UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In re BARCLAYS BANK PLC SECURITIES LITIGATION	Master File No. 1:09-cv-01989-PAC
	ECF Case
This Document Relates to:	
ALL ACTIONS	

DECLARATION OF MATTHEW A. PELLER

MATTHEW A. PELLER hereby declares under penalty of perjury as follows:

1. I am a member of the bar of this Court, and associated with the law firm Sullivan & Cromwell LLP, counsel for the Barclays Defendants in the above-captioned action. I respectfully submit this Declaration in support of the Reply Memorandum in Further Support of the Barclays Defendants' Motion for Summary Judgment.

2. Attached hereto are true and correct copies (excerpted where indicated) of the following materials:

Barclays Public Documents

Thomson Financial, Final Transcript: Barclays Earnings Conference Call, dated October 31, 2008	Exhibit A

Discovery Documents

Barclays Group Board Report, dated October 2008, bearing production numbers BARC-ADS-01556944-66	Exhibit B

Deposition Transcripts

D. Paul Regan deposition transcript, dated April 22, 2016 (excerpts)	Exhibit C

CERTAIN EXHIBITS REDACTED PURSUANT TO PROTECTIVE ORDER

Joseph Kaczka deposition transcript, dated September 22, 2015 (excerpts)	Exhibit D
Richard Landreman deposition transcript, dated October 22, 2015 (excerpts)	Exhibit E

I declare under penalty of perjury that the foregoing is true and correct.

Executed on: January 11, 2017
New York, New York

Matthew A. Peller

EXHIBIT A

FINAL TRANSCRIPT

Thomson StreetEvents℠

BCS - Barclays PLC Announces Capital Raising - Conference Call

Event Date/Time: Oct. 31. 2008 / 5:30AM ET

CORPORATE PARTICIPANTS

John Varley
Barclays Bank Plc - Group Chief Executive

Chris Lucas
Barclays Bank Plc - Group FD

Bob Diamond
Barclays Plc - Group President

Marcus Agius
Barclays Plc - Chairman

CONFERENCE CALL PARTICIPANTS

James Eden
Exane BNP Paribas - Analyst

Simon Samuels
Citigroup - Analyst

Mike Trippett
Oriel Securities - Analyst

Asheefa Sarangi
Societe Generale - Analyst

Ian Smillie
RBS - Analyst

Tim Sykes
Execution - Analyst

Manus Costello
Merrill Lynch - Analyst

John Kirk
Redburn - Analyst

Tom Rayner
Citigroup - Analyst

Rich Ricci

PRESENTATION

Operator

Thank you for joining today's Barclays' conference call. For regulatory reasons, we've been advised that participation on the call must be limited to certain jurisdictions. We would, therefore, ask any persons from the United States, Canada, Australia, Japan, South Africa to now disconnect from the call. Thanks for your patience. I'll now hand over to John Varley, Barclays Group Chief Executive, to commence the call. Thank you.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Good morning, and thank you very much for being on the line. I'm joined here by Marcus Agius, the Chairman of Barclays, Bob Diamond, the Group President, Chris Lucas, the Group Finance Director, and Rich Ricci, who is COO of Investment Banking and Investment Management.

We're going to show, as I talk, a few slides on the Barclays investor relations website, and you might find those helpful to follow. What we'll do is we'll turn the slides for you as I go so that a new slide will come up as I'm covering a particular point, and I hope that works for you.

As you've seen, we've announced this morning that we're raising some GBP7 billion in new capital. That enables us to increase our capital resources significantly. It will allow us, simultaneously and immediately, to achieve both the Tier 1 and Equity Tier 1 fundraisings that we described in our announcement of October 13. And by doing that, we meet our commitment to the UK Financial Services Authority, consequent on a higher capital ratio requirements recently introduced across the banking sector, and we do so within the timetable that we indicated.

Included in that GBP7 billion is an offering of up to GBP1.5 billion in new capital to be made available to institutional holders by way of accelerated book billed.

The capital raising is structured to achieve at the same time rapid and certain execution, strengthened links with existing large shareholders, the introduction of a significant new shareholder, and the opportunity for our existing institutional shareholders to participant. The capital raising is, of course, subject to shareholder approval, and we will hold a general meeting for this purpose towards the end of November.

As you see, we've also released our interim management statement this morning. We're saying in there that the market environment has remained very challenging, but we've continued to deliver solid profits through the first nine months of 2008.

I think our performance indicates the benefit of the diversification strategy that we've adopted, and that's helping us mitigate the impact of the market dislocation. When we last spoke, we said to you that our objectives as we came into 2008 were to stay close to our customers and clients, to manage our risks carefully, and to maintain strategic momentum by taking advantage of the opportunities generated by the extraordinary events of the last 15 months, and we remain very focused on these things.

Chris will describe the financial performance to you in more detail shortly, but before he does that let me take you back to the subject of the capital raising.

We announced on October 13 the new capital plan that we were adopting in response to the increased capital ratio requirements put in place by the FSA during the weekend of October 11/12. And in that announcement, we said that we intended to increase our Tier 1 ratio and our Equity ratio. Just to remind you, at that time, I'm here giving you pro forma end June numbers which take account of the capital that we raised in July, our Tier 1 ratio was a little over 9%, and our Equity Tier 1 ratio was 6.3%.

We said in our announcement of October 13 that the principal component of our move to strengthen the ratios would be capital issuance partly directed at increasing the Tier 1 ratio and partly aimed at increasing ordinary shares and, therefore, the Equity Tier 1 ratio.

Market conditions have, clearly, been very difficult since that time, and the decision we adopted around the Barclays Board table was that we should move quickly, that we should compress as far as possible the timetable within which we raised capital, that we should seek to ensure that the capital is raised as we have done before from a core group of strategic shareholders but, at the same time, be so structured as to permit our existing institutional shareholders to participate, and lastly, that the capital raising should be structured to ensure that the commitments that we made to the FSA could be met.

The capital raising that we've announced this morning achieves these things. We're simultaneously raising Tier 1 capital and ordinary equity through the combined structure of a GBP3 billion issue in reserve capital instruments which have warrants attached, and by the issuance of some GBP4 billion of mandatorily convertible notes, which will convert into ordinary equity by no later than June 30, 2009.

The major investors and the investments that they're taking are set out on a slide on the website now which is headed New Capital. The committed capital is being raised from significant existing and new shareholders. The Qatar Investment Authority, which is already a substantial investor in Barclays, is investing a further GBP2 billion in aggregate, and Challenger, representing the interests of the chairman of Qatar Holding and his family, is investing a further GBP300 million. We're already seeing the benefits of our relationship with QIA in our Capital Markets business in the Middle East, and we're very pleased to welcome the broadening of the relationship that this additional investment implies.

In addition, His Highness Sheikh Mansour Bin Zayed Al Nahyan, a member of the Royal family of Abu Dhabi, and Chairman of Abu Dhabi's international Petroleum Investment company, is investing a total of GBP3.5 billion.

