, 2009, Part

[74] "Pfizer Confirms $68B Deal to Buy Wyeth; 4Q Net Down 90%," *Dow Jones News Service*, January 26, 2009, 7:18 AM ET.

[75] "Barclays Full Year Results 2008," Barclays Press Release, February 9, 2009, 1:47 AM ET.

2, p. 10), for purposes of the analysis, February 9, 2009 has been treated as a date on which allegedly corrective information entered the market.

96. The closing price of the Series 5 ADS on February 9 was $13.45, an increase of $1.76 from the closing price of $11.69 on the previous trading day (February 6). The residual return is positive but not statistically significant (t = 1.71).

97. Based on my analysis, the allegedly corrective information that entered the market on February 9, 2009 did not cause a decline in the price of the Series 5 ADS.

18. February 17, 2009
Allegedly Corrective Information? Yes
Statistically Significant Price Movement? No

98. On February 17, 2009, *Bloomberg* reported that Barclays would close EquiFirst, its U.S. mortgage origination business.[76]

99. The Complaint (¶223) refers to this news and states:

> On February 18, 2009, Barclays announced it was shutting down its U.S. mortgage origination business EquiFirst, less than two years after Barclays purchased the entity from Regions in April of 2007…. While Barclays had originally offered $225 million for the entity back in 2007, Barclays ended up paying only $76 million, in light of the severe impairment the U.S. housing crisis exacted on EquiFirst's underlying assets.

100. Although the Complaint identifies February 18 as the date that Barclays announced the closing of EquiFirst, this information first entered the market the previous day. Therefore, I have analyzed the price impact on February 17, 2009. The closing price of the

[76] "Barclays Capital Exiting Equifirst Business, CNBC Says," *Bloomberg*, February 17, 2009, 10:56 AM ET.

Series 5 ADS on February 17 was \$10.00, a decrease of \$1.95 from the closing price of \$11.95 on the previous trading day (February 13). The residual return is not statistically significant ($t = -0.83$).

101. Based on my analysis, the allegedly corrective information that entered the market on February 17, 2009 did not cause a decline in the price of the Series 5 ADS.

19. March 9, 2009
Allegedly Corrective Information? No
Statistically Significant Price Movement? Yes (negative)

102. On March 9, 2009, the closing price of the Series 5 ADS was \$4.95, a decrease of \$1.16 from the closing price of \$6.11 on the previous trading day (March 6). The Series 5 ADS residual return is statistically significant ($t = -2.62$). Because the Complaint did not identify March 9 as a date on which allegedly corrective information entered the market, I conducted a search of information concerning Barclays that entered the market on that date (as well as the prior and subsequent trading days). The Barclays-specific information included reported speculation that Barclays could potentially agree to insure certain assets with the U.K. government.[77] This speculation proved to be wrong, as Barclays did not accept any U.K. government insurance for any of its assets. Barclays also announced that it was launching a new Golden Individual Savings Account plan for new and existing customers.[78] I do not find any

[77] "Barclays Not In Talks On Govt Asset Protection Plan-Source," *Dow Jones International News*, March 9, 2009, 8:07 AM ET.

evidence that any of the Barclays-specific information that entered the market at this time corrected any misrepresentations alleged in the Complaint.

20. March 24, 2009
Allegedly Corrective Information? Yes
Statistically Significant Price Movement? No

103. On March 24, 2009, Barclays filed its 2008 Form 20-F, which included details of its credit market exposures and write-downs of various credit market assets for 2008.

104. The Complaint (¶195, emphasis in original) refers to this disclosure and states:

> Barclays would not begin to make certain disclosures of its capital credit market exposures until its 2008 Interim results, as of June 30, 2008, and certain important disclosures were not made until the annual report as of December 31, 2008 was filed in March 2009. For example, although Barclays disclosed in its 2007 Form 20-F that the impairment charges for Barclays Capital were £782 million, Barclays failed to disclose the total fair value losses and total gross losses pertaining to BarCap's credit risk…. As Barclays eventually disclosed in its 2008 Form 20-F, the total fair value losses for these credit market risks ***in 2007*** were £2.217 billion. These losses of £2.217 combined with the £782 million impairment charges for 2007 resulted in an undisclosed total gross loss of nearly £3 billion in 2007.

105. As discussed above (¶87), the gross losses of £2.999 for 2007—which the Complaint (¶195) refers to as the "undisclosed total gross loss of nearly £3 billion in 2007" and asserts was not disclosed until the 2008 Form 20-F was filed on March 24, 2009—was disclosed more than a month earlier, on February 9, 2009 in the 2008 results announcement. As discussed above in ¶88, the residual return on February 9 was not statistically significant (t = 1.71). The closing price of the Series 5 ADS on March 24 was $11.38, an increase of $0.25 from the closing

[78] "Barclays Launches Best Buy Cash ISA," Barclays Press Release, March 9, 2009, 5:30 AM ET.

price of $11.13 on the previous trading day (March 23). The residual return on March 24 is not statistically significant either (t = 0.08).

106. Based on my analysis, the allegedly corrective information that the Complaint cites as entering the market on March 24, 2009 (and which actually entered the market much earlier) did not cause a decline in the price of the Series 5 ADS.

VIII. Conclusions

107. As detailed above, there were no statistically significant price declines in the Series 5 ADS during the Analysis Period on any days when (i) any allegedly corrective information was disclosed to the market, or (ii) any allegedly undisclosed risk materialized. Moreover, all statistically significant price declines in the Series 5 ADS during the Analysis Period occurred on days when (i) there was no allegedly corrective information disclosed to the market, and (ii) no allegedly undisclosed risk materialized. Based on my analysis, the price declines during the Analysis Period are not attributable in whole or in part to any of the alleged misrepresentations.

Executed this 15th day of December, 2015, in Menlo Park, CA.

Allan W. Kleidon, Ph.D.

Exhibit 1

ALLAN WILLIAM KLEIDON

Cornerstone Research
1000 El Camino Real, Suite 250 • Menlo Park, CA 94025
650.470.7112 • akleidon@cornerstone.com

CURRENT POSITIONS

Cornerstone Research
Senior Vice President

University of Queensland, School of Business, Australia
Honorary Professor

EDUCATION

University of Queensland, Australia
Bachelor of Commerce, 1973
Bachelor of Commerce (First Class Honours), 1976
Bachelor of Laws (Honours), 1978

Graduate School of Business, University of Chicago
Master of Business Administration, 1981
PhD, 1983
  Finance examination, 1979
  Economics examination, 1980

ACADEMIC EXPERIENCE

School of Law, Stanford University
Consulting Professor of Law (in Finance), 1994 – 2000
Lecturer in Law (in Finance), 2001 – 2003

Graduate School of Business, Stanford University
Lecturer in Finance, 1993 – 1994; 1997 – 1999; 2005 – 2006
Associate Professor of Finance, 1986 – 1992
Assistant Professor of Finance, 1982 – 1986

Doctoral	Econometrics Empirical Research in Finance Doctoral Seminar in Finance
Masters	Corporate Finance Management of Financial Institutions Derivatives
Executive	International Investment Management Program Financial Management Program

University of California, Berkeley
Visiting Associate Professor of Finance, 1992
Lecturer (Finance), 2003

Exhibit 1

University of Chicago
Part-time teaching and tutoring, 1978 – 1982:
Corporate Finance, Investments
Personal tutoring in finance, statistics, accounting, economics, and mathematics.

University of Queensland, Australia
Honorary Professor, School of Business, 2008 – present
Full-time faculty, 1974 – 1978:
Finance (undergraduate, postgraduate), Business Economics (Honours), Scientific Method (Honours), Research Methods (M.B.A. level), Financial Accounting, Managerial Accounting

HONORS

Professional
Business School Trust Faculty Fellow, 1990 – 1991
Batterymarch Fellowship, 1989 – 1990

Graduate
Dean's List all eligible quarters
1979 Finance Prize
1980 Center for Research in Security Prices Research Grant
1980 Beta Gamma Sigma

Undergraduate
1974 Institute of Chartered Accountants in Australia Prize in Finance
1976 Thomas Brown and Sons, Ltd. Prize in Commerce Honours

RESEARCH

Publications

"Just How Much Damage Did Those Misrepresentations Actually Cause And To Whom?: Damages Measurement in 'Fraud on the Market' Securities Class Actions," joint with D. Lefler, *Securities Litigation & Enforcement Institute 2005,* 2005, pp. 285–325.

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"Bid-Ask Spreads in Foreign Exchange Markets: Implications for Models of Asymmetric Information," joint with D. A. Hsieh, in *Microstructure of Foreign Exchange Markets,* J. Frankel, G. Galli and A. Giovannini, eds., National Bureau of Economic Research, University of Chicago Press, 1996, pp. 41–65.

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"Price Volatility and Volume Spillovers between the Tokyo and New York Stock Markets: Comment," *The Internationalization of Equity Markets,* J. Frankel, ed., National Bureau of Economic Research, University of Chicago Press, 1994, pp. 333–338.

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"One Market? Stocks, Futures and Options During October 1987," joint with R. Whaley, *Journal of Finance,* Vol. 47, 1992, pp. 851–877.

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"Periodic Market Closure and Trading Volume: A Model of Intraday Bids and Asks," joint with W. A. Brock, *Journal of Economic Dynamics and Control*, Vol. 16, 1992, pp. 451–489.

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"Are Stock Prices Excessively Sensitive to Current Information? Comment," joint with J. Lynch Koski, *Journal of Economic Behavior and Organization,* Vol. 18, 1992, pp. 127–131.

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"International Arbitrage Pricing Theory: Discussion," joint with P. Pfleiderer, *Journal of Finance,* Vol. 38 (2), 1983, pp. 470–472.

"Stock Prices as Rational Forecasters of Future Cash Flows," Proceedings, *Seminar on the Analysis of Security Prices,* Vol. 27 (1), 1982, pp. 157–189.

"Mergers and the Trade Practices Act, 1974," joint with L. E. Bracker, Proceedings, *Tenth Students Congress of the Institute of Chartered Accountants in Australia* (Queensland Branch), April 1977.

"Some Problems Associated with the Prices Justification Tribunal," *The Chartered Secretary,* April–June 1975, pp. 67–74.

Work in Progress

"Why Nasdaq Market Makers Use Even-Eighths Quotes: A Model of Quote Clustering in Dealer Markets," joint with P. Pfleiderer.

Conferences

Practising Law Institute, Securities Litigation & Enforcement Institute 2005, San Francisco, September 2005: Panelist, "Just How Much Did Those Misrepresentations Actually Cause and to Whom: Damages Measurement in 'Fraud on the Market' Securities Class Actions."

Practising Law Institute, Securities Litigation 2001, San Francisco, November 2001: Panelist, "Damages: Illusion or Reality?"

Exhibit 1

Professional Liability Underwriting Society, 2001 PLUS D&O Liability and Insurance Issues Symposium, New York, February 2001: Panelist, "Causation & Damages Analysis in Volatile Securities Markets."

Market Microstructure Program Meeting, December 1998, NBER: Discussant, "The Effects of Market Reform on the Trading Costs and Depths of Nasdaq Stocks."

Symposium on Electronic Call Market Trading, New York University Salomon Center, April 1995: Session Chair, "Panel II: The Demand for Immediacy."

Conference on Financial Markets' Reform, Financial Markets Research Center, Vanderbilt University, April 1995: "Why do Christie and Schultz Infer Collusion From Their Data?"

American Finance Association, Annual Conference, January 1995: Discussant, "Market Making and the Competition for Order Flow," and Discussant, "Speculative Trading and Stock Market Volatility."

The Microstructure of Foreign Exchange Markets, Perugia, Italy, July 1994, NBER: "Bid-Ask Spreads in Foreign Exchange Markets: Implications for Models of Asymmetric Information."

Western Finance Association, Annual Conference, June 1994: Chair of Session on *Empirical Market Microstructure.*

Global Competition in the Market for Markets, The Fuqua School of Business/NYSE, Conference on Market Microstructure, November 1993: "Stock Market Crashes."

The Internationalization of Equity Markets, October 1993, NBER: "Price Volatility and Volume Spillovers between the Tokyo and New York Stock Markets: Comment."

Western Finance Association, Annual Conference, June 1993: "Round-the-Clock Trading: Evidence from Cross-Listed Securities."

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Joint *American Economic Association-American Finance Association*, Annual Meetings, December 1987: "The Volatility Debate."

Institute for Mathematical Studies in the Social Sciences, Stanford University, July 1986: "Variance Bounds Tests and Stock Price Valuation Models."

Conference on the Behavioral Foundations of Economic Theory, University of Chicago, October 1985: "Anomalies in Financial Economics: Blueprint for Change?"

Western Finance Association, Annual Conference, June 1983: "Stock Return Seasonalities and the 'Tax-loss Selling' Hypothesis: Analysis of the Arguments and Australian Evidence."

American Finance Association, Annual Conference, December 1982: "Stock Prices as Rational Forecasters of Future Cash Flows."

Center for Research in Security Prices, Seminar on The Analysis of Security Prices, May 1982.

Accounting Association of Australia and New Zealand, Annual Conference, August 1976: "Accounting Theories and Practice: Arbitrary? Incorrigible? or Useful?"

Accounting Association of Australia and New Zealand, Annual Conference, August 1977: "The Paradigm of Accounting?"

Institute of Chartered Accountants in Australia, Student Congress (Queensland Branch), April 1977: "Mergers and the Trade Practices Act, 1974.

Paper prepared for the Japan Advisory Committee of the New York Stock Exchange

"Liberalization in the Japanese Financial Markets," with Kenneth J. Singleton, *Research Paper Series, Stanford University,* September 1989, Research Paper No. 1069, pp. 1–22.

Papers requested by and sent to Trade Practices Commission, Australian Government, Canberra

"The Structure of the Queensland Liquor Industry: Brewer-Hotel Ties of Trade, and the Trade Practices Act 1974."

"Theories of Government Regulation and the Queensland Liquor Industry."

"The Trade Practices Act 1974 and Queensland Brewer-Hotel Ties of Trade."

SOCIETY MEMBERSHIP

American Finance Association

Western Finance Association

Australian Society of Accountants (Senior Associate)

The Econometric Society

Securities Institute of Australia

OTHER PROFESSIONAL ACTIVITIES

Associate Editor, *Journal of Finance*

Associate Editor, *Journal of Financial Economics*

Referee for: *National Science Foundation, Econometrica, Journal of Political Economy, American Economic Review, Journal of Monetary Economics, Journal of Money, Credit and Banking, Quarterly Journal of Economics, Journal of Financial Economics, Journal of Business, Journal of Finance, Journal of Financial and Quantitative Analysis, Journal of Accounting Research, Science, Australian Journal of Management, and Journal of Economic Behavior and Organization.*

Research consultant

PERSONAL

Raised in Toowoomba, Queensland, Australia. Graduated from Harristown State High School, 1969. Active in school sports (Sporting House Captain); Army Cadets (Cadet Commanding Officer, Head Cadet Under Officer); drama (President of Drama Club); debating (team captain); school prefect, and Vice School Captain. Recent interests include sports, music, drama, food and wine, and family. Birth date: 1/23/53.

Exhibit 1

ALLAN WILLIAM KLEIDON
Previous Expert Testimony
Past Four Years

TRIAL AND ARBITRATION TESTIMONY

Confidential Arbitration Testimony
October 7 and 8, 2014

DEPOSITIONS

Tutor Perini Corp. v. Banc of America Securities LLC
April 29, 2015

In re St. Jude Medical Inc. Securities Litigation
July 15, 2014

Confidential Arbitration
July 10, 2014

In re Gatekeeper Pharmaceuticals Inc. Securities Litigation
June 6, 2013

Cunha v. Hansen Natural Corporation et al.
March 14, 2013

Dow Corning Corp. and Hemlock Semiconductor Corp. v. BB&T Corp. and Scott & Stringfellow, LLC
April 25, 2012

In re New Jersey Carpenters Health Fund v. DLJ Mortgage Capital Inc. et al.
February 16, 2011 and January 14, 2015

DECLARATIONS AND REPORTS

In the Matter of Dendreon Corporation Shareholder Litigations Derivative
August 26, 2015 and September 25, 2015

In the Matter of Tutor Perini Corp. v. Banc of America Securities LLC
March 19, 2015 and April 16, 2015

In the Matter of AirTouch Communications, Inc., Hideyuki Kanakubo and Jerome Kaiser, CPA
December 16, 2014

In re Green Mountain Coffee Roasters, Inc., HO-11484
October 3, 2014

Confidential Arbitration
May 19, 2014 (revised on July 9, 2014)

In re St. Jude Medical Inc. Securities Litigation
October 14, 2013, February 3, 2014, and June 2, 2014

BNP Paribas v. The Bank of New York Trust Company, N.A.
June 3, 2013

Marie Gaudin v. Saxon Mortgage Services, Inc.
May 30, 2013

In re Gatekeeper Pharmaceuticals Inc. Litigation
May 3, 2013

Exhibit 1

ALLAN WILLIAM KLEIDON
Previous Expert Testimony
Past Four Years

DECLARATIONS AND REPORTS (CONT'D.)

In re Diamond Foods Inc. Securities Litigation
April 11, 2013

Cunha v. Hansen Natural Corporation et al.
February 19, 2013 and May 30, 2013

In re STEC Inc. Securities Litigation
July 10, 2012 and July 24, 2012

Dow Corning Corp. and Hemlock Semiconductor Corp. v. BB&T Corp. and Scott & Stringfellow, LLC
March 2, 2012 and April 2, 2012

Class v. Towers, Perrin, Forster & Crosby Inc. et al.
January 31, 2012

United Food and Commercial Workers Union v. Chesapeake Energy Corporation et al.
December 14, 2011 and August 20, 2012

In re Telstra Limited Corporation
May 12, 2011

In re New Jersey Carpenters Health Fund v. DLJ Mortgage Capital, Inc., et al.
January 17, 2011, June 13, 2014, September 30, 2014, December 19, 2014, February 26, 2015, April 28, 2015, June 29, 2015, and July 28, 2015

Exhibit 2

Documents Considered by Allan W. Kleidon

Legal Documents

- Second Consolidated Amended Complaint dated September 16, 2013

Analyst Reports

- See Exhibit 2A

Public Press

As described in footnote 56 of the Report, in preparing the Report, searches were conducted of (A) the Factiva database for articles containing the search term "Barclays" in the headline or lead paragraph and (B) Barclays' press releases. These searches were conducted for the following days, as well as for one trading day immediately preceding and following each day: (i) days during the Analysis Period (as defined in the Report) on which there was a statistically significant movement in the price of the Series 5 ADS, *i.e.*, July 14, 2008, July 18, 2008, July 21, 2008, September 11, 2008, September 12, 2008, October 13, 2008, January 21, 2009, January 23, 2009, January 26, 2009 and March 9, 2009; and (ii) additional days during the Analysis Period on which there was a statistically significant movement in the price of the Series 5 ADS under the alternative regression model discussed in footnote 53 of the Report, *i.e.*, September 30, 2008, October 10, 2008, January 30, 2009, February 9, 2009 and March 10, 2009.

The following news reports that are specifically cited in the Report were also reviewed. Some of these articles may also have been among the results of the Factiva and press release searches described above.

• "Another Huge Dow Loss," *CNN Money*	October 15, 2008 6:21 PM ET
• "Asset Protection Scheme and Increased Lending," *HM Treasury Press Release*	February 26, 2009 No Time
• "Bank of America Joins Parade of Mortgage-Related Losses," *New York Times*	January 23, 2008 No Time
• "Barclaycard Rewards Goldfish Customers," *Barclays Press Release*	September 11, 2008 7:27 AM ET
• "Barclays Announces Capital Raising," *Barclays Press Release*	October 31, 2008 4:49 AM ET

Exhibit 2

• "Barclays Capital Exiting Equifirst Business, CNBC Says," *Bloomberg*	February 17, 2009 10:56 AM ET
• "Barclays CEO: Will Make 08 Profit after Write-Downs – Report," *Dow Jones International News*	January 23, 2009 2:07 AM ET
• "Barclays Full Year Results 2008," *Barclays Press Release*	February 9, 2009 1:47 AM ET
• "Barclays Launches Best Buy Cash ISA," *Barclays Press Release*	March 9, 2009 5:30 AM ET
• "Barclays Not In Talks On Govt Asset Protection Plan-Source," *Dow Jones International News*	March 9, 2009 8:07 AM ET
• "Barclays Set to Cut 2,100 Banking Jobs – Source," *Reuters*	January 13, 2009 12:32 PM ET
• "Barclays Stockbrokers Launches National Share Giving Day to Celebrate Sharegift Initiative," *Barclays Press Release*	July 21, 2008 6:49 AM ET
• "Barclays to Cut 2,100 Jobs in Investment Units," *New York Times*	January 13, 2009 2:08 PM ET
• "Bear Stearns Says Battered Hedge Funds Are Worth Little," *New York Times*	July 18, 2007 No Time
• "Bear Stearns Takes a $1.2 Billion Write-Down," *New York Times*	November 14, 2007 No Time
• "Bernanke: 2008 Meltdown Was Worse than Great Depression," *Wall Street Journal*	August 26, 2014 4:03 PM ET
• "Bids To Halt Financial Crisis Reshape Landscape of Wall St.," *New York Times*	September 15, 2008 No Time
• "Britain's Bank Bailout Worth Hundreds of Billions," *New York Times*	October 8, 2008 No Time

Exhibit 2

• "Bush Aids Detroit, but Hard Choices Wait for Obama," *New York Times*	December 19, 2008 No Time
• "Citi's Sub-Prime Related Exposure in Securities and Banking," *Citigroup.com*	November 4, 2007 No Time
• "Citigroup Inc. to Acquire Banking Operations of Wachovia," *FDIC Press Release*	September 29, 2008 No Time
• "Concern Remains that Bank Is on the Brink," *Financial Times*	January 23, 2009 No Time
• "Co-op Likely to Seal Buy of Somerfield within Days – Source," *Dow Jones International News*	July 14, 2008 6:21 AM ET
• "Enjoy the Best of Summer with Hilton Family Hotels and Barclaycard," *Barclays Press Release*	July 21, 2008 6:30 AM ET
• "Europe Raises Stakes in Bank Bailout Race," *Wall Street Journal*	October 13, 2008 No Time
• "FDIC Establishes IndyMac Federal Bank, FSB as Successor to IndyMac Bank, F.S.B.," *Federal Deposit Insurance Corporation Press Release*	July 11, 2008 No Time
• "Fed's $85 Billion Loan Rescues Insurer," *New York Times*	September 16, 2008 No Time
• "Federal Reserve Monetary Policy Release," *Board of Governors of the Federal Reserve System Press Release*	March 18, 2009 No Time
• "Financial Crisis Amnesia," *Wall Street Journal*	March 1, 2012 7:19 PM ET
• "Government Seizes WaMu and Sells Some Assets," *New York Times*	September 26, 2008 No Time
• "In Rescue to Stabilize Lending, U.S. Takes Over Mortgage Finance Titans," *New York Times*	September 8, 2008 No Time

Exhibit 2

• "JPMorgan Acts to Buy Ailing Bear Stearns at Huge Discount," *New York Times*	March 16, 2008 No Time
• "Lehman Creditors, Shareholders May Lose Billions (Update1)," *Bloomberg*	September 15, 2008 11:56 AM ET
• "Lehman Races to Find a Buyer," *Wall Street Journal*	September 12, 2008 No Time
• "Lloyds and Barclays Suffer Further Losses," *Financial Times*	January 21, 2009 No Time
• "London Suffers Third Biggest Fall in 'Great Crash of 2008,'" *Guardian*	October 10, 2008 2:00 PM ET
• "Merrill Lynch Reports $7.9 Billion Write-Down," *New York Times*	October 24, 2007 No Time
• "New Century, Biggest Subprime Casualty, Goes Bankrupt," *Bloomberg*	April 2, 2007 4:38 PM ET
• "Open Letter from Marcus Agius and John Varley," *Barclays Press Release*	January 26, 2009 2:00 AM ET
• "Pfizer Confirms $68B Deal to Buy Wyeth; 4Q Net Down 90%," *Dow Jones News Service*	January 26, 2009 7:18 AM ET
• "S&P 500 Virtually Doubles from Its Bear Market Low," *CBS News*	February 14, 2011 5:56 PM ET
• "Senior Syndication Underway for InBev's $45B M&A Debt-Sources," *Dow Jones International News*	July 14, 2008 9:30 AM ET
• "Timeline: Northern Rock Bank Crisis," *BBC News*	September 13, 2007 No Time
• "Treasury Outlines Framework for Regulatory Reform," *U.S. Treasury Press Release*	March 26, 2009 No Time

Exhibit 2

• "U.S. Economy: Payrolls Fall, Unemployment Rate Climbs (Update4)," *Bloomberg*	June 6, 2008 4:32 PM ET
• "U.S. Investing $250 Billion in Banks," *New York Times*	October 13, 2008 No Time
• "U.S. Seizes Fannie and Freddie," *CNN Money*	September 7, 2008 8:28 PM ET
• "U.S. Stocks Post Steepest Yearly Decline Since Great Depression," *Bloomberg*	December 31, 2008 8:17 PM ET
• "UK Govt to Make GBP 37B Investment in Banks," *Dow Jones International News*	October 13, 2008 2:25 AM ET
• "UK Summary: FTSE Positive as Banks Gain; Lehman Move Eyed," *Dow Jones International News*	September 12, 2008 7:00 AM ET
• "Update 1-Barclays Slumps, Dogged by Capital Worries," *Reuters News*	January 21, 2009 4:36 AM ET
• "Update on Capital, Dividend and Current Trading," *Barclays Press Release*	October 13, 2008 2:10 AM ET
• "Update: Sale of Lehman May Be More Likely after Firm's Latest Moves," *Dow Jones Business News*	September 10, 2008 3:38 PM ET
• "Wells Fargo Swoops In," *New York Times*	October 3, 2008 No Time
• "Woolwich Launches Market Leading Fixed and Tracker Mortgages," *Barclays Press Release*	July 21, 2008 6:16 AM ET

SEC Filings

- Barclays Bank PLC - Prospectus Supplement Dated August 31, 2007, filed on April 8, 2008
- Barclays PLC and Barclays Bank PLC Form 6-K Interim Management Statement, dated May 15, 2008

Exhibit 2

- Barclays PLC and Barclays Bank PLC Form 6-K for June 2008, dated June 25, 2008

- Barclays Form 6-K, filed on July 18, 2008

- Barclays PLC and Barclays Bank PLC Interim Management Statement for the Period Ended June 30, 2008, filed on August 7, 2008

- Barclays PLC and Barclays Bank PLC Form 6-K for January 2009, filed on January 26, 2009

- Barclays PLC and Barclays Bank PLC Form 20-F for the Fiscal Year Ended December 31, 2008, filed on March 24, 2009

Data Sources

- *Bloomberg*

- *S&P Dow Jones Indices*

Academic Literature

- Binder, John J., "On the Use of the Multivariate Regression Model in Event Studies," *Journal of Accounting Research,* Vol. 23, No. 1, Spring 1985, pp. 370–383

- Brealey, Richard A., Stewart C. Myers, and Franklin Allen, *Principles of Corporate Finance*, 8th ed., McGraw-Hill/Irwin, New York, NY, 2006, Chapter 13

- Brown, Stephen J. and Jerold B. Warner, "Using Daily Stock Returns: The Case of Event Studies," *Journal of Financial Economics,* 14, 1985, pp. 3–31

- Campbell, John Y., Andrew W. Lo, and A. Craig MacKinlay, "Event-Study Analysis," Chapter 4. *The Econometrics of Financial Markets,* Princeton University Press, Princeton, NJ, 1997

- MacKinlay, A. Craig, "Event Studies in Economics and Finance," *Journal of Economic Literature,* Vol. 35, No. 1, March 1997, pp. 13–39

- "The Troubled Asset Relief Program: Report on Transactions Through December 31, 2008," Congressional Budget Office, January 16, 2009, p. 2

All other materials cited in this report and in the exhibits to this report.

Exhibit 2A
Analyst Reports Considered

Date	Headline	Source
11/27/2007	Barclays	Charles Stanley
11/27/2007	Barclays - Another Step Back Towards P/E Valuations	Deutsche Bank
11/27/2007	Barclays PLC - Ongoing Money Market Tightness Dampens Our Outlook	Independent International Investment Research PLC
11/27/2007	Barclays - Trading Update No News is Good News	Societe Generale
11/27/2007	BCS - Barclays Bank PLC 2007 Trading Update Conference Call - Final Transcript	Thomson StreetEvents
11/28/2007	Barclays PLC - Barclays Holding the Line; Reducing Our Estimates	Bear Stearns
11/30/2007	Barclays - Tiefe Bewertung Reflektiert Wachstumsverlangsamung	Zürcher Kantonalbank
12/5/2007	Fitch Assigns Barclays Bank USD Preference Shares 'AA' Rating	Fitch Ratings
1/14/2008	Barclays - Trading Alert: Buy (Recommendation Neutral)	Credit Suisse
1/22/2008	Barclays Bank of Zimbabwe Ltd. - Company Profile	Datamonitor
2/7/2008	Barclays - FY2007 Results Preview	Deutsche Bank
2/18/2008	Barclays - Suddenly Softer	Panmure Gordon & Co
2/18/2008	Barclays - Focus on the Extent of Further Writedowns	Societe Generale
2/19/2008	Barclays	Charles Stanley
2/19/2008	Barclays - Strong Trading, Confident on Capital	Deutsche Bank
2/19/2008	Barclays - FY2007 Snap Reaction	Deutsche Bank
2/19/2008	Barclays - FY07 Results First Thoughts - Alert	JPMorgan
2/19/2008	Barclays - Results Initial Comment	Panmure Gordon & Co
2/19/2008	BCS - Preliminary 2007 Barclays Bank PLC Earnings Conference Call - Final Transcript	Thomson StreetEvents
2/20/2008	Barclays - Adjusting Forecasts	Credit Suisse
2/20/2008	Barclays - 2007 FY Results - As Good As Could Be Expected	JPMorgan
2/21/2008	Barclays - Relief Bounce, but Risk Exposure Remains - Stay UW, TP410	HSBC
2/22/2008	Barclays - Bullish Bob Makes Us Uneasy	Societe Generale
3/7/2008	Autonomy - Deal with Barclays Capital - Alert	JPMorgan
3/31/2008	Fitch: Cumbernauld Ratings Confirmed on Goldfish Sale to Barclays	Fitch Ratings
4/15/2008	Barclays - GRCB Investor Seminar - Reassuringly Realistic	Deutsche Bank
4/16/2008	Barclays - GRCB Seminar: Insightful but Questions Remain Over the Group's Long-term Strategy	Societe Generale
4/24/2008	Croesus - Barclays	Charles Stanley
4/24/2008	Barclays - AGM Statement Confidence and Capital	Deutsche Bank

Exhibit 2A
Analyst Reports Considered

Date	Headline	Source
4/24/2008	Barclays PLC - Barclays Announces Y-O-Y Fall in Pre-Tax Profit During 1Q 08	Independent International Investment Research PLC
4/24/2008	Barclays - AGM Statement - What Is It Telling Us? - Alert	JPMorgan
4/24/2008	Barclays - Equity Capital Strengthening Required?	Panmure Gordon & Co
4/25/2008	Fitch Downgrades Barclays Bank Plc to 'AA'; Outlook Stable	Fitch Ratings
5/6/2008	Barclays - Potentially Strengthening its Balance Sheet with the Help of a Strategic Investor	Societe Generale
5/8/2008	Barclays - Maybe a Rights Issue?	HSBC
5/15/2008	Barclays - The 2 Sides to BARC.L	Deutsche Bank
5/15/2008	Barclays PLC - Difficult Trading Conditions Began to Impact Performance in March	Independent International Investment Research PLC
5/15/2008	BCS - Barclays Bank PLC Interim Management Statement Conference Call - Final Transcript	Thomson StreetEvents
5/16/2008	Barclays - Trading Update Misses the Mark; Rating is Underweight	HSBC
5/16/2008	Barclays Bank - Cutting Earnings and Price Target to 410p; Remain Equal-Weight	Morgan Stanley
5/16/2008	Barclays - Still the Best Positioned in our UK Banking Universe	Societe Generale
5/20/2008	Barclays Bank of Zimbabwe Ltd - Company Profile	Datamonitor
5/21/2008	Premium Company Profile: Barclays PLC - Company Financials	Datamonitor
5/21/2008	Long Barclays / Short Lloyds - Capital Stability	Societe Generale
5/27/2008	Premium Company Profile: Barclays PLC - Strategic Analysis	Datamonitor
6/2/2008	Barclay - Corporate Technology Information Services	Investext
6/6/2008	UK Banks - Monolines - It Isn't Priced in Yet	Panmure Gordon & Co
6/16/2008	Barclays - Strong Trading Update; Confirmation on Capital	Deutsche Bank
6/16/2008	Barclays PLC - Barclays Confirms Plans to Raise Fresh Capital	Independent International Investment Research PLC
6/17/2008	UK Daily - Company Updates	Deutsche Bank
6/19/2008	Barclays PLC - Valuation Remains Attractive Despite Near Term Concerns	Independent International Investment Research PLC
6/25/2008	Barclays	Charles Stanley
6/25/2008	Croesus - Barclays	Charles Stanley
6/25/2008	Barclays - Confirmation of Capital Increase	Deutsche Bank
6/25/2008	Fitch: Barclays Strengthening Capital as Anticipated	Fitch Ratings
6/25/2008	Barclays - Share Issue Comment	Panmure Gordon & Co

Exhibit 2A
Analyst Reports Considered

Date	Headline	Source
6/25/2008	Barclays - Corporate News Shoring up the Capital Base and Limiting Writedowns	Societe Generale
6/26/2008	Barclays Bank - Overhang Removed; Upgrade to Overweight	Morgan Stanley
6/26/2008	Barclays Bank - Correction: Overhang Removed; Upgrade to OW	Morgan Stanley
6/30/2008	Barclays - Enough is (Probably) Enough - Upgrade to Outperform	Fox-Pitt, Kelton
6/30/2008	Barclays - Answering the Call for Capital to Provide a Deeper Buffer and Foster Growth	Societe Generale
7/1/2008	Barclays - Will £4.5bn Be Enough? Is the Dividend Safe?	Charles Stanley
7/2/2008	Fitch Rates Barclays' Covered Bonds 'AAA'	Fitch Ratings
7/3/2008	Fitch Assigns Mercurio Mortgage Finance S.r.1. Series 2008-3 Notes 'AAA' Ratings; Outlook Stable	Fitch Ratings
7/7/2008	Barclays - Becoming a Dark Horse?	UBS Investment Research
7/16/2008	Barclays PLC - Significant Decline in Common Stock Price Since our FY 2007 Updates Report	Independent International Investment Research PLC
7/21/2008	Barclays PLC - Significant Increase in Common Stock Price on 18 July 2008	Independent International Investment Research PLC
7/23/2008	Barclays - 1H08 Earnings Preview	Deutsche Bank
7/24/2008	Barclays PLC - Significant Increase in Common Stock Price on 23 July 2008	Independent International Investment Research PLC
7/30/2008	Barclays - Deal Report: Barclay Raises $6,440.47 Million in Private Placement	Datamonitor
8/5/2008	Barclays PLC - Barclays Sells Its Life Insurance Business to Swiss Re for GBP753 mn	Independent International Investment Research PLC
8/5/2008	Barclays - All Eyes on Barclays Capital, Credit Market Exposures and Capital	Societe Generale
8/6/2008	Barclays - Deal Report: Swiss Re to Acquire Barclays Life Assurance from Barclays	Datamonitor
8/7/2008	Barclays	Charles Stanley
8/7/2008	Croesus - Barclays	Charles Stanley
8/7/2008	Barclays - Impairment Charges Hit 1H 08 Earnings	Independent International Investment Research PLC
8/7/2008	Barclays - Post-Meeting Comment	Panmure Gordon & Co
8/7/2008	BCS - Interim 2008 Barclays PLC Earnings Conference Call and Presentation - Final Transcript	Thomson StreetEvents
8/8/2008	Barclays - Glimmers of Excellence...But Still Cautious	Credit Suisse
8/8/2008	Barclays - 1H08 Results Review	Deutsche Bank
8/8/2008	Barclays Bank - Better BarCap Offsets Rising Impairment Trends; Stay OW	Morgan Stanley
8/8/2008	Barclays - Post-Meeting Comment	Panmure Gordon & Co

Exhibit 2A
Analyst Reports Considered

Date	Headline	Source
8/8/2008	Barclays - Robust Underlying Results and Expanded Disclosure, but Not Everything is Rosy	Societe Generale
8/11/2008	Barclays plc - It's All About the Balance Sheet	Citigroup Global Markets
8/11/2008	Barclays - Credit Market Exposures, Revisited	HSBC
8/11/2008	Barclays - Upgraded Earnings	UBS Investment Research
8/28/2008	Barclays - It's Not Different This Time	Redburn Partners
9/3/2008	Barclays - Some of the Parts	Royal Bank of Scotland
9/17/2008	Fitch Revises Barclays' Outlook to Negative; Affirms IDR at 'AA'	Fitch Ratings
9/17/2008	Barclays PCL - Barclays to Acquire Key Lehman Brothers Assets	Independent International Investment Research PLC
9/17/2008	Barclays - 0.07x - Licence to Thrill?	Panmure Gordon & Co.
9/17/2008	BCS - Barclays Plc Announces Agreement to Acquire Lehman Brothers	Thomson StreetEvents
9/17/2008	Barclays - Joining the Bulge Bracket	UBS Investment Research
9/18/2008	Amendment: Fitch Revises Barclays' Outlook to Negative; Affirms IDR at 'AA'	Fitch Ratings
9/18/2008	Barclays - A Lucky Deal	Fox-Pitt, Kelton
9/18/2008	Barclays - Corporate News Bargain Basement Deal Transforms Barclays' Earnings Profile	Societe Generale
9/18/2008	Rating / Outlook Changes	Vontobel
9/19/2008	Barclays - Corporate News Placing Succeeds	Societe Generale
9/22/2008	Barclays PLC - Strategic Corporate Assessment - Strategic Analysis	Datamonitor
9/22/2008	Barclays PLC - Strategic Corporate Assessment - Company Financials	Datamonitor
9/22/2008	Barclays - United States Bankruptcy Court Approves Revised Lehman Deal	Societe Generale
10/1/2008	Barclays PLC - Company Profile	Datamonitor
10/2/2008	Barclays - Still Our Preferred Pick in the UK	Societe Generale
10/14/2008	Barclays - Better Credit, Better Dividend Prospects	Deutsche Bank
10/14/2008	Barclays Bank - Capital Benefits from Lower UK Risk Profile	Morgan Stanley
10/17/2008	Fitch Affirms Barclays at 'AA'	Fitch Ratings
10/23/2008	Fitch Rates Barclays EUR3bn Guaranteed Notes 'AAA'	Fitch Ratings
10/24/2008	Barclays - Differentiated but Headwinds Remain	UBS Investment Research
10/31/2008	Barclays - Details of Capital Raising and Q3 Update - First Thoughts - Alert	JP Morgan
10/31/2008	Barclays - Capital Raising and IMS - Initial Comment	Panmure Gordon & Co
10/31/2008	BCS - Barclays PLC Announces Capital Raising - Conference Call - Final Transcript	Panmure Gordon & Co

Exhibit 2A
Analyst Reports Considered

Date	Headline	Source
11/2/2008	Barclays - Capital Measures in Place; Focus on Medium Term	Deutsche Bank
11/3/2008	Barclays PLC - Profits Grow in 3Q 08, Despite Difficult Macroeconomic Conditions	Independent International Investment Research PLC
11/3/2008	Barclays - Elegance is Rarely Cheap	UBS Investment Research
11/4/2008	Barclays - Rebasing Again	Royal Bank of Scotland
11/6/2008	Bovis Homes - IMS Statement	Panmure Gordon & Co
11/14/2008	Barclays PLC - Financial and Strategic Analysis Review	Global Markets Direct
11/18/2008	Barclays - Resolving the Uncertainty on Capital	Deutsche Bank
11/19/2008	Barclays - Amended Capital Raising Proposition Still the Best Way Forward	Societe Generale
12/1/2008	Barclays - UK Recession Weighs on Barclays Valuation	Independent International Investment Research PLC
12/3/2008	Barclays - Premium Review Confident and Clear Message on the Bank's Ability to Weather Any Difficulties Ahead	Societe Generale
12/4/2008	Barclay - Corporate Technology Information Services	Investext
12/13/2008	Barclays PLC	Price Target Research
12/30/2008	Barclays PLC - Detailed Research Report	ValuEngine
12/31/2008	Barclays PLC - Detailed Research Report	ValuEngine
1/1/2009	Barclays PLC - Financial and Strategic Analysis Review	Global Markets Direct
1/2/2009	Barclays PLC - Detailed Research Report	ValuEngine
1/3/2009	Barclays PLC	Price Target Research
1/5/2009	Barclays PLC - Detailed Research Report	ValuEngine
1/15/2009	Barclays PLC - Detailed Research Report	ValuEngine
1/16/2009	Barclays PLC - Significant Decline in the Common Stock Price Since Our Last Update Report	Independent International Investment Research PLC
1/17/2009	Barclays PLC	Price Target Research
1/19/2009	Barclays PLC - Significant Decline in the Common Stock Price on 16 January 2009	Independent International Investment Research PLC
1/19/2009	Barclays - Profits Higher than Expected but the Concern is the Balance Sheet	Societe Generale
1/19/2009	Barclays - A Profitable UK Bank	UBS Investment Research
1/20/2009	Barclays PLC - A Stay of Execution	MF Global Securities
1/21/2009	Barclays PLC - Financial and Strategic Analysis Review	Global Markets Direct