We have sought over the last two years, to develop the share register of Barclays to reflect increasingly the sources of new capital in the world and to create strong alignment with regions which have growing economic power and consequent business flow. Today's announcements are a further step in that direction, and our motivation, as we cement and develop relationships with investors such as these, is to create the opportunity for new and additional income streams through time.

In addition, as I've said, we're making available to institutional investors up to a further GBP1.5 billion of the convertible notes. This is being placed today in an accelerated book billed through our brokers Credit Suisse and JP Morgan Cazenove.

The impact on our capital ratios will be significant. It's set out on the slide headed impact on capital ratios. The additional capital will increase ratios that are already robust. So if we adjust our June 30 pro forma ratios to take account of the capital raising, the Tier 1 ratio as at June 30, 2008, increases to 11.3%, and the pro forma Equity Tier One ratio increases to 7.6%.

They'll be strengthened further by the GBP1.5 billion of operational and balance sheet efficiencies to which we committed in our October 13 announcement, and by the warrants as and when they're exercised.

As you know, the FSA sought to ensure that UK bank capital ratios are raised to a level where they're able to withstand significant simultaneous stresses.

Let me finally describe the capital instruments that we've issued, and also give you a description of the timetable going forward from here. We'll turn the slides for these items on the Internet as I go.

First of all, the mandatorily convertible notes. The features of the notes are set out on this slide. The total issue size is some GBP4 billion. The notes bear a coupon of 9.75%. The interest will be paid quarterly. Conversion to ordinary shares between now and the end of June 2009 is at the option of the holder at a price of 153p. This is set at a 22.5% discount to the average closing price of the last two days. If the notes have not been converted by June 30 then they will be mandatorily converted by Barclays.

Turning to the reserve capital instruments, the features of the RCIs are set out on this next slide. As you know, this is a standard Tier 1 instrument which is already part of our capital structure. It has characteristics that are attractive to us and to investors relative to preference shares. These include tax deductibility, resilience to stress, and they're redeemable after 10 years.

The RCIs have been issued to Qatar and Sheikh Mansour, as described on this slide. The RCIs carry detachable warrants which have a strike price of 197.775p.

This last slide shows you the expected timetable. As you can see, the timetable is short and straightforward. The institutional offering of the convertible notes will be completed by our brokers today. We will call a general meeting for shareholders for November 24. At that meeting, we will seek approval for increasing our share capital and allotting the securities that I've talked about this morning. That will enable the issuance of the convertible notes and the RCIs on November 27.

Now I'm going to hand over to Chris now who will give you a bit more detail on our interim management statement which talks about our performance during the year-to-date.

Chris Lucas - *Barclays Bank Plc - Group FD*

Thanks, John, and good morning. You'll have seen from our statement this morning that Group profit before tax was slightly ahead of last year, and income growth was well ahead. Within that, Global Retail and Commercial Banking profits were ahead of the same period in 2007. And the trends we saw in the first half continued, with good profit growth in UK Retail Banking, very strong profit growth at Barclaycard, and rapid expansion of our international operations.

In Investment Banking and Investment Management, Barclays Capital reported profits ahead of last year, with results in the third quarter impacted by our early estimate of the net benefits of the acquisition of Lehman Brothers, as well as credit market write-downs of GBP1.2 billion, offset by GBP1.1 billion of gains on the fair valuation of issued notes.

In general, my comments compare the nine months to the end of September with the same period last year. Turning to the business performance, I'll start with UK Retail Banking where there's been good growth in profit before tax. Solid income growth reflected good contributions from current accounts, savings, and local business. Costs were well controlled, and impairment charges remained in line with the first half.

Our share of net new mortgages in the third quarter was 32%, and the risk profile of the book remains conservative, with an average loan-to-value at the end of September of 37% on current market valuations. The average loan-to-value on new business written this year was 51%, and only about 6% of the book is above an 85% LTV on current valuations. Three-month arrears remained low at just under 100 basis points.

In Barclays Commercial Bank, there's been good income growth, mainly reflecting the strong performance in sales of products such as foreign exchange and interest rate derivatives. There was a moderate decline in profits resulting firstly from higher costs, which grew at a similar rate to the first half, and secondly from higher impairment charges, which increased at a slightly faster rate than the first half. Annualized charges as a percentage of loans and advances were just under 50 basis points.

At Barclaycard, there was continued very strong profit growth, including a significant contribution from Barclaycard US, which remains on track to deliver $150 million of profit this year.

Strong income growth was driven by Barclaycard US, as well as the inclusion of Goldfish in the UK, and costs grew at about the same rate as income. US book growth and the inclusion of Goldfish also contributed to impairment, which grew faster than the first half. Impairment charges in the core UK cards portfolio were lower than last year.

In GRCB Western Europe, income and cost growth rates were similar to the first half, reflecting the rapid growth in distribution points. Profit before tax declined as a result of higher impairment charges principally in Spain, in commercial property lending and credit cards.

In GRCB emerging markets, the business continued to develop at a rapid pace. Income and costs almost doubled as we opened over 500 new distribution points and expanded into new markets. Trends in impairment were consistent with the first half, resulting in lower profit before tax. Impairment growth reflected a rapid increase and maturation of assets, as well as some deterioration in retail and corporate lending books.

In GRCB Absa, there was good profit growth in rand terms, reflecting good income growth, and again from the Visa IPO. Costs were broadly in line with last year, and retail impairment increased significantly in a difficult economic environment. In sterling terms, profits were broadly in line owing to a depreciation in the value of the rand.

Turning to Investment Banking and Investment Management, and starting with Barclays Capital, where at a headline level profit was well ahead of last year. As I said earlier, third quarter results have been impacted by our early estimate of the net benefits from the acquisition of Lehman Brothers, and credit market write-downs of GBP1.2 billion, offset by GBP1.1 billion of gains on the fair valuation of issued notes.

Excluding these items, net income for the nine months year-to-date was well ahead of last year. This reflects strong income growth in interest rate products, emerging markets, commodities, prime services and private equity.

You'll have seen that we provided an appendix to the statement we issued this morning giving substantial detail on our credit market exposures. I won't comment in depth now, except to reiterate that we've not changed any of our accounting treatments or reclassified assets following the IAS changes.

Since June, our exposures have declined in US dollar terms, but in sterling they've been affected by a 12% appreciation in the dollar. There was an increase in our credit market exposures of GBP1 billion arising from assets we acquired from Lehman Brothers, and these are included in the numbers in the appendix.

In Barclays Global Investors, profit has declined at a rate consistent with the first half. Income was broadly in line with last year, and costs were higher as a result of the selected support for liquidity products that we reported in the first half.

Assets under management declined relative to June 30, as asset inflows, particularly in ETS, were more than offset by lower equity markets.

In Barclays Wealth, profit before tax was in line with last year, reflecting solid income growth driven by good growth in deposits and loans and advances. Costs were broadly stable. We expect the sale of the closed life business to complete in the fourth quarter, realizing a gain of just over GBP300 million.

Before I close, let me update you on October trading. Capital market volumes have been lower than September, and there's been a reversal of GBP1 billion in gains from the fair valuation of issued notes as credit spreads have narrowed. Global Retail and Commercial Banking received a distribution from the Visa IPO amounting to about GBP190 million. Otherwise, trends have been broadly consistent with those reported for September year-to-date.