Exhibit 2A
Analyst Reports Considered

Date	Headline	Source
1/22/2009	Barclays PLC - Significant Decline in the Common Stock Price Since Our Last News Alert	Independent International Investment Research PLC
1/26/2009	Barclays - In Unusual Times, Unusual Things Will Happen	Charles Stanley
1/26/2009	Croesus - Barclays - In Unusual Times, Unusual Things Will Happen	Charles Stanley
1/26/2009	Barclays - Bringing the Result Forward to 9th Feb	Deutsche Bank
1/26/2009	Barclays - Statement from the Chairman on 2008 Results and Capital - First Thoughts - Alert	JP Morgan
1/26/2009	Barclays - Corporate News No Material Incremental Information Unveiled	Societe Generale
1/26/2009	Barclays - Clarity Supports Confidence	UBS Investment Research
1/27/2009	Barclays PLC - Significant Increase in the Common Stock Price on 26 January 2009	Independent International Investment Research PLC
1/28/2009	Fitch Downgrades Barclays Bank to 'AA-', Outlook Revised to Stable	Fitch Ratings
1/31/2009	Barclays PLC	Price Target Research
2/3/2009	Barclays - FY08 Earnings Preview	Deutsche Bank
2/3/2009	Barclays PLC - Financial and Strategic Analysis Review	Global Markets Direct
2/4/2009	Barclays Bank - BarCap Drives 2008 PBT Upgrade - Keep EW	Morgan Stanley
2/4/2009	Barclays - Growth is Your Enemy	Societe Generale
2/5/2009	Croesus - Barclays	Charles Stanley
2/5/2009	Barclays - FY 08 Results Preview	JP Morgan
2/9/2009	Barclays PLC - Impaired Charges Limit Earnings in FY 2008; but Lehman Brothers' Assets Provide Support	Independent International Investment Research PLC
2/9/2009	Barclays - 2008 FY Results - First Thoughts - Alert	JP Morgan
2/9/2009	Barclays - 2008 Results - Post-Meeting Comments	Panmure Gordon & Co
2/9/2009	Barclays - Results - Initial Comment	Panmure Gordon & Co
2/9/2009	BCS - Preliminary 2008 Barclays PLC Earnings Conference Call - Final Transcript	Thomson StreetEvents
2/9/2009	Barclays - Results Snapshot	UBS Investment Research
2/10/2009	Barclays - Big Balance Sheets and Regulatory Ratios (TP Change)	Deutsche Bank
2/10/2009	Barclays - FY08 Results - Despite Volatility, Not Much New - Remain UW	JP Morgan
2/10/2009	Barclays Plc - Short-Term Reassurance	Macquarie Research
2/11/2009	Barclays PLC - Financial and Strategic Analysis Review	Global Markets Direct
2/15/2009	Barclays PLC	Price Target Research
2/16/2009	Barclays - Keeping the Engine Running	Fox-Pitt, Kelton

Exhibit 2A
Analyst Reports Considered

Date	Headline	Source
2/16/2009	Barclays - First Among Not So Equals	UBS Investment Research
2/20/2009	Barclays - Bob's Great Idea?	Evolution Securities
2/25/2009	Barclays PLC - Financial and Strategic Analysis Review	Global Markets Direct
2/25/2009	Barclays - Still in the Black; Reiterate Neutral (V) and 110p TP	HSBC
2/27/2009	Barclay - Corporate Technology Information Services	Investext
3/4/2009	Barclays - Monoline and Other Structured Credit Risks	Panmure Gordon & Co
3/5/2009	Barclays PLC - Financial and Strategic Analysis Review	Global Markets Direct
3/6/2009	Barclays PLC - Financial and Strategic Analysis Review	Global Markets Direct
3/6/2009	Barclays PLC - Significant Decline in the Common Stock Price on 05 March 2009	Independent International Investment Research PLC
3/10/2009	Barclays PLC - Company Profile	Datamonitor
3/16/2009	Barclays - Confirms Talks Over Potential Sale of iShares	Deutsche Bank
3/16/2009	Barclays - APS Scheme - Thoughts on Potential Participation - Alert	JP Morgan
3/16/2009	Barclays - iShares Potential Disposal Comment	Panmure Gordon & Co
3/16/2009	Barclays - Corporate News Difficult Times Call for Difficult Decisions	Societe Generale
3/17/2009	Barclays - Significant Increases in the Common Stock Price on 17 March 2009	Independent International Investment Research PLC
3/20/2009	Barclays Bank - Correction: Lowering Earnings, Evaluating Capital	Morgan Stanley
3/21/2009	Barclays PLC - Financial and Strategic Analysis Review	Global Markets Direct
3/24/2009	Barclays - Geithner, Turner and the BARC Read-Across	Panmure Gordon & Co
3/26/2009	Barclays - Pillar 3 Disclosures and iShares	Credit Suisse
3/27/2009	Barclays Bank - Narrowing the Capital Options	Morgan Stanley
3/27/2009	Barclays - Another Battle Won But War Far from Over	Societe Generale
3/30/2009	Barclays PLC - Significant Appreciation in the Common Stock Price on 27 March 2009	Independent International Investment Research PLC
3/30/2009	Barclays - Corporate News As Expected, Barclays Declines to Participate in APS	Societe Generale
3/31/2009	Barclays - Stressed But No Detox	UBS Investment Research
4/1/2009	Barclays PLC - Macro Environment More Supportive	MF Global Securities
4/2/2009	Barclays - Look Market, No Gaps!	Fox-Pitt, Kelton
4/3/2009	Barclays PLC - Financial and Strategic Analysis Review	Global Markets Direct
4/9/2009	Barclays - iShares - Sold	Deutsche Bank

Exhibit 2A
Analyst Reports Considered

Date	Headline	Source
4/9/2009	Fitch Affirms Barclays Bank PLC's India Branch at 'F1+(ind)'	Fitch Ratings
4/13/2009	Barclays - iShares Disposal	UBS Investment Research
4/14/2009	Barclays - Impact of the iShares Business Disposal	Fox-Pitt, Kelton
4/14/2009	Barclays - Corporate News Disposal of iShares Business Does Little to Ease Our Capital and Leverage Concerns	Societe Generale
4/15/2009	Barclays PLC - Detailed Research Report	ValuEngine
4/23/2009	Barclays PLC - Barclays' Financial Performance Improves in Q1 09	Independent International Investment Research PLC
4/25/2009	Barclays PLC - Financial and Strategic Analysis Review	Global Markets Direct

Exhibit 3
Barclays Bank PLC Series 5 Preferred ADS
Dividend History
4/11/08 – 11/30/15

Date [1]	Amount [2]
5/28/08	$0.36
8/27/08	$0.51
11/26/08	$0.51
2/25/09	$0.51
5/28/09	$0.51
8/28/09	$0.51
11/27/09	$0.51
2/25/10	$0.51
5/27/10	$0.51
8/30/10	$0.51
11/29/10	$0.51
2/25/11	$0.51
5/27/11	$0.51
8/30/11	$0.51
11/29/11	$0.51
2/28/12	$0.51
5/30/12	$0.51
8/29/12	$0.51
11/28/12	$0.51
2/27/13	$0.51
5/29/13	$0.51
8/28/13	$0.51
11/26/13	$0.51
3/6/14	$0.51
5/28/14	$0.51
8/27/14	$0.51
11/26/14	$0.51
3/5/15	$0.51
5/28/15	$0.51
8/28/15	$0.51
11/27/15	$0.51

Source: *Bloomberg*

Note:
[1] The date shown is the ex-dividend date, the date on which ownership of the dividend is assigned.
[2] Dividends accrue on each preferred share at a rate of 8.125% per year on the amount of $25 per preferred share, payable quarterly on March 15, June 15, September 15, and December 15 of each year. $0.51 represents full payment of the dividend. The first dividend payment of $0.36 was pro-rated for the period from issuance on 4/11/08 through 6/15/08.

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
4/11/08	$25.00	6,440,755	6/5/08	$25.07	329,113
4/14/08	$24.89	2,019,738	6/6/08	$25.02	375,900
4/15/08	$24.92	3,642,237	6/9/08	$25.02	743,000
4/16/08	$25.10	7,595,780	6/10/08	$24.91	702,263
4/17/08	$25.15	4,239,429	6/11/08	$24.73	341,185
4/18/08	$25.35	2,990,464	6/12/08	$24.93	322,422
4/21/08	$25.15	2,177,013	6/13/08	$25.08	376,810
4/22/08	$25.00	1,795,912	6/16/08	$24.98	291,830
4/23/08	$25.00	1,299,736	6/17/08	$25.00	369,303
4/24/08	$25.05	1,472,064	6/18/08	$25.00	231,885
4/25/08	$25.12	1,050,850	6/19/08	$24.97	225,057
4/28/08	$25.60	1,235,952	6/20/08	$24.97	313,942
4/29/08	$25.35	1,512,440	6/23/08	$24.71	251,220
4/30/08	$25.35	1,120,821	6/24/08	$24.80	248,005
5/1/08	$25.25	1,211,176	6/25/08	$24.96	490,566
5/2/08	$25.40	1,283,166	6/26/08	$24.80	224,738
5/5/08	$25.15	637,181	6/27/08	$24.72	287,122
5/6/08	$25.30	869,988	6/30/08	$24.59	438,808
5/7/08	$25.40	1,261,239	7/1/08	$24.25	250,340
5/8/08	$25.35	468,795	7/2/08	$24.07	224,256
5/9/08	$25.26	677,605	7/3/08	$24.25	92,265
5/12/08	$25.11	651,433	7/7/08	$24.26	954,382
5/13/08	$25.20	730,190	7/8/08	$24.30	236,986
5/14/08	$25.17	839,974	7/9/08	$24.36	235,489
5/15/08	$25.23	888,372	7/10/08	$24.25	168,459
5/16/08	$25.19	2,244,260	7/11/08	$23.35	237,341
5/19/08	$25.16	570,288	7/14/08	$20.85	249,417
5/20/08	$25.20	813,888	7/15/08	$20.01	597,977
5/21/08	$25.18	884,628	7/16/08	$21.99	293,017
5/22/08	$25.25	1,290,719	7/17/08	$22.90	440,597
5/23/08	$25.21	444,647	7/18/08	$22.31	685,024
5/27/08	$25.25	533,961	7/21/08	$22.12	940,983
5/28/08	$25.08	961,618	7/22/08	$22.75	502,698
5/29/08	$25.05	1,107,529	7/23/08	$23.59	1,333,966
5/30/08	$25.17	719,488	7/24/08	$23.10	442,157
6/2/08	$25.08	1,126,907	7/25/08	$23.42	349,369
6/3/08	$24.95	1,511,489	7/28/08	$23.16	337,950
6/4/08	$25.01	499,793	7/29/08	$23.75	562,600

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
7/30/08	$23.74	314,076	9/23/08	$20.26	163,924
7/31/08	$23.90	235,518	9/24/08	$20.02	210,897
8/1/08	$24.37	203,153	9/25/08	$21.07	171,798
8/4/08	$24.22	351,530	9/26/08	$20.80	225,852
8/5/08	$24.45	339,370	9/29/08	$16.94	409,573
8/6/08	$24.69	404,983	9/30/08	$17.10	236,799
8/7/08	$24.46	223,086	10/1/08	$17.83	335,630
8/8/08	$24.50	269,257	10/2/08	$17.00	181,245
8/11/08	$24.65	306,485	10/3/08	$18.24	230,263
8/12/08	$24.63	239,949	10/6/08	$16.25	381,297
8/13/08	$24.44	5,548,264	10/7/08	$13.50	688,398
8/14/08	$24.02	278,476	10/8/08	$12.59	1,145,382
8/15/08	$24.22	457,102	10/9/08	$11.55	739,701
8/18/08	$24.45	120,554	10/10/08	$9.10	590,572
8/19/08	$24.30	159,906	10/13/08	$13.87	463,172
8/20/08	$24.46	228,024	10/14/08	$17.45	802,027
8/21/08	$24.31	150,312	10/15/08	$16.94	321,151
8/22/08	$24.45	204,680	10/16/08	$16.52	285,609
8/25/08	$24.57	266,273	10/17/08	$16.52	159,872
8/26/08	$24.75	190,432	10/20/08	$16.39	329,959
8/27/08	$24.35	308,943	10/21/08	$17.59	201,653
8/28/08	$24.60	184,969	10/22/08	$16.01	726,116
8/29/08	$24.74	134,235	10/23/08	$16.10	1,014,004
9/2/08	$24.77	222,463	10/24/08	$15.64	174,596
9/3/08	$24.50	1,398,552	10/27/08	$15.32	114,499
9/4/08	$24.00	764,392	10/28/08	$15.50	345,242
9/5/08	$23.80	2,389,612	10/29/08	$15.87	276,450
9/8/08	$23.57	790,818	10/30/08	$16.25	654,940
9/9/08	$22.81	600,742	10/31/08	$16.12	498,932
9/10/08	$21.72	604,697	11/3/08	$16.70	295,672
9/11/08	$20.06	1,339,312	11/4/08	$17.53	660,003
9/12/08	$20.90	512,756	11/5/08	$17.39	378,649
9/15/08	$18.68	411,900	11/6/08	$17.95	419,068
9/16/08	$17.55	514,636	11/7/08	$18.08	282,486
9/17/08	$16.56	513,508	11/10/08	$18.39	225,075
9/18/08	$19.84	475,246	11/11/08	$18.36	187,979
9/19/08	$19.76	573,615	11/12/08	$17.52	1,126,656
9/22/08	$20.01	283,082	11/13/08	$17.25	189,544

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
11/14/08	$17.20	186,608	1/12/09	$19.23	445,045
11/17/08	$16.99	75,042	1/13/09	$18.29	319,263
11/18/08	$15.56	379,630	1/14/09	$18.08	367,118
11/19/08	$13.00	335,714	1/15/09	$16.74	604,783
11/20/08	$11.39	334,605	1/16/09	$16.01	668,900
11/21/08	$12.50	364,086	1/20/09	$13.23	576,274
11/24/08	$13.44	800,542	1/21/09	$10.35	1,522,658
11/25/08	$13.55	404,207	1/22/09	$9.52	1,148,821
11/26/08	$13.07	601,889	1/23/09	$8.02	831,901
11/28/08	$13.91	123,548	1/26/09	$12.60	935,676
12/1/08	$13.25	334,326	1/27/09	$13.40	332,998
12/2/08	$12.50	903,243	1/28/09	$14.40	354,382
12/3/08	$12.60	1,450,349	1/29/09	$12.59	241,265
12/4/08	$12.65	414,700	1/30/09	$14.00	194,631
12/5/08	$12.20	707,834	2/2/09	$12.00	285,238
12/8/08	$12.69	303,045	2/3/09	$11.57	231,037
12/9/08	$12.90	641,273	2/4/09	$10.59	244,127
12/10/08	$13.60	498,046	2/5/09	$10.59	361,335
12/11/08	$14.10	558,466	2/6/09	$11.69	228,737
12/12/08	$13.70	242,625	2/9/09	$13.45	662,907
12/15/08	$14.00	429,325	2/10/09	$13.03	314,443
12/16/08	$14.48	360,184	2/11/09	$13.45	209,916
12/17/08	$15.50	462,441	2/12/09	$12.38	259,222
12/18/08	$15.35	490,182	2/13/09	$11.95	136,248
12/19/08	$14.64	296,827	2/17/09	$10.00	233,731
12/22/08	$14.38	325,191	2/18/09	$9.45	515,170
12/23/08	$14.15	272,940	2/19/09	$9.20	1,112,825
12/24/08	$14.43	125,904	2/20/09	$8.51	553,990
12/26/08	$14.86	169,676	2/23/09	$7.40	312,840
12/29/08	$13.99	1,103,167	2/24/09	$8.88	369,980
12/30/08	$14.25	470,656	2/25/09	$8.80	210,193
12/31/08	$15.02	336,489	2/26/09	$9.13	695,859
1/2/09	$16.37	316,454	2/27/09	$7.57	403,772
1/5/09	$18.20	536,071	3/2/09	$6.80	578,816
1/6/09	$18.96	796,396	3/3/09	$6.30	293,204
1/7/09	$18.99	393,633	3/4/09	$6.84	491,723
1/8/09	$19.25	340,759	3/5/09	$6.02	739,041
1/9/09	$19.80	284,681	3/6/09	$6.11	898,817

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
3/9/09	$4.95	351,113	5/1/09	$16.07	128,815
3/10/09	$6.89	321,303	5/4/09	$16.40	188,048
3/11/09	$7.40	235,617	5/5/09	$16.60	252,774
3/12/09	$7.98	240,984	5/6/09	$17.30	205,252
3/13/09	$9.00	254,248	5/7/09	$17.70	416,016
3/16/09	$10.15	384,439	5/8/09	$17.90	492,657
3/17/09	$10.10	187,789	5/11/09	$17.70	449,093
3/18/09	$10.00	397,760	5/12/09	$16.96	495,524
3/19/09	$10.68	250,385	5/13/09	$16.19	346,438
3/20/09	$10.03	105,862	5/14/09	$17.18	495,015
3/23/09	$11.13	192,027	5/15/09	$17.10	537,549
3/24/09	$11.38	252,498	5/18/09	$17.82	568,979
3/25/09	$11.38	250,478	5/19/09	$18.26	652,566
3/26/09	$11.70	246,301	5/20/09	$18.53	590,948
3/27/09	$13.08	511,729	5/21/09	$18.55	259,572
3/30/09	$12.52	309,124	5/22/09	$18.80	254,579
3/31/09	$13.32	307,125	5/26/09	$19.12	278,968
4/1/09	$13.17	242,177	5/27/09	$19.34	210,677
4/2/09	$14.13	350,241	5/28/09	$18.79	241,234
4/3/09	$14.25	185,187	5/29/09	$18.90	239,707
4/6/09	$14.15	163,957	6/1/09	$18.97	280,664
4/7/09	$13.33	208,229	6/2/09	$18.75	412,137
4/8/09	$12.82	240,534	6/3/09	$18.69	260,214
4/9/09	$14.00	197,205	6/4/09	$18.77	216,753
4/13/09	$14.88	188,745	6/5/09	$18.79	347,113
4/14/09	$14.94	239,068	6/8/09	$18.80	230,498
4/15/09	$15.00	215,278	6/9/09	$19.48	213,884
4/16/09	$15.45	242,959	6/10/09	$19.80	218,494
4/17/09	$15.57	213,691	6/11/09	$19.80	253,291
4/20/09	$14.17	326,048	6/12/09	$20.37	403,551
4/21/09	$14.32	285,563	6/15/09	$20.36	321,695
4/22/09	$14.24	204,097	6/16/09	$20.08	432,887
4/23/09	$15.69	227,438	6/17/09	$20.00	453,274
4/24/09	$15.66	363,249	6/18/09	$20.20	211,786
4/27/09	$15.28	170,811	6/19/09	$20.40	216,745
4/28/09	$15.00	118,302	6/22/09	$19.80	353,255
4/29/09	$15.79	254,298	6/23/09	$19.55	240,446
4/30/09	$15.89	218,963	6/24/09	$19.64	166,393

Exhibit 4
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Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
6/25/09	$20.22	195,761	8/19/09	$23.72	208,281
6/26/09	$20.20	254,408	8/20/09	$23.14	484,691
6/29/09	$20.70	262,856	8/21/09	$23.05	292,460
6/30/09	$20.65	261,174	8/24/09	$22.75	355,715
7/1/09	$20.30	192,375	8/25/09	$22.34	766,656
7/2/09	$20.41	97,203	8/26/09	$22.28	283,623
7/6/09	$20.55	184,690	8/27/09	$22.23	642,654
7/7/09	$20.54	150,761	8/28/09	$22.34	245,336
7/8/09	$20.08	221,702	8/31/09	$22.17	162,923
7/9/09	$20.35	190,765	9/1/09	$22.18	458,254
7/10/09	$20.53	148,821	9/2/09	$22.16	437,628
7/13/09	$20.75	202,205	9/3/09	$22.06	312,651
7/14/09	$20.96	190,553	9/4/09	$22.60	927,913
7/15/09	$21.40	322,696	9/8/09	$22.75	296,312
7/16/09	$21.40	232,941	9/9/09	$22.79	325,361
7/17/09	$22.00	287,108	9/10/09	$22.56	673,017
7/20/09	$22.01	275,875	9/11/09	$23.05	263,739
7/21/09	$21.90	270,304	9/14/09	$22.97	253,346
7/22/09	$21.93	125,036	9/15/09	$23.25	245,412
7/23/09	$22.00	223,504	9/16/09	$23.20	619,289
7/24/09	$22.14	241,116	9/17/09	$23.31	1,038,838
7/27/09	$22.32	312,041	9/18/09	$23.34	337,634
7/28/09	$22.40	282,129	9/21/09	$23.46	2,505,410
7/29/09	$22.35	195,497	9/22/09	$23.71	786,449
7/30/09	$22.38	322,578	9/23/09	$23.94	472,934
7/31/09	$22.90	151,783	9/24/09	$24.12	324,759
8/3/09	$23.14	402,873	9/25/09	$24.93	381,855
8/4/09	$23.35	1,867,702	9/28/09	$24.50	1,186,556
8/5/09	$23.35	594,347	9/29/09	$24.48	513,949
8/6/09	$23.38	432,616	9/30/09	$24.40	586,901
8/7/09	$23.56	351,066	10/1/09	$24.40	359,096
8/10/09	$23.47	281,849	10/2/09	$24.33	815,925
8/11/09	$23.34	425,797	10/5/09	$24.35	277,058
8/12/09	$23.56	377,130	10/6/09	$24.35	442,773
8/13/09	$23.80	351,215	10/7/09	$24.39	236,561
8/14/09	$23.94	243,804	10/8/09	$24.53	284,919
8/17/09	$23.77	301,594	10/9/09	$24.45	205,218
8/18/09	$23.72	277,452	10/12/09	$24.42	223,505

Exhibit 4
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Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
10/13/09	$24.47	322,425	12/7/09	$24.10	235,919
10/14/09	$24.73	390,087	12/8/09	$24.25	188,598
10/15/09	$24.70	356,535	12/9/09	$24.26	203,837
10/16/09	$24.60	580,086	12/10/09	$24.21	182,613
10/19/09	$24.49	407,027	12/11/09	$24.15	172,597
10/20/09	$24.58	505,004	12/14/09	$24.11	162,705
10/21/09	$24.61	746,971	12/15/09	$24.17	159,391
10/22/09	$24.65	418,579	12/16/09	$24.36	169,297
10/23/09	$24.70	384,894	12/17/09	$24.40	238,470
10/26/09	$24.44	648,250	12/18/09	$24.35	128,152
10/27/09	$24.11	571,871	12/21/09	$24.33	220,610
10/28/09	$23.45	364,113	12/22/09	$24.38	277,978
10/29/09	$23.64	371,408	12/23/09	$24.38	229,174
10/30/09	$23.55	217,095	12/24/09	$24.45	67,036
11/2/09	$23.48	715,230	12/28/09	$24.49	254,215
11/3/09	$22.87	652,468	12/29/09	$24.54	211,559
11/4/09	$22.91	283,882	12/30/09	$24.67	121,532
11/5/09	$23.25	167,702	12/31/09	$24.86	95,266
11/6/09	$23.52	156,206	1/4/10	$24.79	330,380
11/9/09	$24.11	229,103	1/5/10	$24.90	385,815
11/10/09	$24.25	1,092,464	1/6/10	$24.90	391,995
11/11/09	$24.31	209,335	1/7/10	$24.88	215,476
11/12/09	$24.42	413,503	1/8/10	$24.91	211,381
11/13/09	$24.25	312,038	1/11/10	$24.97	303,932
11/16/09	$24.30	159,546	1/12/10	$24.99	339,706
11/17/09	$24.36	195,369	1/13/10	$24.98	333,164
11/18/09	$24.30	196,694	1/14/10	$25.00	320,759
11/19/09	$24.21	146,280	1/15/10	$24.99	206,465
11/20/09	$24.44	124,992	1/19/10	$24.95	253,129
11/23/09	$24.50	233,543	1/20/10	$24.96	229,121
11/24/09	$24.47	247,192	1/21/10	$24.90	288,807
11/25/09	$24.57	158,365	1/22/10	$24.75	278,774
11/27/09	$23.44	282,025	1/25/10	$24.82	234,851
11/30/09	$23.47	442,764	1/26/10	$24.87	213,913
12/1/09	$23.65	179,031	1/27/10	$24.74	178,345
12/2/09	$23.98	218,092	1/28/10	$24.90	227,900
12/3/09	$23.97	192,553	1/29/10	$24.60	238,034
12/4/09	$24.03	162,952	2/1/10	$24.88	181,006

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
2/2/10	$25.00	420,151	3/29/10	$25.90	103,699
2/3/10	$25.00	260,524	3/30/10	$25.86	159,647
2/4/10	$24.72	226,571	3/31/10	$25.74	259,908
2/5/10	$24.73	402,068	4/1/10	$25.76	101,043
2/8/10	$24.72	258,088	4/5/10	$25.81	98,705
2/9/10	$24.77	263,899	4/6/10	$25.81	232,290
2/10/10	$24.85	237,381	4/7/10	$25.75	168,750
2/11/10	$25.00	204,951	4/8/10	$25.77	179,569
2/12/10	$24.97	209,869	4/9/10	$25.72	127,343
2/16/10	$25.20	603,335	4/12/10	$25.81	135,998
2/17/10	$25.46	582,634	4/13/10	$25.76	205,662
2/18/10	$25.42	382,345	4/14/10	$25.83	346,528
2/19/10	$25.43	235,218	4/15/10	$25.77	369,237
2/22/10	$25.38	368,882	4/16/10	$25.72	154,264
2/23/10	$25.46	304,207	4/19/10	$25.73	168,558
2/24/10	$25.44	457,898	4/20/10	$25.93	104,943
2/25/10	$25.20	287,701	4/21/10	$25.80	295,995
2/26/10	$25.10	281,846	4/22/10	$25.85	124,269
3/1/10	$25.28	561,704	4/23/10	$25.78	118,793
3/2/10	$25.25	299,206	4/26/10	$25.71	134,133
3/3/10	$25.28	224,324	4/27/10	$25.57	241,638
3/4/10	$25.50	285,833	4/28/10	$25.36	262,227
3/5/10	$25.52	327,024	4/29/10	$25.29	341,982
3/8/10	$25.59	242,136	4/30/10	$25.16	240,582
3/9/10	$25.58	225,791	5/3/10	$25.31	147,079
3/10/10	$25.66	214,614	5/4/10	$25.20	495,686
3/11/10	$25.75	178,320	5/5/10	$24.50	916,057
3/12/10	$25.90	271,434	5/6/10	$23.01	1,219,190
3/15/10	$25.68	229,169	5/7/10	$23.88	563,671
3/16/10	$25.86	228,488	5/10/10	$25.00	394,600
3/17/10	$25.84	187,158	5/11/10	$24.90	297,811
3/18/10	$25.88	188,266	5/12/10	$25.03	245,849
3/19/10	$25.75	111,882	5/13/10	$24.80	407,743
3/22/10	$25.75	198,839	5/14/10	$24.27	291,112
3/23/10	$25.72	300,624	5/17/10	$24.00	352,333
3/24/10	$25.72	179,550	5/18/10	$23.97	425,094
3/25/10	$25.87	143,887	5/19/10	$23.60	752,932
3/26/10	$25.74	112,387	5/20/10	$23.05	521,128

Exhibit 4
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Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
5/21/10	$23.35	392,174	7/16/10	$25.25	265,899
5/24/10	$24.12	233,120	7/19/10	$25.29	139,745
5/25/10	$23.76	288,367	7/20/10	$25.32	204,803
5/26/10	$24.20	229,548	7/21/10	$25.41	211,839
5/27/10	$24.00	276,380	7/22/10	$25.49	229,585
5/28/10	$24.25	165,482	7/23/10	$25.60	183,423
6/1/10	$24.06	119,465	7/26/10	$25.79	198,956
6/2/10	$24.11	235,856	7/27/10	$25.77	215,915
6/3/10	$24.23	176,074	7/28/10	$25.74	140,434
6/4/10	$24.00	188,997	7/29/10	$25.73	139,154
6/7/10	$24.00	145,610	7/30/10	$25.93	214,602
6/8/10	$23.45	227,625	8/2/10	$26.08	183,806
6/9/10	$23.97	195,861	8/3/10	$26.04	139,736
6/10/10	$24.37	187,830	8/4/10	$26.12	212,118
6/11/10	$24.73	200,488	8/5/10	$26.10	259,959
6/14/10	$24.80	169,017	8/6/10	$26.12	145,220
6/15/10	$24.91	234,156	8/9/10	$26.10	144,944
6/16/10	$24.79	202,344	8/10/10	$26.06	180,025
6/17/10	$24.78	242,653	8/11/10	$26.10	280,290
6/18/10	$24.70	447,698	8/12/10	$26.26	896,043
6/21/10	$24.65	179,281	8/13/10	$26.61	214,801
6/22/10	$24.59	150,797	8/16/10	$26.48	186,478
6/23/10	$24.68	374,684	8/17/10	$26.55	164,613
6/24/10	$24.75	174,629	8/18/10	$26.89	221,484
6/25/10	$24.50	250,733	8/19/10	$26.58	184,625
6/28/10	$24.82	169,917	8/20/10	$26.61	209,720
6/29/10	$24.53	227,856	8/23/10	$26.65	135,308
6/30/10	$24.50	175,343	8/24/10	$26.40	470,471
7/1/10	$24.76	123,178	8/25/10	$26.21	177,618
7/2/10	$24.95	175,485	8/26/10	$26.39	152,029
7/6/10	$24.70	162,165	8/27/10	$26.60	171,358
7/7/10	$25.05	205,212	8/30/10	$26.19	289,144
7/8/10	$25.26	173,435	8/31/10	$26.26	233,074
7/9/10	$25.48	149,382	9/1/10	$26.36	151,882
7/12/10	$25.30	429,695	9/2/10	$26.34	107,008
7/13/10	$25.34	307,341	9/3/10	$26.29	166,649
7/14/10	$25.39	218,406	9/7/10	$26.22	92,789
7/15/10	$25.49	228,127	9/8/10	$26.10	376,139

Exhibit 4
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Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
9/9/10	$25.95	213,590	11/2/10	$26.06	154,704
9/10/10	$26.13	220,701	11/3/10	$26.11	130,590
9/13/10	$26.10	126,374	11/4/10	$26.27	136,749
9/14/10	$26.15	169,094	11/5/10	$26.27	184,932
9/15/10	$26.20	825,658	11/8/10	$26.27	122,079
9/16/10	$26.10	312,478	11/9/10	$26.27	137,360
9/17/10	$26.00	587,002	11/10/10	$26.32	100,224
9/20/10	$25.91	1,715,391	11/11/10	$26.27	155,248
9/21/10	$25.90	628,571	11/12/10	$26.29	120,332
9/22/10	$25.91	210,496	11/15/10	$26.51	88,431
9/23/10	$25.96	216,443	11/16/10	$26.18	195,061
9/24/10	$25.96	164,054	11/17/10	$26.13	141,703
9/27/10	$25.92	164,540	11/18/10	$26.60	102,006
9/28/10	$25.81	166,774	11/19/10	$26.58	109,682
9/29/10	$25.95	139,903	11/22/10	$26.32	142,819
9/30/10	$25.93	223,347	11/23/10	$26.34	161,229
10/1/10	$25.94	138,692	11/24/10	$26.45	63,914
10/4/10	$25.80	159,387	11/26/10	$26.33	33,243
10/5/10	$25.89	324,254	11/29/10	$25.83	194,141
10/6/10	$25.95	155,797	11/30/10	$25.80	417,116
10/7/10	$25.98	211,615	12/1/10	$25.78	187,622
10/8/10	$26.10	135,308	12/2/10	$25.60	204,535
10/11/10	$26.32	128,234	12/3/10	$25.51	168,581
10/12/10	$26.14	271,684	12/6/10	$25.54	137,022
10/13/10	$26.29	233,062	12/7/10	$25.75	91,543
10/14/10	$26.22	275,367	12/8/10	$25.78	177,658
10/15/10	$26.24	325,895	12/9/10	$25.75	138,427
10/18/10	$26.06	142,022	12/10/10	$25.84	124,948
10/19/10	$26.15	154,928	12/13/10	$26.03	120,308
10/20/10	$25.90	109,287	12/14/10	$25.66	149,202
10/21/10	$25.91	219,885	12/15/10	$25.55	169,891
10/22/10	$26.01	145,935	12/16/10	$25.31	186,591
10/25/10	$25.81	179,654	12/17/10	$25.49	236,733
10/26/10	$26.05	134,494	12/20/10	$25.38	201,609
10/27/10	$25.96	102,663	12/21/10	$25.33	182,991
10/28/10	$26.09	104,083	12/22/10	$25.15	335,915
10/29/10	$26.07	1,104,051	12/23/10	$25.39	135,251
11/1/10	$26.09	1,083,386	12/27/10	$25.47	85,202

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Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
12/28/10	$25.47	94,003	2/22/11	$26.10	706,457
12/29/10	$25.43	86,842	2/23/11	$26.12	130,162
12/30/10	$25.51	67,058	2/24/11	$26.15	257,946
12/31/10	$25.70	50,605	2/25/11	$25.69	210,851
1/3/11	$25.56	857,474	2/28/11	$25.78	147,271
1/4/11	$25.58	96,303	3/1/11	$25.67	229,072
1/5/11	$25.51	140,709	3/2/11	$25.69	170,455
1/6/11	$25.43	255,650	3/3/11	$25.83	215,335
1/7/11	$25.34	145,700	3/4/11	$25.88	262,668
1/10/11	$25.36	312,295	3/7/11	$25.77	177,817
1/11/11	$25.35	419,090	3/8/11	$25.73	115,628
1/12/11	$25.34	252,019	3/9/11	$25.86	95,598
1/13/11	$25.49	975,809	3/10/11	$25.79	341,879
1/14/11	$25.40	891,011	3/11/11	$25.72	163,447
1/18/11	$25.44	387,356	3/14/11	$25.80	112,099
1/19/11	$25.37	639,295	3/15/11	$25.76	261,151
1/20/11	$25.35	3,755,543	3/16/11	$25.69	317,481
1/21/11	$25.60	1,295,587	3/17/11	$25.71	159,985
1/24/11	$25.50	348,325	3/18/11	$25.86	350,055
1/25/11	$25.62	448,439	3/21/11	$25.91	190,873
1/26/11	$25.84	435,452	3/22/11	$25.98	159,686
1/27/11	$25.87	778,712	3/23/11	$25.97	310,868
1/28/11	$25.71	301,989	3/24/11	$25.93	194,491
1/31/11	$25.79	437,212	3/25/11	$25.97	101,654
2/1/11	$25.75	435,598	3/28/11	$25.96	170,005
2/2/11	$25.78	150,012	3/29/11	$26.06	168,328
2/3/11	$25.77	308,336	3/30/11	$26.08	329,000
2/4/11	$25.91	117,759	3/31/11	$26.29	419,007
2/7/11	$25.91	126,758	4/1/11	$26.39	128,238
2/8/11	$25.98	268,652	4/4/11	$26.21	262,495
2/9/11	$25.93	158,674	4/5/11	$26.29	225,445
2/10/11	$26.01	158,541	4/6/11	$26.35	237,328
2/11/11	$26.13	185,094	4/7/11	$26.26	171,317
2/14/11	$26.15	118,156	4/8/11	$26.30	59,965
2/15/11	$26.13	176,960	4/11/11	$26.19	174,487
2/16/11	$26.22	298,606	4/12/11	$26.14	261,890
2/17/11	$26.12	158,273	4/13/11	$26.21	152,725
2/18/11	$26.30	126,384	4/14/11	$26.21	166,679

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
4/15/11	$26.06	110,109	6/10/11	$25.81	140,782
4/18/11	$26.07	117,955	6/13/11	$25.65	143,560
4/19/11	$26.30	99,472	6/14/11	$25.90	187,060
4/20/11	$26.42	203,876	6/15/11	$25.74	147,298
4/21/11	$26.23	162,455	6/16/11	$25.28	300,825
4/25/11	$26.33	134,636	6/17/11	$25.65	235,821
4/26/11	$26.50	212,906	6/20/11	$25.35	185,098
4/27/11	$26.66	223,285	6/21/11	$25.53	238,212
4/28/11	$26.80	91,850	6/22/11	$25.65	140,854
4/29/11	$26.60	130,383	6/23/11	$25.48	270,664
5/2/11	$26.57	81,536	6/24/11	$25.47	164,853
5/3/11	$26.57	135,510	6/27/11	$25.42	168,033
5/4/11	$26.73	94,963	6/28/11	$25.96	349,871
5/5/11	$26.77	89,688	6/29/11	$25.89	232,914
5/6/11	$26.82	139,378	6/30/11	$26.34	436,745
5/9/11	$26.83	136,060	7/1/11	$26.27	79,228
5/10/11	$26.95	123,303	7/5/11	$26.28	171,400
5/11/11	$26.83	106,260	7/6/11	$26.20	132,014
5/12/11	$26.93	91,665	7/7/11	$26.38	86,936
5/13/11	$26.93	185,937	7/8/11	$26.25	91,179
5/16/11	$26.88	176,636	7/11/11	$26.01	262,691
5/17/11	$26.96	141,999	7/12/11	$25.79	286,918
5/18/11	$26.92	132,069	7/13/11	$25.82	173,387
5/19/11	$26.85	105,410	7/14/11	$25.65	207,213
5/20/11	$26.87	115,822	7/15/11	$25.52	503,233
5/23/11	$26.82	116,243	7/18/11	$25.31	458,121
5/24/11	$26.95	85,155	7/19/11	$25.33	551,268
5/25/11	$26.93	131,565	7/20/11	$25.40	584,493
5/26/11	$26.89	147,602	7/21/11	$25.69	227,608
5/27/11	$26.40	120,687	7/22/11	$25.61	97,448
5/31/11	$26.29	171,512	7/25/11	$25.52	224,871
6/1/11	$26.13	196,231	7/26/11	$25.56	157,780
6/2/11	$26.03	181,934	7/27/11	$25.52	247,577
6/3/11	$26.03	146,450	7/28/11	$25.47	166,286
6/6/11	$25.97	224,898	7/29/11	$25.33	183,986
6/7/11	$25.88	189,985	8/1/11	$25.56	147,696
6/8/11	$25.77	203,115	8/2/11	$25.46	167,371
6/9/11	$25.80	151,160	8/3/11	$25.60	154,272

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
8/4/11	$24.77	536,257	9/28/11	$22.94	349,183
8/5/11	$24.27	878,390	9/29/11	$23.18	267,984
8/8/11	$21.30	948,567	9/30/11	$23.11	228,898
8/9/11	$23.87	617,644	10/3/11	$22.34	219,933
8/10/11	$24.22	701,617	10/4/11	$21.93	554,303
8/11/11	$24.65	425,954	10/5/11	$22.42	235,098
8/12/11	$25.02	306,169	10/6/11	$23.18	404,107
8/15/11	$25.12	233,032	10/7/11	$23.20	271,596
8/16/11	$25.20	254,731	10/10/11	$23.91	279,598
8/17/11	$25.29	294,871	10/11/11	$23.85	234,104
8/18/11	$24.07	554,967	10/12/11	$24.26	377,882
8/19/11	$23.98	633,332	10/13/11	$23.88	224,946
8/22/11	$23.30	319,285	10/14/11	$23.80	375,185
8/23/11	$23.85	350,795	10/17/11	$23.51	186,018
8/24/11	$24.20	317,564	10/18/11	$24.15	337,227
8/25/11	$24.72	283,501	10/19/11	$23.87	632,441
8/26/11	$25.09	193,098	10/20/11	$23.84	395,762
8/29/11	$25.48	165,552	10/21/11	$23.74	363,636
8/30/11	$25.00	393,098	10/24/11	$23.88	274,189
8/31/11	$24.67	272,829	10/25/11	$23.70	409,297
9/1/11	$24.78	184,616	10/26/11	$23.86	293,265
9/2/11	$24.91	236,925	10/27/11	$24.80	551,078
9/6/11	$24.54	322,301	10/28/11	$24.90	597,717
9/7/11	$24.77	204,432	10/31/11	$24.66	356,146
9/8/11	$24.70	164,784	11/1/11	$24.22	197,844
9/9/11	$24.10	299,610	11/2/11	$24.71	192,763
9/12/11	$22.58	666,058	11/3/11	$24.76	153,811
9/13/11	$23.05	464,756	11/4/11	$24.70	199,233
9/14/11	$23.38	425,033	11/7/11	$24.67	242,840
9/15/11	$24.09	282,468	11/8/11	$24.87	366,899
9/16/11	$24.04	236,883	11/9/11	$24.43	485,363
9/19/11	$23.90	295,517	11/10/11	$24.43	333,237
9/20/11	$23.91	245,358	11/11/11	$24.72	168,373
9/21/11	$23.40	246,322	11/14/11	$24.45	197,826
9/22/11	$22.87	512,198	11/15/11	$24.41	179,580
9/23/11	$22.96	406,319	11/16/11	$24.24	208,412
9/26/11	$22.65	446,050	11/17/11	$23.86	542,372
9/27/11	$23.78	312,203	11/18/11	$23.93	225,941