This update replaces our statement planned for November 18, so our next update will be the full year results. Back to you, John.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Chris, thank you very much. So just to recap, we've announced that we're raising some GBP7 billion in new capital with consequent significant increases in our capital resources and ratios. We've sought to do this quickly and decisively. The capital raising is structured to achieve at the same time rapid execution, strengthening relationships with existing large shareholders, the introduction of a significant new shareholder, and broad participation from our institutional shareholders.

The interim management statement which Chris has just described to you shows that we continue to deliver a solid profit performance during the first nine months of the year.

Now as we look forward, we're completely realistic about the severity of the environment, but we've set ourselves a clear objective for 2008 and 2009 of staying close to our customers and clients, of managing our risks carefully, and of taking advantage of opportunities to progress our strategy. Those things will remain our preoccupations in the period ahead, strengthened as we are by the capital that we're raising today.

We're very happy to take your questions now. Our intention is to conclude this session by about 10.30. That's about 40 minutes from now. Thank you.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions). Our first question comes through from the line of Mr. Ross Curran from UBS. Please go ahead with your question.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes, good after -- good morning, everyone. It's actually JP here from UBS.

Unidentified Participant

Yes, good morning everyone, it's actually JP here from UBS. I want to actually pick up on a couple of things if I could.

Chris, and you, John, both referred to the benefits of the Lehman transaction in terms of the net adjustments, etc. As far as I can see you haven't actually quantified that figure, and I guess it's probably still subject to year-end audit and peer value adjustments. But I just wondered if you could give some indication of the quantum of the number we're talking there. I think at the time of the acquisition, there looked like negative goodwill of about GBP2 billion, and I just wonder is that the sort of quantum we're talking, or whether you can just give us a bit more clarity there.

And I have a second follow-up question if I can.

John Varley - *Barclays Bank Plc - Group Chief Executive*

JP, yes; sure. Let me ask Chris to answer the first, and then you give us your second.

Chris Lucas - *Barclays Bank Plc - Group FD*

JP, our estimate at the time of the transaction was about $2 billion rather than pounds, and whilst there are plenty of ups and downs, we still think that's the best number we have.

Unidentified Participant

Thank you, the question, John, was more about just thinking longer term about dividend policy. You've clearly indicated that you're going to be move to a quarterly dividend payment. Obviously, we're not expecting a final dividend for the year-end. The impact of the new shares issue then, of course, whilst it's going to substantially enlarge the share count, which makes presumably the old dividend indications you'd given about trying to maintain at the '07 level until you grew to twice times cover, improbable at the current earnings trajectory.

So I just wondered if you could say a few words about how you're thinking about shaping the dividend into '09 and beyond in terms of what you're looking for in terms of cover, and how you'll restructure the payments in terms of -- is it three equal quarterly payments you're anticipating and then making the final one the one which is most variable?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Let me talk about the policy point, and then on the move to quarterly which we have signaled in our announcement on 30 October I'll just ask Chris to comment.

JP, I think the right way of looking at it is as follows, that it seemed right to us, given the changes that were introduced by the FSA to capital ratios, it seemed right to us in responding to that that we should pass the final dividend for 2008. And I think that was consistent with saying to the FSA, we will be raising our ratios in line with your requirements, and here is our plan for doing so.

Given that, I think it's right for us to do two things; one indicate clearly when we expect to resume paying dividends, and we've said unambiguously that we expect to do that in the second half of 2009; but two, I think it's right for us just to keep an eye on the environment and not come to a rapid conclusion about what precisely the dividend shape and size should look like when we resume payments. So we've consciously kept our powder dry on that point.

Now I recognize, of course, that during the course of next year we'll need to be clarifying that, but at the moment, this doesn't seem to me to be the right time for us to be giving a 12 month forward view.

Let me ask Chris just to comment on the quarterly point.

Chris Lucas - *Barclays Bank Plc - Group FD*

JP, part of the reason for going quarterly or two real reasons, one is to have more flexibility that than we've had, and secondly, it's to smooth out the capital impact as the dividends get paid through. So that would lead me to try to get where possible to a smoother quarterly payment but with the most variability being in the last payment.

Unidentified Participant

Okay, thank you very much for that.

Operator

Thank you. Our next question comes through from the line of Mr. James Eden from Exane. Please go ahead with your question.

James Eden - *Exane BNP Paribas - Analyst*

Thank you. Yes, good morning. Now it looks like a strange decision to turn down Gordon Brown's offer of buying [press]with a 12% coupon that we think could be repaid as soon as you like, and instead issue at 14% coupon fixed until 2019, while giving away warrants over 18% of the equity.

And the suspicion must be that the primary motivation is to ensure that management can still pay itself generous bonuses, something that would have been precluded under Gordon Brown's offer.

Can you confirm that management does plan to pay itself bonuses, and was that a factor in the decision making process?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes, let me do two things. First of all, I'll ask the Group Chairman to comment on the subject of compensation, and then I'll ask Chris just to comment on the relative cost of RCIs and preference shares. Marcus.

Marcus Agius - *Barclays Plc - Chairman*

Yes, so first of all, on the question of compensation, I would say that Barclays, in common with I guess every other bank around the world, is giving very careful thought right now to the whole question of the structure of remuneration, and what we should do about it. It's premature to tell you what -- whether we're going to come out with it, where we are going to come out, but I can tell you, it will be different, and when we're ready to communicate, we will.

But to the other substance of your question, was this capital raising structure chosen simply with this in mind? Absolutely not, the capital-raising decision was taken by the Board not by the executive, and it was taken in the interests of the Company as a whole.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Chris.

Chris Lucas - *Barclays Bank Plc - Group FD*

And in terms of the selection of the RCI and the pricing of RCI specifically, we were very conscious of the 12% coupon on preference shares, and we looked for an instrument that we could believe had some benefits over and above those. And we've done that through the RCI, and as John said, where it sits in the capital structure is important.

The second thing that is important about it is that the coupon is tax-deductible. So whilst we're paying at the gross level 14% coupon, after tax that's around about 10%. And if you add an estimate of the cost of the warrants into that, you get to about 13%, which I think for the instrument involved compares well against the preference share coupon.

James Eden - *Exane BNP Paribas - Analyst*

Although, obviously, it's fixed until 2019, whereas the other banks are hoping to repay the government press within a couple of years.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Well, we can't comment on what other banks are doing. We're forming a view in the round about what makes good sense for shareholders, and we think that this structure makes good sense for shareholders.

And there are, of course, some advantages in terms of strategy and in terms of operational activity that inure from being independent. I'm not going to go into the detail of that, but you know what I'm talking about just as I do.

James Eden - *Exane BNP Paribas - Analyst*

Okay, thank you.

Operator

Thank you. Our next question comes through from the line of Simon Samuels from Citigroup. Please go ahead with your question.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Morning, Simon.

Simon Samuels - *Citigroup - Analyst*

Yes, good morning; good morning to everybody. I just wanted to ask a slightly bigger picture question on the issue of managing the Group going forward. For many years, you obviously were following an economic capital model which used to always throw up a required amount of a capital that was a long way below what was then the regulatory requirement, and all your business decisions were made around that. Obviously, now the regulatory requirement's gone up a lot, I think all the hopes of an economic capital model whether Basel II would externally validate it, but that seems to -- Basel II seems to have fallen a bit by the wayside.

So I guess really the question is going forward, do you think your economic capital requirements are going to broadly hug the new higher regulatory requirements, and what would be the implications for business decisions; and in particular, obviously, the growth aspirations at BarCap, which was always the division I guess where the difference between economic and regulatory capital was widest?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes, I think that you've got two businesses actually. I guess the two ones that I would point to -- Barclaycard is the other way around, Simon.

Simon Samuels - *Citigroup - Analyst*

Yes, sure.

John Varley - *Barclays Bank Plc - Group Chief Executive*

You've seen that over the years just as we have. And I think what I would say is that although, yes, we have had economic capital and economic profit as a very important set of metrics in Barclays for 10 or 12 years now, we've not run Barclays exclusively on an economic capital basis.

I'm going to ask Chris just to comment in a moment about the subject of one or two of the specifics that you raised. We had expected, and I think it's happened a bit, Simon, that the new regulatory capital regime would create some increased convergence between reg cap and economic capital. And I would say that that has happened. But I think what you're also saying is that there are some question marks about aspects of Basel II now which means that it's not -- it doesn't have quite the hallowed image in the minds of regulators that it would have had at the outset.

Chris Lucas - *Barclays Bank Plc - Group FD*

I think, John, you've answered the question. The only thing I think I would add to that, Simon, is that if you look at our economic capital increase in the first half of '08, it ran significantly ahead of risk-weighted asset growth and actual balance sheet growth. So I still think there is some value to using the economic capital model. Clearly, we have to take account though of the increased regulatory requirements in how we calibrate this and that we will do.

In terms of its value, I remain convinced it is valuable, and we will continue to use it, but we have to flex it for the current environment.

John Varley - *Barclays Bank Plc - Group Chief Executive*

On the point about relative returns we, of course, monitor those very carefully, but we try to monitor those over time so that we can iron out idiosyncratic performance over a short period of time.

Simon Samuels - *Citigroup - Analyst*

Sure but --

John Varley - *Barclays Bank Plc - Group Chief Executive*

That's the way that we make the decisions.

Simon Samuels - *Citigroup - Analyst*

And I guess what I'm trying to build up to is would we expect the contribution, particularly of Barclays Capital for the Group, to be materially different from its -- let's say not the current level because obviously the numbers are all over the place, but say we went back to 2007, BarCap's contribution, is that the level of contribution you'd expect from BarCap going forward? Would you expect that number to come back down as maybe it consumes more eco-capital that aligns with the higher rate capital?

John Varley - *Barclays Bank Plc - Group Chief Executive*

A few thoughts, and Bob may well want to add. My starting thought is this, that if you look at the first six years of the decade, the compound profit growth in BarCap per annum over that period was 37%. And we knew, Simon, that although, of course, we were very happy with that rate of growth, it would have been wrong to have predicted that rate of growth over the course of the next five years, hence the remarks that Bob and I have made pretty consistently over the course of the last two or three year, which is that we see 15% to 20% as being the sort of compound profit growth through time, not forecasting any particular year, but that's what we see through time.

And that's born of the view, and this is a view that actually comes from an analysis of the industry post in the aftermath of the last 15 months, it comes from a view that the median income growth in the capital markets businesses across the world for the industry would be, say, 10% and, therefore, if you're outperforming relative to that, you ought to be able to hit the sort of profit growth that we've talked about. That's the first thing to say.

The second is that as we expect to see through time profit growth in that range in Barclays Capital and indeed in Barclays Global Investors, what we need to do and you can see that we're directing a lot of attention at it, what we need to do is to ensure that the compound profit growth in GRCB picks up. And you can see just how heavily we've been investing in that business since we formed GRCB in 2006 and since Fritz arrived.

So I think that's the way that we look at the Group. That's the way that we think about relative growth rates. Bob.

Bob Diamond - *Barclays Plc - Group President*

Simon, briefly three things I think are important. Thing one, which we've talked about for a while is that we recognize that in investment banking we're working in an environment where there's going to be more capital, less leverage, in a more integrated regulatory environment.

I think set against that strategically, it's very interesting the two significant things that BarCap did this year; the acquisition of Lehman US and the hiring of 50 M&A bankers from Royal Bank of Scotland focused on the Middle East and Asia.

And both of those were aimed at just what we talk about is layering fee based income and opportunities for an equity business and an advisory business on the existing platform, and extending into the US the kind of depth and breadth we have with clients in Europe. So we see that as being pretty enhancing.

I think the second thing within that strategically is just over the last seven or eight weeks, consolidation has galloped, and if we look at the business that Barclays Capital operates in, there's really four banks in the US now, not 12. And there's only two or three serious competitors internationally. So the consolidation and the strategic positioning through Lehman US and the M&A bankers here has certainly changed the profile of BarCap's return profile I guess I'd say.

And lastly, and a third point again briefly is, if you look at the numbers Chris provided, even in the most difficult environments, and, Simon, this is then absolutely the most difficult environment I can imagine working through, the market share numbers and the revenue performance have picked up very, very strongly, even in these difficult market environments, because of the things that I've said. So I think John and I are pretty confident of the 20% returns through the cycle in the investment banking business, and that's certainly what our goal would be.

Simon Samuels - *Citigroup - Analyst*

Okay, thank you very much.

Operator

Thank you. Our next question comes through from the line of Mike Trippett from Oriel Securities. Please go ahead with your question.

Mike Trippett - *Oriel Securities - Analyst*

John, good morning. I have two or three questions if possible.

John Varley - *Barclays Bank Plc - Group Chief Executive*

We've just lost you. Can you hear us?

Mike Trippett - *Oriel Securities - Analyst*

Yes, can you hear me?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes, we couldn't hear your question, Mike. I can hear you now.

Mike Trippett - *Oriel Securities - Analyst*

Right, sorry, apologies. First question is, could you just enlarge on the comment of mobilizing an additional GBP1.5 billion in equity resources in the balance sheet? If you could just give a bit more detail on what you mean on that.

Secondly, I just wondered, following on from Bob's answer, whether you could give an initial view on the trading outlook as far as Lehman's is concerned; what your initial observations are.

And then just thirdly, if I can add this one on; Santander and its third quarter numbers painted a fairly bleak picture for the domestic Spanish market, and I just wondered if you could enlarge on how you see it. You've said that impairments are up, but I just wonder if you can just talk a little bit more about the Spanish market.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Mike, let's cover those one by one. I'm going to ask Chris first of all to talk about the GBP1.5 billion that you raised. Chris.

Chris Lucas - *Barclays Bank Plc - Group FD*

Mike, there's a number of things that we are working on, some of which are already clear and you know we've been working on them, like the cost reductions associated with offshoring. There is also some cost reduction synergies that we described at the time of the acquisition of the Lehman business, and that will occur through the rest of this year and into next year.