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
11/21/11	$23.43	228,109	1/18/12	$24.55	291,025
11/22/11	$23.40	171,691	1/19/12	$24.67	413,778
11/23/11	$23.05	233,825	1/20/12	$25.00	301,865
11/25/11	$23.45	72,200	1/23/12	$24.88	234,567
11/28/11	$23.50	278,264	1/24/12	$24.96	173,766
11/29/11	$22.74	135,288	1/25/12	$25.01	196,025
11/30/11	$22.70	277,756	1/26/12	$25.20	207,361
12/1/11	$22.72	215,916	1/27/12	$25.22	151,585
12/2/11	$22.68	409,207	1/30/12	$25.15	166,991
12/5/11	$23.38	753,185	1/31/12	$25.15	147,723
12/6/11	$23.45	234,476	2/1/12	$25.42	183,460
12/7/11	$23.30	203,563	2/2/12	$25.50	145,384
12/8/11	$23.05	214,819	2/3/12	$25.63	172,144
12/9/11	$23.32	201,357	2/6/12	$25.42	107,124
12/12/11	$23.07	155,061	2/7/12	$25.46	100,262
12/13/11	$23.48	235,568	2/8/12	$25.56	218,773
12/14/11	$22.99	138,292	2/9/12	$25.58	194,741
12/15/11	$23.21	199,286	2/10/12	$25.19	196,581
12/16/11	$22.68	247,239	2/13/12	$25.62	184,146
12/19/11	$22.01	249,523	2/14/12	$25.59	193,098
12/20/11	$22.21	343,861	2/15/12	$25.60	169,860
12/21/11	$22.20	262,886	2/16/12	$25.61	143,541
12/22/11	$22.60	319,266	2/17/12	$25.57	255,691
12/23/11	$22.79	252,963	2/21/12	$25.70	150,025
12/27/11	$22.41	349,635	2/22/12	$25.73	76,507
12/28/11	$22.02	296,320	2/23/12	$25.88	118,436
12/29/11	$22.13	212,466	2/24/12	$25.88	130,362
12/30/11	$22.28	145,753	2/27/12	$26.00	159,895
1/3/12	$22.80	194,226	2/28/12	$25.69	229,996
1/4/12	$23.24	448,403	2/29/12	$25.55	151,381
1/5/12	$23.76	351,201	3/1/12	$25.69	111,848
1/6/12	$23.87	174,421	3/2/12	$25.61	279,058
1/9/12	$24.17	232,158	3/5/12	$25.64	116,190
1/10/12	$24.32	238,104	3/6/12	$25.29	195,792
1/11/12	$24.27	225,459	3/7/12	$25.36	123,384
1/12/12	$24.38	203,445	3/8/12	$25.49	178,400
1/13/12	$24.19	446,465	3/9/12	$25.48	111,709
1/17/12	$24.29	154,558	3/12/12	$25.69	132,829

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
3/13/12	$25.86	163,764	5/7/12	$25.78	152,724
3/14/12	$25.81	115,308	5/8/12	$25.89	119,788
3/15/12	$25.86	89,786	5/9/12	$25.67	372,104
3/16/12	$25.84	223,397	5/10/12	$25.67	153,173
3/19/12	$25.84	81,219	5/11/12	$25.57	129,639
3/20/12	$25.80	130,844	5/14/12	$25.33	162,400
3/21/12	$25.79	115,869	5/15/12	$25.30	161,723
3/22/12	$25.65	164,443	5/16/12	$25.33	163,625
3/23/12	$25.75	85,203	5/17/12	$24.85	362,959
3/26/12	$25.80	131,026	5/18/12	$24.57	399,063
3/27/12	$25.84	86,919	5/21/12	$25.24	157,802
3/28/12	$25.73	73,541	5/22/12	$25.44	294,144
3/29/12	$25.55	116,182	5/23/12	$25.53	462,926
3/30/12	$25.44	194,479	5/24/12	$25.61	212,465
4/2/12	$25.52	83,923	5/25/12	$25.79	134,396
4/3/12	$25.54	64,000	5/29/12	$25.96	176,989
4/4/12	$25.47	232,431	5/30/12	$25.15	219,177
4/5/12	$25.51	125,245	5/31/12	$25.16	169,447
4/9/12	$25.48	111,662	6/1/12	$24.98	229,506
4/10/12	$25.14	345,243	6/4/12	$24.94	400,593
4/11/12	$25.32	130,366	6/5/12	$24.94	264,020
4/12/12	$25.57	123,405	6/6/12	$25.05	211,401
4/13/12	$25.30	72,051	6/7/12	$25.10	148,804
4/16/12	$25.29	171,618	6/8/12	$25.14	165,911
4/17/12	$25.28	133,275	6/11/12	$25.23	138,159
4/18/12	$25.12	187,695	6/12/12	$25.43	109,123
4/19/12	$25.17	327,825	6/13/12	$25.48	96,012
4/20/12	$25.03	683,994	6/14/12	$25.48	168,431
4/23/12	$25.17	251,057	6/15/12	$25.33	166,875
4/24/12	$25.35	161,290	6/18/12	$25.45	109,805
4/25/12	$25.60	160,627	6/19/12	$25.54	221,192
4/26/12	$25.59	100,032	6/20/12	$25.63	190,451
4/27/12	$25.71	136,066	6/21/12	$25.49	136,609
4/30/12	$25.54	154,752	6/22/12	$25.40	243,906
5/1/12	$25.75	173,583	6/25/12	$25.37	107,308
5/2/12	$25.70	82,957	6/26/12	$25.38	107,692
5/3/12	$25.85	152,117	6/27/12	$25.35	136,183
5/4/12	$25.80	115,083	6/28/12	$25.35	308,587

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
6/29/12	$25.38	320,488	8/23/12	$26.01	70,555
7/2/12	$25.60	122,781	8/24/12	$26.11	51,965
7/3/12	$25.61	120,989	8/27/12	$26.13	119,895
7/5/12	$25.45	302,148	8/28/12	$26.14	147,872
7/6/12	$25.41	163,523	8/29/12	$25.65	396,970
7/9/12	$25.34	176,241	8/30/12	$25.65	139,849
7/10/12	$25.40	123,914	8/31/12	$25.57	125,558
7/11/12	$25.40	193,396	9/4/12	$25.61	135,119
7/12/12	$25.47	244,385	9/5/12	$25.65	124,121
7/13/12	$25.54	274,705	9/6/12	$25.70	315,607
7/16/12	$25.42	385,389	9/7/12	$25.82	145,154
7/17/12	$25.60	179,448	9/10/12	$25.89	179,803
7/18/12	$25.67	217,447	9/11/12	$25.93	103,919
7/19/12	$25.69	136,454	9/12/12	$25.97	128,048
7/20/12	$25.80	242,026	9/13/12	$26.00	217,117
7/23/12	$25.59	156,183	9/14/12	$25.97	92,696
7/24/12	$25.54	96,453	9/17/12	$25.92	71,470
7/25/12	$25.68	84,931	9/18/12	$25.98	77,286
7/26/12	$25.75	110,458	9/19/12	$25.90	130,784
7/27/12	$25.84	86,119	9/20/12	$25.78	80,150
7/30/12	$25.78	112,856	9/21/12	$25.68	117,795
7/31/12	$25.69	212,297	9/24/12	$25.80	175,614
8/1/12	$25.70	175,936	9/25/12	$25.87	89,073
8/2/12	$25.75	45,877	9/26/12	$25.76	79,089
8/3/12	$25.80	93,374	9/27/12	$25.90	75,942
8/6/12	$25.98	212,873	9/28/12	$25.92	85,476
8/7/12	$25.95	126,728	10/1/12	$25.97	82,605
8/8/12	$25.97	92,310	10/2/12	$25.91	71,224
8/9/12	$25.95	131,370	10/3/12	$25.94	63,773
8/10/12	$25.95	66,742	10/4/12	$25.98	61,334
8/13/12	$25.92	78,806	10/5/12	$25.99	64,063
8/14/12	$25.95	115,560	10/8/12	$25.96	46,403
8/15/12	$26.04	89,356	10/9/12	$25.87	92,590
8/16/12	$26.08	142,001	10/10/12	$25.84	78,390
8/17/12	$26.17	100,383	10/11/12	$25.92	82,998
8/20/12	$26.25	100,854	10/12/12	$25.95	46,383
8/21/12	$26.05	145,921	10/15/12	$25.94	89,379
8/22/12	$25.99	91,773	10/16/12	$25.95	213,555

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
10/17/12	$25.92	656,729	12/13/12	$25.40	119,548
10/18/12	$26.06	154,944	12/14/12	$25.53	111,306
10/19/12	$25.39	281,703	12/17/12	$25.57	132,929
10/22/12	$25.81	75,998	12/18/12	$25.52	123,578
10/23/12	$25.78	128,733	12/19/12	$25.55	139,536
10/24/12	$25.74	124,259	12/20/12	$25.48	323,273
10/25/12	$25.70	136,494	12/21/12	$25.42	109,644
10/26/12	$25.70	160,195	12/24/12	$25.44	13,744
10/31/12	$25.85	175,271	12/26/12	$25.48	66,780
11/1/12	$25.82	76,499	12/27/12	$25.46	85,379
11/2/12	$25.79	61,759	12/28/12	$25.47	87,202
11/5/12	$25.87	71,336	12/31/12	$25.43	108,583
11/6/12	$25.84	62,833	1/2/13	$25.55	127,705
11/7/12	$25.92	92,737	1/3/13	$25.56	127,114
11/8/12	$25.75	86,150	1/4/13	$25.68	180,116
11/9/12	$25.73	98,220	1/7/13	$25.66	71,576
11/12/12	$25.84	45,982	1/8/13	$25.79	130,383
11/13/12	$25.85	104,149	1/9/13	$25.76	106,645
11/14/12	$25.66	219,995	1/10/13	$25.84	143,625
11/15/12	$25.47	200,142	1/11/13	$25.78	109,417
11/16/12	$25.75	165,709	1/14/13	$25.77	68,101
11/19/12	$25.88	104,802	1/15/13	$25.80	107,642
11/20/12	$25.88	87,257	1/16/13	$25.76	105,254
11/21/12	$25.94	71,078	1/17/13	$25.79	169,973
11/23/12	$26.00	29,007	1/18/13	$25.99	157,969
11/26/12	$25.95	114,802	1/22/13	$25.97	126,536
11/27/12	$25.98	113,819	1/23/13	$25.98	91,013
11/28/12	$25.54	139,969	1/24/13	$25.99	84,930
11/29/12	$25.58	165,836	1/25/13	$25.96	112,119
11/30/12	$25.57	122,446	1/28/13	$25.87	121,117
12/3/12	$25.52	112,901	1/29/13	$25.88	74,576
12/4/12	$25.50	120,419	1/30/13	$25.89	61,776
12/5/12	$25.46	121,013	1/31/13	$25.87	197,604
12/6/12	$25.54	94,100	2/1/13	$26.00	83,780
12/7/12	$25.49	65,681	2/4/13	$25.89	110,900
12/10/12	$25.41	131,375	2/5/13	$25.96	56,432
12/11/12	$25.39	110,205	2/6/13	$25.91	95,536
12/12/12	$25.36	187,594	2/7/13	$25.91	100,403

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
2/8/13	$25.93	68,222	4/5/13	$25.55	82,616
2/11/13	$25.90	103,799	4/8/13	$25.51	106,220
2/12/13	$25.89	89,314	4/9/13	$25.54	88,812
2/13/13	$25.96	181,557	4/10/13	$25.53	81,342
2/14/13	$25.95	116,600	4/11/13	$25.55	95,170
2/15/13	$25.90	76,675	4/12/13	$25.60	98,890
2/19/13	$25.98	158,522	4/15/13	$25.58	102,577
2/20/13	$25.99	64,153	4/16/13	$25.65	67,022
2/21/13	$25.98	245,017	4/17/13	$25.67	85,328
2/22/13	$25.94	141,351	4/18/13	$25.77	133,640
2/25/13	$25.98	145,556	4/19/13	$25.54	315,729
2/26/13	$26.00	127,201	4/22/13	$25.61	182,536
2/27/13	$25.49	202,017	4/23/13	$25.56	187,943
2/28/13	$25.44	209,538	4/24/13	$25.56	100,853
3/1/13	$25.49	216,573	4/25/13	$25.56	73,934
3/4/13	$25.50	251,476	4/26/13	$25.55	55,474
3/5/13	$25.55	580,424	4/29/13	$25.80	202,519
3/6/13	$25.55	99,836	4/30/13	$25.73	187,457
3/7/13	$25.55	116,603	5/1/13	$25.67	93,058
3/8/13	$25.54	112,370	5/2/13	$25.72	143,233
3/11/13	$25.54	111,707	5/3/13	$25.74	242,330
3/12/13	$25.52	63,206	5/6/13	$25.77	190,824
3/13/13	$25.54	86,170	5/7/13	$25.90	294,973
3/14/13	$25.54	152,178	5/8/13	$25.90	153,691
3/15/13	$25.55	120,080	5/9/13	$25.90	122,856
3/18/13	$25.53	195,531	5/10/13	$25.87	58,397
3/19/13	$25.55	205,442	5/13/13	$25.82	131,899
3/20/13	$25.54	133,791	5/14/13	$25.79	62,070
3/21/13	$25.58	103,741	5/15/13	$25.74	90,371
3/22/13	$25.56	927,725	5/16/13	$25.87	138,388
3/25/13	$25.51	147,627	5/17/13	$25.87	130,343
3/26/13	$25.53	239,331	5/20/13	$25.89	116,935
3/27/13	$25.58	117,630	5/21/13	$25.91	202,708
3/28/13	$25.56	140,158	5/22/13	$25.84	106,375
4/1/13	$25.52	151,375	5/23/13	$25.87	107,686
4/2/13	$25.55	141,040	5/24/13	$25.94	114,101
4/3/13	$25.50	118,466	5/28/13	$25.94	87,708
4/4/13	$25.50	105,868	5/29/13	$25.52	185,203

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
5/30/13	$25.55	166,889	7/24/13	$25.36	123,598
5/31/13	$25.40	111,789	7/25/13	$25.35	87,224
6/3/13	$25.38	269,008	7/26/13	$25.40	42,837
6/4/13	$25.62	415,523	7/29/13	$25.35	215,851
6/5/13	$25.46	106,616	7/30/13	$25.35	129,149
6/6/13	$25.51	152,080	7/31/13	$25.44	95,236
6/7/13	$25.50	96,755	8/1/13	$25.35	303,878
6/10/13	$25.42	132,242	8/2/13	$25.36	290,739
6/11/13	$25.31	261,108	8/5/13	$25.39	129,865
6/12/13	$25.09	533,700	8/6/13	$25.40	150,572
6/13/13	$25.31	402,019	8/7/13	$25.38	138,913
6/14/13	$25.49	194,950	8/8/13	$25.38	131,217
6/17/13	$25.44	266,521	8/9/13	$25.38	110,096
6/18/13	$25.48	128,978	8/12/13	$25.42	126,314
6/19/13	$25.37	168,315	8/13/13	$25.44	139,322
6/20/13	$25.29	270,855	8/14/13	$25.46	172,070
6/21/13	$25.16	208,062	8/15/13	$25.42	213,606
6/24/13	$25.15	266,171	8/16/13	$25.43	133,995
6/25/13	$25.26	240,906	8/19/13	$25.40	208,436
6/26/13	$25.46	338,704	8/20/13	$25.50	206,305
6/27/13	$25.38	203,518	8/21/13	$25.48	171,253
6/28/13	$25.33	188,906	8/22/13	$25.55	243,935
7/1/13	$25.35	138,353	8/23/13	$25.69	194,019
7/2/13	$25.35	160,834	8/26/13	$25.62	180,061
7/3/13	$25.30	106,051	8/27/13	$25.62	155,334
7/5/13	$25.23	166,372	8/28/13	$25.27	212,340
7/8/13	$25.16	283,778	8/29/13	$25.28	154,007
7/9/13	$25.22	117,695	8/30/13	$25.25	216,190
7/10/13	$25.26	166,701	9/3/13	$25.25	232,156
7/11/13	$25.31	120,018	9/4/13	$25.17	560,941
7/12/13	$25.48	116,203	9/5/13	$25.24	203,314
7/15/13	$25.43	115,048	9/6/13	$25.27	85,728
7/16/13	$25.38	64,031	9/9/13	$25.32	184,640
7/17/13	$25.38	136,821	9/10/13	$25.30	251,325
7/18/13	$25.38	87,116	9/11/13	$25.28	178,077
7/19/13	$25.33	300,755	9/12/13	$25.30	155,846
7/22/13	$25.41	61,825	9/13/13	$25.30	95,150
7/23/13	$25.46	78,761	9/16/13	$25.27	207,300

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
9/17/13	$25.30	203,377	11/8/13	$25.53	117,804
9/18/13	$25.39	219,930	11/11/13	$25.57	51,511
9/19/13	$25.33	119,201	11/12/13	$25.57	85,273
9/20/13	$25.35	151,405	11/13/13	$25.51	233,096
9/23/13	$25.35	196,260	11/14/13	$25.59	67,470
9/24/13	$25.35	97,677	11/15/13	$25.59	121,884
9/25/13	$25.41	93,256	11/18/13	$25.64	124,922
9/26/13	$25.41	71,387	11/19/13	$25.67	186,716
9/27/13	$25.38	113,975	11/20/13	$25.66	136,329
9/30/13	$25.44	131,918	11/21/13	$25.70	128,471
10/1/13	$25.35	164,413	11/22/13	$25.70	257,023
10/2/13	$25.36	93,017	11/25/13	$25.73	150,559
10/3/13	$25.36	175,141	11/26/13	$25.37	199,121
10/4/13	$25.34	165,731	11/27/13	$25.38	147,717
10/7/13	$25.32	113,788	11/29/13	$25.40	28,469
10/8/13	$25.36	103,812	12/2/13	$25.37	124,345
10/9/13	$25.40	175,114	12/3/13	$25.38	88,744
10/10/13	$25.37	86,271	12/4/13	$25.36	82,637
10/11/13	$25.37	49,729	12/5/13	$25.30	175,429
10/14/13	$25.35	111,466	12/6/13	$25.30	81,878
10/15/13	$25.38	130,610	12/9/13	$25.37	148,611
10/16/13	$25.40	134,081	12/10/13	$25.32	111,715
10/17/13	$25.45	80,053	12/11/13	$25.31	124,705
10/18/13	$25.40	297,631	12/12/13	$25.36	135,697
10/21/13	$25.48	78,394	12/13/13	$25.59	351,141
10/22/13	$25.49	176,182	12/16/13	$25.43	104,468
10/23/13	$25.54	71,360	12/17/13	$25.42	135,325
10/24/13	$25.50	113,486	12/18/13	$25.35	149,651
10/25/13	$25.52	95,861	12/19/13	$25.34	143,725
10/28/13	$25.52	92,034	12/20/13	$25.35	158,563
10/29/13	$25.51	94,681	12/23/13	$25.39	1,781,274
10/30/13	$25.51	78,550	12/24/13	$25.31	627,939
10/31/13	$25.51	87,219	12/26/13	$25.30	898,703
11/1/13	$25.50	79,282	12/27/13	$25.31	194,896
11/4/13	$25.50	183,497	12/30/13	$25.30	237,487
11/5/13	$25.53	41,143	12/31/13	$25.37	148,292
11/6/13	$25.56	146,679	1/2/14	$25.36	81,399
11/7/13	$25.58	141,213	1/3/14	$25.40	98,341

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
1/6/14	$25.43	145,447	3/3/14	$25.96	178,642
1/7/14	$25.41	178,098	3/4/14	$25.92	309,768
1/8/14	$25.43	152,677	3/5/14	$25.92	171,991
1/9/14	$25.43	1,705,066	3/6/14	$25.54	340,632
1/10/14	$25.47	162,282	3/7/14	$25.57	103,204
1/13/14	$25.45	184,774	3/10/14	$25.58	113,740
1/14/14	$25.47	135,985	3/11/14	$25.62	52,875
1/15/14	$25.49	137,063	3/12/14	$25.62	96,042
1/16/14	$25.49	185,101	3/13/14	$25.62	99,700
1/17/14	$25.47	376,930	3/14/14	$25.62	402,520
1/21/14	$25.51	230,382	3/17/14	$25.69	100,976
1/22/14	$25.49	547,485	3/18/14	$25.70	116,816
1/23/14	$25.50	169,539	3/19/14	$25.73	95,691
1/24/14	$25.52	79,120	3/20/14	$25.77	142,524
1/27/14	$25.52	67,146	3/21/14	$25.78	87,335
1/28/14	$25.52	111,538	3/24/14	$25.73	103,037
1/29/14	$25.51	179,687	3/25/14	$25.77	102,869
1/30/14	$25.51	104,367	3/26/14	$25.85	83,122
1/31/14	$25.53	89,522	3/27/14	$25.84	71,450
2/3/14	$25.54	59,140	3/28/14	$25.87	104,466
2/4/14	$25.57	111,189	3/31/14	$26.01	108,671
2/5/14	$25.59	128,478	4/1/14	$25.98	108,058
2/6/14	$25.58	91,470	4/2/14	$25.85	124,177
2/7/14	$25.58	66,400	4/3/14	$25.90	63,379
2/10/14	$25.58	120,699	4/4/14	$25.93	61,318
2/11/14	$25.55	220,064	4/7/14	$25.97	87,017
2/12/14	$25.58	151,243	4/8/14	$25.95	52,153
2/13/14	$25.73	144,438	4/9/14	$25.90	123,492
2/14/14	$25.77	120,501	4/10/14	$25.90	136,757
2/18/14	$25.85	210,123	4/11/14	$25.92	89,250
2/19/14	$25.87	149,943	4/14/14	$25.91	116,445
2/20/14	$25.84	127,162	4/15/14	$25.91	107,377
2/21/14	$25.90	158,212	4/16/14	$25.86	95,063
2/24/14	$25.86	137,629	4/17/14	$25.66	401,811
2/25/14	$25.86	71,415	4/21/14	$25.75	67,309
2/26/14	$25.80	186,343	4/22/14	$25.78	113,306
2/27/14	$25.85	150,739	4/23/14	$25.83	53,923
2/28/14	$25.90	222,719	4/24/14	$25.87	65,248

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
4/25/14	$26.00	150,529	6/19/14	$25.91	110,962
4/28/14	$25.92	151,918	6/20/14	$26.18	384,964
4/29/14	$25.91	84,484	6/23/14	$25.96	139,635
4/30/14	$25.91	113,267	6/24/14	$25.90	111,438
5/1/14	$25.97	91,615	6/25/14	$25.99	79,207
5/2/14	$25.93	123,694	6/26/14	$25.89	129,194
5/5/14	$25.93	130,850	6/27/14	$25.82	133,790
5/6/14	$25.92	143,108	6/30/14	$25.86	101,681
5/7/14	$25.93	157,792	7/1/14	$26.06	103,016
5/8/14	$25.93	127,486	7/2/14	$26.07	125,104
5/9/14	$25.90	92,958	7/3/14	$26.00	67,050
5/12/14	$25.92	133,066	7/7/14	$26.02	70,294
5/13/14	$25.90	73,588	7/8/14	$26.02	61,907
5/14/14	$25.92	294,886	7/9/14	$25.97	84,453
5/15/14	$25.93	688,158	7/10/14	$25.90	88,766
5/16/14	$26.07	242,417	7/11/14	$26.01	126,600
5/19/14	$26.09	110,737	7/14/14	$25.99	75,008
5/20/14	$26.19	89,049	7/15/14	$25.97	88,519
5/21/14	$26.14	93,990	7/16/14	$25.98	52,513
5/22/14	$26.10	61,165	7/17/14	$25.89	83,514
5/23/14	$26.20	62,634	7/18/14	$25.87	233,457
5/27/14	$26.20	130,549	7/21/14	$25.88	66,696
5/28/14	$25.65	224,940	7/22/14	$25.86	81,739
5/29/14	$25.66	149,288	7/23/14	$25.88	35,723
5/30/14	$25.77	78,660	7/24/14	$25.97	46,811
6/2/14	$25.71	116,398	7/25/14	$26.00	113,289
6/3/14	$25.59	477,142	7/28/14	$25.95	73,818
6/4/14	$25.71	248,205	7/29/14	$25.86	140,497
6/5/14	$25.68	131,760	7/30/14	$25.86	78,458
6/6/14	$25.62	82,139	7/31/14	$25.79	170,743
6/9/14	$25.66	60,090	8/1/14	$25.71	117,479
6/10/14	$25.64	112,861	8/4/14	$25.80	100,534
6/11/14	$25.64	70,155	8/5/14	$25.74	132,067
6/12/14	$25.74	121,973	8/6/14	$25.76	92,864
6/13/14	$25.71	77,393	8/7/14	$25.99	80,478
6/16/14	$25.73	150,533	8/8/14	$25.90	75,478
6/17/14	$25.81	134,438	8/11/14	$25.91	171,731
6/18/14	$25.85	99,672	8/12/14	$25.94	38,355

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
8/13/14	$26.01	77,899	10/7/14	$25.77	228,382
8/14/14	$26.06	135,285	10/8/14	$25.79	257,835
8/15/14	$26.12	96,221	10/9/14	$25.79	121,525
8/18/14	$26.14	117,087	10/10/14	$25.74	143,648
8/19/14	$26.11	149,560	10/13/14	$25.79	161,241
8/20/14	$26.11	82,596	10/14/14	$25.77	175,895
8/21/14	$26.11	76,363	10/15/14	$25.73	237,078
8/22/14	$26.17	103,048	10/16/14	$25.81	167,685
8/25/14	$26.20	100,731	10/17/14	$25.65	271,297
8/26/14	$26.23	191,407	10/20/14	$25.90	163,933
8/27/14	$25.90	174,833	10/21/14	$25.92	116,471
8/28/14	$25.89	156,642	10/22/14	$25.88	137,980
8/29/14	$25.92	48,654	10/23/14	$25.93	129,616
9/2/14	$25.96	100,287	10/24/14	$25.99	100,037
9/3/14	$25.94	105,919	10/27/14	$25.95	160,396
9/4/14	$25.81	199,068	10/28/14	$25.97	129,168
9/5/14	$25.84	171,113	10/29/14	$25.99	91,430
9/8/14	$25.80	122,047	10/30/14	$25.95	166,915
9/9/14	$25.78	105,038	10/31/14	$25.81	392,596
9/10/14	$25.75	129,048	11/3/14	$25.88	149,226
9/11/14	$25.72	39,216	11/4/14	$25.96	145,384
9/12/14	$25.74	96,868	11/5/14	$25.97	93,405
9/15/14	$25.72	60,252	11/6/14	$25.96	80,029
9/16/14	$25.74	181,860	11/7/14	$26.10	142,623
9/17/14	$25.83	194,714	11/10/14	$26.04	201,011
9/18/14	$25.75	170,253	11/11/14	$26.05	120,401
9/19/14	$25.81	94,832	11/12/14	$26.07	182,738
9/22/14	$25.79	85,667	11/13/14	$26.11	128,775
9/23/14	$25.88	175,299	11/14/14	$26.15	122,894
9/24/14	$25.83	63,844	11/17/14	$26.16	306,758
9/25/14	$25.71	96,962	11/18/14	$26.20	268,913
9/26/14	$25.88	92,507	11/19/14	$26.32	193,566
9/29/14	$25.90	146,808	11/20/14	$26.36	125,279
9/30/14	$25.97	136,891	11/21/14	$26.40	161,966
10/1/14	$25.98	198,973	11/24/14	$26.44	142,966
10/2/14	$25.89	178,019	11/25/14	$26.48	191,467
10/3/14	$25.82	70,592	11/26/14	$26.00	301,913
10/6/14	$25.82	162,639	11/28/14	$25.92	109,470

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
12/1/14	$25.75	252,702	1/27/15	$26.39	140,591
12/2/14	$25.88	183,010	1/28/15	$26.43	238,496
12/3/14	$25.84	226,951	1/29/15	$26.27	222,788
12/4/14	$25.75	240,163	1/30/15	$26.30	82,033
12/5/14	$25.88	173,397	2/2/15	$26.44	94,231
12/8/14	$25.81	223,238	2/3/15	$26.44	135,490
12/9/14	$25.82	147,528	2/4/15	$26.36	167,897
12/10/14	$25.80	106,944	2/5/15	$26.47	121,837
12/11/14	$25.90	148,363	2/6/15	$26.49	272,163
12/12/14	$25.94	90,088	2/9/15	$26.51	130,595
12/15/14	$25.85	181,140	2/10/15	$26.48	182,901
12/16/14	$25.80	141,025	2/11/15	$26.57	126,459
12/17/14	$25.80	163,870	2/12/15	$26.63	123,785
12/18/14	$25.87	100,568	2/13/15	$26.68	106,617
12/19/14	$25.88	157,869	2/17/15	$26.71	116,110
12/22/14	$25.85	156,371	2/18/15	$26.66	187,045
12/23/14	$25.90	122,235	2/19/15	$26.72	72,970
12/24/14	$25.88	94,786	2/20/15	$26.72	109,736
12/26/14	$25.90	33,149	2/23/15	$26.80	76,307
12/29/14	$25.96	111,171	2/24/15	$26.80	96,368
12/30/14	$26.06	69,337	2/25/15	$26.85	124,212
12/31/14	$26.08	109,648	2/26/15	$26.74	276,726
1/2/15	$26.20	250,080	2/27/15	$26.63	265,322
1/5/15	$26.11	198,052	3/2/15	$26.67	185,414
1/6/15	$26.16	210,082	3/3/15	$26.90	443,670
1/7/15	$26.31	103,155	3/4/15	$27.00	153,772
1/8/15	$26.21	158,536	3/5/15	$26.45	324,717
1/9/15	$26.19	99,094	3/6/15	$26.35	250,172
1/12/15	$26.28	270,779	3/9/15	$26.25	204,803
1/13/15	$26.31	154,899	3/10/15	$26.27	240,391
1/14/15	$26.23	188,691	3/11/15	$26.25	91,493
1/15/15	$26.16	226,043	3/12/15	$26.21	135,864
1/16/15	$26.32	198,989	3/13/15	$26.17	135,559
1/20/15	$26.22	140,972	3/16/15	$26.16	156,428
1/21/15	$26.33	98,219	3/17/15	$26.20	97,860
1/22/15	$26.39	112,455	3/18/15	$26.26	236,827
1/23/15	$26.40	113,038	3/19/15	$26.20	115,436
1/26/15	$26.36	155,811	3/20/15	$26.20	182,408

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume
3/23/15	$26.29	93,364
3/24/15	$26.29	78,014
3/25/15	$26.44	113,263
3/26/15	$26.42	95,040
3/27/15	$26.41	54,468
3/30/15	$26.23	185,736
3/31/15	$26.25	117,184
4/1/15	$26.21	89,050
4/2/15	$26.34	110,951
4/6/15	$26.31	57,836
4/7/15	$26.30	96,980
4/8/15	$26.30	71,775
4/9/15	$26.31	90,178
4/10/15	$26.33	43,578
4/13/15	$26.24	129,099
4/14/15	$26.29	160,515
4/15/15	$26.30	99,106
4/16/15	$26.24	109,778
4/17/15	$26.05	378,204
4/20/15	$26.06	226,546
4/21/15	$26.09	128,206
4/22/15	$26.08	88,490
4/23/15	$26.13	167,513
4/24/15	$26.15	76,131
4/27/15	$26.15	88,602
4/28/15	$26.12	167,609
4/29/15	$26.12	96,029
4/30/15	$26.14	70,232
5/1/15	$26.06	109,324
5/4/15	$26.13	68,353
5/5/15	$26.11	75,952
5/6/15	$25.84	233,850
5/7/15	$25.89	96,481
5/8/15	$26.00	169,264
5/11/15	$25.91	102,045
5/12/15	$25.99	104,469
5/13/15	$26.23	117,065
5/14/15	$26.31	100,213
5/15/15	$26.25	51,021
5/18/15	$26.20	58,378
5/19/15	$26.19	61,056
5/20/15	$26.22	67,474
5/21/15	$26.30	69,066
5/22/15	$26.30	48,844
5/26/15	$26.37	66,298
5/27/15	$26.35	79,203
5/28/15	$26.02	131,615
5/29/15	$26.02	109,377
6/1/15	$26.00	96,577
6/2/15	$25.82	209,450
6/3/15	$25.85	70,396
6/4/15	$25.98	47,663
6/5/15	$26.02	58,751
6/8/15	$25.90	78,443
6/9/15	$25.85	60,862
6/10/15	$25.81	58,331
6/11/15	$25.86	66,393
6/12/15	$25.87	56,712
6/15/15	$25.89	81,897
6/16/15	$25.97	104,976
6/17/15	$25.95	71,032
6/18/15	$25.84	122,859
6/19/15	$25.86	164,993
6/22/15	$25.96	72,335
6/23/15	$25.91	53,213
6/24/15	$25.93	57,793
6/25/15	$25.95	42,986
6/26/15	$26.00	51,897
6/29/15	$25.85	122,665
6/30/15	$25.99	47,577
7/1/15	$26.04	58,083
7/2/15	$26.04	62,656
7/6/15	$25.96	79,053
7/7/15	$25.90	95,593
7/8/15	$25.89	60,531
7/9/15	$25.87	44,609

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

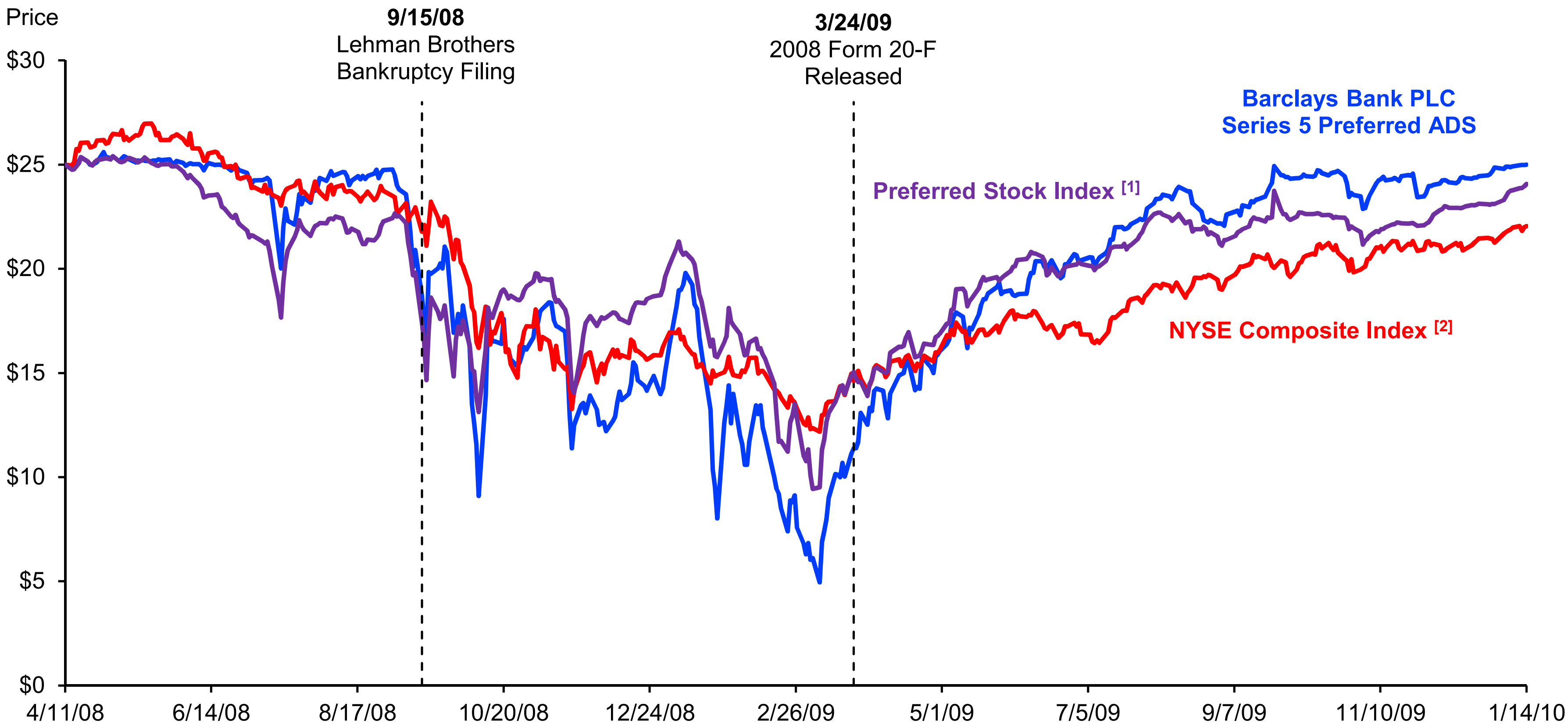
Date	Closing ADS Price	Volume	Date	Closing ADS Price	Volume
7/10/15	$25.91	47,924	9/2/15	$25.75	247,525
7/13/15	$26.00	104,193	9/3/15	$25.78	79,876
7/14/15	$25.99	75,442	9/4/15	$25.76	70,804
7/15/15	$26.03	187,475	9/8/15	$25.80	94,407
7/16/15	$26.14	154,473	9/9/15	$25.83	119,327
7/17/15	$26.18	257,491	9/10/15	$25.87	74,343
7/20/15	$26.20	116,161	9/11/15	$25.94	59,432
7/21/15	$26.18	43,998	9/14/15	$25.84	50,994
7/22/15	$26.14	94,076	9/15/15	$25.97	123,280
7/23/15	$26.14	57,030	9/16/15	$25.98	77,129
7/24/15	$26.12	100,183	9/17/15	$26.04	150,650
7/27/15	$26.07	66,323	9/18/15	$25.89	123,191
7/28/15	$26.15	85,935	9/21/15	$26.09	71,136
7/29/15	$26.14	59,486	9/22/15	$25.97	48,840
7/30/15	$26.14	98,694	9/23/15	$26.14	67,759
7/31/15	$26.26	137,475	9/24/15	$26.12	84,894
8/3/15	$26.27	132,004	9/25/15	$26.10	116,223
8/4/15	$26.23	129,075	9/28/15	$26.06	67,848
8/5/15	$26.25	146,329	9/29/15	$25.95	125,071
8/6/15	$26.20	94,308	9/30/15	$25.87	121,832
8/7/15	$26.05	233,717	10/1/15	$25.86	88,029
8/10/15	$26.17	78,098	10/2/15	$25.90	154,797
8/11/15	$26.22	140,542	10/5/15	$25.98	122,907
8/12/15	$26.25	76,772	10/6/15	$25.95	163,343
8/13/15	$26.32	74,915	10/7/15	$26.07	90,692
8/14/15	$26.41	89,243	10/8/15	$26.20	62,872
8/17/15	$26.44	42,140	10/9/15	$26.11	58,170
8/18/15	$26.40	59,423	10/12/15	$26.17	17,698
8/19/15	$26.32	67,097	10/13/15	$26.20	97,722
8/20/15	$26.30	101,485	10/14/15	$26.25	104,147
8/21/15	$26.17	165,195	10/15/15	$26.27	147,460
8/24/15	$25.86	416,432	10/16/15	$26.25	274,380
8/25/15	$26.01	99,437	10/19/15	$26.17	166,432
8/26/15	$26.17	86,584	10/20/15	$26.27	50,114
8/27/15	$26.17	132,178	10/21/15	$26.25	105,680
8/28/15	$25.77	117,417	10/22/15	$26.38	107,040
8/31/15	$25.91	116,873	10/23/15	$26.37	105,712
9/1/15	$25.77	123,544	10/26/15	$26.38	108,776

Exhibit 4
Barclays Bank PLC
Series 5 Preferred ADS
Closing ADS Price and Volume
4/11/08 – 11/30/15

Date	Closing ADS Price	Volume
10/27/15	$26.25	311,395
10/28/15	$26.25	104,877
10/29/15	$26.27	116,121
10/30/15	$26.28	91,376
11/2/15	$26.35	107,544
11/3/15	$26.32	193,623
11/4/15	$26.40	129,536
11/5/15	$26.48	92,732
11/6/15	$26.29	171,157
11/9/15	$26.34	130,805
11/10/15	$26.46	119,963
11/11/15	$26.51	67,660
11/12/15	$26.56	87,109
11/13/15	$26.60	171,758
11/16/15	$26.52	96,981
11/17/15	$26.53	87,203
11/18/15	$26.48	153,601
11/19/15	$26.50	58,740
11/20/15	$26.51	135,794
11/23/15	$26.52	189,481
11/24/15	$26.63	102,862
11/25/15	$26.70	84,123
11/27/15	$26.40	131,237
11/30/15	$26.45	84,312

Source: *Bloomberg*

Exhibit 5
Barclays Bank PLC Series 5 Preferred ADS
Closing ADS Price vs. NYSE Composite and Preferred Stock Index
4/11/08 – 1/14/10



Source: *Bloomberg*; *S&P Dow Jones Indices*

Note:
[1] The Preferred Stock Index is a value-weighted index composed of financial securities in the S&P U.S. Fixed Rate Preferred Stock Index as of 12/31/08. Financial securities were identified using the issuing company's Global Industry Classification Standard (GICS) classification. The Preferred Stock Index excludes securities that were issued by Barclays. The Preferred Stock Index is pegged to $25, Barclay's closing Series 5 ADS price on 4/11/08.
[2] The NYSE Composite Index is pegged to $25, Barclay's closing Series 5 ADS price on 4/11/08 using dividend-adjusted returns.