And we're also managing hard the risk-weighted asset side of the balance sheet, and looking at how we can be as effective as possible in the use of risk-weighted assets, and in particular, returns on risk-weighted assets. So the combination of those three activities are what's leading us to that sort of efficiency number.

Mike Trippett - *Oriel Securities - Analyst*

Okay.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Mike, I'm going to ask Rich Ricci who is COO of IBIM, but is also Chief Executive of our Lehman businesses, to comment on the outlook. Rich?

Mike Trippett - *Oriel Securities - Analyst*

Okay.

Rich Ricci

Thanks, John. We're very pleased with what we've purchased is the summary answer. We have 44 Lehman Brothers products we identified that we needed to get up and running, most of which were new to Barclays Capital, and that's occurred. As you would expect, given the way that the larger Lehman Group ran into issues with bankruptcy globally, there have been client issues we've been working out, but we have been delighted with the way the clients have returned. For instance, our volumes in our equity business are 70% of what they were pre the Lehman bankruptcy, and we're seeing that trend across the advisory business and the other businesses as well.

So we're pleased. We're comfortable with where Lehman is going. I can't give you a specific number, but we're certainly pleased actually to better then expectations of what Lehman Brothers will add to Barclays going forward.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Mike, on the last point, on Spain, and Chris might want to add to what I say, just a few points of color I guess. I think it would be true to say that in the developed world to which we have exposure, the Spanish economy is the economy that has decelerated fastest in 2008 and that's, of course, for the reason that we all understand which is the dependency on property and construction. We have -- we've got 500 or 600 branches in Spain. By consequence, we're quite a big player. But we are very selective in the business that we do in the Spanish market.

So to give you an example, if I look at our residential mortgage book, when we last reported on that, the loan to value ratio in the residential mortgage book was about 45%. We have a commercial property book as well, but it's a commercial property book that I think is relatively conservative by the standards of the market rather as -- in other words reflecting the position that we've adopted here in the UK too.

You would have seen in the GRCB Western European numbers in the first half of the year that there was some, if I can put it this way, outperformance of the actual impairment versus risk tendency in the first half. And that was some increase in impairment somewhat beyond expectation during the first half that we were seeing. And I guess that's just a reflection of how the Spanish economy has performed so far in 2008.

Let me just see whether Chris wants to add anything.

Chris Lucas - *Barclays Bank Plc - Group FD*

I would just add a couple of things, Mike. If you look at the data from the Spanish housing ministry, they do indeed show a reduction in overall property values, but a very broad distribution so there is a very different series of factors impacting the urban areas from the coastal plain. So the positioning of where the bulk of the portfolio is, is important.

Having said that, the data we see in terms of early and late stage delinquency in the retail business and the early warning lists are increasing considerably over time. That is what I'd expect at this stage in the cycle. So I'm not seeing anything that surprises me.

Mike Trippett - *Oriel Securities - Analyst*

Okay, thank you very much.

Operator

Thank you. Our next question comes through from the line of Asheefa Sarangi from Societe Generale. Please go ahead with your question.

Asheefa Sarangi - *Societe Generale - Analyst*

The first relates to the commissions of 2% and 4% there being paid to Qatar Holding, Chandra, etc. I was just wondering if you could provide a bit more detail on that because I don't see why they'd be involved in terms of getting permission for taking up the agreements that they've agreed to subscribe to.

And in addition -- sorry, my second question --

John Varley - *Barclays Bank Plc - Group Chief Executive*

I'll tell you what, can I just ask you -- I'm sorry, we're having difficulty hearing your question. Would you mind just repeating that first question again, and then we'll answer that, and then if you've got a second then we'll try and answer that too.

Asheefa Sarangi - *Societe Generale - Analyst*

Hi. Can you hear me now?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes, that's much better. Thank you.

Asheefa Sarangi - *Societe Generale - Analyst*

Okay, sorry. My first question had to do with the commissions that are being paid to Qatar Holding, Chandra, etc., on the amount of [MCNs] and (inaudible) that they subscribe to.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes.

Asheefa Sarangi - *Societe Generale - Analyst*

If you could just comment a bit on --

John Varley - *Barclays Bank Plc - Group Chief Executive*

Well, we've set out details of the commissions as you've seen in the announcement, but Chris will -- Chris will just add --

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Chris Lucas - *Barclays Bank Plc - Group FD*

I think we wanted to pay at rates that were at least in line with, or close to being in line wit, what we saw in the market. But I think what was really important to us was to be able to ensure that we were able to approach this capital raising with certainty of funds. And part of that obviously is linked to the sorts of rates that we pay. When I look at the package together in terms of the amount that was committed, I think the rates were reasonable.

Asheefa Sarangi - *Societe Generale - Analyst*

Okay. And then my second question has to do with the expansion of the equities business outside of North America, because I know you mentioned the hiring of [Steve Ankers] from Royal Bank of Scotland, but you've made some other moves in Japan and in Israel, etc.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes.

Asheefa Sarangi - *Societe Generale - Analyst*

So if you could comment on your expansion plans, both in Europe and Asia.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes, sure. I'll ask Bob to comment.

Bob Diamond - *Barclays Plc - Group President*

Yes. It's a very good question. By the purchase of Lehman US, we have a top three US equities business. BarCap had the beginnings, certainly strength and equity derivatives and electronic execution and structured products in Europe and Asia, but we're enhancing that to fill out the cash equities business around the globe. In that regard, we've hired 80 to 100 cash equities professionals in Tokyo; they were former Lehman employees so they were part of the original global team. As you've seen, we've hired the Lehman team in Israel, which is a full M&A equity origination team. And we're progressing, not quite as quickly as we are in Tokyo, in Europe as well. So the plan is to have a full global cash equity business over the reasonably near term.

Asheefa Sarangi - *Societe Generale - Analyst*

Thank you.

Operator

Thank you. Our next question comes through from the line of Ian Smillie from RBS. Please go ahead with your question.

Ian Smillie - *RBS - Analyst*

Good morning. Three questions, please.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Hello, Ian.

Ian Smillie - *RBS - Analyst*

Morning. The first one is, in the spirit of what the FSA and the Bank of England has tried to do in terms of calculating the cumulative losses that could come through from each of the UK banks over the next two or three years if we were to have a peak cycle bad debt experience and also marking-to-market debt portfolios to market prices rather than the best estimate of [MPVs], could you give us some sense as to what that number would be for you, please?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Well, I'll ask Chris -- we can comment at the general level, Ian, but not at the specific numerical level because we have, along with the other banks, given an undertaking to the FSA that the specific numerical level of the stress tests, that's information that is private between the FSA and the individual banks. But we'll try and help. Chris?

Chris Lucas - *Barclays Bank Plc - Group FD*

And Ian, you've described the process we went through in terms of calculating the stress test well. I think the best help I can give you is to say if you look at the capital plans that we've got agreed, you start to get a flavor for the amounts of capital that was needed to get to the levels that we agreed with the FSA, and that was driven by three numbers that they looked at; one, the Tier 1 ratio; one, the equity Tier 1; and one, the equity Tier 1 on a stress basis, which was taking account of the things that you've just described. And it was being able to meet those targets for each of those three that led us to the plans that we agreed with the FSA.