Exhibit 6

Preferred Stock Index [1]

Security Weightings

As of 12/31/08

	Security	Index Weight [2]
1.	Wells Fargo Cap IV 7% Cap Secs	4.95%
2.	MetLife Inc 6.5%'B'Pfd	3.95%
3.	Citigroup Cap VIII 6.95%'TruPS	3.70%
4.	J.P. Mor Chase Cap X 7% Secs	3.66%
5.	Citigroup Cap XVI 6.45% E	3.46%
6.	J.P. Mor Chase Cap XI 5.875% S	3.21%
7.	BAC Cap Tr II 7.0% Cap Secs	2.85%
8.	BAC Cap Tr X 6.25% Cap Secs	2.80%
9.	ABN AMRO Cap Fdg Tr VII 6.08%	2.76%
10.	Wachovia Cap Tr IV 6.375%	2.63%
11.	USB Cap Tr XI 6.60%'J'Pfd	2.60%
12.	Citigroup Cap IX 6.0%'TruPS'	2.47%
13.	Deutsche Bk Cap Fndg Tr IX 6.6	2.34%
14.	Wachovia Pfd Fdg 7.25% Exch Pf	2.33%
15.	Wachovia Cap Tr IX 6.375%'C'Pf	2.22%
16.	Mor Stan Cap Tr III 6.25% Cap Se	2.15%
17.	Natl City Cap TrII 6.625% TruP	2.13%
18.	ABN AMRO Cap Fdg Tr V 5.9% Pfd	2.09%
19.	U.S. Bancorp 7.875% Ser D Dep	2.06%
20.	KeyCorp Cap X 8% Tr Pfd Secs	1.85%
21.	BANK ONE Cap VI 7.20% Pfd	1.81%
22.	Mor Stan Cap Tr VI 6.6% Cap Se	1.79%
23.	Public Storage 7.25%'I'Dep Pfd	1.76%
24.	Santander Fin Pfd S.A. 6.5% Pf	1.74%
25.	USB Cap Tr XII 6.30%'K'Pf	1.73%
26.	PNC Cap Tr E 7.75% TruPS	1.71%
27.	JPMorChase Cp XVI 6.35% Secs	1.64%
28.	Wells Fargo Corp IX 5.625%'TOP	1.61%
29.	Wells Fargo Cap VII 5.85%'TruP	1.60%
30.	Deutsche Bk Cap Fndg Tr VIII 6	1.58%
31.	Public Storage 7.25%'K'Dep Pfd	1.56%
32.	HSBC Finance 6.36%'B'Dep Pfd	1.55%
33.	Fleet Cap Tr VIII 7.20% Pfd	1.48%
34.	Santander Fin Pfd S.A. 6.8% Pf	1.46%
35.	Natl City Cap Tr IV 8% En TruP	1.46%
36.	Mor Stan Cap Tr IV 6.25% Secs	1.43%
37.	Public Storage 6.625%'M'D	1.43%
38.	Royal Bk Scotland Ser'N'ADS	1.40%
39.	Natl City Cap Tr III 6.625% Tr	1.39%
40.	M&T Capital Tr IV 8.5% EnTruPS	1.35%
41.	HSBC USA 6.50% Dep Pfd	1.33%
42.	Royal Bk Scotland Pfd 'M' ADS	1.26%

Exhibit 6

Preferred Stock Index [1]

Security Weightings

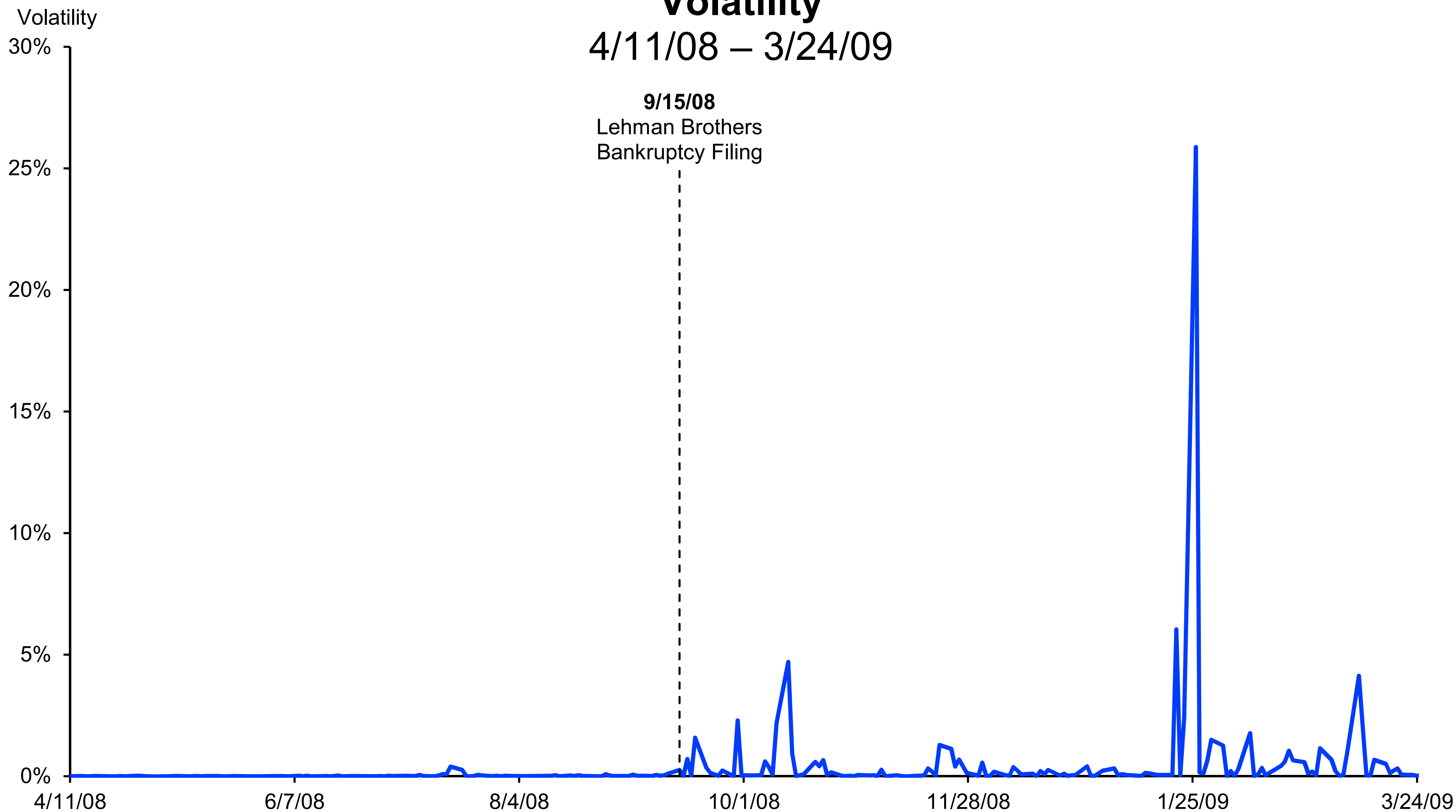
As of 12/31/08

	Security	Index Weight [2]
43.	USB Cap Tr VIII 6.35%'G'Pfd	1.24%
44.	KeyCorp Cap IX 6.75% Tr P	1.17%
45.	Royal Bk Scotland Pfd 'L' ADS	1.04%
46.	Zions Cap Tr B 8% Cap Secs	0.97%
47.	Capital One Cap II 7.5%'TruPS'	0.90%
48.	Capstead Mtge $1.26 Cv'B'	0.80%
49.	CIT Group 7.5% Equity Uts	0.78%
50.	RenaissanceRe Hldgs 6.6%'	0.77%
51.	CIT Group 6.35%'A'Pfd	0.70%
52.	Duke Realty 8.375%'O'Dep Pfd	0.66%
53.	Hospitality Prop Tr 7%'C'	0.64%
54.	Maguire Prop 7.625%'A'Pfd	0.04%

Source: *S&P Dow Jones Indices*

Note:
[1] The Preferred Stock Index is a value-weighted index composed of financial securities in the S&P U.S. Fixed Rate Preferred Stock Index as of 12/31/08. Financial securities were identified using the issuing company's Global Industry Classification Standard (GICS) classification. The Preferred Stock Index excludes securities that were issued by Barclays.
[2] The index weight for a given security is the market capitalization of that security divided by the total market capitalization of all securities in the index. Index weights are calculated for each day based on the prior trading day's market capitalizations.

Exhibit 7
Barclays Bank PLC Series 5 Preferred ADS
Volatility
4/11/08 – 3/24/09



Source: *Bloomberg; S&P Dow Jones Indices*

Note: Volatility is estimated as the square of Barclays Bank PLC Series 5 Preferred ADS residual returns. Residual returns are calculated using the regression model described in Exhibit 8.

Exhibit 8
Regression Summary
Analysis Period: 4/11/08 – 3/24/09 [1]

	Analysis Period: 4/11/08 – 9/14/08		Analysis Period: 9/15/08 – 3/24/09	
Independent Variables	**Coefficient**	**t-statistic**	**Coefficient**	**t-statistic**
Preferred Stock Index [2]	0.935	14.358	1.311	10.016
Constant	0.001	0.461	0.002	0.321
Number of Observations	108		132	
Adjusted R-Squared	65.40%		52.50%	
Root Mean Square Error	1.21%		7.77%	

Source: Second Consolidated Amended Complaint dated 9/16/13; *Bloomberg*; *S&P Dow Jones Indices*

Note:
[1] Indicator variables are included to remove any effect of the days alleged in the Complaint to have been affected by allegation-related news or events (5/15/08, 5/16/08, 6/25/08, 8/7/08, 10/13/08, 10/31/08, 11/18/08, 11/24/08, 1/13/09, 2/17/09, and 3/24/09).
[2] The Preferred Stock Index is a value-weighted index composed of financial securities in the S&P U.S. Fixed Rate Preferred Stock Index as of 12/31/08. Financial securities were identified using the issuing company's Global Industry Classification Standard (GICS) classification. The Preferred Stock Index excludes securities that were issued by Barclays.

Exhibit 9
Residuals Summary
Analysis Period: 4/11/08 – 3/24/09

Date	Barclays Bank PLC Series 5 Preferred ADS Close	Volume	Return	Preferred Stock Index Return [2]	Residual Return [3]	T-statistic [4],[5]
4/11/08	$25.00	6,440,755	0.00%	0.05%	-0.10%	-0.09
4/14/08	$24.89	2,019,738	-0.44%	-0.96%	0.40%	0.33
4/15/08	$24.92	3,642,237	0.12%	0.08%	-0.01%	-0.01
4/16/08	$25.10	7,595,780	0.72%	0.57%	0.14%	0.11
4/17/08	$25.15	4,239,429	0.20%	0.55%	-0.37%	-0.31
4/18/08	$25.35	2,990,464	0.80%	1.22%	-0.40%	-0.33
4/21/08	$25.15	2,177,013	-0.79%	-0.84%	-0.06%	-0.05
4/22/08	$25.00	1,795,912	-0.60%	-0.52%	-0.17%	-0.14
4/23/08	$25.00	1,299,736	0.00%	-0.24%	0.17%	0.14
4/24/08	$25.05	1,472,064	0.20%	0.64%	-0.45%	-0.37
4/25/08	$25.12	1,050,850	0.28%	0.39%	-0.14%	-0.11
4/28/08	$25.60	1,235,952	1.91%	0.27%	1.61%	1.32
4/29/08	$25.35	1,512,440	-0.98%	0.09%	-1.12%	-0.92
4/30/08	$25.35	1,120,821	0.00%	-0.08%	0.02%	0.02
5/1/08	$25.25	1,211,176	-0.39%	-0.14%	-0.32%	-0.26
5/2/08	$25.40	1,283,166	0.59%	0.58%	0.00%	0.00
5/5/08	$25.15	637,181	-0.98%	-1.01%	-0.10%	-0.08
5/6/08	$25.30	869,988	0.60%	-0.08%	0.61%	0.51
5/7/08	$25.40	1,261,239	0.40%	0.16%	0.19%	0.16
5/8/08	$25.35	468,795	-0.20%	0.35%	-0.58%	-0.48
5/9/08	$25.26	677,605	-0.36%	0.27%	-0.66%	-0.54
5/12/08	$25.11	651,433	-0.60%	-0.44%	-0.24%	-0.20
5/13/08	$25.20	730,190	0.36%	-0.38%	0.66%	0.54
5/14/08	$25.17	839,974	-0.12%	0.26%	-0.42%	-0.34
5/15/08[1]	$25.23	888,372	0.24%	0.22%	-0.02%	-0.02
5/16/08[1]	$25.19	2,244,260	-0.16%	0.45%	-0.63%	-0.52
5/19/08	$25.16	570,288	-0.12%	-1.05%	0.81%	0.67
5/20/08	$25.20	813,888	0.16%	-0.22%	0.31%	0.26
5/21/08	$25.18	884,628	-0.08%	-0.22%	0.07%	0.06
5/22/08	$25.25	1,290,719	0.28%	-0.10%	0.32%	0.26
5/23/08	$25.21	444,647	-0.16%	0.31%	-0.50%	-0.42
5/27/08	$25.25	533,961	0.16%	0.05%	0.06%	0.05
5/28/08	$25.08	961,618	-0.67%	-0.48%	-0.28%	-0.23
5/29/08	$25.05	1,107,529	-0.12%	0.03%	-0.20%	-0.17
5/30/08	$25.17	719,488	0.48%	0.03%	0.39%	0.32
6/2/08	$25.08	1,126,907	-0.36%	-1.05%	0.57%	0.47
6/3/08	$24.95	1,511,489	-0.52%	-0.66%	0.04%	0.03
6/4/08	$25.01	499,793	0.24%	-0.64%	0.78%	0.64
6/5/08	$25.07	329,113	0.24%	0.61%	-0.39%	-0.32
6/6/08	$25.02	375,900	-0.20%	-0.51%	0.22%	0.18
6/9/08	$25.02	743,000	0.00%	-1.35%	1.21%	0.99
6/10/08	$24.91	702,263	-0.44%	-0.82%	0.27%	0.23
6/11/08	$24.73	341,185	-0.72%	-1.76%	0.86%	0.71
6/12/08	$24.93	322,422	0.81%	0.18%	0.59%	0.48
6/13/08	$25.08	376,810	0.60%	0.20%	0.36%	0.30
6/16/08	$24.98	291,830	-0.40%	0.13%	-0.57%	-0.47
6/17/08	$25.00	369,303	0.08%	0.10%	-0.06%	-0.05
6/18/08	$25.00	231,885	0.00%	-0.84%	0.73%	0.61
6/19/08	$24.97	225,057	-0.12%	-1.63%	1.35%	1.11
6/20/08	$24.97	313,942	0.00%	-0.41%	0.32%	0.27
6/23/08	$24.71	251,220	-1.04%	-1.69%	0.48%	0.40

Exhibit 9
Residuals Summary
Analysis Period: 4/11/08 – 3/24/09

Date	Barclays Bank PLC Series 5 Preferred ADS Close	Volume	Return	Preferred Stock Index Return [2]	Residual Return [3]	T-statistic [4],[5]	
6/24/08	$24.80	248,005	0.36%	-0.30%	0.59%	0.48	
6/25/08[1]	$24.96	490,566	0.65%	0.69%	-0.05%	-0.04	
6/26/08	$24.80	224,738	-0.64%	-1.47%	0.67%	0.56	
6/27/08	$24.72	287,122	-0.32%	-0.63%	0.21%	0.17	
6/30/08	$24.59	438,808	-0.53%	-1.29%	0.62%	0.52	
7/1/08	$24.25	250,340	-1.38%	-1.49%	-0.05%	-0.04	
7/2/08	$24.07	224,256	-0.74%	0.44%	-1.21%	-1.00	
7/3/08	$24.25	92,265	0.75%	-0.19%	0.87%	0.72	
7/7/08	$24.26	954,382	0.04%	-1.18%	1.09%	0.90	
7/8/08	$24.30	236,986	0.16%	-0.45%	0.53%	0.43	
7/9/08	$24.36	235,489	0.25%	0.47%	-0.24%	-0.20	
7/10/08	$24.25	168,459	-0.45%	-2.18%	1.53%	1.26	
7/11/08	$23.35	237,341	-3.71%	-3.56%	-0.44%	-0.36	
7/14/08	$20.85	249,417	-10.71%	-7.95%	-3.33%	-2.75	*
7/15/08	$20.01	597,977	-4.03%	-4.60%	0.21%	0.18	
7/16/08	$21.99	293,017	9.90%	9.57%	0.90%	0.74	
7/17/08	$22.90	440,597	4.14%	5.25%	-0.82%	-0.68	
7/18/08	$22.31	685,024	-2.58%	2.68%	-5.14%	-4.24	*
7/21/08	$22.12	940,983	-0.85%	3.06%	-3.77%	-3.11	*
7/22/08	$22.75	502,698	2.85%	1.34%	1.54%	1.27	
7/23/08	$23.59	1,333,966	3.69%	2.28%	1.50%	1.24	
7/24/08	$23.10	442,157	-2.08%	-1.25%	-0.96%	-0.79	
7/25/08	$23.42	349,369	1.39%	-0.81%	2.08%	1.72	
7/28/08	$23.16	337,950	-1.11%	-1.41%	0.15%	0.13	
7/29/08	$23.75	562,600	2.55%	1.28%	1.30%	1.07	
7/30/08	$23.74	314,076	-0.04%	0.93%	-0.97%	-0.80	
7/31/08	$23.90	235,518	0.67%	0.25%	0.39%	0.32	
8/1/08	$24.37	203,153	1.97%	0.42%	1.52%	1.25	
8/4/08	$24.22	351,530	-0.62%	-0.07%	-0.61%	-0.50	
8/5/08	$24.45	339,370	0.95%	0.89%	0.07%	0.05	
8/6/08	$24.69	404,983	0.98%	0.14%	0.79%	0.65	
8/7/08[1]	$24.46	223,086	-0.93%	-0.19%	-0.81%	-0.66	
8/8/08	$24.50	269,257	0.16%	0.61%	-0.46%	-0.38	
8/11/08	$24.65	306,485	0.61%	-0.39%	0.92%	0.76	
8/12/08	$24.63	239,949	-0.08%	-1.38%	1.15%	0.95	
8/13/08	$24.44	5,548,264	-0.77%	-1.69%	0.75%	0.62	
8/14/08	$24.02	278,476	-1.72%	0.12%	-1.89%	-1.55	
8/15/08	$24.22	457,102	0.83%	0.78%	0.05%	0.04	
8/18/08	$24.45	120,554	0.95%	-0.73%	1.58%	1.30	
8/19/08	$24.30	159,906	-0.61%	-1.48%	0.71%	0.59	
8/20/08	$24.46	228,024	0.66%	-1.26%	1.78%	1.47	
8/21/08	$24.31	150,312	-0.61%	0.01%	-0.68%	-0.56	
8/22/08	$24.45	204,680	0.58%	1.02%	-0.43%	-0.36	
8/25/08	$24.57	266,273	0.49%	-0.15%	0.58%	0.48	
8/26/08	$24.75	190,432	0.73%	0.53%	0.18%	0.15	
8/27/08	$24.35	308,943	-1.62%	0.75%	-2.38%	-1.96	
8/28/08	$24.60	184,969	1.03%	1.86%	-0.77%	-0.63	
8/29/08	$24.74	134,235	0.57%	0.97%	-0.39%	-0.32	
9/2/08	$24.77	222,463	0.12%	0.78%	-0.66%	-0.55	
9/3/08	$24.50	1,398,552	-1.09%	0.97%	-2.05%	-1.69	
9/4/08	$24.00	764,392	-2.04%	-0.63%	-1.51%	-1.24	

Exhibit 9
Residuals Summary
Analysis Period: 4/11/08 – 3/24/09

Date	Barclays Bank PLC Series 5 Preferred ADS Close	Volume	Return	Preferred Stock Index Return [2]	Residual Return [3]	T-statistic [4],[5]	
9/5/08	$23.80	2,389,612	-0.83%	0.19%	-1.07%	-0.88	
9/8/08	$23.57	790,818	-0.97%	-1.54%	0.41%	0.34	
9/9/08	$22.81	600,742	-3.22%	-4.34%	0.78%	0.64	
9/10/08	$21.72	604,697	-4.78%	-2.85%	-2.17%	-1.79	
9/11/08	$20.06	1,339,312	-7.64%	-4.53%	-3.47%	-2.86	*
9/12/08	$20.90	512,756	4.19%	0.58%	3.59%	2.96	*
9/15/08	$18.68	411,900	-10.62%	-12.13%	5.06%	0.65	
9/16/08	$17.55	514,636	-6.05%	-5.50%	0.93%	0.12	
9/17/08	$16.56	513,508	-5.64%	-10.88%	8.41%	1.08	
9/18/08	$19.84	475,246	19.81%	16.33%	-1.83%	-0.24	
9/19/08	$19.76	573,615	-0.40%	9.11%	-12.58%	-1.62	
9/22/08	$20.01	283,082	1.27%	-3.59%	5.75%	0.74	
9/23/08	$20.26	163,924	1.25%	-1.92%	3.54%	0.46	
9/24/08	$20.02	210,897	-1.18%	0.93%	-2.62%	-0.34	
9/25/08	$21.07	171,798	5.24%	2.72%	1.46%	0.19	
9/26/08	$20.80	225,852	-1.26%	-4.85%	4.87%	0.63	
9/29/08	$16.94	409,573	-18.58%	-14.55%	0.28%	0.04	
9/30/08	$17.10	236,799	0.95%	12.11%	-15.15%	-1.95	
10/1/08	$17.83	335,630	4.27%	3.58%	-0.64%	-0.08	
10/2/08	$17.00	181,245	-4.66%	-2.11%	-2.12%	-0.27	
10/3/08	$18.24	230,263	7.29%	3.97%	1.87%	0.24	
10/6/08	$16.25	381,297	-10.91%	-6.90%	-2.08%	-0.27	
10/7/08	$13.50	688,398	-16.92%	-7.13%	-7.79%	-1.00	
10/8/08	$12.59	1,145,382	-6.74%	-0.57%	-6.21%	-0.80	
10/9/08	$11.55	739,701	-8.26%	-8.32%	2.43%	0.31	
10/10/08	$9.10	590,572	-21.21%	-5.06%	-14.80%	-1.91	
10/13/08[1]	$13.87	463,172	52.42%	23.28%	21.67%	2.58	*
10/14/08	$17.45	802,027	25.81%	12.16%	9.64%	1.24	
10/15/08	$16.94	321,151	-2.93%	-2.23%	-0.23%	-0.03	
10/16/08	$16.52	285,609	-2.49%	-0.50%	-2.06%	-0.26	
10/17/08	$16.52	159,872	0.02%	1.97%	-2.78%	-0.36	
10/20/08	$16.39	329,959	-0.79%	5.06%	-7.65%	-0.98	
10/21/08	$17.59	201,653	7.32%	0.57%	6.35%	0.82	
10/22/08	$16.01	726,116	-8.98%	-0.83%	-8.11%	-1.04	
10/23/08	$16.10	1,014,004	0.56%	-1.45%	2.25%	0.29	
10/24/08	$15.64	174,596	-2.86%	0.72%	-4.03%	-0.52	
10/27/08	$15.32	114,499	-2.05%	-1.06%	-0.88%	-0.11	
10/28/08	$15.50	345,242	1.17%	-0.06%	1.03%	0.13	
10/29/08	$15.87	276,450	2.39%	0.66%	1.30%	0.17	
10/30/08	$16.25	654,940	2.39%	1.76%	-0.14%	-0.02	
10/31/08[1]	$16.12	498,932	-0.80%	0.99%	-2.33%	-0.30	
11/3/08	$16.70	295,672	3.60%	1.25%	1.74%	0.22	
11/4/08	$17.53	660,003	4.97%	2.13%	1.95%	0.25	
11/5/08	$17.39	378,649	-0.80%	-0.21%	-0.75%	-0.10	
11/6/08	$17.95	419,068	3.22%	-1.68%	5.20%	0.67	
11/7/08	$18.08	282,486	0.72%	0.60%	-0.29%	-0.04	
11/10/08	$18.39	225,075	1.71%	-0.38%	1.99%	0.26	
11/11/08	$18.36	187,979	-0.16%	0.21%	-0.67%	-0.09	
11/12/08	$17.52	1,126,656	-4.58%	-4.02%	0.47%	0.06	
11/13/08	$17.25	189,544	-1.54%	-1.63%	0.38%	0.05	
11/14/08	$17.20	186,608	-0.29%	0.42%	-1.07%	-0.14	
11/17/08	$16.99	75,042	-1.22%	-2.35%	1.64%	0.21	

Exhibit 9
Residuals Summary
Analysis Period: 4/11/08 – 3/24/09

Date	Barclays Bank PLC Series 5 Preferred ADS Close	Volume	Return	Preferred Stock Index Return [2]	Residual Return [3]	T-statistic [4],[5]	
11/18/08[1]	$15.56	379,630	-8.42%	-2.25%	-5.69%	-0.73	
11/19/08	$13.00	335,714	-16.45%	-9.37%	-4.39%	-0.57	
11/20/08	$11.39	334,605	-12.38%	-10.89%	1.67%	0.22	
11/21/08	$12.50	364,086	9.75%	-1.37%	11.32%	1.46	
11/24/08[1]	$13.44	800,542	7.52%	13.66%	-10.61%	-1.33	
11/25/08	$13.55	404,207	0.82%	5.23%	-6.27%	-0.81	
11/26/08	$13.07	601,889	-3.54%	3.46%	-8.30%	-1.07	
11/28/08	$13.91	123,548	6.43%	1.88%	3.73%	0.48	
12/1/08	$13.25	334,326	-4.74%	-2.66%	-1.48%	-0.19	
12/2/08	$12.50	903,243	-5.66%	1.22%	-7.48%	-0.96	
12/3/08	$12.60	1,450,349	0.80%	1.23%	-1.03%	-0.13	
12/4/08	$12.65	414,700	0.40%	-0.39%	0.68%	0.09	
12/5/08	$12.20	707,834	-3.56%	0.31%	-4.18%	-0.54	
12/8/08	$12.69	303,045	4.02%	1.35%	2.02%	0.26	
12/9/08	$12.90	641,273	1.65%	-0.02%	1.46%	0.19	
12/10/08	$13.60	498,046	5.43%	-0.67%	6.08%	0.78	
12/11/08	$14.10	558,466	3.68%	-1.04%	4.81%	0.62	
12/12/08	$13.70	242,625	-2.84%	-0.22%	-2.77%	-0.36	
12/15/08	$14.00	429,325	2.19%	-0.95%	3.21%	0.41	
12/16/08	$14.48	360,184	3.43%	2.44%	0.01%	0.00	
12/17/08	$15.50	462,441	7.04%	1.72%	4.57%	0.59	
12/18/08	$15.35	490,182	-0.97%	1.30%	-2.90%	-0.37	
12/19/08	$14.64	296,827	-4.63%	0.18%	-5.09%	-0.66	
12/22/08	$14.38	325,191	-1.78%	-0.20%	-1.73%	-0.22	
12/23/08	$14.15	272,940	-1.60%	1.09%	-3.25%	-0.42	
12/24/08	$14.43	125,904	1.98%	0.30%	1.36%	0.18	
12/26/08	$14.86	169,676	2.98%	0.46%	2.15%	0.28	
12/29/08	$13.99	1,103,167	-5.85%	0.23%	-6.38%	-0.82	
12/30/08	$14.25	470,656	1.86%	1.65%	-0.52%	-0.07	
12/31/08	$15.02	336,489	5.40%	2.83%	1.47%	0.19	
1/2/09	$16.37	316,454	8.99%	3.08%	4.72%	0.61	
1/5/09	$18.20	536,071	11.18%	4.02%	5.69%	0.73	
1/6/09	$18.96	796,396	4.18%	1.53%	1.95%	0.25	
1/7/09	$18.99	393,633	0.16%	-2.20%	2.82%	0.36	
1/8/09	$19.25	340,759	1.37%	-0.83%	2.23%	0.29	
1/9/09	$19.80	284,681	2.86%	0.48%	2.00%	0.26	
1/12/09	$19.23	445,045	-2.88%	-1.66%	-0.93%	-0.12	
1/13/09[1]	$18.29	319,263	-4.89%	-1.06%	-3.73%	-0.48	
1/14/09	$18.08	367,118	-1.15%	-3.62%	3.38%	0.43	
1/15/09	$16.74	604,783	-7.41%	-3.64%	-2.87%	-0.37	
1/16/09	$16.01	668,900	-4.36%	-1.84%	-2.18%	-0.28	
1/20/09	$13.23	576,274	-17.36%	-11.70%	-2.24%	-0.29	
1/21/09	$10.35	1,522,658	-21.77%	1.97%	-24.57%	-3.16	*
1/22/09	$9.52	1,148,821	-8.02%	-4.67%	-2.11%	-0.27	
1/23/09	$8.02	831,901	-15.76%	-0.38%	-15.48%	-1.99	*
1/26/09	$12.60	935,676	57.11%	4.58%	50.88%	6.55	*
1/27/09	$13.40	332,998	6.35%	1.68%	3.93%	0.51	
1/28/09	$14.40	354,382	7.46%	8.15%	-3.45%	-0.44	
1/29/09	$12.59	241,265	-12.57%	-3.61%	-8.06%	-1.04	
1/30/09	$14.00	194,631	11.20%	-0.98%	12.26%	1.58	
2/2/09	$12.00	285,238	-14.29%	-2.49%	-11.25%	-1.45	
2/3/09	$11.57	231,037	-3.57%	-3.03%	0.18%	0.02	

Exhibit 9
Residuals Summary
Analysis Period: 4/11/08 – 3/24/09

	Barclays Bank PLC Series 5 Preferred ADS			Preferred Stock Index	Residual		
Date	Close	Volume	Return	Return [2]	Return [3]	T-statistic [4],[5]	
2/4/09	$10.59	244,127	-8.49%	-3.10%	-4.65%	-0.60	
2/5/09	$10.59	361,335	0.00%	0.29%	-0.60%	-0.08	
2/6/09	$11.69	228,737	10.39%	3.60%	5.44%	0.70	
2/9/09	$13.45	662,907	15.06%	1.16%	13.31%	1.71	
2/10/09	$13.03	314,443	-3.12%	-3.11%	0.73%	0.09	
2/11/09	$13.45	209,916	3.22%	0.35%	2.54%	0.33	
2/12/09	$12.38	259,222	-7.96%	-1.81%	-5.81%	-0.75	
2/13/09	$11.95	136,248	-3.47%	-1.31%	-1.98%	-0.25	
2/17/09[1]	$10.00	233,731	-16.32%	-7.62%	-6.55%	-0.83	
2/18/09	$9.45	515,170	-5.50%	-10.32%	7.82%	1.01	
2/19/09	$9.20	1,112,825	-2.65%	-10.00%	10.24%	1.32	
2/20/09	$8.51	553,990	-7.50%	0.28%	-8.09%	-1.04	
2/23/09	$7.40	312,840	-13.04%	-4.30%	-7.62%	-0.98	
2/24/09	$8.88	369,980	20.00%	12.60%	3.26%	0.42	
2/25/09	$8.80	210,193	-0.90%	2.43%	-4.31%	-0.55	
2/26/09	$9.13	695,859	3.75%	4.31%	-2.12%	-0.27	
2/27/09	$7.57	403,772	-17.09%	-5.03%	-10.71%	-1.38	
3/2/09	$6.80	578,816	-10.17%	-14.17%	8.19%	1.05	
3/3/09	$6.30	293,204	-7.35%	-2.23%	-4.65%	-0.60	
3/4/09	$6.84	491,723	8.57%	5.22%	1.50%	0.19	
3/5/09	$6.02	739,041	-11.99%	-10.89%	2.07%	0.27	
3/6/09	$6.11	898,817	1.50%	-6.52%	9.83%	1.27	
3/9/09	$4.95	351,113	-18.99%	0.85%	-20.32%	-2.62	*
3/10/09	$6.89	321,303	39.19%	18.97%	14.09%	1.81	
3/11/09	$7.40	235,617	7.40%	4.28%	1.56%	0.20	
3/12/09	$7.98	240,984	7.84%	7.20%	-1.83%	-0.24	
3/13/09	$9.00	254,248	12.78%	3.33%	8.19%	1.06	
3/16/09	$10.15	384,439	12.78%	4.20%	7.05%	0.91	
3/17/09	$10.10	187,789	-0.49%	2.14%	-3.52%	-0.45	
3/18/09	$10.00	397,760	-0.99%	2.74%	-4.80%	-0.62	
3/19/09	$10.68	250,385	6.80%	0.74%	5.61%	0.72	
3/20/09	$10.03	105,862	-6.09%	-2.88%	-2.54%	-0.33	
3/23/09	$11.13	192,027	10.95%	6.37%	2.37%	0.31	
3/24/09[1]	$11.38	252,498	2.26%	1.10%	0.60%	0.08	

Source: Second Consolidated Amended Complaint dated 9/16/13; *Bloomberg*; *S&P Dow Jones Indices*

Note:
[1] Indicator variables are included to remove any effect of the days alleged in the Complaint to have been affected by allegation-related news or events are excluded from the regression (5/15/08, 5/16/08, 6/25/08, 8/7/08, 10/13/08, 10/31/08, 11/18/08, 11/24/08, 1/13/09, 2/17/09, and 3/24/09).
[2] The Preferred Stock Index is a value-weighted index composed of financial securities in the S&P U.S. Fixed Rate Preferred Stock Index as of 12/31/08. Financial securities were identified using the issuing company's Global Industry Classification Standard (GICS) classification. The Preferred Stock Index excludes securities that were issued by Barclays.
[3] For non-indicator days, BCS Residual Return = BCS Actual Return – [0.001 + 0.935*(Preferred Stock Index Return)] for the period 4/11/08 – 9/14/08 and BCS Residual Return = BCS Actual Return – [0.002 + 1.311*(Preferred Stock Index Return)] for the period 9/15/08 – 3/24/09. For indicator days, the Residual Return is the coefficient of the indicator variable.
[4] For non-indicator days, T-statistics are calculated by dividing the Residual Return as specified in [3] above by the Root Mean Square Error calculated over the period 4/11/08 – 9/14/08 or 9/15/08 – 3/24/09. For indicator days, the T-statistics are calculated using the Residual Return as specified in [3] above and the standard error of the coefficient of the indicator variable.
[5] * Denotes significance at the 5% significance level, using a two-tailed test.

EXHIBIT 176

BARCLAYS PLC

FORM 6-K
(Report of Foreign Issuer)

Filed 07/18/08 for the Period Ending 07/18/08

Telephone	00442031340952
CIK	0000312069
Symbol	BCS
SIC Code	6029 - Commercial Banks, Not Elsewhere Classified
Industry	Banks
Sector	Financials
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

July, 2008

Barclays PLC and
Barclays Bank PLC
(Names of Registrants)

1 Churchill Place
London E14 5HP
England
(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F x Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No x

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

This Report is a joint Report on Form 6-K filed by Barclays PLC and Barclays Bank PLC. All of the issued ordinary share capital of Barclays Bank PLC is owned by Barclays PLC.

This Report comprises:

Information given to The London Stock Exchange and furnished pursuant to General Instruction B to the General Instructions to Form 6-K.

EXHIBIT INDEX

Result of Placing and Open Offer dated 18 July 2008

This announcement shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The availability of the Open Offer to persons not resident in the United States or the United Kingdom may be affected by the laws of the relevant

18 July 2008

Barclays PLC

Result of Placing and Open Offer

On 25 June 2008, the Board of Directors of Barclays announced details of a Share Issue to raise approximately £4.5 billion through the issue of 1,576 million New Ordinary Shares.

The Firm Placing of 169 million New Ordinary Shares was completed on 4 July and the Open Offer closed on 17 July in accordance with its terms.

Barclays announces that valid applications under the Open Offer have been received from Qualifying Shareholders in respect of 267,115,898 Open Offer Shares in aggregate. This represents 19.0 per cent. of the Open Offer Shares offered pursuant to the Open Offer.

Accordingly, the remaining 1,140,310,966 Open Offer Shares have been allocated to Qatar Investment Authority, Challenger, China Development Bank, Temasek and certain leading institutional shareholders and other investors with whom they had been conditionally placed.

John Varley, Group Chief Executive of Barclays, said :
"I'm pleased to welcome new shareholders to our register as a result of our capital raising. We look forward to building on our relationships with our new shareholders, Qatar Investment Authority and Sumitomo Mitsui Banking Corporation, and we appreciate the support of existing owners of our shares including China Development Bank, Temasek, and other institutional holders."

Admission and commencement of dealings in Open Offer Shares is expected at 8.00 a.m. on 22 July 2008 . Open Offer Shares in uncertificated form are expected to be credited to CREST accounts at 8.00 a.m. on 22 July 2008, and definitive share certificates for the New Ordinary Shares in certificated form and statements of entitlement for Sharestore members are expected to be despatched by 25 July 2008.

Listing of new ADSs on the New York Stock Exchange is expected to occur on 22 July 2008, and new ADSs are expected to be delivered to each ADS subscriber as soon as practicable after the delivery of the underlying New Ordinary Shares to the depositary's custodian, which is expected to be on 22 July 2008 .

ENQUIRIES

ANALYSTS AND INVESTORS
Mark Merson +44 (0) 20 7116 5752
John McIvor +44 (0) 20 7116 2929

MEDIA
Alistair Smith +44 (0) 20 7116 6132
Ebony Kenny +44 (0) 20 7116 6217

Capitalised terms used in this announcement shall have the same meaning given to them in Barclays announcement of 25 June 2008 referred to above.

This announcement should be read in conjunction with the full text of the Prospectus published by Barclays on 25 June 2008 in relation to the Share Issue. Copies of the Prospectus are available, free of charge, for inspection at the UK Listing Authority's Document Viewing Facility, which is situated at: The Financial Services Authority, 25 The North Colonnade, Canary Wharf , London E14 5HS. In addition, copies of the Prospectus are available for inspection during normal business hours on Monday to Friday of each week (public holidays excepted) at Barclays registered office and on its website www.barclays.com .

This announcement is not a prospectus but an advertisement. Investors should only rely on the information contained in the Prospectus and any documents incorporated therein by reference.

This announcement shall not constitute an offer to buy, sell, issue, or subscribe for, or the solicitation of an offer to buy, sell or issue, or subscribe for any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

The times and dates mentioned throughout this announcement may be adjusted by Barclays in which event details of the new times and dates will be notified to the UK Listing Authority, the London Stock Exchange and, where appropriate, existing Shareholders. References to times in this announcement are to London times unless otherwise stated. Different deadlines and procedures may apply in certain cases.

This announcement has been issued by and is the sole responsibility of Barclays. The distribution of this announcement, the offering of the New Ordinary Shares pursuant to the Placing and the availability of the Open Offer to persons not resident in the United States and the United Kingdom may be affected by the laws of the relevant jurisdictions. It is the responsibility of any person (including, without limitation, nominees and trustees) outside the United States or the United Kingdom who has applied for New Ordinary Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory. Any failure to comply with such laws may constitute a violation of the securities laws of any such jurisdiction.