John Varley - *Barclays Bank Plc - Group Chief Executive*

And that's really just a consequence, Ian, of the risk stance that we have. So if you look at the retail and commercial banking books in the United Kingdom, you know that we have consciously taken quite a conservative approach to residential mortgage exposure, to property and construction exposure in the United Kingdom, to the nature of credit card risk that we want to take and so on.

Ian Smillie - *RBS - Analyst*

Thank you. And just the second question follows up from that. Can you give us some sense as to what that stress equity Tier 1 ratio would be so that we can perform the same analysis for ourselves?

John Varley - *Barclays Bank Plc - Group Chief Executive*

I'm afraid, Ian, as much as I'd like to, that was one of the numbers that specifically the FSA have asked that we don't disclose. That's in line with their traditional request not to have individual banks naming individual ratios. So I'm afraid as a result of that I'm going to pass on that question.

Ian Smillie - *RBS - Analyst*

But I guess you would encourage us to think that that number would be a higher number than where your equity Tier 1 ratio started from going in to all of this cycle?

John Varley - *Barclays Bank Plc - Group Chief Executive*

I think in terms of going into the cycle, that would be probably be right given that we've produced a capital plan that includes equity Tier 1 issuance. I think that's a fair assumption.

Ian Smillie - *RBS - Analyst*

Thank you. And the third point is, could you comment on your deposit flow performance, both in GRCB and in Barclays Capital, because we noticed that you are consistently paying slightly higher than most of the other UK banks in the LIBOR rate, and I'm keen to tie that together with how your deposit flows are coming through.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Ian, on the flow, I'll ask Chris to comment, and then on the rate I'm just going to ask Bob to comment.

Chris Lucas - *Barclays Bank Plc - Group FD*

In terms, Ian -- you know our overall approach, which is to run a self-funded retail and commercial banking business, and how we've traditionally had a slightly long liability position, there is still a long liability position; that's what we tried to do. It varies depending on, amongst other things, where you are in the year and different customers' requirements. But our overall approach is to have a self-funded retail and commercial business, which is what we intend to do. The wholesale funding business -- the wholesale business self-funds itself and, therefore, is dependent upon the flows that you see across the businesses.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Bob, on rate.

Bob Diamond - *Barclays Plc - Group President*

Yes. I don't know what you would be looking at to come to that conclusion, but we're categorically not paying higher rates in any currency. We're seeing increased flows of deposits and we benefit in times of turmoil, so we post where we're transacting, and it's clearly not at high levels.

Ian Smillie - *RBS - Analyst*

Thanks. Just to answer that question, we're looking at the sterling three month LIBOR rates which are about 30 bps higher than, let's say, HSBC at the other end of the spectrum. But I understand that that's not the only rate that's out there. That's the one that we were looking at. That's great. Thanks, gents.

Operator

Thank you. Our next question comes through from the line of Tim Sykes from Execution. Please go ahead with your question.

Tim Sykes - *Execution - Analyst*

Thanks, gentlemen.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Hello, Tim.

Tim Sykes - *Execution - Analyst*

Hi, good morning. My questions are pretty much covered but while I've got you, and since I'm not going to speak with you for a while, could you just us, John, your sense of the outlook for the UK economy over the next 12 months or so, please?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes, Tim. We said at the half year that we saw pretty much no growth over the following 12 to 18 months. We gave some views then about what we expected to see in terms of fall in the value of residential property here in the United Kingdom. I would say that since that time, I don't know whether that would be your view, but since that time we reported in early August the general view has got somewhat more conservative. I think that we would be moving in line with that.

And what I would say is that for all the fact that the environment here will be quite difficult, you shouldn't be, and I hope we're not, supine about that. In other words, you can prepare for that in the way in which you manage your risk, and you can diversify your business risk to ensure that you can mitigate the impacts of the slowdown. And at the micro level in the UK we've been doing that, and at the macro level Barclays Group-wide we've been doing that.

But I think it's right for us to have a pretty conservative approach to the performance of the UK economy between now and the end of 2009, and that absolutely informs the structure of our major books of assets in the United Kingdom which I say is designed to be conservative.

Tim Sykes - *Execution - Analyst*

Okay, thank you. That's helpful. Thanks, John.

Operator

Thank you. Our next question comes through from the line of Manus Costello from Merrill Lynch. Please go ahead with your question.

Manus Costello - *Merrill Lynch - Analyst*

Good morning, everyone. I had three specific questions, please. Firstly, on the capital discussion and the capital targets you've given, do you have any indication of what you think the Basel changes to trading risk-weighted assets might mean for Barclays? Because yesterday we got a fairly big number out of Deutsche Bank saying they thought there could be an incremental EUR50 billion of risk-weighted assets. I wondered if you had any indication of what the impact might be on you.

Secondly, I wondered if --

John Varley - *Barclays Bank Plc - Group Chief Executive*

I'll tell you what, would you mind if we take them one by one, and then we can remember what the questions are?

Manus Costello - *Merrill Lynch - Analyst*

Okay.

Chris Lucas - *Barclays Bank Plc - Group FD*

And Mike, it's early days. We're looking at a range of different outcomes because, as you know, the rules are still variable around particularly the credit traded assets. So depending on where you are in terms of the gradings, you get to some fairly different answers. Until we're able to understand them better I think any of the numbers you hear are at best sort of relatively well informed guesses, and I'm not sure I subscribe to that level of growth from what we see.

Manus Costello - *Merrill Lynch - Analyst*

So you don't think the Deutsche number will be a relevant lead across for you at this stage?

Chris Lucas - *Barclays Bank Plc - Group FD*

I don't know how the Deutsche number was put together, but I come back to the point, there's a lot of debate at the moment about what will be the changes, and I think until those are clearer, it's quite hard to come to a definitive view.

Manus Costello - *Merrill Lynch - Analyst*

Okay, fair enough. My second question was about the reclassification of assets which some banks have been doing during the course of the second half of this year. I wondered if you've had any reclassifications on trading book.

Chris Lucas - *Barclays Bank Plc - Group FD*

No.

Manus Costello - *Merrill Lynch - Analyst*

None at all?

Chris Lucas - *Barclays Bank Plc - Group FD*

No, none at all. I'm sorry, I tried to make that clear, but we've had none at all and we've not taken up the option that was available in the revised international accounting standards 39.

Manus Costello - *Merrill Lynch - Analyst*

Okay, thank you. And lastly, I wondered if you could give us a quick update on equity derivatives performance, particularly during October, because it's obviously been a somewhat tricky month.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Well, we're trying to give fairly full disclosure this morning on our performance year-to-date, and so to give you a specific answer to a specific asset class in the month of October goes beyond the level of disclosure that is normal at this time of the year for us. But I will ask Rich just to give you -- to try to give you a bit of color that may be helpful.

Manus Costello - *Merrill Lynch - Analyst*

Thank you.

Rich Ricci

As you know, it's been very, very difficult markets. We're not immune to that. We've been trading okay in choppy conditions. I don't think I can say any more than that, but there's nothing of scale in there that would concern me.

Manus Costello - *Merrill Lynch - Analyst*

Okay, that's great. Thank you.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Thanks, Rich.

Operator

Thank you. The next question we have is from the line of John Kirk from Redburn. Please go ahead with your question.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Morning, John.

John Kirk - *Redburn - Analyst*

Morning, everyone. Very quick and simple question, hopefully. If you take out the Lehman Brothers gain, and also if you take out the gain on fair value of own debt, would the Group profit for the nine months have been down? And if it was, could you give us a rough indication of whether it's materially down or whatever?

John Varley - *Barclays Bank Plc - Group Chief Executive*

I'll ask Chris to comment.

John Kirk - *Redburn - Analyst*

Thanks.

Chris Lucas - *Barclays Bank Plc - Group FD*

I think just taking those two items out is only part of the story. There was a series of other items that we took in the third quarter and we referred to you the write-down. Some of that was informed by what was happening in the markets, and some of it was informed by capacity. I don't look at it that it would have been down if we had stripped out those big one-off items. In fact, we said excluding those, the underlying trading performance at Barclays Capital was up, and it would have been up across the Group as well.

John Varley - *Barclays Bank Plc - Group Chief Executive*

And I think, John, maybe quite a -- we're trying to be helpful in giving you a steer about the income performance of the Group during the first nine months of the year, because to me, that is the most relevant to how well we're managing in tough environments. I hope you saw in the first half that the costs were well under control. And you saw in the first half, as you know, income in Barclays at the same level as the first half of 2007, and the first of 2007 was a record income half for us. And that income performance continues to be -- really lie at the heart of our ability to withstand the turbulence in the market.

John Kirk - *Redburn - Analyst*

Okay. Just to press you on that, though. I know that you've given the description of how the profits moved excluding those items, but obviously in October, that fair value gain has reversed, and I imagine that the write-downs have not reversed. So I think it's reasonable to X out those fair value gains. And I think it's also reasonable to X out the Lehman Brothers gain because, obviously, that is very much one-off in nature.

So would the profits of the Group have been down notwithstanding all the things you said about costs and so on; would the profits of the Group have been down?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Well, John. I know what you're wanting to do is to get us to give you a precise number for September, and then another precise number for October, and I hope you feel that in the round we've given pretty full disclosure. We've drawn your attention to what we think of as the lumpy one-offs. We've tried to give you a pretty clear read of what the underlying performance of the Group is, and to go further would be to depart from the precedent of these trading statements. And the disclosure of the trading statements has, as you know, become a lot fuller over the course of the last 12 months or so.

John Kirk - *Redburn - Analyst*

Okay, I tried. Thanks very much.

Operator

Thank you. Although we have more questions queued, the last question we have time for comes through from the line of Mr. Tom Rayner from Citigroup. Please go ahead with your question.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Very good. Hello, Tom.

Tom Rayner - *Citigroup - Analyst*

Good morning. Good morning, John. Good morning, Bob. Just wanted to go back really to a question very early on on your view of government involvement because clearly the RCIs are a little bit more expensive, as Chris set out. The actual equity looks like it's being issued as well at a bigger discount, whether to last price or to book value than some of the other UK banks are actually issuing potentially to the government.

So I guess the answer is that you really believe that trying to avoid any political interference in the decision making process is well worth the extra cost possibly of the capital raising. And what I really wanted to ask you was, if all the warrants are converted, you're going to have a very significant strategic shareholding in the form of sovereign wealth funds, and do you think that that in any way is going to impinge on your ability to make the decisions that you might have made making alternative decisions because of that very large shareholding. If you could comment on all of that, that would be great.

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes, well, Tom, let me have a go. Chris may well want to add. What I would say is this, that on your second point, it's important that we are careful and wise in our choices as we develop the share register. And it isn't coincidence that brings these new names onto our register over the course of the last 18 months. It is choice and selection and relationship. And, therefore, let me put it in a sense more starkly. If we felt that there was some significant mismatch in business language between the business language that informs how Barclays runs the Group and strategy, and the views and language of our strategic investors, they wouldn't be on the register. And that is a really vital ingredient, I would say pre-condition to our coming to a view as to how we develop the register through time. So I think you can take it as a given that there would be a very cohesive and synonymous view about strategic direction with each of our strategic shareholders. That would be the first thing to say.

On the point about the structure and the cost, what we're seeking to do in the capital raising that we've announced today is to balance a number of things. And it's very clear to us that there are trade-offs here. I'm not going to comment about what the government's done with other UK banks, but there are clearly trade-offs. And it seems to us that our magnetic north when we look at this subject is how can we manage the Group in such a way as maximized value for shareholders. And certainly an ingredient in that view, and an ingredient in our ability to run Barclays in pursuit of that goal is having complete flexibility around strategic and operational independence. That's an important ingredient.

So that is a way in a round that I would answer your question.

Tom Rayner - *Citigroup - Analyst*

Sorry to cut across you. Do you think though you'll still retain that even though you won't have a direct government holding in Barclays?

John Varley - *Barclays Bank Plc - Group Chief Executive*

Yes, we do; we do think that. And Marcus is just going to add.

Marcus Agius - *Barclays Plc - Chairman*

Yes, if I can come in here. Obviously, this is something that was debated very, very carefully by the Board. and I would say just in parenthesis that throughout the last months and going through all the various things that have been going on, the level of Board activity has been much higher than usual. We've met many times on exceptional bases between regular Board meetings. And one of the things we've considered is exactly the question you've asked; the extent of which we believe we will continue to be able to exercise certain self-determination over our destiny. And we are satisfied that we will.

John Varley - *Barclays Bank Plc - Group Chief Executive*

And with that, thank you very much, everybody, for being on. We're available to you in the usual way, but we're very grateful to you for being with us this morning at short notice. Thank you.