C opies of this announcement are not being, and must not be, mailed or otherwise distributed or sent in, into or from any Restricted Jurisdiction into which the same would be unlawful. Persons receiving this announcement (including, without limitation, custodians, nominees and trustees) must not distribute, mail or send it in, into or from any Restricted Jurisdiction, and so doing may render any purported acceptance of the Placing and Open Offer invalid.

The New Ordinary Shares issued pursuant to the Firm Placing and to be issued pursuant to the Placing and Open Offer have not been, and will not be, admitted to trading on any stock exchange other than the London Stock Exchange and, as applicable, in the form of American Depositary Shares (ADS) on the New York Stock Exchange.

The Open Offer Shares have not been offered or sold directly or indirectly within the borders of the People's Republic of China . This announcement or the information contained herein has not been approved by or registered with any relevant governmental authorities in the People's Republic of China and may not be offered for sale in the People's Republic of China. Investors with registered addresses in, or who are resident or ordinarily resident in, or a citizen of, the People's Republic of China are responsible for obtaining all relevant government regulatory approvals/licences (if any) themselves, including, but not limited to, any which may be required from the State Administration of Foreign Exchange and other competent regulatory authorities and complying with all relevant People's Republic of China regulations (if applicable), including, but not limited to, any relevant foreign exchange regulations and/or overseas investment regulations.

Neither the content of Barclays website nor any website accessible by hyperlinks on Barclays website is incorporated in, or forms part of, this announcement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BARCLAYS PLC
(Registrant)

Date: July 18, 2008

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Deputy Secretary

BARCLAYS BANK PLC
(Registrant)

Date: July 18, 2008

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Joint Secretary

EXHIBIT 177

1 of 1 DOCUMENT

Investors Chronicle - magazine and web content

July 18, 2008

SECTION: MARKETS FRIDAY 0261-3115

LENGTH: 633 words

HEADLINE: FTSE slips back, oil declines

BODY:

SUMMARY: Weak figures from Merrill temper rally in financials, while crude prices continue to correct - they've now fallen more than 10 per cent this week

London equities fell on Friday, after weak numbers overnight from Merrill Lynch ended the financial sector's rally. The FTSE 100 lost 55 points to 5,234.1 in opening trade, a fall of 1 per cent, as UK traders had their first chance to react to Merrill's larger-than-expected $9.4bn writedown, revealed overnight after London markets closed.

Financials were sold off. Royal Bank of Scotland lost 2.6 per cent to 175.1p and Standard Chartered fell 2.4 per cent to GBP14.37. Lloyds TSB lost 0.8 per cent to 298.3p. HBOS was 3.6 per cent lower at 258.2p, under the 275p of its rights issue on the deadline day for subscriptions.

Barclays fell 2.8 per cent to 282.6p after it said less than a fifth of its existing shareholders participated in its GBP4.5bn capital-raising issue.

Fund manager Schroders fell 2.6 per cent to 912 1/2p and inter-dealer broker Icap lost 1 per cent to 479.8p. BlueBay Asset Management fell 4.1 per cent to 233.8p, contributing to pressure on the FTSE 250 from midcap fund managers.

Overall, the FTSE 250 lost 1.3 per cent to 8,610.1.

Away from the financial sector, Invensys fell 0.9 per cent to 285p after the engineer said first-quarter trading met forecasts but the US market remained "difficult". Miners also lost ground as commodities markets cooled. BHP Billiton was 1.9 per cent lower at GBP15.99, Anglo American lost 1.6 per cent to GBP27.84 and ENRC fell 2.8 per cent to GBP10.69.

DAILY TECHNICAL COMMENT

For daily comment on index breadth from Investor Intelligence, click here

MARKET DATA

For full stock market data, see our market data centre

OVERSEAS MARKETS

The S&P 500 rallied for a second session on Thursday and edged back out of bear market territory as better-than-expected results from JPMorgan and another sharp drop in oil prices cheered investors. The Dow Jones Industrial Average gained 1.8 per cent to 11,438.92 points, while the Nasdaq Composite finished 1.2 per cent higher at 2,312.30 points. But major Asian equities found little direction on Friday with the lower oil prices simultaneously weighing on resource stocks and bolstering refiners. Disappointing earnings from Merrill Lynch, the US investment bank, weighed on financial stocks, particularly in Australia. The S&P/ASX 200 shed 0.8 per cent to 4,861.0, led by resource-related companies. In Tokyo, the Nikkei 225 was down 0.2 per cent to 12,857.38, as banks lost some of their earlier ground in morning trading. In Hong Kong, the Hang Seng was unchanged at 21,731.56.

COMMODITIES

Oil prices plunged below $130 a barrel on Thursday, a fall that helped lift Wall Street out of bear market territory. In volatile trading, US crude fell to an intraday low of $129.0 a barrel before trading $5.30 down at $129.30 a barrel, the lowest level in six weeks. Natural gas prices fell 7.5 per cent.Agricultural commodity prices also fell.

<xmltable>

|Gold London PM$939|.50oz|

|August Brent crude$143|.92/barrel|

|LME 3-mth Copper$8|,270.50/tonne|

|Baltic dry index (freight)|9,181|

|December carbon|27.26/unit|

</xmltable>

FOREIGN EXCHANGE

The dollar struggled to find direction on Thursday, buffeted by news that sovereign wealth funds were cutting their dollar holdings and mixed US economic and corporate data. The dollar fell 0.2 per cent against a basket of six major currencies. The euro gained 0.3 per cent against the dollar to $1.5865. Sterling was flat against the euro and 0.3 per cent higher against the dollar at $2.0042 as a better day for UK financial shares soothed investor nerves.

<xmltable>

|1.253|

$1|.996|

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For a summary of company announcements, and a round-up of business press headlines and share tips, click here.

LOAD-DATE: July 23, 2008

EXHIBIT 178

London Evening Standard

The Evening Standard (London)

July 18, 2008 Friday
A Edition

SECTION: Pg. 30

LENGTH: 468 words

HEADLINE: Bank pair raise £8bn - but may need more;
BANKING

BYLINE: SIMON ENGLISH

BODY:

TWO of Britain's leading banks, HBOS and Barclays, secured a combined £8.5 billion in fresh capital today, but there was immediate concern that they may need to seek yet more money if the credit crunch worsens.

City analysts also speculate that Lloyds TSB, which has so far resisted joining the search for new funds, may be forced to reconsider if the housing market continues to slump.

UBS predicts that Lloyds will have to slash its dividend by a third next year if it does avoid a rights issue, given the fresh pressure the ongoing financial turmoil will place on its balance sheet.

Lloyds has won plaudits for prudently avoiding the worst of the downturn, but now rivals have succeeded in raising money albeit in fraught circumstances it is left in a comparatively weaker position.

HBOS shares today dipped 4 3/4 p to 263 1/2 p, moving further below the rights issue price of 275p. That means underwriters Morgan Stanley and Dresdner Kleinwort are left holding a large chunk of the shares.

With the share price underwater, there was little incentive for investors to take up the rights when they could get the shares more cheaply in the market.

There will be strong downward pressure on the share price for some time because other investors are aware that the two investment banks will be looking for any chance to sell their holding..

Barclays today said investors took up just 19% of new shares in its recent fundraising, meaning the bulk of the money will be provided by overseas funds.

Britain's third-biggest bank raised £4.5 billion from investors in Qatar, Japan, China and Singapore, and then gave existing shareholders a chance to buy new stock on the same terms of 282p a share.

That only a small percentage took up the offer was no surprise. In all, 267 million fresh shares were bought by current investors, with 1.14 billion in new shares taken by the overseas funds.

The Qatar Investment Authority now owns 8% of the company, with China Development Bank taking 3%, Sumitomo Banking Corp 2% and Singapore's Temasek between 2% and 3%.

Barclays chief executive John Varley said: " I'm pleased to welcome new shareholders to our register as a result of our capital- raising. We look forward to building on our relationships with our new shareholders." Barclays shares slipped back 5 3/4 p to 284 3/4 p.

Although there has been a rally in bank shares in the past few days, another writedown from Merrill Lynch yesterday soured sentiment. The Wall Street giant wrote off another $9.4 billion (£4.7 billion), taking its losses in the last year to $19 billion.

Analysts are concerned that UK banks might have to follow suit.

Sandy Chen at Panmure Gordon said: "The big question is, are there going to be more writedowns?" Bradford & Bingley this week won approval from shareholders for a £400 million fundraiser..

GRAPHIC: Overseas aid: Varley has pulled in £ 4.5 billion from Qatar, Japan, China and Singapore

LOAD-DATE: July 18, 2008

EXHIBIT 179

Finance & Stock Market News

UPDATE 1-Barclays may write down 1.5 bln stg more, says Goldman

Thu, 14th Aug 2008 12:58

LONDON, Aug 14 (Reuters) - Barclays Plc may need to write down 1.5 billion pounds more over the next 18 months, analysts at Goldman Sachs said adding the British bank has little room to absorb further material losses without the dividend potentially being cut or paid in shares.

Another brokerage, Cazenove, downgraded Barclays to 'in-line' from 'outperform,' citing share price outperformance, and said though the bank had performed well given the disruption in financial markets, it still faces a weak economic outlook and lower balance-sheet gearing.

Goldman Sachs also said it remained concerned about the bank's capital position.

Barclays' interim results were disappointing as the weak underlying performance, excluding Barclays Capital revenue, were only saved by a strong performance on costs, Goldman Sachs said.

Last week, Barclays reported a 33 percent drop in first-half profits after taking a 2 billion pound writedown on the value of risky assets, and said challenging market conditions are likely to last through 2009.

On Barclays' credit market exposures, there is the potential for up to 4.6 billion pounds of further write-downs, Goldman added.

It raised its price target on the stock to 340 pence from 320, and reiterated its 'sell' rating.

Cazenove, however, said the British bank's first-half results were less pronounced than at many competitors, and write-downs taken by Barclays were broadly consistent with the range of figures disclosed by rivals.

Barclays was the best performing major European bank in the third quarter, with a share-price rise of 21 percent, Cazenove said.

'It (the shares) now trades at a premium to peers and, with no specific catalyst in view, we expect a period of share price consolidation,' it said.

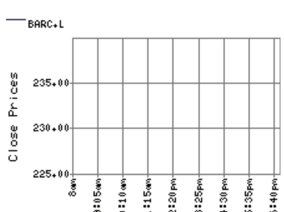
Shares of Barclays were trading down 2 percent at 345 pence by 1033 GMT.

(Reporting by Neha Singh in Bangalore; Editing by Vinu Pilakkott) Keywords: BARCLAYS/RESEARCH CAZENOVE

tf.TFN-Europe_newsdesk@thomsonreuters.com

cmr

Related Shares:



Barclays (BARC)

EXHIBIT 180

1 of 1 DOCUMENT

theguardian

Guardian.com

August 14, 2008

LENGTH: 530 words

HEADLINE: Oil and copper burnish FTSE

BODY:

Photograph: Allan Shoemake/Getty Images

Miners and oil companies are leading a rebound in the market, as commodity prices moved higher again and consolidation hopes resurfaced.

Copper prices have climbed $190 a tonne, although some analysts warned the rises may be tempered by worries about slowing demand from China. As for oil, the crude price climbed by more than $1 to $117 after yesterday's larger than expected drop in US inventories and worries about supply disruptions thanks to the conflict in Georgia.

So Antofagasta added 40.5p to 578.5p, while BHP Billiton climbed 94p to £16.06. After Xstrata's bid for Lonmin, there was some talk that BHP might be interested in rival platinum specialist Impala. But Evolution Securities was sceptical of any imminent approach: "Currently BHP has negligible exposure to platinum and may consider Impala Platinum, the world's second largest [platinum] producer. However, we feel that the bid for Rio Tinto may preoccupy the company for any action this year."

Among the oil companies BP added 11.25p to 535.75p while Royal Dutch Shell B shares rose 64p to £18.29.

Overall the FTSE 100 is ahead 76.5 points at 5525.1, recovering most of yesterday's fall.

But banks were weaker on continuing writedown fears, and the prospect of more fundraisings. Royal Bank of Scotland lost 4p to 225.75 while Barclays fell 4.5p to 347p after house broker Cazenove cut its recommendation from outperform to in-line and Goldman Sachs issued a sell note and warned of further credit crunch related hits.

Goldman said: "On Barclays's credit market exposures we believe there is the potential for up to £4.6bn further writedowns. These are spread across the whole credit portfolio but some may take longer to crystalise as they sit within the loan book. We forecast £1.5bn further writedowns over the next 18 months as we believe exposures could move closer to other marks in the market."

Lower down the market, biotech business Protherics jumped 13.25p to 51.5p after yesterday's after hours announcement of a number of bid approaches.

Analysts at FinnCap repeated their conviction that AstraZeneca could be one of the possible predators, since it is developing Protherics' key product, sepsis treatment CytoFab. They said: "We are convinced AstraZeneca will buy Protherics: otherwise it could be paying annual royalties in excess of $1bn a year.

"What will they pay? A premium to the price on the screen: how much will AstraZeneca pay in order not to pay out more than $1bn a year? Doubtless the market will capitulate at a price which undervalues the company. We remain buyers, with a 100p price target."

KBS Peel Hunt did not agree: "Having already out-licensed the lead drug CytoFab we see little reason why Astrazeneca would acquire Protherics until at least the full Phase IIb results are known (2010). We see limited reason why a blue chip pharma would make a cash offer in the current climate while the execution risk remains high. As such we expect the approaches are share based and from relatively minor players in the pharmaceutical space and we retain our 29p price target and urge investors to sell into the strength that these approaches have created."

LOAD-DATE: August 14, 2008

EXHIBIT 181

4 of 4 DOCUMENTS

PA Newswire: Corporate Finance News

August 14, 2008 Thursday 5:15 PM BST

LENGTH: 490 words

HEADLINE: MARKET REPORT

BYLINE: Matt Dickinson and Graeme Evans, PA City Staff

BODY:

Healthy gains for oil and mining stocks drove the FTSE 100 Index's today as it climbed to just short of the 5500 mark.

The blue-chip share index closed up 48.8 points at 5497.4, making up more than half yesterday's chunky loss which came amid continuing economic gloom.

Rises from the likes of BP and BHP Billiton today offset falls from travel and transport groups as oil prices returned to 117 US dollars a barrel.

And higher metal prices saw miners dominate the risers board, with Antofagasta top performer after ending the day up 25.5p to 563.5p - a near 5% lift.

BHP Billiton also improved 70p to 1582p, while among oil companies Royal Dutch Shell lifted 38p to 1803p and BP rose 2.5p to 527p.

The gains came after a sharper-than-expected fall in US gasoline supply figures, which boosted crude prices.

Retailers Next and B&Q owner Kingfisher also clawed back some losses seen in recent days, up 18.5p at 1009p and 2.3p at 126.9p respectively.

On the blue-chip fallers board, the oil price rise affected heavily fuel-dependent firms, such as bus and rail operator FirstGroup, down 17.5p at 558p. The weaker pound against the dollar was also factor and caused Rolls-Royce to slip 15.5p to 387.5p.

Tour operator TUI Travel sunk 5p to 223p, despite updating the market with ``buoyant'' trading. News that Italy, Germany and France took a step closer to recession appeared to hit TUI, with much of its business coming from continental Europe.

British Airways had a see-saw day thanks to the rising oil price and the announcement it had signed a joint venture agreement with American Airlines and merger partner Iberia on flights between North America and Europe. They will also expand their global co-operation.

The tie-up, which is subject to regulatory clearance, caused BA shares to rally before they slipped back 1.75p to 253.75p.

Barclays was also in the red, after broker Goldman Sachs warned the bank may need to write down another £1.5 billion over the next year and a half. It has already suffered multi-billion pound hits this year, and shares were 5p lower at 346.5p.

Computer services firm Logica topped the FTSE 250 Index after reporting significant sales and profitability improvement in the UK. With half-year results prompting Logica to raise its own growth forecasts, shares responded with a gain of 14%, up 15.25p at 127.75p.

Elsewhere, H Samuel jeweller Signet jumped 4.25p to 65p after Investec Securities changed its rating from hold to buy and increased its target price to 83p.

And there was a good gain for department store chain Debenhams, which climbed 2.25p to 55.5p.

The Footsie's four biggest risers were Antofagasta up 25.5p to 563.5p, Kazakhmys up 57p to 1262p, Anglo American up 132p at 2923p and Eurasian Natural Resources which closed up 46p at 1036p.

The four biggest fallers were Rolls-Royce down 15.5p to 387.5p, FirstGroup down 17.5p to 558p, TUI Travel down 5p at 223p and Man Group which ended the day down 11p to 519p.

LOAD-DATE: August 14, 2008

EXHIBIT 182

Dow Jones International News

September 3, 2008 Wednesday 7:00 AM GMT

LENGTH: 1509 words

HEADLINE: UK Summary: FTSE To Shed 75 Points On Econ Slowdown Fears

BODY:

MARKET NEWS:

FTSE 100	5620.70	+17.90	+0.32%
FTSE 250	9543.60	+134.10	+1.43%

Above are Tuesday's closing prices

London Stocks Seen Opening Sharply Lower

0602 GMT [Dow Jones] London stocks expected to open sharply lower Wednesday after losses in the US overnight due to a shift in opinion about the benefits of lower oil prices. Spreadbettor CMC Markets calls the FTSE 100 75 points lower at 5545.7. "Although the fact Gustav missed the refineries accounted for some of the downside pressure, there's also the slowing demand to take into account here and this serves as something of a reminder as to the current health of the global economy," says dealer Matt Buckland. WS Atkins and Punch Taverns trading statements to be eyed while Fed beige book due 1800 GMT could offer some insight.

TOP COMPANY NEWS:

DSG 1Q Comp Sales -7%, Very Cautious About Consumer Outlook

LONDON (Dow Jones)--European electrical-goods retailer DSG International PLC (DSGI.LN) Wednesday reported poor first-quarter sales as cash-strapped consumers put off non-essential purchases as a result of the economic downturn, and said it remains "very cautious" about the consumer outlook.

Punch Taverns Scraps Final Dividend, FY In Line

LONDON (Dow Jones)--U.K. pub group Punch Taverns PLC (PUB.LN) said Thursday it is confident of meeting full-year expectations but warned it would not be paying a final dividend as it prioritizes repaying debt in challenging market conditions.

DS Smith 1Q Hurt By Input Cost Rise, Slowing Demand

LONDON (Dow Jones)--U.K. paper and packaging company DS Smith PLC (SMDS.LN) Wednesday confirmed that it was being hit by slowing demand and higher input costs, particularly in the U.K., although the impact has so far been offset by a better result from its European operations.

Prudential Gets GBP1B Annuity Deal From Cable & Wireless

LONDON (Dow Jones)--U.K. insurer Prudential PLC (PRU.LN) said Wednesday it has agreed a GBP1 billion deal to provide a bulk annuity policy to Cable & Wireless PLC (CW.LN), the biggest such deal in the U.K. so far this year.

Playtech 1H Adjusted Net Profit Rises 90%

LONDON (Dow Jones)--Internet gambling software company Playtech PLC (PTEC.LN) Wednesday reported a 90% rise in first-half adjusted net profit as revenue rose 85% in the period.

Blackstone Teams With Providence, Carlyle On Informa Bid-FT

Carlyle Group L.P. and Providence Equity Partners will join Blackstone Group L.P. (BX) in a bid for publishing company Informa PLC, the Financial Times reported on its Web site Tuesday.

Qinetiq To Announce GBP150 Mln Govt Deal - Report

LONDON (Dow Jones)--U.K. defense research company Qinetiq Group PLC (QQ.LN) is Wednesday expected to announce that it has won a 15-year contract worth GBP150 million from the U.K. government to secure critical ship and submarine testing facilities in the U.K., the Financial Times reports, without citing its sources.

Shell: May Resume US Gulf Oil Output In 3-5 Days At Earliest

SINGAPORE (Dow Jones)--Royal Dutch Shell PLC (RDSB.LN) said late Tuesday it may reach full oil output rates in the U.S. Gulf this weekend at the earliest, as it plans to begin redeploying staff back to its oil producing assets following precautionary evacuations prompted by Hurricane Gustav.

TOP ECONOMIC NEWS:

UK Nationwide Aug Consumer Confidence At Lowest Ever Level

LONDON (Dow Jones)--U.K. consumer confidence remained at its lowest level since 2004 in August, the consumer confidence index compiled by U.K. lender Nationwide showed Wednesday.

UK Job Market Continued To Weaken In August

LONDON (Dow Jones)--The U.K.'s labor market continued to weaken in August as recruitment consultancies reported the sharpest drop in the number of permanent placements for almost seven years, while the number of temporary placements declined at the steepest pace since records began, a survey showed Wednesday.

BROKER COMMENTS:

Punch Taverns Dividend Move To Hit Shares-Shore

0653 GMT [Dow Jones] Punch Taverns (PUB.LN) shares expected to be hit Wednesday by surprise scrapping of the final dividend. Shore Capital's Greg Johnson is surprised by the move. "It's not a huge ratio business and the dividend doesn't eat much into GBP4.7B of debt," he says. "There are certainly concerns there and I expect it will spook other stocks as well." He rates stock sell. Shares closed Wednesday at 317p.

Investec Cuts Punch Taverns To Hold Vs Buy

0649 GMT [Dow Jones] Investec Securities downgrades Punch Taverns (PUB.LN) to hold, from buy rating. Puts its 690p price target under review as well in the wake of Punch's latest update. Says while trading looks OK and in line with FY expectations, support to licensees is increasing given tough market conditions. "Debt refinancing requirements and uncertain outlook mean Punch will not pay a final dividend," it adds. And a dividend payment in FY 2009 looks unlikely too. Expects to downgrade FY 2009 earnings estimates by about 10%. Shares closed Tuesday at 317p, and a trader expects shares to open about 10p lower.

UBS Lifts Cadbury Target Price

0637 GMT [Dow Jones] UBS lifts Cadbury (CBY) target price to 610p from 585p. Says a sharp depreciation of sterling, particularly relative to the US dollar, has caused it to revisit its Cadbury model [Cadbury generates about 80% of it sales outside of the UK]. As a result, UBS raises its FY 2009 EPS estimate by 4% to 36.3p a share, FY 09 margin estimate increases by 10bp. Keeps sell stance, saying Cadbury generates little in the way of free cashflow and a significant speculative premium is already being priced-in. Shares closed Tuesday at 642p.

DSG 1Q Sales "Pretty Poor," Downgrades Likely

0627 GMT [Dow Jones] DSG International's (DSG.LN) 1Q sales figures are "pretty poor" and 0.75% fall in gross margins across the group is "worse than expected," says Seymour Pierce's Freddie George. The grim trading update is likely to lead to earnings consensus downgrades again, he adds. George has a sell rating on DSG and 45p target price. Stock closed at 53p Tuesday. (LEV)

DSG 1Q Sales Disappointing - Trader

0625 GMT [Dow Jones] DSG International's (DSGI.LN) 1Q like-for-like sales missed consensus expectations, says a trader, adding its gross margin decline is disappointing considering how easy the comparatives were. Notes DSG has warned of a 'very challenging' environment. Says one good thing to come out of the management statement is that the Step Change program achieved its cost-saving target of GBP50M. DSG shares closed Tuesday at 52.8p. (JNC)

M Stanley Upgrades 3i, But Cuts Schroders

0619 GMT [Dow Jones] Morgan Stanley upgrades 3i Group (III.LN) to overweight from equalweight, and lifts its target price to 1,090p from 1,075p. Makes the call after revisiting the asset management industry one year into the credit crises. Believes niche opportunities in private equity for 3i are being overlooked by the market. However, downgrades Schroders (SDR.LN) to underweight from equalweight, and trims its target price to 970p from 975p, as the war for deposits has fundamentally changed the opportunity set for international retail asset managers in Europe. 3i shares closed at 922p, Schroders shares closed at 1,034p.

Goldman Sachs Raises BP To Buy From Neutral

0616 GMT [Dow Jones] Goldman Sachs upgrades BP (BP) to buy from neutral rating. Also lifts target price to 720p, from 690p. Makes call based on valuation. "Since its mid-July peak, the oil price has fallen by 25%, leading the oil sector to underperform the European market by 9%. We maintain a bullish view on the oil price, which gives us 36% average potential upside in the sector," says Goldman Sachs. Shares closed Tuesday at 512p.

RBS Downgrades Barclays To Sell From Hold

0610 GMT [Dow Jones] Royal Bank of Scotland downgrades Barclays (BCS) to sell from hold, and cuts its target price to 300p from 475p. Thinks the group's strategy is clear and consistent, and has been successfully executed by the current management team. However, thinks benchmarking capital ratios and writedowns versus peers, "implies a GBP4.9B-GBP7.5B capital shortfall at a time when credit quality and coverage ratios are weakening and core deposit momentum is disappointing." Shares closed at 364p.

Credit Suisse Downgrades Vodafone To Neutral

0608 GMT [Dow Jones] Credit Suisse downgrades Vodafone (VOD) to neutral from outperform, cuts target to 160p from 180p. "We believe Vodafone is likely to slightly miss its new revenue guidance on an underlying basis and could slightly miss the lower end of its EBIT guidance," says analyst Julia Funnell. Says Spain could shrink 4-5% on year, while messaging may remain weak as cumulative impact of previous promotions affects yield. "The iPhone may take 600k contract customers away from Vodafone in the next 12 months, whilst rising churn could offset the push on cost cutting." Shares closed Tuesday at 144p.

ECONOMIC CALENDAR - GMT:

0830	Aug	CIPS Services PMI
0930	Aug	Shop Price Index
N/A	Sep	Bank of England Monetary Policy Committee meeting

Contact us in London. +44-20-7842-9464

[03-09-08 0700GMT]

NOTES: 1010;
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EXHIBIT 183

RBS
The Royal Bank of Scotland

Equity | Banks | United Kingdom

3 September 2008

Produced and issued by: ABN AMRO Bank NV†

Barclays

Some of the parts

Change of recommendation

Sell (from Hold)

Target price
£3.00 (from £4.75)

Price
£3.70

Short term (0-60 days)
n/a

Sector relative to market
Underweight

Barclays offers a clear, well-executed, long-term strategy. But benchmarking capital ratios and writedowns vs peers implies a £4.9bn-7.5bn capital shortfall at a time when credit quality and coverage ratios are weakening and core deposit momentum is disappointing. Downgrade to Sell.

Key forecasts

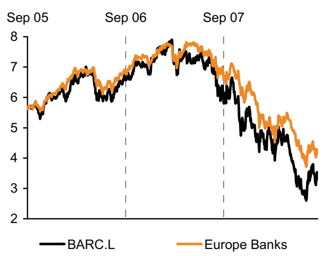
	FY06A	FY07A	FY08F	FY09F	FY10F
Reported PBT (£m)	7136	7076	5766 ▲	6252 ▼	6413 ▼
Reported net profit (£m)	4571	4417	3651 ▲	3777 ▼	3783 ▼
Reported EPS (p)	71.9	68.9	50.0 ▲	45.6	45.2 ▼
Normalised EPS (p)	66.8	68.5	45.5 ▲	45.6	45.2 ▼
Dividend per share (p)	31.0	34.0	34.0 ▲	34.0 ▲	34.0 ▲
Normalised PE (x)	5.54	5.40	8.14	8.12	8.18
Dividend yield (%)	8.38	9.19	9.19	9.19	9.19

Use of ▲ ▼ indicates that the line item has changed by at least 5%.
Accounting standard: IFRS
Source: Company data, ABN AMRO forecasts

year to Dec, fully diluted

Price performance

	(1M)	(3M)	(12M)
Price (£)	3.41	3.75	6.14
Absolute (%)	8.3	-1.3	-39.7
Rel market (%)	6.0	10.7	-22.1
Rel sector (%)	7.3	13.5	-2.7



Market capitalisation
£30.50bn (€37.63bn)

Average (12 mnth) daily turnover
£360.99m (€486.06m)

RIC: BARC.L, BARC LN
Priced at close of business 1 Sep 2008.
Source: Bloomberg

Attractive long-term investment proposition...

We believe Barclays strategy is clear and consistent, and has been successfully executed by the current management team. A deeply ingrained performance-led culture facilitated the generation of £8.3bn of economic profit over the last four years. It has, however, also led Barclays to a higher level of balance-sheet gearing than peers, an uncomfortable position in the current environment of financial system de-leveraging and heightened external scrutiny of banks' balance sheets.

... but substantial near-term balance sheet concerns to overcome

We estimate that Barclays' adjusted tangible common equity is £17.7bn, 5.4% RWAs and £3.0bn lower than company-defined equity tier 1. This ratio is in line with most domestic UK banks, but low vs investment banks. 50% of Barclays' RWAs sit in IBIM, where we estimate the internal tangible common equity allocation equates to 3.7% of RWAs. Benchmarking this to 8% would require £4.8bn of new equity, a 25% increase.

Uncertain asset quality issues likely to remain

Valuing Barclays' debt security portfolio today implies a further £1.1bn 2H08F P&L charge, £4.7bn if we mark prices to market. Core UK loan growth was subdued through the late cycle '06-07 period, but International and non-bank financial lending grew strongly instead, to 52% of total loans. 1H08 underlying impairments ex UK increased from 0.9% to 1.6%, and credit loss reserves coverage fell from 68% to 40%. Holding coverage constant on 1H07 would cost £730m, 27% of 1H08 PBT. In addition, we estimate that peak-cycle bad debts across the portfolio would cost an incremental £10.3bn after tax over the next three years. Finally, GRCB deposit growth in 1H08 was a lacklustre 5%, funding only 25% of new loans.

Unremarkable capital-adjusted valuation multiples

Our base case EPS (ex disposal gains) FY08-10F is broadly flat at 45-46p. Capital adjusted, this would be diluted to 37-39p. So, Barclays' headline FY09F PE, yield and p/TCE multiples of 8.1x, 9.2% and 1.5x (19% RoTCE) shift to 9.6x, 5.2% and 1.4x (14% RoTCE). We lower our target price to £3.00 and our recommendation to Sell.

Analysts

Ian Smillie, CFA
United Kingdom
+44 20 7678 5014
ian.smillie@rbs.com

Cormac Leech, CFA
+44 20 7678 9814

Marketing analyst

Caroline Clarke, CFA
+44 20 7678 7745

250 Bishopsgate, London, EC2M 4AA,
United Kingdom

http://www.abnamroresearch.com

The Basics

Versus consensus

Reported EPS (p)	ABN AMRO	Cons	% diff
2008F	50.0	46.8	+7
2009F	45.6	50.0	-9
2010F	45.2	57.8	-22

Source: ABN AMRO forecasts. Co data for FY08F & FY09F; Reuters for FY10F as co data is not available.

Forced ranking*

Company	Rec	Upside / Downside
HBOS	Buy	+9
Lloyds	Sell	-17
Barclays	Sell	-19

* by difference to target price as at time of publication. Recommendations may lie outside the structure outlined in the disclosure page
Source: ABN AMRO forecasts

Key events

Date	Event
15/16 Sep	IBIM Investor seminar
18 Nov	3Q trading update
Feb '09	FY08 results

Source: Company

Catalysts for share price performance

We expect the growing degree of external observer scrutiny on bank balance sheet structures and risks to continue, led by debt and equity investors, rating agencies and, in some countries, regulators. In particular, we expect Swiss and US-based investment banking operations to come in for tougher balance sheet leverage restrictions. This should encourage further benchmarking of Barclays' capital structure, which we include in this report. Also, widening credit default swap (CDS) spreads and the general decline in quoted debt market prices across most products should encourage equity investors to anticipate further credit market exposure writedowns with 2H08F results. Finally, the substantial volume of debt issuance required by the banking system over coming months will likely mean that LIBOR funding rates remain strained.

Earnings momentum

Our base case forecasts show EPS ex disposal gains broadly flat at 45-46p from FY08F-FY10F, as higher impairments from the traditional loan book offset lower capital market writedowns. We forecast underlying revenue growth of 5% FY08F, rising to 6.5% FY09F and 9.0% FY10F; with cost growth broadly in line with underlying revenues. However, we believe that the large and growing equity shortfall vs the 6.8% peer group implied tangible common equity / RWA ratio means that investors should remain alert to the possibility of further equity issuance to come at Barclays, which we estimate at 17% further EPS dilution for FY09F.

Valuation and target price

At £3.70, Barclays trades on FY09F of 8.1x PE, 1.5x p/TCE for a 19% RoTCE and a 9% dividend yield. Capital adjusted, these shift to 9.6x, 1.4x for a 14% RoTCE and a 5% dividend yield, respectively. We derive our £3.00 target price from a four-scenario, probability-weighted analysis. At £3.00 Barclays would trade on FY09F capital adjusted multiples of 8.2x, 1.2x and 6% respectively.

How we differ from consensus

Our FY09F EPS estimate is 9% below company-compiled consensus. Where available, we prefer to use company-compiled data as it tends to be more accurate than third-party vendors; however, this is only available for FY08F and FY09F. Most of this report focuses on benchmarking Barclays' tangible common equity and related RWA ratios to its two principal peer groups: domestic UK and investment banks. We believe that both our adjustments to tangible common equity and the RWA benchmarking analysis are a useful addition to reported EPS when considering the appropriate valuation multiple that Barclays should trade on.

Risks to central scenario

The two principal drivers of our Sell recommendation on Barclays depend on a continuation of the investment banking industry trend towards tougher capital ratios, and ongoing declines in debt market prices. Together, these suggest to us a benchmarking-driven £7.5bn equity shortfall vs peers that should be reflected in Barclays' valuation multiple. If debt market prices instead recover, or if regulators and rating agencies decide that it is actually more prudent to relax capital requirements through a cyclical downturn, then our £3.00 target price will prove too low. Every £1bn change in Barclays' perceived equity shortfall equates to 12p, 3% market capitalisation. The principal downside risk to our target price is a faster or deeper deterioration in credit quality, particularly Corporate. In our view, this would lead investors to assign a higher probability outcome to our estimate of trough cycle target price of £1.70.

Key assumptions and sensitivities

The key drivers of economic profit for banks are asset profitability and tangible common equity leverage, which combine to generate earnings and volatility. Nearer term, share prices tend to respond disproportionately to the latter.

Table 1 below sets out Barclays' TCE /RWA leverage and the implied equity shortfall vs our peer group benchmark implied 6.8% target under our four principal capital scenarios.

Table 1 : Summary of Barclays' equity shortfall under four principal scenarios

	Absolute				(%) RWA				Surplus / deficit vs 6.8% tgt			
£m	**1H08**	**FY08F**	**FY09F**	**FY10F**	**1H08**	**FY08F**	**FY09F**	**FY10F**	**1H08**	**FY08F**	**FY09F**	**FY10F**
RWA	352,739	364,936	417,116	473,203								
Reported equity	22,289	27,548	28,509	29,447	6.3	7.5	6.8	6.2				
Goodwill	-8,132	-8,132	-8,132	-8,132								
New equity	4,500	0	0	0								
Pro forma TCE	**18,657**	**19,416**	**20,377**	**21,315**	**5.3**	**5.3**	**4.9**	**4.5**				
Equity minorities	1,526	1,572	1,679	1,802	0.4	0.4	0.4	0.4				
1) TCE & Equity minorities	**20,183**	**20,988**	**22,056**	**23,117**	**5.7**	**5.8**	**5.3**	**4.9**	**-3,843**	**-3,868**	**-6,354**	**-9,114**
Own debt	-969	-1,030	-456	-169	-0.3	-0.3	-0.1	0.0				
2) Adjusted TCE	**19,214**	**19,958**	**21,600**	**22,948**	**5.4**	**5.5**	**5.2**	**4.8**	**-4,812**	**-4,899**	**-6,810**	**-9,283**
Credit market exposure	-2,279	-2,592	-2,592	-2,592	-0.6	-0.7	-0.6	-0.5				
3) Peer comparable TCE	**16,935**	**17,366**	**19,008**	**20,356**	**4.8**	**4.8**	**4.6**	**4.3**	**-7,091**	**-7,491**	**-9,402**	**-11,875**
NPV peak cycle bad debts	-6,350	-6,699	-7,436	-8,254	-1.8	-1.8	-1.8	-1.7				
4) Worst case TCE	**10,585**	**10,667**	**11,572**	**12,102**	**3.0**	**2.9**	**2.8**	**2.6**	**-13,441**	**-14,190**	**-16,838**	**-20,129**

Source: Company data, ABN AMRO forecasts. TCE = Tangible Common Equity. NPV = net present value. NB: TCE for RWA and asst based ratios include equity minorities, whereas TCE for per share and valuation metrics exclude equity minorities.

Table 2 below sets out a matrix of capital-adjusted key financial metrics for Barclays under the four principal equity capital shortfalls set out above.

Table 2 : Barclays' principal financial metrics and valuation multiples under different capital adjustment scenarios

	Per share				Multiple / yield			(%) difference from base case		
(p)	**1H08**	**2H08F**	**FY09F**	**FY10F**	**FY08F**	**FY09F**	**FY10F**	**2H08F**	**FY09F**	**FY10F**
1) Reported base case										
EPS	27	23	46	45	7.3	8.1	8.2			
TCE	229	236	245	253	1.6	1.5	1.5			
RoTCE (%)	18.4%	20.2%	18.9%	18.1%						
DPS	12	23	34	34	9.2	9.2	9.2			
2) Capital adjusted										
EPS	24	22	41	39	8.0	9.0	9.4	-6.6	-9.3	-12.5
TCE	245	251	266	280	1.5	1.4	1.3	6.4	8.8	10.4
RoTCE (%)	16.2%	17.7%	15.9%	14.4%					-3.0%	-3.6%
DPS	12	9	21	20	5.6	5.6	5.3	-58.5	-39.5	-42.1
3) Peer comparable capital adjusted										
EPS	23	20	39	37	8.6	9.6	10.0	-13.0	-15.1	-17.8
TCE	256	262	274	286	1.4	1.4	1.3	11.3	12.0	12.7
RoTCE (%)	14.5%	15.8%	14.4%	13.2%					-4.5%	-4.8%
DPS	12	8	19	18	5.3	5.2	5.0	-64.5	-43.4	-45.6
4) Worst case capital adjusted										
EPS	19	17	33	31	10.3	11.4	11.9	-26.0	-28.4	-31.0
TCE	272	278	289	299	1.3	1.3	1.2	18.1	18.1	18.1
RoTCE (%)	11.7%	12.6%	11.5%	10.5%					-7.4%	-7.5%
DPS	12	5	16	16	4.5	4.4	4.2	-77.3	-52.2	-54.4

Source: Company data, ABN AMRO forecasts. TCE = Tangible Common Equity. NPV = net present value. NB: TCE for RWA and asst based ratios include equity minorities, whereas TCE for per share and valuation metrics exclude equity minorities.

Contents

Some of the parts

Barclays offers a clear, well executed l-t strategy. But benchmarking capital ratios and writedowns vs peers implies a £4.9-7.5bn capital shortfall at a time when credit quality and coverage ratios are weakening, and core deposit momentum is disappointing. Sell.

The positives are principally structural and long term…

There are many reasons to like Barclays: its strategy is clear, consistent and has been successfully executed by the present management team. This has led to the creation of substantial new businesses, and resultant economic profit generation. But the implementation of highly geared remuneration opportunities has naturally led to economic profit maximisation through both numerator and denominator management. So Barclays is now notably more leveraged than its sum of the parts as measured by benchmarking RWA or asset leverage ratios against the domestic UK and investment banking peer group. This sits uncomfortably with the current industry trend to more conservative capital ratios, which we expect to continue.

… whereas the negatives are more immediate

1) £3.0bn difference in capital definitions

We estimate that Barclays' adjusted TCE (tangible common equity) / RWA (risk weighted assets) ratio at 1H08 was 5.4%, 90bp lower than the reported 6.3% equity tier 1 ratio. The £3.0bn difference is due to £1.0bn gains on own debt, a £1.1bn pension deficit addback and a collection of smaller adjustments such as Available for Sale reserves.

2) Higher leverage than peers on a mix adjusted basis

A 5.4% TCE/RWA is in line with most domestic UK banks, but is 150-c200bp less than a like for like comparison with other diversified wholesale banks such as JPMorgan and Deutsche as reported at 1H08; and 250-350bp lower than the pure investment banks such as Merrill Lynch, Goldman Sachs or Lehman, again as at 1H08. And Barclays is amongst the most leveraged by equity / total assets on both an IFRS and US GAAP basis when compared to either domestic UK or investment banks.

3) Economic capital requirements likely to increase

50% of Barclays' RWAs sit in IBIM (Investment Banking & Investment Management), against only 40% of economic capital, on which profitability is the principal lens used by senior management to judge financial performance. By our calculations, Barclays' economic capital model allocates IBIM a 3.7% TCE/RWA charge, vs 5.6% for GRCB (Global Retail & Commercial Banking). We believe that more cyclical revenues and lumpier bad debts should mean that Wholesale operations command a higher TCE/RWA charge than Retail, not lower. This view is consistent with the 8-9% reported by pure play investment banks at 1H08. We estimate rebuilding Barclays' IBIM to 8% would require £4.8bn new equity, a 25% increase which would take the TCE/RWA ratio to 6.8% – in line with the 7.0% reported by JPMorgan 1H08.

4a) Growing risk of further credit market exposure write downs 2H08F

68% of Barclays' adjusted credit risk assets sit outside of the customer loan book. Barclays' valuation philosophy tends towards a net present value (NPV) of existing assets, whereas many investment bank peers rely more heavily on market prices of similar assets. We estimate that the difference would reduce Barclays' £18.4bn 1H08 pro-forma adjusted TCE base by a post-tax £2.6bn, a 14% decline that would take adjusted TCE/RWA ratio to an uncomfortably low 4.8%.

4b) Deteriorating loan book asset quality, and weakening credit loss reserves coverage

Lending in the core UK franchise was subdued during the late-cycle 2005-2006 period, which should mitigate Barclays' sensitivity to the downturn in the UK economy that we anticipate; however, it was notably more ambitious outside the UK and for non-bank financials over the same period. Perhaps unsurprisingly then, impairments on the 52% of total loans that sit outside the UK increased sharply in 1H08 to 1.6% from 0.9% in 1H07. Worse, credit loss reserves' coverage here fell from 68% to 40%. Holding coverage levels constant would have reduced reported 1H08 PBT by £730m, a 27% reduction. In addition, we estimate that peak-cycle bad debts would cost Barclays an incremental £10.3bn after tax over the next three years vs our current base case forecasts.

5) Core deposit growth needs to be reinvigorated

Finally, we observe with caution that BarCap generated over 70% of new deposits 1H08. In contrast, GRCB delivered a disappointing 5% annualised increase, funding only one-fourth of new loans. We suspect that the renewed emphasis to boost performance here must come at the expense of margin, given the industry-wide demand for stronger deposit volumes.

Capital-adjusted valuation multiples are not compelling

The table below pulls together the various strands of our Barclays' investment case set out above and what they imply for the group's tangible common equity as measured against a 6.8% TCE/RWA peer group implied benchmark.

We estimate a FY08F equity shortfall of £4.9-7.5bn, depending on whether we adjust for the mark–to-market value of credit market exposures or not. This is equivalent to 27-41% of an adjusted TCE base of £18.4bn (£20.0-1.6bn), and 16-25% of the £30bn market capitalisation. (Although we can fully understand banks' logic of managing their capital base in line with NPV expectations rather than much more volatile market prices, we do believe that bank equity prices should reflect the point-in-time value of assets and liabilities that are held on their balance sheet.)

Under a worst case scenario of peak-cycle bad debts across the whole portfolio, we estimate that this equity shortfall would rise to £14.2bn, or 77% of current adjusted TCE and 47% of market cap.

Table 3 : Summary of our equity shortfall forecasts under four principal scenarios

	Absolute				(%) RWA				Surplus / deficit vs 6.8% tgt			
£m	**1H08**	**FY08F**	**FY09F**	**FY10F**	**1H08**	**FY08F**	**FY09F**	**FY10F**	**1H08**	**FY08F**	**FY09F**	**FY10F**
RWA	352,739	364,936	417,116	473,203								
Reported equity	22,289	27,548	28,509	29,447	6.3	7.5	6.8	6.2				
Goodwill	-8,132	-8,132	-8,132	-8,132								
New equity	4,500	0	0	0								
Pro forma TCE	**18,657**	**19,416**	**20,377**	**21,315**	**5.3**	**5.3**	**4.9**	**4.5**				
Equity minorities	1,526	1,572	1,679	1,802	0.4	0.4	0.4	0.4				
1) TCE & Equity minorities	**20,183**	**20,988**	**22,056**	**23,117**	**5.7**	**5.8**	**5.3**	**4.9**	**-3,843**	**-3,868**	**-6,354**	**-9,114**
Own debt	-969	-1,030	-456	-169	-0.3	-0.3	-0.1	0.0				
2) Adjusted TCE	**19,214**	**19,958**	**21,600**	**22,948**	**5.4**	**5.5**	**5.2**	**4.8**	**-4,812**	**-4,899**	**-6,810**	**-9,283**
Credit market exposure	-2,279	-2,592	-2,592	-2,592	-0.6	-0.7	-0.6	-0.5				
3) Peer comparable TCE	**16,935**	**17,366**	**19,008**	**20,356**	**4.8**	**4.8**	**4.6**	**4.3**	**-7,091**	**-7,491**	**-9,402**	**-11,875**
NPV peak cycle bad debts	-6,350	-6,699	-7,436	-8,254	-1.8	-1.8	-1.8	-1.7				
4) Worst case TCE	**10,585**	**10,667**	**11,572**	**12,102**	**3.0**	**2.9**	**2.8**	**2.6**	**-13,441**	**-14,190**	**-16,838**	**-20,129**

Source: Company data, ABN AMRO forecasts. TCE = Tangible Common Equity. NPV = net present value. NB: TCE for RWA and asst based ratios include equity minorities, whereas TCE for per share and valuation metrics exclude equity minorities.

Barclays' RoTCE FY09F would drop from 19% to 14-16% by our capital adjustments. We see this as the most appropriate measure of profitability to compare with peers when considering valuation multiples. Put differently, Barclays' FY09F headline PE rises from 8.1x to 9.0-9.6x. P/TCE falls slightly, from 1.5x to 1.4x, but for a 3-5pp lower RoTCE. Holding constant the target 50% dividend payout ratio would mean that the yield drops from 9% to 5%, on our estimates. See Table 4 below.

Although we believe Barclays offers the most attractive long term investment case of any domestic UK bank, the concentrated focus on economic profit maximisation has led to a balance sheet structure, which allows little comfort cushion for investors through the current cyclical downturn in credit quality and structural downturn in leverage appetite. The lower ROE that this implies both near and medium term, combined with a higher probability of peak-cycle bad debts as macro data continues to deteriorate, leads us to lower our target price to £3.00 and our recommendation to Sell. At £3.00, Barclays would trade on 1.2x p/TCE FY08F of £2.36, a 2009F PE of 6.6x and an 11.3% dividend yield. Capital adjusted, these would be 8.2x, 1.2x and 6.1% respectively. Table 4 below sets out the full matrix of adjustments and implied valuation metrics.

Table 4 : Barclays' principal financial metrics and valuation multiples under different capital adjustment scenarios

	Per share				Multiple / yield			(%) difference from base case		
(p)	**1H08**	**2H08F**	**FY09F**	**FY10F**	**FY08F**	**FY09F**	**FY10F**	**2H08F**	**FY09F**	**FY10F**
1) Reported base case										
EPS	27	23	46	45	7.3	8.1	8.2			
TCE	229	236	245	253	1.6	1.5	1.5			
RoTCE (%)	18.4%	20.2%	18.9%	18.1%						
DPS	12	23	34	34	9.2	9.2	9.2			
2) Capital adjusted										
EPS	24	22	41	39	8.0	9.0	9.4	-6.6	-9.3	-12.5
TCE	245	251	266	280	1.5	1.4	1.3	6.4	8.8	10.4
RoTCE (%)	16.2%	17.7%	15.9%	14.4%					-3.0%	-3.6%
DPS	12	9	21	20	5.6	5.6	5.3	-58.5	-39.5	-42.1
3) Peer comparable capital adjusted										
EPS	23	20	39	37	8.6	9.6	10.0	-13.0	-15.1	-17.8
TCE	256	262	274	286	1.4	1.4	1.3	11.3	12.0	12.7
RoTCE (%)	14.5%	15.8%	14.4%	13.2%					-4.5%	-4.8%
DPS	12	8	19	18	5.3	5.2	5.0	-64.5	-43.4	-45.6
4) Worst case capital adjusted										
EPS	19	17	33	31	10.3	11.4	11.9	-26.0	-28.4	-31.0
TCE	272	278	289	299	1.3	1.3	1.2	18.1	18.1	18.1
RoTCE (%)	11.7%	12.6%	11.5%	10.5%					-7.4%	-7.5%
DPS	12	5	16	16	4.5	4.4	4.2	-77.3	-52.2	-54.4

Source: Company data, ABN AMRO forecasts. TCE = Tangible Common Equity. NPV = net present value. NB: TCE for RWA and asst based ratios include equity minorities, whereas TCE for per share and valuation metrics exclude equity minorities.

Too many unknowns

We briefly set out the positive drivers behind Barclays' long-term investment proposition before working through our near-term concerns for capital, leverage, economic capital, asset quality and funding.

The positives are principally structural and long term…

There are many aspects of the Barclays investment case that we naturally like:

1) A transparent and consistent strategy, focused on delivering superior long-term revenue growth and disciplined by the twin four-year targets of £9.3-10.3bn economic profit generation and top quartile total shareholder returns (2008-2011). Certainly in the context of the domestic UK banks, we see this as fairly unique and compelling.

2) The intellectual framework behind the group's financial and operational strategy naturally leads to a meritocratic management structure and a heavily performance-dependant compensation reward scheme. We see both as instrumental in attracting one of the highest calibre management teams in our European banks' universe – which in turn is consistent with the successful creation over the last decade of substantial new businesses, and resultant £8.3bn economic profit generated between 2004 and 2007. It is no coincidence, therefore, that Barclays offers the most attractive long-term business mix of all the domestic UK banks, in our view.

3) The willingness to invest both through the P&L and capital allocation in order to drive forward the group's strategy and medium-term economic profit generation – even if this comes somewhat at the expense of near-term earnings and so also perhaps share price performance. We are also philosophically attracted to the idea of investing to win market share at a time when many principal competitors are being forced to retrench. And – dare we say it – we do admire management's determination not to be forced into selling assets where it views current market prices as too low relative to its view of intrinsic value (ie the net present value of future cash flows).

Taken together, these three points capture why we view Barclays as the most interesting long-term investment of all the domestic UK banks.

… whereas the negatives are more immediate

In stark contrast to our positive long-term prognosis for Barclays, we identify five major near-term concerns on capital, leverage, economic capital, asset quality and funding. In large part these reflect the cyclical pressures that come as a result of the structural ambition to deliver superior revenue growth and profitability. But we remain concerned that they will continue to be the predominant drivers of share price performance over the next 12 months in the same way that they have over the last 12.

Capital

Barclays reported a pro-forma 6.3% equity tier 1 ratio at 1H08, with regulatory equity tier 1 rising from £17.6bn at FY07 to £22.2bn. The table below sets out Barclays' capital creation dynamics through 1H08. It also highlights the £1.3bn benefit in favour of Barclays' definition of equity tier 1 capital, which comes before regulatory deductions – primarily the difference between Basel 2 determined expected losses and IFRS-allowed credit loss reserves. Our standard definition of equity tier 1 capital is, in contrast, net of these deductions.

As an aside, it looks to us that Barclays' definition does – somewhat inconsistently – include around £500m deferred tax asset benefit on these regulatory deductions. Given the growing discrepancy between regulatory and tangible common equity that we have discussed for the UK banks in previous research – see "Nowhere to Hide", 23 January 2008 – we focus here more on the adjusted TCE / RWA, which at 5.4% is 90bp lower for Barclays than the reported 6.3%. This equates to a £3.0bn difference.

Table 5 : Barclays creation of regulatory core and tangible common equity (1H08)

£m	Core equity	(%) RWA	TCE	Eq minority	TCE & Eq min	(%) RWA
FY07	**17,566**	**5.0**	**14,995**	**1,608**	**16,603**	**4.7**
Basel II	441		0	0	0	
FY07 Basel II co definition	18,007	5.1	14,995	1,608	16,603	4.7
Tier 1 deductions	-1,106		0	0	0	
FY07 Basel II - ABN definition	**16,901**	**4.8**	**14,995**	**1,608**	**16,603**	**4.7**
Earnings	1,718		1,718	196	1,914	
Dividend	-1,438		-1,438		-1,438	
Buyback	-173		-173		-173	
Available for Sale Reserve	0		-517		-517	
Own credit adjustment	-508		0		0	
FX	-120		-120		-120	
Other	22		-308	-278	-586	
1H08	**16,402**	**4.6**	**14,157**	**1,526**	**15,683**	**4.4**
New equity	4,500		4,500		4,500	
1H08 pro-forma	**20,902**	**5.9**	**18,657**	**1,526**	**20,183**	**5.7**
Own credit adjustment	0		-969		-969	
Adjusted 1H08 pro-forma	**20,902**	**5.9**	**17,688**	**1,526**	**19,214**	**5.4**
Tier 1 deductions	-1,306		0		0	
1 H08 pro-forma - co definition	**22,208**	**6.3**	**17,688**	**1,526**	**19,214**	**5.4**

Source: Company data, ABN AMRO forecasts.

The principal differences between adjusted TCE and equity tier 1 for Barclays as at 1H08 are a £1.1bn pension deficit addback and a collection of smaller beneficial adjustments that combined more than offset the £969m regulatory unwind of gains on Barclays' own debt. These are included inside reported TCE, but are reversed out in our adjusted TCE. See the table below for a full reconciliation.

Table 6 : Reconciliation of tangible common equity and Barclays' defined equity tier 1, 1H08

£ million	1H08 Absolute	Difference	Per share
Reported equity	22,289		341
New equity	4,500		286
Goodwill & intangibles	-8,132		-100
Tangible Common Equity	**18,657**		**230**
Equity minorities	1,526		
TCE & equity minorities	**20,183**		**249**
Own debt deduction	-969		
Adjusted TCE & eq minorities	**19,214**		**237**
Pension add back		1,099	
Available for Sale Reserve		363	
FX on certain debt instruments		420	
Deferred tax on tier 1 deductions		521	
Other		591	
Company defined equity tier 1	**22,208**	**2,994**	**273**

Source: Company data, ABN AMRO forecasts

Looking forward, our estimates show Barclays PBT rising to slightly over £6bn through FY09F and FY10F, even with a fairly sharp rise in the impairment charge to over 100bp of loans in both years. This means that the RoTCE declines from >20% to 18-20%. Holding the dividend flat at 34p, and assuming no further new equity issuance or acquisitions, this profit generation converts to annual growth in TCE of between £900m-£1bn. So, we believe business as usual shows that Barclays' adjusted TCE per share should slowly start to grow again, to £2.23 FY08F and £2.39 FY09F. See Table 7 below.

Table 7 : Barclays tangible common equity creation, 1H08-FY10F

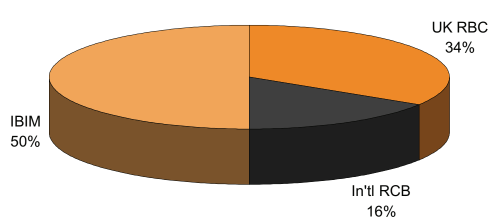
£m	1H08	2H08F	FY09F	FY10F
Pre-Impairment	**6,073**	**5,418**	**11,613**	**12,355**
Revenue write downs	-1,723	-789	0	0
Impairment	-2,448	-2,033	-4,563	-5,543
Own debt gains	852	85	-798	-399
Other	0	330	0	0
PBT	**2,754**	**3,011**	**6,252**	**6,413**
Tax	-620	-737	-1,719	-1,764
Minorities	-416	-342	-756	-866
Net income	**1,718**	**1,932**	**3,777**	**3,783**
Dividend	-1,438	-936	-2,817	-2,845
New equity / buyback	-173	4,500	0	0
AFS	-517	-237	0	0
FX	-120	0	0	0
Other	-308	0	0	0
Total shift in TCE	**-838**	**5,259**	**960**	**938**
TCE	14,157	19,416	20,377	21,315
Own debt deduction	-969	-1,030	-456	-169
Adjusted TCE	**13,188**	**18,386**	**19,921**	**21,146**
Per share (pence)	**201**	**223**	**239**	**251**
Ro Adj TCE (%)	24.4	21.4	19.7	18.4

Source: Company data, ABN AMRO forecasts

Leverage

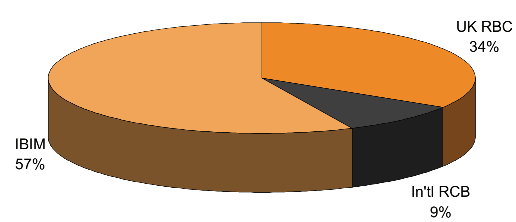
Differences in accounting, business mix and credit risk mean that no one single measure of capital strength allows conclusive comparability across banks. Given Barclays' RWA weightings, we see two principal group of peer companies: domestic UK and investment banks. Combined, these account for 84% of group RWA's and 91% of underlying PBT 1H08.

Chart 1 : Barclays RWA mix, 1H08



Source: Company data, ABN AMRO. UK RCB = UK Retail + Commercial + Barclaycard. Int'l Retail = Western Europe + Absa + Emerging Markets.

Chart 2 : Barclays underlying PBT mix, 1H08

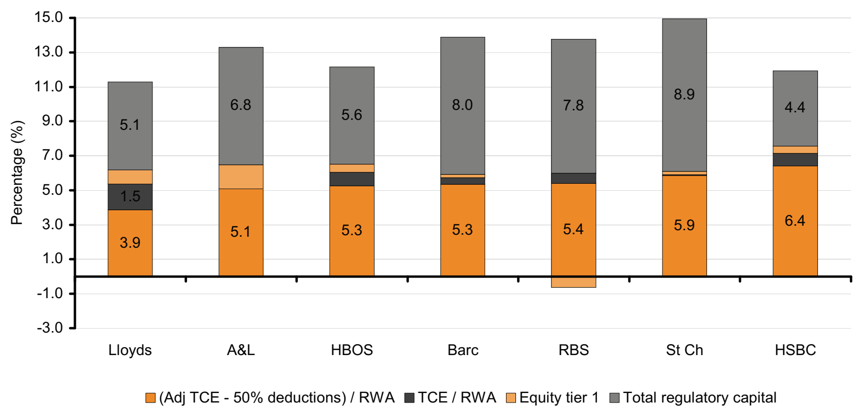


Source: Company data, ABN AMRO. Underlying PBT excludes credit market losses and gains on own debt.

Chart 3 below breaks down the UK banks' total regulatory capital / RWA ratio into the four principal components as we see them: 1) adjusted tangible common equity (including equity minorities), with a 50% deduction for unconsolidated subsidiaries and other financial investments – as per most other European countries and as should be valid in the UK from 2012; 2) tangible common equity; 3) equity tier 1 capital, which allows a collection of regulatory adjustments as per Table 6 above for Barclays; 4) total regulatory capital, which includes preference shares and qualifying subordinated debt. Details of reported figures and adjustments are in the Appendix.

Barclays' equity tier 1 ratio of 5.9% is in line with the domestic UK banks' aggregate equity tier 1 ratio. Adjusting for gains on own debt and total regulatory capital deductions, which principally reflect non-bank subsidiaries, this falls to 5.3%, again in line with most domestic peers. In fact, Lloyds stands out by far as the outlier in terms of capital gearing here, consistent with our Sell recommendation. See “Little Room for Manoeuvring”, 31 July 2008.

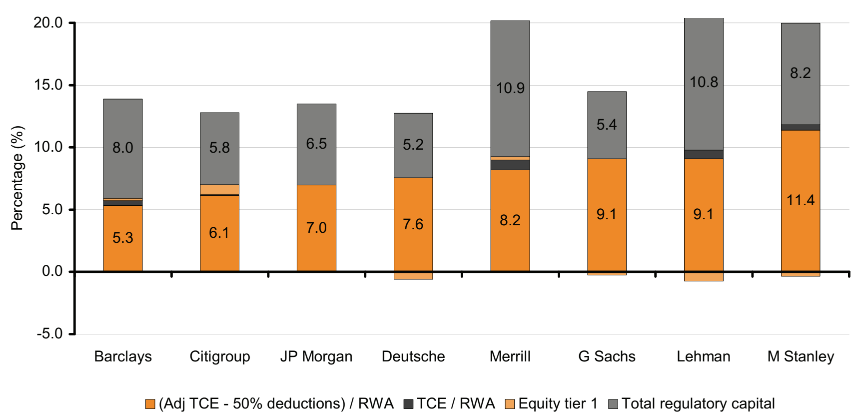
Chart 3 : RWA-based regulatory capital ratios and composition, 1H08 (%) – UK peers



Source: Company data, ABN AMRO. Adjusted TCE deducts gains on own debt ; equity tier 1 adjusts for deferred tax asset deductions. HBOS & Barclays are pro-forma for new equity issuance post 1H08.

In contrast, Barclays compares notably less well with global investment or universal banks, once adjusted for gains on own debt and the US banks’ disallowance of deferred tax assets. (This is equivalent to 40% of equity tier 1 at Merrill Lynch, and so makes a material difference to cross-country comparisons.) JPMorgan and Deutsche carry adjusted TCE / RWA ratios of 7-7.6%, and pure play investment banks are typically between 8-9%.

Chart 4 : RWA based regulatory capital ratios and composition, 1H08 (%) – investment bank peers



Source: Company data, ABN AMRO. Adjusted TCE deducts gains on own debt ; equity tier 1 adjusts for deferred tax asset deductions.

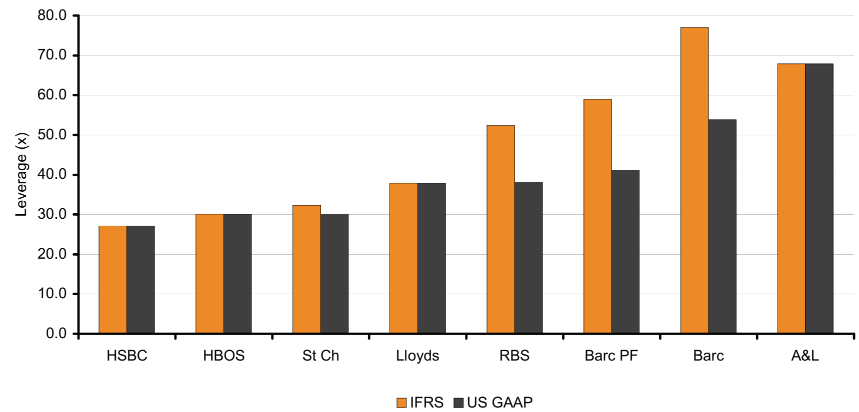
Unlike US banks, the UK regulator does not enforce a minimum equity / total assets hurdle. We believe that this has conditioned the UK banks’ behaviour to focus capital allocation on an RWA basis, resulting in the sharp gearing of assets/ RWA evident across the sector over the last 18 years: adjusted assets/RWA gearing 1H08 was 2.8x, vs 1.4x in 1990.

We do not believe that total assets is a particularly good measure of credit risk, or of potential losses that could be incurred by a bank. But assets do need to be funded. So given the shift in regulatory focus to a broader risk assessment of banks’ balance sheets, which in our view will give more weighting to liquidity and funding requirements, we believe that the UK banks would do well to establish some sort of total-asset-based target ratios. US bank holding companies must maintain a minimum 3% tier 1 / adjusted assets ratio; this rises to 5% for deposit-taking institutions.

The trouble with leverage ratios is that every bank we look at uses a slightly different definition. In order to maintain comparability as best we can, we use the following two definitions: IFRS-based adjusted leverage = (total assets less reverse repos, cash collateral on borrowed securities, customer owned investments and goodwill) / (tangible common equity plus equity minorities less gains on own debt); our US GAAP version also deducts derivatives with counterparty netting agreements, though disclosure levels here are patchy for European banks.

Both Barclays' IFRS and US GAAP adjusted leverage ratios are towards the top end of the domestic UK bank peer group, with the exception of A&L.

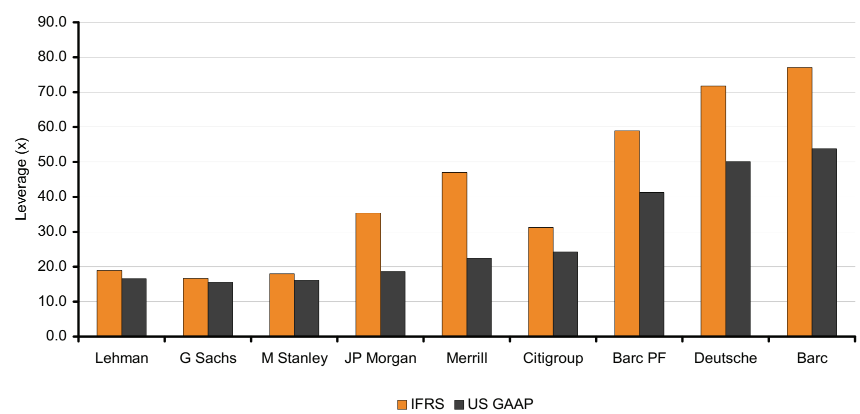
Chart 5 : UK banks' adjusted assets / adjusted tangible common equity, 1H08



Source: Company data, ABN AMRO calculations

The gap between Barclays and US-based universal and investment banks is even more notable; Deutsche also stands out as particularly leveraged on this basis – consistent with our Sell recommendation. See "Back to Square One", 28 August 2008, by Kinner Lakhani for the full argument.

Chart 6 : Investment and universal banks' adjusted assets / adjusted tangible common equity, 1H08



Source: Company data, ABN AMRO calculations

Economic Capital

Barclays manages itself by two principal operating business units: GRCB (Global Retail & Commercial Banking) and IBIM (Investment Banking and Investment Management). Table 8 below sets out the asset and RWA profiles for both. It is instantly obvious that the difference between Barclays' asse-t and risk-weighted asset profiles is largely due to Barclays Capital, which accounts for 70% of the group's assets, but only 46% of RWA. Put differently, BarCap has a 17% RWA/asset ratio (5.9x leverage), which brings down the group's RWA/ reported assets ratio to 26%. This is the lowest of all the domestic UK banks, and the lowest of all our universal and investment banking peer group set out above with the exception of Deutsche.

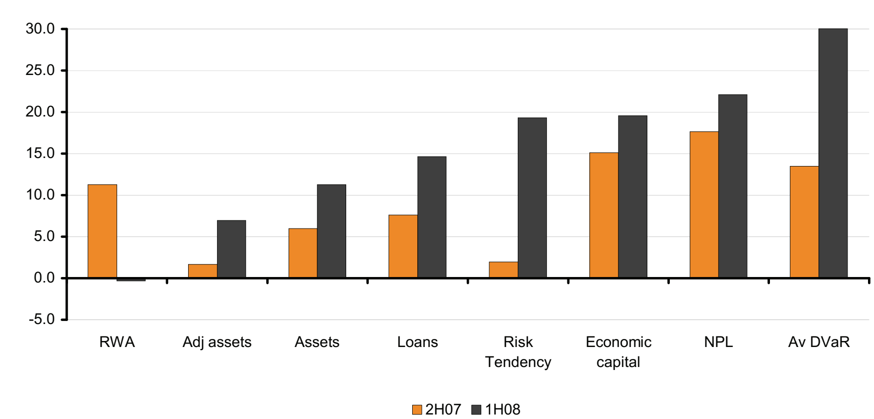
Table 8 : Barclays' asset and RWA mix, 1H08

					RWA / asset (%)		
£m	**Assets**	**Mix (%)**	**RWA**	**Mix (%)**	**H107**	**H207**	**H108**
UK Retail	96,314	7.1	30,855	8.7	50	35	32
Barclaycard	24,278	1.8	24,955	7.1	83	102	103
Commercial	80,955	5.9	62,991	17.9	73	83	78
Absa	34,178	2.5	15,400	4.4	65	47	45
Western Europe	51,100	3.7	29,170	8.3	56	57	57
Emerging Markets	11,380	0.8	11,744	3.3	64	111	103
GRCB	**298,205**	**21.8**	**175,115**	**49.6**	**62**	**61**	**59**
Barclays Capital	966,109	70.7	163,352	46.3	19	21	17
BGI	79,030	5.8	4,413	1.3	2	5	6
Wealth Management	17,749	1.3	8,808	2.5	41	44	50
IBIM	**1,062,888**	**77.8**	**176,573**	**50.1**	**18**	**20**	**17**
Other	4,561	0.3	1,051	0.3	28	19	23
Group	**1,365,654**	**100.0**	**352,739**	**100.0**	**27**	**29**	**26**

Source: Company data, ABN AMRO. GRCB = Global Retail & Commercial Banking; IBIM = Investment Banking & Investment Management.

Barclays' RWA/asset ratio did improve across nearly every division in 1H08. We ascribe this to a combination of benefiting from the finer details of Basel 2 implementation and the "hard work to optimise risk weighted asset consumption" as explained in the results release. Either way, this sits in stark contrast with every other risk measure that we typically consider. As per Chart 7 below, D VaR increased by 30%; non-performing loans (ex ABS CDO and SIV) by 22%; economic capital by 20%; risk tendency by 19%; loans by 15%; and assets by between 7-11%, depending on which definition is used. Yet total RWAs remained flat on FY07. If credit-related risk measures continue to deteriorate as we (and Barclays) anticipate over coming months, we expect RWAs to start to grow again. Our forecasts for the group factor in a 4% sequential rise 2H08F and 14% FY09F.

Chart 7 : Sequential growth in a selection of Barclays' risk measures (%)



Source: Company data, ABN AMRO

Of particular note here is the stark difference between growth in RWAs and Barclays' defined economic capital requirement going into a cyclical downturn in asset quality. Economic capital is an extremely important calculation for Barclays, as this sits at the heart of its economic profit calculation. In other words, economic capital growth and profitability is probably the best way for external observers to empathise with Barclays' management in terms of how it judges its own performance, making it possible to anticipate likely future capital allocation decisions and resultant growth drivers.

Barclays' last multi-year performance period target was 2004-2007, during which time it generated £8.3bn economic profit – higher than the £6.5-7.0bn target. The following table sets out performance by division, adjusted for central costs and the notional annual goodwill carrying cost. This shows that by Barclays' calculations, its cumulative economic profit generation over the period was fairly evenly divided between GRCB and IBIM, at 48% and 52%, respectively. However, this masks a clear trend away from GRCB in favour of IBIM: GRCB's contribution reduced from 65% in 2004 to 37% in 2007.

Table 9 : Barclays' economic profit generation FY04-07

	Absolute					Mix (%)				
£ million	**2004**	**2005**	**2006**	**2007**	**Cumulative**	**2004**	**2005**	**2006**	**2007**	**Cumulative**
UK Bank	710	729	874	785	3,099	45.3	41.6	32.3	34.3	37.3
Barclaycard	271	122	81	119	592	17.3	7.0	3.0	5.2	7.1
Absa	0	-41	28	-20	-33	0.0	-2.4	1.0	-0.9	-0.4
International Retail	41	50	258	-37	312	2.6	2.9	9.5	-1.6	3.8
GRCB	**1,023**	**860**	**1,241**	**847**	**3,970**	**65.2**	**49.1**	**45.9**	**37.0**	**47.8**
Barclays Capital	470	628	1,105	1,036	3,239	30.0	35.8	40.9	45.2	39.0
BGI	156	237	274	242	909	9.9	13.5	10.1	10.6	10.9
Wealth Management	-81	28	84	164	196	-5.1	1.6	3.1	7.2	2.4
IBIM	**545**	**892**	**1,463**	**1,443**	**4,344**	**34.8**	**50.9**	**54.1**	**63.0**	**52.2**
Group	**1,568**	**1,752**	**2,704**	**2,290**	**8,314**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Company data and ABN AMRO estimates which adjust reported economic profit by division to allocate central costs on a pro-rata basis and the annual goodwill charge in proportion with each division's share of the goodwill stock outstanding.

The following table sets out economic capital / RWA by division as allocated by Barclays, both on a reported basis and adjusting pro-rata for equity minority additions, preference shares and other Barclays' adjustments in order to proxy an equivalent tangible common equity equivalent.

Table 10 : Barclays' economic capital / RWA

(%)	Reported			Adjusted TCE / RWA equivalent		
	1H07	**2H07**	**1H08**	**1H07**	**2H07**	**1H08**
GRCB	7.0	7.0	7.6	5.5	5.5	5.6
IBIM	3.2	3.7	5.0	**2.5**	**2.9**	**3.7**
Group	**5.1**	**5.3**	**6.3**	**4.0**	**4.2**	**4.7**

Source: Company data, ABN AMRO. Adjusted TCE equivalent reduces Barclays' £20.6bn economic capital (ex goodwill) by the £5.05bn preference shares allowed (25%) and other £2.4bn positive adjustments to TCE allowed by Barclays. We also add back £1.5bn equity minorities which should be included for RWA or asset based ratio comparable analysis. GRCB = Global Retail & Commercial Banking; IBIM – Investment Banking & Investment Management.

There are two important observations here.

First, Barclays allocates GRCB a notably higher RWA capital charge than IBIM. This appears odd to us, as we would logically expect a capital markets' business to carry a higher economic capital /RWA charge than Retail & Commercial banking, given a structural tendency to deliver lower expected loss in any one year but with a bigger tail risk of severe or extreme loss. This is important because it means that IBIM will receive a bigger proportion of incremental investment than otherwise would be the case. It also is consistent with the group's growth emphasis over the last few years, though to be fair we do detect a much more broadly balanced ambition with the 1H08 results and future investment intentions.

Second, Barclays' definition of economic capital seeks to remove cyclicality from the calculation. Yet this is at odds with the observation that economic capital / RWA for IBIM has risen from 2.5% 1H07 to 3.7% 1H08. We believe this indicates that Barclays has been under-allocating economic capital to Barclays Capital.

So, a critical determinant of the Barclays investment case over the next 12-18 months is how far the capital ratios are likely to rebuild, both for management (through the lens of economic capital) and investors (through the lens of comparable company analysis). Barclays has indicated that just over half of the £4.5bn new equity raised in July will be used to strengthen its capital ratios. This implies a medium-term TCE/RWA target 4.9%, or 5.8% by Barclays' definition of equity tier 1.

How does this compare with peers?

At its most simple, bank management teams can choose between two capital management philosophies: either they can allocate to each division capital sufficient to support a theoretical external credit rating, typically AA; or, they can explicitly build in a group-wide diversification benefit to reduce the quantum of capital that the group should be required to have relative to the sum of its various parts. Financial theory supports the latter policy for well-diversified banks; pragmatism appears to lead to the former for many, which is particularly appealing during a widespread cyclical downturn in asset quality such as now. This point may sound mundane, but it really matters because it serves to answer the question whether Barclays is under-capitalised or not.

In their descriptions of economic capital, JPMorgan and Morgan Stanley both explicitly set out to run each operating division with sufficient capital to sustain competitive standalone external ratings. Citigroup and Barclays, in contrast, aim to maximise group ROE instead by reducing each division's capital allocation by their share of the group's diversification benefit. This explains why Barclays' core capital ratios are low relative to a sum of the parts peer group. As with the debate on expected NPV vs current market prices for the investment security portfolio, there is no right or wrong answer here. But we do think that when combined with its clear business mix shift in favour of IBIM over the last few years, this high level of gearing serves to increase Barclay's share price volatility. It also means that sum-of-the-parts valuation models must be careful to adjust comparable company valuation multiples for their different capital structures.

The following table sets out Barclays' surplus / deficit equity position at 1H08 depending on the target capital ratio applied to IBIM. Barring an industry-wide shift by regulators and rating agencies, it is not likely that Barclays will move away from its fundamental view that diversification benefits enjoyed by the Universal bank business model should be shared across each division's capital allocation. We do, however, believe that as a growing number of competitor banks move to carry higher capital / RWA ratios, investors should continue to adjust their relative valuation multiples for Barclays accordingly. We estimate that applying an 8% TCE/RWA ratio at IBIM would leave Barclays with a notional £4.8bn equity shortfall; at 9%, this would rise to £6.6bn.

Table 11 : Barclays' notional equity surplus / deficit depending on target IBIM RWA ratio

£ million	**1H08**			**Sensitivity**					
	RWA	**Adj TCE**	**(%)**						
GRCB	175,115	10,406	5.6	5.6	5.6	5.6	5.6	5.6	5.6
IBIM	176,573	6,899	3.7	5.0	6.0	7.0	8.0	9.0	10.0
Other	1,051	78	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Group	**352,739**		**4.7**	**5.3**	**5.8**	**6.3**	**6.8**	**7.3**	**7.8**
Economic capital implied TCE requirement			16,414	18,729	20,494	22,260	24,026	25,791	27,557
Adjusted TCE & Eq minority 1H08		19,214							
Surplus / deficit			**2,800**	**485**	**-1,280**	**-3,046**	$\boxed{\textbf{-4,812}}$	$\boxed{\textbf{-6,577}}$	**-8,343**

Source: Company data, ABN AMRO calculations. GRCB = Global Retail & Commercial Banking; IBIM – Investment Banking & Investment Management. TCE = Tangible Common Equity.

We believe that this has meaningful implications for Barclays' sustainable ROE expectations, and therefore valuation. Taking 8% as a base for comparable profitability, we estimate that Barclays' underlying RoTCE 1H08 would decline from 45% to 14%.

Table 12 : Barclays' capital adjusted RoTCE, 1H07-2H08F

£ million	1H07	2H07	1H08	H208F
Earnings				
Reported	2,634	1,783	1,718	1,932
Credit market exposure write downs	0	-1,651	-2,038	-972
Gains on own debt	0	474	613	61
Underlying earnings	2,634	2,960	3,143	2,843
Return on notional capital adjustment	138	178	196	98
Adjusted u/l earnings	**2,772**	**3,138**	**3,338**	**2,941**
Average TCE				
TCE	12,801	14,053	14,576	19,037
Own debt gains	0	-231	-715	-1,000
Adjusted TCE	12,801	13,822	13,861	18,037
Capital adjustment	6,975	8,013	9,312	4,684
Capital adjusted average TCE	**19,776**	**21,835**	**23,173**	**22,721**
Profitability (%)				
Adjusted RoTCE	41.2	42.8	45.3	31.5
Capital adjusted RoTCE	**14.0**	**14.4**	**14.4**	**12.9**

Source: Company data, ABN AMRO forecasts. TCE = tangible common equity.

Asset quality

Of all the UK banks, Barclays has the biggest proportion of its balance sheet invested in non-loan assets. This makes it crucial to consider the potential markdown risks from debt securities as well as from the traditional loan book. This is unhelpful for those who worry about the impact of a small change in asset value on tangible common equity.

Table 13 : UK banks' asset mix, 1H08

(%)	A&L	Barclays	HBOS	Lloyds	RBS	HSBC	St Ch
Customer loans	**74**	**32**	**78**	**77**	**39**	**45**	**50**
Reverse repos	0	11	0	0	5	0	0
Debt securities	19	21	17	9	17	32	25
Derivatives	1	32	3	3	30	11	12
Other interest earning assets	6	4	2	10	10	11	14
ABN adjusted credit risk assets	100	100	100	100	100	100	100
Off b/s pre-commitments	3	22	17	32	25	33	35
Potential credit risk assets	103	122	117	132	125	133	135

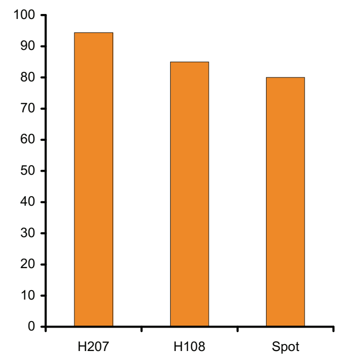
Source: Company data, ABN AMRO

Debt securities

To be fair to the UK banks, disclosure levels improved dramatically with the 1H08 results on the newly termed "credit market exposures". This is helpful in understanding where the banks' exposures lie in relation to assets where market prices have fallen to levels well below par value over the last year. But it is important to remember that as per Table 23 in the Appendix, Barclay's definition of credit market exposures add up to £29.9bn. This is reassuringly similar to the £27.4bn assets where valuations are derived using "unobservable inputs". It still only accounts for 5% of BarCap's netted assets. In other words, if the credit cycle continues to spread beyond US mortgages into consumer credit and corporate in the way that we anticipate, it is entirely possible that BarCap will endure further writedowns on some part of the remaining 95% of its asset base. As external observers, we have not yet worked out a way to quantify how much, given the lack of disclosure on capital structure holdings and gross vs net credit and market price exposures.

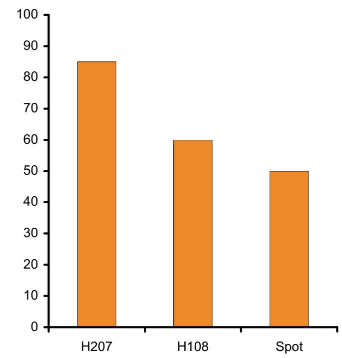
We do, however, note that quoted debt market prices have continued to decline across the board since the end of June. Differentiating how much of this sits with fears of higher future write-offs vs liquidity constraints is an extremely delicate exercise, as in reality one heavily impacts the other in the iterative process that drives banking cycles. (For a fuller discussion of our views on how banks drive their own cycles, see "Dancing in the Dark", 18 September 2007; "Nowhere to Hide", 23 January 2008 and "Life post recapitalisation", 8 May 2008.)

Chart 8 : Alt A 2005 AA (%)



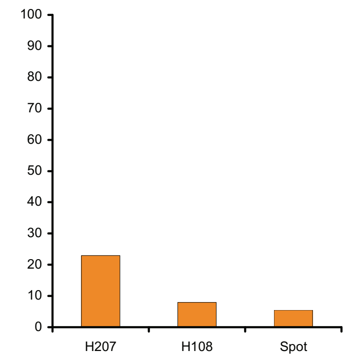
Source: Bloomberg, ABN AMRO estimates

Chart 9 : ABX 2005 High Grade (%)



Source: Bloomberg, ABN AMRO estimates

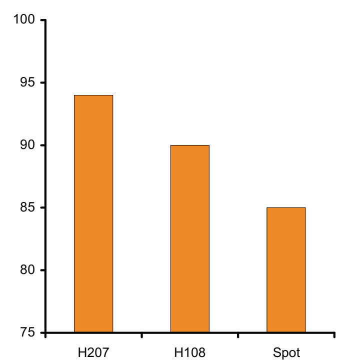
Chart 10 : TABX 2006, Mezzanine (%)



Source: Bloomberg, ABN AMRO estimates

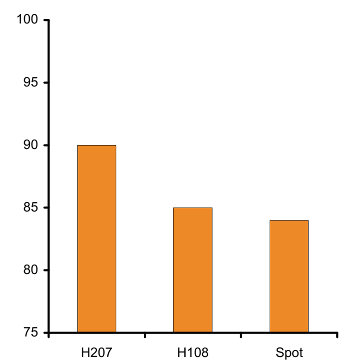
Either way, unless prices recover notably, we should expect further writedowns across the banking system with 3Q results. JPMorgan has already warned twice, with a US$600m writedown on Freddie Mac and Fannie Mae perpetual preferred stock and preference shares, and a US$1.5bn writedown from a substantial deterioration in trading conditions, particularly as spreads on MBS and loans have widened sharply. This is consistent with the Credit Suisse/Tremont Hedge Fund indices reporting their weakest month in July (-2.6%) since April 2000 (down 4.6%). A fuller explanation of the drivers behind the further credit market exposure writedowns to come across the industry with 3Q results is set out in a recent report “Wholesale Banks, Back to Square One”, 28 August 2008, by Kinner Lakhani.

Chart 11 : CMBS (%)



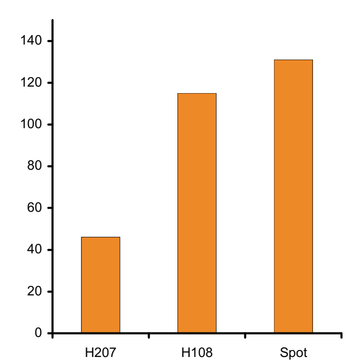
Source: Bloomberg, ABN AMRO estimates

Chart 12 : Leveraged Loans (%)



Source: Bloomberg, ABN AMRO estimates

Chart 13 : Barclays’ 5 year CDS (bp)



Source: Bloomberg, ABN AMRO estimates

We have little enthusiasm to revisit the debate of whether banks should value their assets according to their best estimate of net present value of future cash flows – most appropriate if the assets are to be held to maturity – or observed market prices of similar assets – most appropriate of the assets needing to be sold. It is, however, important to acknowledge that Barclays tends to adhere very much to the former philosophy, which is appropriate so long as the capital and funding base allows it to hold even the most illiquid of assets to maturity. The further market prices fall, and the longer that they stay at depressed levels, the more we expect auditors, regulators and rating agencies to encourage banks to revisit the NPV assumptions. And in the meantime, we see it as entirely appropriate for investors to value banks on the basis of their best guess of the market value of their balance sheet exposures. The following table sets out our best estimate of the likely writedowns to come on Barclays’ existing credit market exposures if the balance sheet were to close today. By Barclays’ NPV-focused approach, we estimate a further £1.1bn writedowns to come in 3Q08; applying market prices would increase this to £4.7bn.

Table 14 : Barclays' credit market exposures 1H08

£ million	1H08				Incremental	Incremental vs market prices	
	Gross	Net	Notional w/d	Mark (%) gross	Spot	1H08	Spot
ABS CDO Super Senior	4,272	3,229	-1,043	76%	-267	-260	-577
Net Other US sub prime	4,127	2,430	-1,697	59%	-173	-89	-226
Alt A	5,139	3,510	-1,629	68%	-207	-228	-469
Monoline insurers	3,018	2,584	-434	86%	-164	-1,446	-1,625
SIVs and SIV-Lites	1,326	429	-897	32%	-73	0	-73
Commercial mortgages	11,632	10,988	-644	94%	-210	-601	-919
Leveraged finance	6,742	6,742	0	100%	0	-539	-809
Total	**36,255**	**29,912**	**-6,343**	**83%**	**-1,095**	**-3,165**	**-4,698**

Source: Company data, ABN AMRO forecasts

Loan book

Barclays' loan book growth late in the cycle, which we classify as 2006 and 2007, can be split into three broad categories. Core UK lending consistently lost market share relative to peers, most notably in property & construction, consumer credit and mortgages. All else equal, this should allow the company to do better than others if domestic credit quality does deteriorate. In contrast, International exposures grew much more quickly, as did loans to non-bank financials.

Table 15 : Domestic UK banks' credit risk average growth, end FY05-end FY07

	A&L	B&B	Barc	HBOS	Lloyds	RBS	Agg	HSBC	St Ch
Mortgage	13.6	18.8	10.5	8.8	7.3	6.4	9.4	1.5	-0.9
Unsecured	3.7		-4.3	0.2	-0.6	3.5	-0.3	2.1	3.4
Corporate	17.6		6.5	7.9	10.6	18.7	12.6	8.3	19.2
Property & construction	77.5	-42.4	0.4	19.5	37.1	24.0	20.4	13.4	8.3
UK subtotal	**14.1**	**14.8**	**5.6**	**9.2**	**9.4**	**15.1**	**10.6**	**6.1**	**9.3**
International			18.5	31.7	14.3	67.6	45.2	5.3	
Non bank financials			28.5	8.1		137.0	66.6	12.5	
Group loans	**14.1**	**14.8**	**13.2**	**0.0**	**9.5**	**41.0**	**21.3**	**5.9**	**9.3**
Liquid assets	22.6	-10.6	14.5	-25.3	4.3	134.6	48.4	22.6	15.5
Accruals' investments	-7.3		-35.4	34.4		84.1	34.7	5.8	26.4
Accruals' subtotal	**14.5**	**12.7**	**13.3**	**10.4**	**8.4**	**49.2**	**23.7**	**8.2**	**10.8**
Marked to market	20.7	13.4	22.8	11.1	10.7	50.1	31.3	27.3	24.8
Total credit risk	**15.7**	**12.8**	**18.5**	**10.5**	**8.6**	**49.5**	**26.4**	**15.3**	**14.9**

Source: Company data, ABN AMRO

In terms of performance to date, the reported impaired loan and credit loss reserves' coverage figures are distorted by the inclusion of the group's senior ABS CDO and SIV exposures. Excluding these, the impaired loan ratio increased slightly on FY07 to 1.6%, and the credit loss reserves coverage ratio declined from 67% to 61%.

Table 16 : Barclays' impaired loan & credit loss reserves' coverage, 1H07-1H08

£ million	Absolute			Credit Loss Reserves coverage (%)		
	1H07	FY07	1H08	1H07	FY07	1H08
Loans	1.5	1.5	1.6	70	67	61
ABS CDO	0.0	100.0	100.0	0	8	22
SIV	0.0	0.0	100.0	0	0	22
Total	**1.4**	**2.5**	**2.6**	**70**	**44**	**46**
Credit risk loans	1.7	1.8	1.9	61	56	52

Source: Company data, ABN AMRO. ABS CDO = Asset Backed Security Collateralised Debt Obligation. SIV = Structured Investment Vehicles.

Unsurprisingly given the shape of the group's loan growth through FY06-07, 80% of the deterioration in credit risk loans for the group came from outside of the UK, particularly Africa, but also Europe and the US (ex ABS CDO and SIV).

Table 17 : Barclays' impaired loans and credit loss reserves coverage by geography

(%)	Absolute			CLR coverage (%)		
	1H07	FY07	1H08	1H07	FY07	1H08
Impaired loan (%)						
UK	1.9	1.9	1.8	68	70	74
Non UK	0.8	1.0	1.5	77	60	44
Total	1.5	1.5	1.6	70	67	61
Credit risk loan (%)						
UK	2.2	2.3	2.2	59	57	59
Non UK	0.9	1.2	1.6	68	53	40
Total	1.7	1.8	1.9	61	56	52

Source: Company data, ABN AMRO. NB: Excludes ABS CDO and SIV loans, as per table 16 above.

The fact that credit loss reserves coverage of the non UK business fell from 68% to 40% bodes uncomfortably for future P&L impairment charges, in our view. To quantify, holding credit loss reserves' coverage constant on 1H07 would have meant a £730m bigger P&L impairment charge 1H08 – equivalent to 27% group PBT.

We have tried to capture the shape of Barclays' recent asset growth when estimating "peak cycle" losses that could be expected over the next three years under a worst case scenario.

Table 18 : Barclays' peak cycle impairment sensitivity -worst case

£ million	Loans	P&L charge	3 yr cumulative loss			
	1H08	1H08	(%)	(%)	£ m	Implied annual
Standard mortgage	79,054	5	0.01%	1.8%	1,383	0.58%
Non standard mortgage	4,700	82	3.49%	5.3%	247	1.75%
Cards	9,300	214	4.60%	14.4%	1,337	4.79%
Personal loans	15,622	360	4.61%	14.4%	2,251	4.80%
Property & construction	15,399	28	0.36%	9.7%	1,486	3.22%
Financial services	28,753	22	0.15%	4.7%	1,351	1.57%
Corporate	58,304	108	0.37%	6.5%	3,790	2.17%
UK	**211,132**	**819**	**0.78%**	**5.6%**	**11,845**	**1.87%**
Mortgage	24,908	10	0.08%	1.8%	436	0.58%
Consumer Credit	4,353	32	1.45%	7.3%	316	2.42%
Property & construction	4,111	57	2.76%	9.7%	397	3.22%
Financial services	10,321	8	0.15%	4.7%	485	1.57%
Corporate	28,826	27	0.19%	6.5%	1,874	2.17%
EU	**72,519**	**133**	**0.37%**	**4.8%**	**3,508**	**1.61%**
Mortgage	473	5	2.18%	1.8%	8	0.58%
Consumer Credit	3,630	64	3.50%	10.9%	397	3.65%
Property & construction	657	9	2.76%	9.7%	63	3.22%
Financial services	39,926	663	3.32%	4.7%	1,877	1.57%
Corporate	5,758	8	0.29%	6.5%	374	2.17%
US	**50,444**	**749**	**2.97%**	**5.4%**	**2,719**	**1.80%**
Mortgage	11,836	41	0.70%	3.1%	371	1.05%
Consumer Credit	13,397	174	2.59%	8.1%	1,084	2.70%
Property & construction	4,976	9	0.36%	9.7%	480	3.22%
Financial services	17,828	13	0.15%	4.7%	838	1.57%
Corporate	18,207	-5	-0.06%	6.5%	1,183	2.17%
Rest of World	**66,243**	**232**	**0.70%**	**4.2%**	**2,774**	**1.40%**
Standard mortgage	116,271	61	0.11%	1.9%	2,199	0.63%
Non standard mortgage	4,700	82	3.49%	5.3%	247	1.75%
Consumer Credit	46,301	843	3.64%	11.6%	5,386	3.88%
Property & construction	25,142	103	0.82%	9.7%	2,426	3.22%
Financial services	96,829	706	1.46%	4.7%	4,551	1.57%
Corporate	111,095	138	0.25%	6.5%	7,221	2.17%
Group gross loans	**400,338**	**1,933**	**0.97%**	**5.5%**	**22,030**	**1.83%**
Treasury portfolio	267,090				3,600	
Credit loss reserve rebuild					3,230	
Total peak cycle P&L impairment					**28,860**	**9,620**
ABN base case forecasts FY08-10F					14,588	4,863
Difference vs ABN estimate					14,272	4,757
Difference after tax					**10,276**	**3,425**

Source: ABN AMRO estimates

Table 18 above shows that by our calculations, peak cycle bad debts across the Barclays portfolio over the next three years could require an incremental £10.3bn after tax P&L impairments beyond what is already factored into our forecasts. This includes our £3.6bn mark-to-market estimate for the credit market exposures set out above (£4.7bn - £1.1bn).

Over time, Barclays' estimate of the NPV of the assets it holds on balance sheet should turn out to be more accurate than current capital market prices of similar exposure categories. We see this approach as unhelpful for equity valuation multiples, as it will take many quarters of reported results for the case to be proven. And our analysis on core capital ratios, credit loss reserves coverage and the growing differential between credit market exposures' NPV and market prices suggest that there is little cushion at Barclays to support investors.

Funding

The real business impact of strong capital ratios is most easy to identify via deposit volumes during times of stress, in our view. Barclays generated a credible 15% annualised deposit growth 1H08, but over 70% of this came through BarCap. We equate this to low /zero margin money market inflows – so much so that Barclays' disclosure of net interest income and divisional margin dynamics excludes the BarCap contribution. GRCB in contrast generated a disappointing 5% annualised growth, with UK Retail and Commercial balances growing by less than the average interest paid. Put differently, GRCB increased loans by £20bn, 4x more than the £5bn increase in deposits, taking its loan/deposit ratio to 141%. Given the group's medium-term ambition for GRCB to be self-funding, we should expect downward pressure on deposit margins across the group as Barclays adds its name to the long list of banks competing more aggressively for deposit funding.

Table 19 : Barclays' customer loan / deposit trends, 1H08

	1H08					Seqn'l change		
	Loans	Mix (%)	Deposits	Mix (%)	Loan / deposit (%)	Loans	Deposits	Deposit growth (%)
UK Retail	89,100	22	88,400	28	101	7,100	1,300	2.9
Barclaycard	22,100	6	0	0		2,400	0	
Commercial	67,500	17	61,300	19	110	3,800	500	1.6
Absa	28,500	7	13,100	4	218	-1,400	100	1.5
Western Europe	41,100	10	11,400	4	361	6,100	2,000	35.1
Emerging Markets	6,700	2	7,100	2	94	1,600	900	25.4
GRCB	**255,000**	**64**	**181,300**	**57**	**141**	**19,600**	**4,800**	**5.3**
Barclays Capital	135,938	34	101,281	32	134	31,171	17,194	34.0
BGI	0	0	0	0		0	0	0.0
Wealth Management	9,400	2	36,700	11	26	400	2,300	12.5
IBIM	**145,338**	**36**	**137,981**	**43**	**105**	**31,571**	**19,494**	**28.3**
Other	0	0	0	0		0	0	
Group	**400,338**	**100**	**319,281**	**100**	**125**	**51,171**	**24,294**	**15.2**

Source: Company data, ABN AMRO. GRCB = Global Retai & Commercial Banking; IBIM = Investment Banking & Investment Management.

Unfortunately we cannot update our maturity profile analysis for the other £473bn interest-earning assets that require non-deposit wholesale funding, as this disclosure is only provided with the annual report.

Forecasts and valuation

More than for any other UK bank, we believe forecasting near-term EPS delivery at Barclays is not only open to a wide range of outcomes, but also of limited impact on share price performance. This depends more on tangible common equity per share and the conviction that investors have on the potential quantum of future asset write-downs, in our view. We update our reported EPS estimates for Barclays to 50p, 46p and 45p respectively for FY08-10F. This compares with -6p, 46p and 48p previously. The substantial difference for FY08F reflects the reduced credit market exposure writedowns that we pencil in to reflect Barclays' greater use of NPV rather than mark price accounting that we had anticipated, as well as lower-than-expected ABS CDO writedowns due to successful hedging of the mezzanine exposure. In line with Barclays' guidance, we rebase the dividend per share to 34p, and hold it flat through to FY10F.

Drawing together the various components of balance sheet analysis set out above, we estimate a FY08F equity shortfall of £4.9-7.5bn, depending on whether we adjust for the mark-to-market value of credit market exposures or not. This is equivalent to 27-41% of an adjusted TCE base of £18.4bn (£20.0-1.6bn), and 16-25% of the £30bn market capitalisation. (Although we can fully understand banks' logic of managing their capital base in line with NPV expectations rather than much more volatile market prices, we do believe that bank equity prices should reflect the current value of assets and liabilities that are held on their balance sheet.)

Under a worst case scenario of peak-cycle bad debts across the whole portfolio, we estimate that this equity shortfall would rise to £14.2bn, 77% of current adjusted TCE and 47% of market cap.

Table 20 : Summary of our equity shortfall forecasts under four principal scenarios

	Absolute				(%) RWA				Surplus / deficit vs 6.8% tgt			
	1H08	FY08F	FY09F	FY10F	1H08	FY08F	FY09F	FY10F	1H08	FY08F	FY09F	FY10F
RWA	352,739	364,936	417,116	473,203								
Reported equity	22,289	27,548	28,509	29,447	6.3	7.5	6.8	6.2				
Goodwill	-8,132	-8,132	-8,132	-8,132								
New equity	4,500	0	0	0								
Proforma TCE	**18,657**	**19,416**	**20,377**	**21,315**	**5.3**	**5.3**	**4.9**	**4.5**				
Equity minorities	1,526	1,572	1,679	1,802	0.4	0.4	0.4	0.4				
1) TCE & Equity minorities	**20,183**	**20,988**	**22,056**	**23,117**	**5.7**	**5.8**	**5.3**	**4.9**	**-3,843**	**-3,868**	**-6,354**	**-9,114**
Own debt	-969	-1,030	-456	-169	-0.3	-0.3	-0.1	0.0				
2) Adjusted TCE	**19,214**	**19,958**	**21,600**	**22,948**	**5.4**	**5.5**	**5.2**	**4.8**	**-4,812**	**-4,899**	**-6,810**	**-9,283**
Credit market exposure	-2,279	-2,592	-2,592	-2,592	-0.6	-0.7	-0.6	-0.5				
3) Peer comparable TCE	**16,935**	**17,366**	**19,008**	**20,356**	**4.8**	**4.8**	**4.6**	**4.3**	**-7,091**	**-7,491**	**-9,402**	**-11,875**
NPV peak cycle bad debts	-6,350	-6,699	-7,436	-8,254	-1.8	-1.8	-1.8	-1.7				
4) Worst case TCE	**10,585**	**10,667**	**11,572**	**12,102**	**3.0**	**2.9**	**2.8**	**2.6**	**-13,441**	**-14,190**	**-16,838**	**-20,129**

Source: Company data, ABN AMRO forecasts. TCE = Tangible Common Equity. NPV = net present value. NB: TCE for RWA and asst based ratios include equity minorities, whereas TCE for per share and valuation metrics exclude equity minorities.

We estimate Barclays' RoTCE FY09F would drop from 19% to 14-16% by our capital adjustments. We see this as the most appropriate measure of profitability to compare with peers when considering valuation multiples. Put differently, Barclays FY09F headline PE rises from 8.1x to 9.0-9.6x. P/TCE falls slightly from 1.5x to 1.4x, but for a 3-5pp lower RoTCE. Holding constant the target 50% dividend payout ratio would mean that the yield drops from 9% to 5%.

Although we believe Barclays offers the most attractive long -erm investment case of any domestic UK bank, the concentrated focus on economic profit maximisation has led to a balance sheet structure that allows little comfort cushion for investors through the current cyclical downturn in credit quality and structural downturn in leverage appetite. The lower ROE that this implies both near and medium term, combined with a higher probability of peak-cycle bad debts as macro data continues to deteriorate, leads us to lower our target price to £3.00 and our recommendation to Sell. At £3.00, Barclays would trade on 1.2x p/TCE FY08F of £2.36, a 2009F PE of 6.6x and an 11.3% dividend yield. Capital adjusted, these would be 8.2x, 1.2x and 6.1% respectively. Table 21 below sets out the full matrix of adjustments and implied valuation metrics.

Table 21 : Barclays' principal financial metrics and valuation multiples under different capital adjustment scenarios

£m	Per share				Multiple / yield			(%) difference from base case		
	1H08	2H08F	FY09F	FY10F	FY08F	FY09F	FY10F	2H08F	FY09F	FY10F
1) Reported base case										
EPS	27	23	46	45	7.3	8.1	8.2			
TCE	229	236	245	253	1.6	1.5	1.5			
RoTCE (%)	18.4%	20.2%	18.9%	18.1%						
DPS	12	23	34	34	9.2	9.2	9.2			
2) Capital adjusted										
EPS	24	22	41	39	8.0	9.0	9.4	-6.6	-9.3	-12.5
TCE	245	251	266	280	1.5	1.4	1.3	6.4	8.8	10.4
RoTCE (%)	16.2%	17.7%	15.9%	14.4%					-3.0%	-3.6%
DPS	12	9	21	20	5.6	5.6	5.3	-58.5	-39.5	-42.1
3) Peer comparable capital adjusted										
EPS	23	20	39	37	8.6	9.6	10.0	-13.0	-15.1	-17.8
TCE	256	262	274	286	1.4	1.4	1.3	11.3	12.0	12.7
RoTCE (%)	14.5%	15.8%	14.4%	13.2%					-4.5%	-4.8%
DPS	12	8	19	18	5.3	5.2	5.0	-64.5	-43.4	-45.6
4) Worst case capital adjusted										
EPS	19	17	33	31	10.3	11.4	11.9	-26.0	-28.4	-31.0
TCE	272	278	289	299	1.3	1.3	1.2	18.1	18.1	18.1
RoTCE (%)	11.7%	12.6%	11.5%	10.5%					-7.4%	-7.5%
DPS	12	5	16	16	4.5	4.4	4.2	-77.3	-52.2	-54.4

Source: Company data, ABN AMRO forecasts. TCE = Tangible Common Equity. NPV = net present value. NB: TCE for RWA and asst based ratios include equity minorities, whereas TCE for per share and valuation metrics exclude equity minorities.

The following table sets out the four principal outcomes that we consider for Barclays, and the probability that we assign to each.

Table 22 : Barclays' probability weighted target price

	Absolute				Per share			
	Trough	No growth	With growth	Break up	Trough	No growth	With growth	Break up
Core business	30,270	31,700	36,508	45,635	367	385	443	554
Capital shortfall	-4,899	-4,899	-4,899	-4,899	-59	-59	-59	-59
Treasury write downs	-2,592	-2,592	-2,592	-2,592	-31	-31	-31	-31
Peak cycle bad debts	-6,699				-81	0	0	0
Adjusted	**16,080**	**24,209**	**29,018**	**38,145**	**195**	**294**	**352**	**463**
Probability	35.0%	10.0%	45.0%	10.0%				
Probability weighted Target Price	**300**							

Source: ABN AMRO forecasts

The weighted outcome is £3.00, down from £4.75 due to a lower than previously anticipated sustainable ROE, as well as an increased probability of a trough cycle outcome as macro data continues to deteriorate in the US, Spain, Africa and the UK, and so drives ongoing turbulence in capital market pricing and volatility. This implies 19% downside, and so we lower our recommendation from Hold to Sell.

Risks

One of the principal near-term upside risks to our forecasts and target price for Barclays would be a sustained recovery in ABS prices, and so a commensurate return of confidence to the originate and distribute bank lending model. This would have four positive effects on Barclays, as with nearly every European bank. First, such a recovery in ABS prices would likely drive a PE valuation expansion for banks, all else being equal. Second, Barclays may enjoy some degree of write-backs on its credit market exposure write-downs taken to date. Third, higher activity volumes would be positive for corporate revenue generation. Fourth, the easing of credit availability that would follow from renewed capital markets funding capacity would usefully reduce the risks of second round real economy slowdown, and so the bad debts that this will otherwise bring. It would also probably reduce Barclays' absolute funding cost. A sustained rally in US financials on better than expected macro trends or perhaps the successful bail out of some of the larger struggling banks would also likely be positive for Barclays' valuation multiple.

There are three principal downside risks to our Barclays target price. First, the current freeze in capital markets funding lasts longer than expected due to further credit quality deterioration in a broad range of assets held by ABS beyond US mortgages. This would risk undermining this market's appetite to fund new bank lending, irrespective of credit quality, and is consistent with the ongoing strain evident in LIBOR money market spreads. It would also likely lead to further write-downs on treasury investments held by banks, including Barclays. Second, the real economy impact from higher borrowing costs and tighter availability of credit may be more severe than the gradual slowdown that we factor into our forecasts across both secured and unsecured lending. Bad debts and non interest income expectations would be particularly vulnerable to further downgrades. Third, we see the debate about correct capital and funding profiles growing in importance over coming months as banks in some countries come under more strenuous requirements from their local regulators: Switzerland is leading this trend, in our view.

Appendix

Here we set out a detailed breakdown of the Barclays Capital balance sheet, as well as the reported and adjusted capital and balance sheet ratios of Barclays' domestic UK and investment bank peer groups.

The following table sets out our estimated composition of the Barclays Capital balance sheet as at 1H08, though in some ways this merely serves to highlight the limited information content available for external observers to predict with any degree of certainty basic financial measures such as asset growth, revenue generation or credit risk. The rate of balance sheet turnover; asset/RWA conversion rates and corresponding cyclical sensitivities; offsetting hedge positions; and funding profile are four very important examples that come to mind.

BarCap total assets grew by £126bn 1H08, but this was more than accounted for by the £142bn increase in derivatives where counterparty netting agreements are in place. (Comparisons with US banks should adjust for this.) Elsewhere, BarCap assets declined by £16bn, or 2%. Broadly speaking, this reflects the net impact of a broadly stable customer exposure (loans + reverse repos) being offset by a reduction in investment securities carried by Barclays.

Table 23 : Barclays' Capital asset mix

£ million		**Absolute**		**Change**		**Mix (%)**
	1H07	**FY07**	**1H08**	**FY07**	**1H08**	**1H08**
Credit Market Exposures						
ABS CDO Super Senior	7,432	4,671	3,229	-2,761	-1,442	0.3
Net Other US sub prime	6,046	5,037	3,258	-1,009	-1,779	0.3
Alt A	3,760	4,916	3,510	1,156	-1,406	0.4
Notional monoline	21,573	21,573	21,481	0	-92	2.2
Monoline insurers	140	1,335	2,584	1,195	1,249	0.3
SIVs and SIV-Lites	1,617	784	429	-833	-355	0.0
Commercial mortgages	8,282	12,399	10,988	4,117	-1,411	1.1
Leveraged finance	8,976	9,027	9,048	51	21	0.9
Total credit market exposures	**36,253**	**38,169**	**33,046**	**1,916**	**-5,123**	**3.4**
Loans	105,057	106,018	149,327	961	43,309	15.5
Reverse repos	190,546	183,075	139,955	-7,471	-43,120	14.5
Bank & Gvt securities	96,332	85,599	79,542	-10,733	-6,057	8.2
ABS, Corporate bonds & equities	170,566	154,028	142,981	-16,538	-11,047	14.8
Total derivatives	173,989	247,550	399,309	73,561	151,759	41.3
Derivative netting agreement	*-134,000*	*-199,000*	*-341,000*	*-65,000*	*-142,000*	*-35.3*
Net derivatives	*39,989*	*48,550*	*58,309*	*8,561*	*9,759*	*6.0*
Other assets	23,646	25,411	21,950	1,765	-3,461	2.3
Total assets	**796,389**	**839,850**	**966,109**	**43,461**	**126,259**	**100.0**
Netted assets	**662,389**	**640,850**	**625,109**	**-21,539**	**-15,741**	**64.7**
RWA weighting (%)						
Total assets	19.1	20.6	16.9	1.5	-3.7	
Netted assets	23.0	27.0	26.1	4.0	-0.9	

Source: ABN AMRO estimates based off 1H08 and FY07 company disclosures.

Table 24 : Inputs to reported RWA and asset based leverage ratios, 1H08

US$ million	M Stanley	G Sachs	Lehman	Merrill	Deutsche - €	JPMorgan	Barc - £	Barc PF - £	Citigroup
RWA	299,445	401,614	216,600	316,887	304,923	1,083,200	352,739	352,739	1,223,313
Assets	1,031,000	1,088,000	639,000	966,000	1,991,000	1,776,000	1,365,654	1,365,654	2,100,000
Reverse repos	424,000	429,000	295,000	354,000	330,000	319,000	139,955	139,955	220,000
Netting	65,700	38,000	45,600	639,400	499,000	1,262,700	341,000	341,000	522,100
Goodwill & intangibles (ex MSR)	3,546	5,277	4,100	5,058	8,871	51,652	8,132	8,132	57,994
Customer investments	53,393	84,880	13,031	26,228	0	0	84,628	84,628	0
Adjusted ssets - IFRS	**615,761**	**606,843**	**372,469**	**1,220,114**	**1,652,129**	**2,668,048**	**1,132,939**	**1,132,939**	**2,344,106**
Adjusted ssets - US GAAP	**550,061**	**568,843**	**326,869**	**580,714**	**1,153,129**	**1,405,348**	**791,939**	**791,939**	**1,822,006**
Common equity & equity minorities	38,972	41,718	25,283	33,512	31,894	127,176	23,815	28,315	134,295
Goodwill & intangibles (ex MSR)	-3,546	-5,277	-4,100	-5,058	-8,871	-51,652	-8,132	-8,132	-57,994
TCE & Eq minorities	**35,426**	**36,441**	**21,183**	**28,454**	**23,023**	**75,524**	**15,683**	**20,183**	**76,301**
Reg adjustments	-4,238	-1,061	-3,883	-7,508	-1,837	-12	719	719	3,190
Core tier 1	**31,188**	**35,380**	**17,300**	**20,946**	**21,186**	**75,512**	**16,402**	**20,902**	**79,491**
Prefs	5,888	8,100	11,900	13,961	7,141	23,263	11,298	11,298	27,424
Tier 1	37,076	43,480	29,200	34,907	28,327	98,775	27,700	32,200	106,915
Tier 2	18,538	13,646	11,600	20,645	8,669	47,457	17,469	17,469	43,426
Deductions	0	0	0	0	0	0	-717	-717	0
Total regulatory capital	**55,614**	**57,126**	**40,800**	**55,552**	**36,996**	**146,232**	**44,452**	**48,952**	**150,341**

Source: Company data, ABN AMRO

Table 25 : Inputs to RWA and asset based leverage ratio adjustments, 1H08

US$ million	M Stanley	G Sachs	Lehman	Merrill	Deutsche - €	JPMorgan	Barc - £	Barc PF - £	Citigroup
Deferred tax	-3,195	0	-2,300	-8,393	0	0	0	0	-6,208
Own debt adjustment	-1,324	0	-1,500	-2,485	0	0	-969	-969	-1,233
AFS	0	0	0	3,323	0	0	363	363	3,244
Pension deficit	0	0	0	0	0	0	1,099	1,099	1,221
Tier 1 deductions (ie Expected loss)	0	0	0	0	-1,274	0	-1,306	-1,306	0
Other	281	-1,061	-83	47	-563	-12	1,532	1,532	6,166
Total	**-4,238**	**-1,061**	**-3,883**	**-7,508**	**-1,837**	**-12**	**719**	**719**	**3,190**

Source: Company data, ABN AMRO

Table 26 : Inputs to reported RWA and asset based leverage ratios, 1H08

£m	A&L	B&B	Barc	HBOS	Lloyds	RBS	Dom UK	HSBC	St Ch
RWA	22,258	17,500	352,739	331,555	153,900	491,700	1,368,852	1,231,481	204,361
Assets	77,045	52,250	1,365,654	681,404	367,782	1,725,834	4,269,704	2,546,678	396,727
Reverse repos	0	0	139,955	0	0	193,727	333,682	115,358	0
Netting	0	0	341,000	0	0	406,000	747,000		25,558
Goodwill & intangibles (ex MSR)	161	41	8,132	2,811	2,540	27,534	41,219	40,814	6,738
Customer investments	0	0	84,628	76,281	52,544	7,532	220,985	46,851	0
Adjusted assets – IFRS	**76,884**	**52,209**	**1,132,939**	**602,312**	**312,698**	**1,497,041**	**3,673,818**	**2,343,655**	**389,989**
Adjusted assets - US GAAP	**76,884**	**52,209**	**791,939**	**602,312**	**312,698**	**1,091,041**	**2,926,818**	**2,343,655**	**364,431**
Common equity & equity minorities	1,294	1,544	28,315	22,833	10,797	56,991	121,440	128,727	18,812
Goodwill & intangibles (ex MSR)	-161	-41	-8,132	-2,811	-2,540	-27,534	-41,219	-40,814	-6,738
TCE & Eq minorities	**1,132**	**1,504**	**20,183**	**20,022**	**8,257**	**29,457**	**80,221**	**87,913**	**12,074**
Reg adjustments	311	80	719	1,565	1,265	-3,141	837	5,087	368
Core tier 1	1,443	1,584	20,902	21,587	9,522	26,316	81,058	93,000	12,442
Prefs	596	149	11,298	6,847	3,644	16,200	38,734	14,851	4,903
Tier 1	2,039	1,732	32,200	28,434	13,166	42,516	119,792	107,851	17,345
Tier 2	919	1,207	17,469	17,020	8,824	26,181	71,640	53,781	13,428
Deductions	0	-86	-717	-5,154	-4,619	-4,157	-14,794	-14,682	-237
Total regulatory capital	**2,958**	**2,853**	**48,952**	**40,300**	**17,371**	**64,540**	**176,638**	**146,950**	**30,536**

Source: Company data, ABN AMRO

Recommendation structure

Absolute performance, short term (trading) recommendation: A Trading Buy recommendation implies upside of 5% or more and a Trading Sell indicates downside of 5% or more. The trading recommendation time horizon is 0-60 days. For Australian coverage, a Trading Buy recommendation implies upside of 5% or more from the suggested entry price range, and a Trading Sell recommendation implies downside of 5% or more from the suggested entry price range. The trading recommendation time horizon is 0-60 days.

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Long Term recommendations (as at 02 Sep 2008)

	Global total (IB%)	Europe total (IB%)
Buy	523 (3)	155 (11)
Add	0 (0)	0 (0)
Hold	368 (2)	152 (4)
Reduce	0 (0)	0 (0)
Sell	93 (0)	37 (0)
Total (IB%)	984 (2)	344 (7)

Source: ABN AMRO

Trading recommendations (as at 02 Sep 2008)

	Global total (IB%)	Europe total (IB%)
Trading Buy	5 (0)	0 (0)
Trading Sell	1 (0)	0 (0)
Total (IB%)	6 (0)	0 (0)

Source: ABN AMRO

Valuation and risks to target price

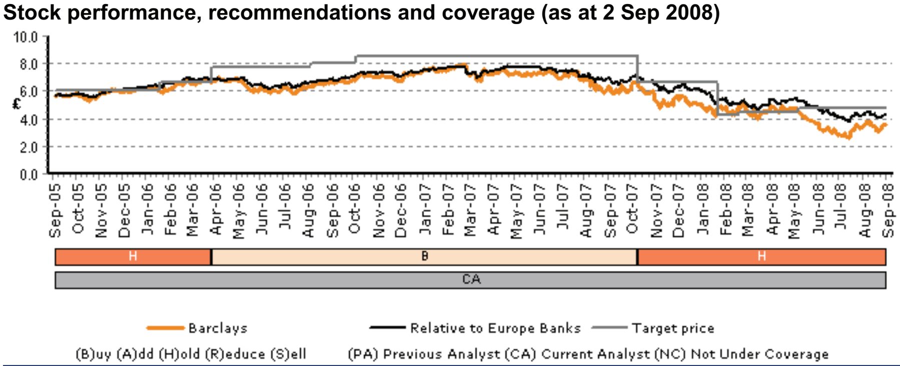
Barclays (RIC: BARC.L, Rec: Sell, CP: £3.70, TP: £3.00): Our target price is driven by probability weighting a normalised through the cycle (TTC) ROE valuation and a cycle low valuation. An upside risks to our TP would be a sustained recovery in ABS prices, and so a commensurate return of confidence to the originate and distribute bank lending model. A sustained rally in US financials on better than expected macro trends or perhaps the successful bail out of some of the larger struggling banks would also likely be positive for Barclays' valuation multiple.

Deutsche Bank (RIC: DBKGn.DE, Rec: Sell, CP: €58.11, TP: €50.00): Our target price for Deutsche Bank is based on a warranted equity valuation (WEV model). Upside risk to our target price is an extension to the credit and default cycle, with stronger liquidity as well as a sharp positive reversal in the capital markets operating environment.

Lloyds TSB (RIC: LLOY.L, Rec: Sell, CP: £3.08, TP: £2.60): Our target price is driven by probability weighting a normalised through the cycle (TTC) ROE valuation and a cycle low valuation. The principal upside risk to our target price would come from the stabilisation in UK property prices. This would reduce our expectation of future bad debts across the loan portfolio. It would also have a beneficial impact on the rate of RWA growth. Both would alleviate concerns about the group's ability to sustain the current dividend, and / or avoid raising new equity.

Barclays coverage data

Stock performance, recommendations and coverage (as at 2 Sep 2008)



Ian Smillie, CFA started covering this stock on 19 Jan 05
Moved to new recommendation structure between 1 November 2005 and 31 January 2006
Source: ABN AMRO

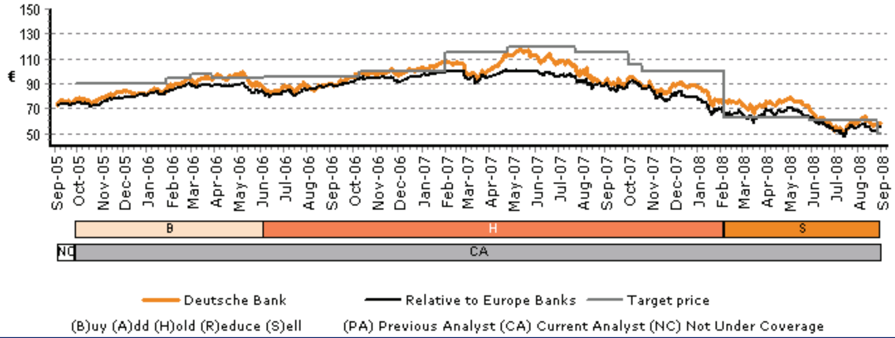
Trading recommendation history (as at 02 Sep 2008)

Date	Rec	Analyst
21 Sep 2005	Trading Buy	CA

Source: ABN AMRO

Deutsche Bank coverage data

Stock performance, recommendations and coverage (as at 2 Sep 2008)



Kinner Lakhani started covering this stock on 28 Sep 05
Moved to new recommendation structure between 1 November 2005 and 31 January 2006
Source: ABN AMRO

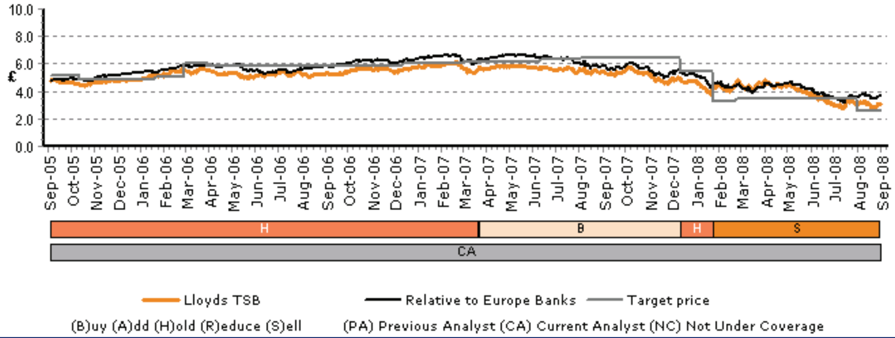
Trading recommendation history (as at 02 Sep 2008)

Date	Rec	Analyst
04 May 2007	n/a	CA
29 Jan 2007	Trading Buy	CA
25 Jan 2006	Trading Buy	CA

Source: ABN AMRO

Lloyds TSB coverage data

Stock performance, recommendations and coverage (as at 2 Sep 2008)



Ian Smillie, CFA started covering this stock on 19 Jan 05
Moved to new recommendation structure between 1 November 2005 and 31 January 2006
Source: ABN AMRO

Trading recommendation history (as at 02 Sep 2008)

Date	Rec	Analyst
06 Aug 2007	n/a	CA
07 Jun 2007	Trading Buy	CA
24 Feb 2006	Trading Buy	CA

Source: ABN AMRO

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Income statement

£m	FY06A	FY07A	FY08F	FY09F	FY10F
Net interest income	9143	9610	10658	12215	13563
Non-interest income	13027	13882	12955	13787	15240
Total income	**22170**	**23492**	**23613**	**26002**	**28804**
Operating costs	-12651	-13038	-13056	-14525	-16161
Goodwill (amort/impaired)	n/a	n/a	n/a	n/a	n/a
Other costs	-598.0	-653.0	-688.4	-712.9	-738.6
Pre-prov operating profit	8921	9801	9868	10764	11904
Provisions charges	-2154	-2795	-4481	-4563	-5543
Operating PBT	6767	7006	5387	6201	6360
Associates (pre-tax)	46.0	42.0	49.0	51.4	52.5
Other pre-tax items	323.0	28.0	330.0	0.00	0.00
Reported PBT	**7136**	**7076**	**5766**	**6252**	**6413**
Taxation	-1941	-1981	-1357	-1719	-1764
Minority interests	-624.0	-678.0	-757.6	-755.9	-866.3
Preference dividends	n/a	n/a	n/a	n/a	n/a
Other post-tax items	0.00	0.00	0.00	0.00	0.00
Reported net profit	**4571**	**4417**	**3651**	**3777**	**3783**
Tot normalised items	323.0	28.0	330.0	0.00	0.00
Normalised PTP	6813	7048	5436	6252	6413
Normalised net profit	4248	4389	3321	3777	3783

Source: Company data, ABN AMRO forecasts — year to Dec

Balance sheet

£m	FY06A	FY07A	FY08F	FY09F	FY10F
Net loans to customers	282300	345398	425562	478226	527477
Other int earn assets	323390	381291	340542	338023	329398
Goodwill	6092	7014	6932	6932	6932
Oth non-int earn assets	20859	19423	21897	39322	68778
Total assets	**996787**	**1227361**	**1422008**	**1489577**	**1559659**
Total customer deposits	256754	294987	337912	375459	410779
Oth int-bearing liabs	412292	472842	433527	431633	423458
Non int-bearing liab	300351	427056	612146	642346	683478
Total liabilities	**969397**	**1194885**	**1383585**	**1449438**	**1517715**
Share capital	19799	23291	27548	28509	29447
Reserves	0.00	0.00	0.00	0.00	0.00
Total equity (excl min)	**19799**	**23291**	**27548**	**28509**	**29447**
Minority interests	7591	9185	10875	11630	12497
Total liab & sh equity	**996787**	**1227361**	**1422008**	**1489577**	**1559659**
Risk weighted assets	297833	353476	364936	417116	473203

Source: Company data, ABN AMRO forecasts — year ended Dec

Capital

£m	FY06A	FY07A	FY08F	FY09F	FY10F
Risk weighted assets	297833	353476	364936	417116	473203
Reported net profit	4571	4417	3651	3777	3783
Opening risk assets	269148	297833	353476	364936	417116
Closing risk assets	297833	353476	364936	417116	473203
Change in risk assets	28685	55643	11460	52180	56087
Ordinary dividend paid	-1771	-2079	-2374	-2817	-2845
Tier 1 capital	23005	26743	33181	35671	37714
Tier 1 capital ratio (%)	7.72	7.57	9.09	8.55	7.97

Lines in bold can be derived from the immediately preceding lines. — year to Dec
Source: Company data, ABN AMRO forecasts

Standard ratios

Performance	Barclays FY06A	FY07A	FY08F	FY09F	FY10F	HBOS FY08F	FY09F	FY10F	HSBC Holdings FY08F	FY09F	FY10F
Non-int inc/gr op inc (%)	58.8	59.1	54.9	53.0	52.9	-22.6	-4.89	-7.70	52.5	48.1	47.7
Cost/income (%)	57.2	56.2	57.4	57.8	58.0	259.9	232.6	264.8	48.9	51.7	51.2
Costs/average assets (%)	1.38	1.23	1.04	1.05	1.11	0.05	-0.03	-0.10	2.04	1.91	1.84
Net income growth (%)	35.3	-1.92	-13.5	2.82	2.57	-53.1	41.8	2.59	28.9	-9.97	7.20
Net cust loan growth (%)	4.98	22.4	23.2	12.4	10.3	8.58	3.92	4.20	11.8	8.35	7.98
Cust deposit growth (%)	7.57	14.9	14.6	11.1	9.41	11.8	8.04	7.76	12.3	11.3	10.1
Net interest margin (%)	1.58	1.44	1.43	1.54	1.62	1.55	1.61	1.66	2.11	2.07	2.06
Return on avg assets (%)	0.51	0.46	0.31	0.31	0.30	0.37	0.38	0.39	0.78	0.63	0.62
Return on avg equity (%)	22.8	20.4	13.1	13.5	13.1	10.5	10.1	9.50	14.0	12.0	12.0
RORWA (%)	1.50	1.35	0.92	0.97	0.85	0.71	0.69	0.64	1.52	1.22	1.20
					year to Dec			year to Dec			year to Dec
Valuation											
Normalised EPS growth (%)	22.8	2.46	-33.6	0.30	-0.84	-51.6	-9.60	-0.84	30.4	-12.1	5.87
Reported PE (x)	5.15	5.37	7.40	8.12	8.18	7.59	6.83	6.89	10.1	11.5	10.9
Normalised PE (x)	5.54	5.40	8.14	8.12	8.18	6.18	6.83	6.89	10.1	11.5	10.9
Price/book value (x)	1.22	1.05	1.11	1.08	1.06	0.71	0.67	0.64	1.44	1.37	1.29
Price/adjusted BVPS (x)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Dividend yield (%)	8.38	9.19	9.19	9.19	9.19	8.47	5.99	5.99	5.75	5.75	5.75
					year to Dec			year to Dec			year to Dec

Per share data	FY06A	FY07A	FY08F	FY09F	FY10F
Tot adj dil sh, ave (m)	6357	6410	7306	8284	8367
Pre-prov prof/share (p)	140.3	152.9	135.1	129.9	142.3
Reported EPS (p)	71.9	68.9	50.0	45.6	45.2
Normalised EPS (p)	66.8	68.5	45.5	45.6	45.2
Book value per sh (p)	303.0	352.8	334.2	342.4	350.2
Dividend per share (p)	31.0	34.0	34.0	34.0	34.0
Dividend cover (x)	2.40	2.11	1.40	1.34	1.33
					year to Dec

Solvency	FY06A	FY07A	FY08F	FY09F	FY10F
Tier 1 capital ratio (%)	7.72	7.57	9.09	8.55	7.97
Total CAR (%)	11.7	11.9	14.6	13.8	12.8
Equity/assets (%)	1.99	1.90	1.94	1.91	1.89
Net cust loans/dep (%)	109.9	117.1	125.9	127.4	128.4
Rep NPL/gr cus adv (%)	1.80	2.79	2.84	2.89	2.94
Tot prov/rep NPLs (%)	-7.51	7.02	6.43	5.98	5.33
Bad debts/advances (%)	0.76	0.81	1.05	0.95	1.05
					year to Dec

Priced as follows: BARC.L - £3.70; HBOS.L - £3.17; HSBA.L - £8.69
Source: Company data, ABN AMRO forecasts

Valuation methodology

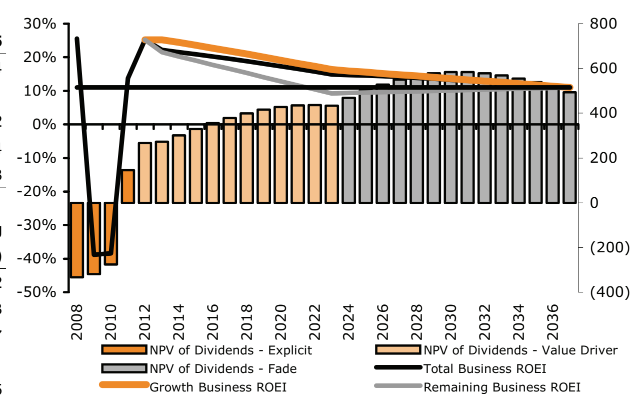
Economic Profit Valuation	£ m	%
Adjusted Opening Tangible NAV	22,781	119
NPV of Economic Profit During Explicit Period	-15,741	-83
NPV of Econ Profit of Remaining Business (1, 2)	3,271	17
NPV of Econ Profit of Net Inv (Grth Business) (1, 3)	8,761	46
Equity Value	19,071	100
No. Shares (millions)	6,357	
Per Share Equity Value (£)	3.00	
Current Share Price (£)	3.70	

Dividend Discount Valuation	£ m	%
Value of Phase 1: Explicit (2008 to 2011)	-783	-4
Value of Phase 2: Value Driver (2012 to 2023)	4,450	23
Value of Phase 3: Fade (2024 to 2037)	7,611	40
Terminal Value	7,803	41
Equity Value	19,082	100
Growth Rate implied by the avg. explicit ROIE by the Equity Value		-97.1
Growth Rate implied by the avg. explicit ROIE by the Current Price		-70500.5

Sensitivity Table		No of Years in Fade Period				
		15	18	20	23	25
Cost of Eq	8.0%	5.2	5.5	5.8	6.1	6.4
	9.0%	4.3	4.6	4.7	5.0	5.1
	10.0%	3.6	3.8	3.9	4.1	4.2
	11.0%	3.0	3.1	3.2	3.3	3.4
	12.0%	2.6	2.6	2.7	2.7	2.8

Performance Summary	2008	2009	2010	Phase 2 Avg (2012 - 2023)
Net Interest Margin (%) - Net Interest	3.4	1.5	2.3	2.2
Efficiency Ratio - Costs / RWA (%)	-4.7	-5.6	-6.3	-4.3
Non Interest Income / RWA (%)	4.6	2.8	4.1	3.7
Effective Tax Rate (%)	28.7	-31.3	-77.3	29.1
NAV / RWA (%)	6.7	7.9	4.2	2.5

Returns, Cost of Equity and NPV of Dividends



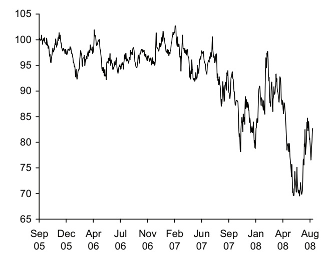
Source: ABN AMRO

1. In periods following the Explicit Period i.e. Phase 2 and Phase 3
2. Remaining Business is defined as Capital as at the end of Phase 1 and capex = depreciation thereafter
3. Net Investment is defined as capex over and above depreciation after Phase 1

Company description — Sell

Barclays is a UK-based financial services group with significant international operations in Europe, the United States, Africa and, to a lesser degree, Asia. Barclays is split into two principal business units: IBIM (Investment Banking & Investment Management) and GRCB (Global Retail & Corporate Banking). Underlying earnings 1H08 were split 57%: 43% respectively; the RWA split was 50:50.

Price relative to sector



Strategic analysis — Average SWOT company score: 3

Strengths — 4
Barclays has nurtured the most performance-driven culture of the UK banks. This ensures consistent focus on the target 5-10% annual growth in economic profit over the 3 year target period 2008-2011. It has also allowed the group to compete with hiring industry-leading intellectual capital.

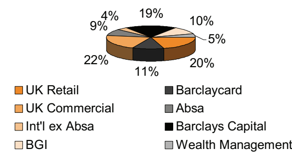
Weaknesses — 3
Barclays has the most volatile earnings mix of the domestic UK banks and this translates into higher share price volatility. Also, the tendency to over-manage communication messages leaves it vulnerable to concerns about potentially value-dilutive new disclosures.

Opportunities — 4
The key opportunity is to win substantial market share in both IBIM and International GRCB at a time when many competitors are being forced to retrench. Near term this will hurt reported financials, but successful execution would allow Barclays to significantly improve its global franchise.

Threats — 2
Barclays faces a difficult balancing act of capitalising on market share opportunities whilst de-gearing its balance sheet structure. The best case result is that Barclays is likely to run with low and declining capital ratios at a time when most peers are doing the opposite.

Scoring range is 1-5 (high score is good)

PBT split FY08F



Source: ABN AMRO

Market data

Headquarters
54 Lombard St, London, EC3O 3AH

Website
www.barclays.co.uk

Shares in issue
8243.0m

Freefloat
100%

Majority shareholders
Qatar Investment Authority (6%), Scottish Widows Investment Partnership Ltd (4%), Legal & General Investment Management Ltd (4%)

Sector view — Underweight

Banks are suffering from impaired visibility on the back of the credit-market turmoil. Some capital market related revenues are unlikely to recover in 2008. Further write downs pose an ongoing threat to earnings and solvency. Interbank lending rates are yet to normalise presenting an ongoing drag on profitability. Valuations have fallen a long way but are still not at trough levels.

The sector view is set in consultation with the relevant company analyst but is the ultimate responsibility of the Strategy Team.

Sector rel to Europe

Industry competitive position — Average competitive score: 4-

Supplier power — 4+
Barclays enjoys a large natural deposit franchise in its core UK business. IBIM's relative position is also improving as many competitors struggle through the credit crunch.

Barriers to entry — 4+
UK retail banking is highly concentrated and mature with substantial scale efficiencies. Intellectual capital and a management team willing to invest through the downturn are critical for IBIM.

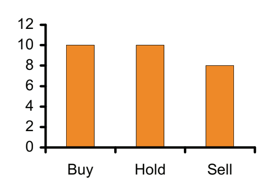
Customer power — 4-
Banks are repricing new business loans across most products in response to the credit crunch, both Retail and Corporate. By contrast, deposit margins are shrinking as banks compete harder here.

Substitute products — 3-
Retail customers typically buy banking products to satisfy a need rather than because of a desire for a specific solution. The range of customer appetites is much wider for capital markets' products.

Rivalry — 4-
The big five UK banks have a controlling market share in most products. By contrast, market shares tend to be notably more fragmented for capital markets' products.

Scoring range 1-5 (high score is good) Plus = getting better Minus = getting worse

Broker recommendations



Source: Bloomberg

EXHIBIT 184

STOCKS NEWS EUROPE-ROK higher as Landsbanki initiates as buy

Wed, 3rd Sep 2008 10:34

Sept 3 (Reuters) - STOCKS NEWS Reuters Results diary

Stocks on the move [HOT-RTRS] Real-time Equity News [E] [WEU/EQUITY]

08:02GMT 03Sept2008-ROK rises; Landsbanki initiates as buy

Shares in ROK Plc. rise 1.4 percent to 90 pence as Landsbanki UK initiates its coverage on the building and service maintenance company with a 'buy' recommendation and 140 pence target price, citing valuation grounds.

In a note, Landsbanki says that despite a heavy de-rating of the shares in 2008, falling from 135 pence in April 2008, Rok's core operations are performing strongly, are contract backed and have strong momentum.

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tf.TFN-Europe_newsdesk@thomson.com

vjt

EXHIBIT 185

MarketWatch

September 3, 2008

SECTION: NEWS & COMMENTARY; London Markets

LENGTH: 853 words

HEADLINE: London shares fall as miners, banks weigh;
Punch Taverns drops after scrapping dividend payout

BYLINE: Sarah Turner, MarketWatch, MarketWatch; mailto:sturner@marketwatch.com; Sarah Turner is a markets reporter for MarketWatch in London.

BODY:

LONDON (MarketWatch) -- Worries about economic performance in the U.K. and elsewhere pulled London shares sharply lower Wednesday, with miners and banks both losing ground.

The U.K. FTSE 100 index (UKX, UK) closed down 2.2% to 5,499.70. Other stocks in Europe also fell. U.S. stocks dithered in early trading as investors weighed an upbeat report on the manufacturing sector against the closure of a hedge fund partly owned by Lehman Brothers. (RELATED ARTICLE: Stocks in Europe fall on economic jitters, paced by banks, techs) Read more on Europe Markets.(RELATED ARTICLE: U.S. stocks poke into positive turf on upbeat manufacturing data) See Market Snapshot.

"You've got a tug-of-war. Core inflation is low and headline inflation is going to come down. This creates opportunities for rate cuts but also leaves countries in a low growth environment," said Darren Winder, strategist at Cazenove.

Oil and gold futures continued to fall Wednesday as investors fretted about demand trends, with light sweet crude-oil futures down $1.63 to $108.08 a barrel.

Miners trading with losses included Antofagasta (ANTO, UK), down 3.4%, and Kazakhmys (KAZ, UK), down 6.1%., while natural-gas producer BG Group (BG, UK) fell 6.4%.

Banks also fell, with shares of Royal Bank of Scotland (RBS, UK) down 1.9%, Lloyds TSB (LLOY, UK) shares down 2.4% and Bradford & Bingley shares down 5%.

Growing speculation that the European Central Bank is set to announce a tightening of collateral requirements for its longer-term refinancing operations and exclude non-euro area revenue generating lenders didn't help the sector. (RELATED ARTICLE: ECB set to tighten collateral rules amid credit crunch)

"We see little prospect of U.K. banks being left without access to some sort of scheme, but the structure of this will be important in assessing margin impacts. And the uncertainty created in the meantime probably isn't helpful for stock prices," said analysts at Credit Suisse.

Additionally, the Daily Telegraph reported that banks may have borrowed a much larger-than-anticipated 200 billion pounds from the Bank of England's emergency funding scheme.

Shares in Barclays (BCS, US)(BARC, UK) fell 3.7%.

The lender was downgraded to sell from hold by the Royal Bank of Scotland, which said Barclays has substantial near-term balance sheet concerns to overcome.

By benchmarking capital ratios and write-downs to peers, it estimates Barclays has a capital shortfall of 4.9 billion pounds to 7.5 billion pounds.

Vodafone Group downgraded

Vodafone Group (VOD, UK)(VOD, US) shares lost 1.8% after Credit Suisse downgraded the wireless operator to neutral from outperform.

"We could see more economic pressure on mobile demand beyond Spain, particularly in the U.K. and Ireland," the analysts said.

The broker said that sterling weakness means that Vodafone Group can avoid another headline profit warning but its fundamental outperform investment case for the firm has been undermined.

It highlighted the possibility of a worse-than-consensus performance from Vodafone Spain, a weak performance from messaging, the introduction of the iPhone and rising churn, or the number of customers that leave the service compared to the number that stay.

Pub firms pressured

Shares of Britain's pub companies fell sharply in London on Wednesday after Punch Taverns said that it would scrap its dividend to preserve cash as it continues to trade in a difficult market.

Punch Taverns (PUB, UK) shares fell 12.2% after it said that it's putting cash retention ahead of shareholder distributions in the current financing environment.

"Whether the passing of the dividend is reactive to a breach or proactive in seeking to head one off is not yet clear. We are drawn to the latter and would suggest that the group is correct in retaining cash in the business. Nonetheless, the pressure on pubs in general remains relentless" said Mark Brumby, analyst at Blue Oar Securities.

Punch, commenting on its performance in the year to Aug. 23, said earnings before exceptional items were in line with market expectations. (RELATED ARTICLE: Punch Taverns wobbles as pub chain scraps dividend)

Shares in other pub operators also declined sharply, with Mitchells & Butlers (MAB, UK) down 5.5% outside the top index.

Gains for the troubled homebuilding sector proved short-lived, with shares of Barratt Developments (BDEV, UK) down 5.8%, Taylor Wimpey (TW, UK) down 9.1% and Persimmon (PSN, UK) shares down 4%. All of these companies trade outside the FTSE 100.

On Tuesday, these stocks were supported after the U.K. government announced a package of measures to shore up the housing market.

"We view yesterday's announcements from the government as primarily a political exercise rather than one that will have a material economic impact on the underlying housing market," said analysts at Credit Suisse on Wednesday. The broker said it's staying negative on the sector due to weak fundamentals.

Still, shares in U.S. and U.K. jewelry retailer Signet Group (SIG, UK)(SIG, US) rose 3.1%.

The firm left its interim dividend unchanged at 0.96 cents a share. First-half net profit fell 37% to $43.8 million.

NOTES: Worries about economic performance in the U.K. and elsewhere pull London shares sharply lower, with miners and banks both losing ground.|103;
PUBLISHER: Dow Jones & Company, Inc.

LOAD-DATE: June 19, 2013

EXHIBIT 186

U.K. to Inject About $87 Billion in Country's Banks (Update3)

Published: Oct 08 2008 04:41:47

(Adds investor comment in 10th paragraph.)

By Ben Livesey and Jon Menon

Oct. 8 (Bloomberg) -- Prime Minister Gordon Brown's government will invest about 50 billion pounds ($87 billion) in an unprecedented step to prevent a collapse of the U.K. banking system.

As part of the plan, the government will buy preference shares, and the Bank of England will make at least 200 billion pounds available for banks to borrow under the so-called special liquidity plan, the Treasury said in a statement today. The government will also provide a guarantee of about 250 billion pounds to help refinance debt.

The steps to partially nationalize the banking industry provide ``the necessary building blocks to allow banks to return to their basic function of providing cash and investment for families and businesses,'' Chancellor of the Exchequer Alistair Darling said today.

The worsening credit crisis has forced the U.K to join the U.S., Ireland, Iceland, Belgium and Spain in rushing out untested bailout measures to save their largest banks. Edinburgh-based Royal Bank of Scotland Group Plc and HBOS Plc, Britain's biggest mortgage lender, surrendered more than half their market value this week as investors lost confidence in their ability to fund themselves.

The government said it will make 25 billion pounds immediately available in the form of preference shares and stands ready to provide an additional 25 billion pounds. The amount available to each bank will vary and will depend on their dividend payouts, executive pay policies and will require the banks to lend to small businesses and home owners, the government said.

`Blanket Guarantees'

``These measures are better than blanket guarantees, which don't change the behavior of banks,'' said Peter Hahn, a fellow at the Cass Business School in London and former managing director of Citigroup Inc. ``The taxpayer has direct exposure and direct control on the banks, which is a good thing. Darling has got it right.''

The latest U.K. steps come after the government nationalized Northern Rock Plc and Bradford & Bingley Plc this year and arranged the takeover of HBOS. Darling and Brown are trying to prevent the financial-services industry, which accounts for about a fifth of the London economy, from collapsing under the weight of the global credit crunch. President George Bush approved a plan last month to spend $700 billion buying distressed assets from banks.

U.K. financial service companies will cut 12,000 jobs before year end, a third more than in the same period last year, Britain's biggest business lobby group said Sept. 29.

Participating Banks

Besides RBS and HBOS, Abbey, Barclays Plc, HSBC Holdings Plc, Lloyds TSB Group Plc, Nationwide Building Society and Standard Chartered Plc are eligible under the U.K. plan.

Most British banks fell today. Barclays dropped 13 percent to 247 pence at 9:20 a.m. in London, and RBS lost 4.4 percent to 86 pence. Lloyds TSB declined 6.8 percent, and HSBC, which said it has no current plans to use the government proposal, slumped 4.3 percent. HBOS rose 21 percent to 114.4 pence at 9:10 a.m.

The government should have specified how much capital goes to each bank, said Robert Talbut, who manages 31 billion pounds at Royal London Asset Management in London. ``To say 25 billion pounds is available and it's up to each bank how they will draw it down, is not credible.''

RBS, Barclays, Lloyds TSB and three other U.K. banks need to repay as much as 54 billion pounds of debt by the end of March 2009 as borrowing costs reach record highs and banks are reluctant to lend to each other. The total, which includes bonds, convertible bonds and commercial paper, is triple the debt repaid in the same period a year ago.

Coming Due

RBS has about 11.5 billion pounds of obligations coming due in the next six months, while Barclays, the U.K.'s second-biggest bank by market value, has 15.9 billion pounds maturing, according to data compiled by Bloomberg.

U.K. banks have been talking to government officials for weeks about selling stakes to the Treasury and lifting the guarantee on bank deposits. Ireland and Germany increased their deposit guarantees after the near-collapse of banks in those countries shook investors' confidence.

``The package addresses the most significant issues in the market, namely confidence in the strength of the banking system and the working of the money markets,'' Barclays CEO John Varley said today in statement.

While RBS denied ``speculation'' yesterday that it asked the government for help, the bank has been overstretched since it paid about 14 billion euros ($19 billion) last year for the investment banking and Asian units of Amsterdam-based ABN Amro Holding NV. The 12.3 billion pounds that RBS raised by selling shares at 200 pence apiece in June wasn't enough, and shares now trade for less than half as much.

`Unprecedented Conditions'

The government plan addresses ``unprecedented conditions in the financial system,'' and RBS will make an announcement in ``due course'' about its participation, CEO Fred Goodwin said in a statement.

Standard & Poor's cut RBS's credit rating this week for the first time in 10 years, saying RBS is ``less well positioned than some of its major global peers'' as it seeks capital.

RBS, which bought NatWest bank for 24 billion pounds in 2000, is struggling with rising defaults and a slumping housing market in Britain and the U.S. The bank, which had 5.9 billion of writedowns and a net loss of 761 million pounds in the first half, will have about 1.1 billion pounds of writedowns later this year, threatening its ability to reach a target of raising Tier 1 equity capital to 6 percent by the end of 2008, analysts at JPMorgan Chase & Co. said Oct. 1.

New Low

HBOS fell 41 percent yesterday to a new low as investors became skeptical of its government-arranged takeover by London- based Lloyds TSB, the U.K.'s biggest provider of checking accounts.

Lloyds TSB agreed Sept. 18 to buy HBOS in a stock swap valued at the time at 10.4 billion pounds. HBOS's market value has since fallen to 5.1 billion pounds, even though Lloyds TSB's takeover was still valued yesterday at more than 10 billion pounds.

The U.K. funding plan ``is very much in the interests of shareholders and customers,'' HBOS said in a statement today.

For Related News: Banking Stories: TNI BNK UK Upheaval in Financial Industry: EXTRA Stories About RBS: RBS LN TCNI WWTOP

--With reporting by Poppy Trowbridge Editor: Mike Anderson.

To contact the reporter on this story: Ben Livesey in London +44 20 7673-2371 or blivesey@bloomberg.net

To contact the editor responsible for this story: Mike Anderson +44 20 7673-2718 or manderson34@bloomberg.net; Frank Connelly +33 1 5365-5063 or fconnelly@bloomberg.net.

EXHIBIT 187

BBC NEWS

Rescue plan for UK banks unveiled

The UK government has announced a package of measures aimed at rescuing the banking system that makes available £400bn ($692bn) of fresh money.

It will initially make extra capital available to eight of the UK's largest banks and building societies in return for preference shares in them.

It is "designed to put the British banking system on a sounder footing", said Prime Minister Gordon Brown.

Some bank shares rose on the news although the main FTSE 100 index fell.

Shares in HBOS, the UK's biggest mortgage lender, ended up 24.5%, and Royal Bank of Scotland was 0.8% higher - trimming earlier gains. Shares in Lloyds TSB fell 7% and Barclays was down 2.4%.

The fall on the FTSE 100, which ended down 5.18% at 4,366.69 points, also came despite co-ordinated interest rate cuts from the Bank of England, European Central Bank and Federal Reserve.

" **Taking taxpayers' money will not be a licence to trade as normal** "
Robert Peston, BBC business editor

The key points of the plan are:

- Banks will have to increase their capital by at least £25bn and can borrow from the government to do so.
- An additional £25bn in extra capital will be available in exchange for preference shares.
- £100bn will be available in short-term loans from the Bank of England, on top of an existing loan facility worth £100bn.
- Up to £250bn in loan guarantees will be available at commercial rates to encourage banks to lend to each other.
- To participate in the scheme banks will have to sign up to an FSA agreement on executive pay and dividends.

Falling shares

BBC business editor Robert Peston said that it was understandable that shares had fallen following news of the government's package.

"What Gordon Brown and central banks have done today should stave off economic Armageddon - but it's probably too late to save us from months, or even years, of sluggish growth."

He said that HBOS shares had risen strongly because it would be more likely to benefit from the plan than its peers.

Special company

BANKS SIGNED UP
- Abbey
- Barclays
- HBOS
- HSBC
- Lloyds TSB
- Nationwide Building Society
- Royal Bank of Scotland
- Standard Chartered

Much of the current crisis has been caused by the banks' unwillingness to lend to each other, so the government hopes that if those loans can be guaranteed then lending will resume.

"This is beginning a process of un-bunging a big problem where banks won't lend to each other for long periods," Mr Darling said.

The lenders that have confirmed their participation in aspects of the scheme are Abbey, Barclays, HBOS, HSBC, Lloyds TSB, Nationwide Building Society, Royal Bank of Scotland and Standard Chartered.

The Treasury said that other banks and building societies would be able to apply for inclusion in the plan.

Possible profit

Preference shares pay a fixed rate of interest instead of a dividend, which has to be paid before other shareholders receive anything, but they do not carry voting rights.

Taxpayers may even end up making a profit from the shares, but that is by no means guaranteed.

Robert Peston said there would be strings attached for banks that take the government money.

"Taking taxpayers' money will not be a licence to trade as normal," he said.

Negotiations will take place with each participating institution that will require them to extend normal credit lines to homeowners and small businesses, in addition to rules on executive pay and dividends to other shareholders.

'Stop the panic'

It is hoped that the deal will get the money markets going again and assure the future of the banking system.

"They've got additional capital now if they want it, they've got an unlimited source of liquidity," said Terry Smith, chief executive of the money brokers, Tullett Prebon.

"That certainly should stop the panic in terms of people wondering whether or not the banks are safe."

The deal has also been welcomed by the banks.

"The government's announcement represents a very real and serious intention on the part of the authorities, following consultation with the banking industry, to bring stability and certainty to the UK banking system," HBOS said in a statement.

Barclays, Lloyds TSB and RBS also issued statements welcoming it.

HSBC, Nationwide and Standard Chartered also welcomed the plan but said they did not intend to take on any new capital at the moment.

Story from BBC NEWS:
http://news.bbc.co.uk/go/pr/fr/-/2/hi/business/7658277.stm

Published: 2008/10/08 16:58:42 GMT

EXHIBIT 188

1 of 1 DOCUMENT

EGi Web News

October 8, 2008 09:30 AM GMT

SECTION: EGI NEWS

LENGTH: 251 words

HEADLINE: Government bailout provides little relief for stock market

BYLINE: Helen Roxburgh

BODY:

There was little immediate relief for FTSE 100 stocks this morning after the government unveiled a £50bn rescue package for the UK banking system. Chancellor Alistair Darling said the money will initially be made available to eight of the UK's largest banks and building societies, in return for preference shares in them.

The government will in return receive a fixed rate of interest and has to be paid before other shareholders receive anything, but it will not have voting rights. In response the FTSE 100 fell 7% in early trading. Of the leading banks, HBOS shares rose 15%, but Barclays fell 16% and RBS dropped 11%. The FTSE 350 Real Estate Index was down 3.20% or 88.25 to 2667.94 in early trading. Darling said: "This is beginning a process of un-bunging a big problem where banks won't lend to each other for long periods." The lenders that have confirmed they will take part in the scheme are Abbey, Barclays, HBOS, HSBC, Lloyds TSB, Nationwide Building Society, Royal Bank of Scotland and Standard Chartered. The Treasury said other banks and building societies would be able to apply for inclusion in the plan. In a statement, HBOS welcomed the government's package, saying: "The government's announcement represents a very real and serious intention on the part of the authorities, following consultation with the banking industry, to bring stability and certainty to the UK banking system." Click here for the latest FTSE 350 Real Estate Index
helen.roxburgh@rbi.co.uk

LOAD-DATE: October 10, 2008

EXHIBIT 189

1 of 1 DOCUMENT

THE TIMES

The Times (London)

October 8, 2008 Wednesday

SECTION: BUSINESS; Pg.49

LENGTH: 705 words

HEADLINE: Bank shares rocked as nationalisation rumours rampage through markets

BYLINE: Christine Seib

BODY:

RBS slumps amid pension funds' sell-off

Shares in Royal Bank of Scotland (RBS) collapsed yesterday, dropping 39 per cent amid fears that shareholders' investments would be wiped out in a part nationalisation of the UK banking sector.

Rumours swept the stock market that the Government was almost certain to recapitalise Britain's biggest banks by taking a chunk of their stock.

The Government was expected to demand convertible preference shares, or preference shares accompanied by a warrant that would give taxpayers exposure to any improvement in the banks' share prices.

RBS is likely to be the worst affected because its capital ratio is the weakest, so it would need the most cash to hit a new minimum target. As a result, its shareholders would be the most drastically diluted.

Traders said that pension funds were among the biggest sellers of RBS's stock, forcing its price down to 90p by the market's close. Its plunging value will be a blow to shareholders who supported RBS's £ 12billion rights issue in April at 200p per share.

One trader said: "This Government lives by the dog whistle of Middle England and if it thinks that beating up on equity-holders will appeal to voters, they'll do it even if it causes huge longer-term damage to our pensions. We've had people just throwing up their hands and saying that anything's possible now."

About 485,000 RBS shares changed hands yesterday, 41/2 times more than usual. In a statement to the stock market yesterday, the bank said: "Contrary to press speculation, RBS did not make a request to Government for capital."

Also yesterday, John Varley, chief executive of Barclays, said: "Barclays has not requested capital from the Government and has no reason to do so."

On Monday Standard & Poor's downgraded RBS's financial profile to AA- from A+ and said that the bank had a "negative" outlook. The ratings agency said that RBS would struggle to sell the assets that it must offload to hit its target of a 6 per cent core equity Tier 1 ratio by the end of the year.

RBS needs £ 4billion in net gains from disposals to hit its Tier 1 target but is struggling to sell its insurance business, including the Direct Line and Churchill brands. It is thought to have made just over £ 1billion in net gains from disposals so far.

S&P has also placed Barclays on a ratings watch negative because both banks are likely to also suffer from a downturn in the economic environment.

RBS's ratio was eroded by its leading role in the Euro 71billion (£ 55billion)consortium takeover of ABN Amro last year. It was also a heavy supplier of leveraged finance in private equity buyouts, making its balance sheet more risky.

Alex Potter, banks analyst at Collins Stewart, said that he was stunned at the suggestion that RBS was in greater need of a government bailout than its closest rival, Barclays. He said that the sum of the banks' exposures to collateralised debt obligations, American sub-prime mortgages, Alt A mortgages, leveraged finance, commercial mortgage-backed securities and monoline insurers suggested that the position of Barclays was equivalent to 88 per cent of shareholders' funds, and RBS's is 63 per cent. He added: "RBS has taken better marks already, so its exposure is relatively lower and also, in my view, closer to economic reality."

When preparing for its rights issue, analysts said that RBS had "kitchen sinked" its credit market exposure, taking far larger writedowns than competitors. Figures compiled by Sanford Bernstein show, for example, that the bank has taken a 65 per cent markdown on its book of sub-prime retail mortgage-backed securities (RMBS), which is worth £ 257million compared with Barclays's £ 2.4billion, which is 41per cent down. RBS was the world's sixth-largest supplier of leveraged finance between August 2005 and August 2007, lending $128.8billion (£ 73.5 billion). About £ 10billion of this still sits on its balance sheet. Figures from Thomson Financial show that Barclays lent $76billion in the same period.

RBS has £ 3billion-worth of debt maturing by the end of the year, compared with Barclays's £ 5billion. Both repayments are dwarfed by those of HBOS, with £ 8billion outstanding.

LOAD-DATE: October 8, 2008

EXHIBIT 190

THE WALL STREET JOURNAL.
U.S. EDITION

The Wall Street Journal

October 9, 2008 Thursday

SECTION: Pg. A3

LENGTH: 1109 words

HEADLINE: The Financial Crisis: U.K. Stocks Fall Despite New Bank-Rescue Effort --- Government Says It Will Buy Stakes in Banks and Guarantee Debts;
Other Countries May Look to British Model

BYLINE: By Sara Schaefer Munoz, Dana Cimilluca and Carrick Mollenkamp

BODY:

LONDON -- U.K. stocks fell amid concerns that the government's ambitious GBP 400 billion ($699 billion) bank rescue effort wouldn't solve the country's problems, but the plan was nonetheless gaining support as a model for other countries.

After working through the night, the U.K. Treasury on Wednesday morning unveiled three key measures to prop up its banking system. To shore up banks' finances, it will offer as much as GBP 50 billion to buy stakes in the banks. To help banks borrow the money they need to do business, it will guarantee up to GBP 250 billion in bank debts. And to help banks find a home for hard-to-sell securities, it will add at least GBP 100 billion to a facility that allows banks to swap those securities for government bonds.

The plan goes further than other government efforts, such as the $700 billion bailout package recently approved in the U.S., by responding to a number of problems at once: banks' capital needs, frozen lending markets, and an overhang of toxic assets.

"I really regard this as one of the most significant positive developments I've seen in this cycle so far," says Hans Lorenzen, an analyst at Citigroup Inc. "And we hope we will see more of this in the other countries."

In France and Germany, bankers -- worrying that British banks will now have a competitive advantage -- were putting pressure on government officials to follow Britain's example. For its part, Italy approved an emergency law creating a 20 billion euros ($27.2 billion) stabilization fund that can be tapped by Italian banks should they encounter borrowing problems.

The markets, however, reacted negatively at first to the British plan, which was rushed through in late-night meetings Tuesday and still lacked some key details Wednesday. It wasn't clear, for example, which banks would participate and to what extent.

Bank shares gyrated wildly on Wednesday, as investors guessed which institutions would be most likely to sell stakes to the government. Such moves would dilute the stakes of existing shareholders. Royal Bank of Scotland Group PLC and Barclays PLC said they would participate in at least some of the measures, but declined to provide details. Lloyds TSB Group PLC, which is in the process of taking over mortgage lender HBOS PLC, said it was still assessing the plan.

Three U.K. banks, HSBC Holdings PLC, Banco Santander SA's Abbey unit, and Standard Chartered PLC said they didn't expect to tap the recapitalization effort because they don't need it. But in a move to boost confidence, HSBC said it had loaned about GBP 2 billion to other banks for periods of three to six months, and planned to lend more. In recent weeks, banks have been unwilling to lend to each other for periods of more than a day.

Using a carrot-and-stick approach, the government of Prime Minister Gordon Brown will require banks to set aside more capital if they want to participate in the guarantee plan. Banks could also be subject to government oversight of their dividends and executive compensation. If the banks can't raise capital from private investors, the government will offer to take stakes in them via preferred shares. As a result, the entire system's Tier 1 capital ratio, a key measure of financial resilience, will rise.

Equity stakes could put the government in the awkward position of regulating banks in which it is also an investor while trying to generate a return for taxpayers. Mr. Brown noted that the measures go further than the U.S. deal, and said the plan will give taxpayers "a share in the upside" when the sector recovers.

There are key differences between the U.S. and U.K. bailouts. While both are aimed at restoring confidence, the U.S. plan is targeted narrowly at creating a market for hard-to-sell securities. That can help banks get cash and encourage them to recognize losses, but doesn't directly address two other problems: banks' difficulty borrowing money and their need to rebuild the capital cushions they maintain against unexpected losses.

To address the borrowing problem, the U.S. Federal Reserve this week said it will set up a fund to buy IOUs known as commercial paper, which many banks issue to fund their daily operations.

By contrast, the U.K. has "tried to address multiple issues at the same time and sort of shock the market into deciding 'OK, this is the turning point for the UK banks,'" says Citigroup's Mr. Lorenzen.

Commenting on the U.K. plan, Barclays President Robert E. Diamond Jr. said he wants to see cash flowing in critical corners of the bank funding markets. "People have to have confidence in the clearing system," Mr. Diamond said.

By late afternoon in London, in one sign that the plan was fueling some market confidence, the cost of insuring against bank default decreased. The cost of five-year default protection on 10 million euros ($14 million) of RBS debt fell to 220,000 euros annually on Wednesday from 293,000 euros on Tuesday. The cost for Barclays fell to 130,000 euros from 200,000 euros.

While the shares of some banks shot up on news of the plan Wednesday, RBS shares rose and then fell back, to close up 1% at 90.70 pence, and Barclays shares closed down 2% at 278.25 pence, signaling that investors see both as likely to require a capital injection. HBOS jumped 24% to 117 pence. The broad FTSE 100 index slid 5.2%.

Taking a government bailout would be a blow to RBS Chief Executive Fred Goodwin, who already raised GBP 12 billion in capital earlier this year and has stretched the bank's finances by taking part in last year's acquisition of ABN Amro Holding.

His bank's shares have been battered recently -- they dropped nearly 40% on Tuesday -- after a credit downgrade and worries that the ABN business was weighing on its balance sheet. A bank spokeswoman said the board supports Mr. Goodwin and RBS Chairman Tom McKillop.

A critical meeting took place Tuesday night at about 10:15 in U.K. Treasury chief Alistair Darling's office, when details of the plan were hammered out. Besides Mr. Darling and some of his lieutenants, bank executives including Mr. Goodwin, Barclays chief John Varley, HBOS's CEO Andy Hornby and Lloyds CEO Eric Daniels, were present, along with bankers from UBS and J.P. Morgan Cazenove, who advised the Treasury.

The meeting, which lasted about 45 minutes, was followed by two more. Bankers and other officials worked through the night to prepare for an announcement at 7 a.m. in London on Wednesday. Treasury needed an extra half-hour to prepare; its statement wasn't released until 7:30 a.m.

Marcus Walker in Berlin and David Gauthier-Villars in Paris contributed to this article.

NOTES:
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