Operator

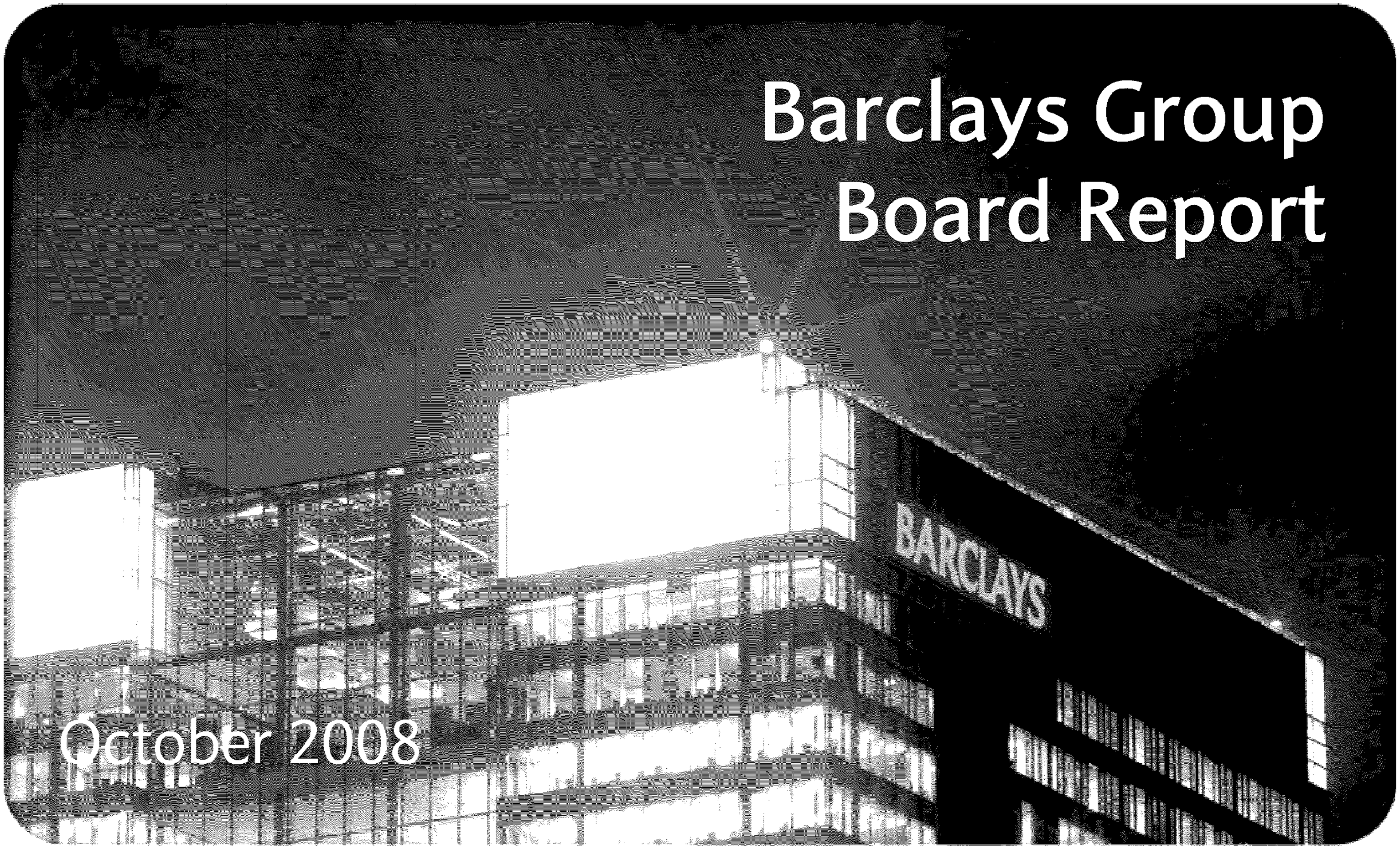
Thank you. That concludes today's conference call. You may now replace your handsets.

EXHIBIT B

FILED UNDER SEAL PURSUANT TO THE STIPULATION AND PROTECTIVE ORDER DATED FEBRUARY 3, 2015, DOCKET NO. 98

Barclays Group
Board Report

October 2008



BARCLAYS

Contents

October Business Performance

Results for October

The result for October was a loss of £337m, £955m adverse to STP and down £652m (207%) on the prior year. The material items in the month were:

- £1,173m own credit income reversal in Barclays Capital;
- £195m one –off income on the Visa IPO split evenly across Barclaycard, GRCB Western Europe and GRCB Emerging Markets;
- £330m gain on the completion of the sale of the closed life business in Barclays Wealth;
- £48m gain (negative goodwill) on the purchase of an Italian residential mortgage business from Macquarie Bank Limited.

Adjusting for these amounts the underlying result for the month is a profit of £263m.

The significant components of PBT in the month were:

- **Income** of £853m, down £1,345m on STP and down £927m (52%) on the prior year. Net of own credit and the Visa IPO, Income was £1,831m, £367m behind STP. Barclaycard, Western Europe and Emerging Markets all had a good month and were ahead of STP. UK Retail had its strongest income month so far in 2008 but these positive results were offset by a weaker month for income in Barclays Capital arising from adverse trading conditions
- **Impairment** of £431m is £189m adverse to STP, £350m (45%) lower than the prior year but £12m higher than the YTD run rate. Spain, South Africa and Barclays Capital were the main contributors although Barclays Capital impairment charge in the month of £124m compares well to £306m in September and £619m in October 2007
- **Expenses** of £1,088m are £245m favourable to STP but £386m (55%) up on the prior year in part driven by a full month of Lehman expenses. The variance to STP being driven by reduced compensation costs in Barclays Capital and BGI reflecting lower income levels and the negative goodwill arising on the Macquarie deal

Results Year to Date

Year to date PBT of £5,258m is £1,069m adverse to STP and down £536m (9%) on the prior year.

- **Total income** of £19,683m including £777m of own credit gains, is £1,504m adverse to STP but up £744m (4%) on the prior year
- **Impairment** charges of £4,193m are £2,020m adverse to STP. Impairment is up £1,919m (84%) on the prior year, reflecting increases in credit market write downs in Barclays Capital of £1,225m and, £647m of impairment in GRCB arising in particular in Spain and South Africa
- **Expenses** of £12,090m are £587m favourable to STP but up £1,173m (11%) on the prior year reflecting increased levels of investment in GRCB in international expansion partially offset by reduced performance related costs in IBIM. The cost: income ratio has deteriorated 4% over the prior year
- **Economic Profit** and **EPS** for the year to date are £1,187m and 49.3p respectively being £520m and 10.9p adverse to STP respectively. Economic Profit is down £693m (37%) on prior year whilst EPS is down 14%
- **Permanent and Fixed Term contract staff** decreased by 750 in the month due to Barclays Capital reducing FTE by over 1,400 realising some of Lehman acquisition synergies

October Business Performance

Balance Sheet

Total balance sheet at 31.10.08 was £1,911bn, an increase of £684bn or 56% since 31.12.07. In October the balance sheet increased by £171bn (9%) on September with the main driver being an increase in derivative balances in Barclays Capital. The increase on 31.12.07 is mainly due to Barclays Capital again with an increase of £654bn.

The largest increases arising from:

- Derivative financial instruments (£353bn), mostly reflecting a grossing up of the balance sheet
- Loan Balances (£160bn) which included £98bn (31.12.07: £23bn) of settlement balances and £72bn (31.12.07: £24bn) of cash collateral balances
- Reverse repurchase transactions, which decreased at the year end (£108bn) and Trading Portfolio assets (£30bn)

In GRCB:

- UK Retail Banking has shown strong asset growth particularly in Home Finance where balances have grown by £12bn (17%) since 31.12.07
- Barclays Commercial Bank assets have grown by £9bn (13%) reflecting continued growth in term loans
- Brisk asset growth has been seen in GRCB Western Europe and GRCB Emerging Markets due to increased customer recruitment, expansion in the distribution network and development of the franchise
- In Barclaycard, consumer balances have grown strongly driven by the acquisition of the Goldfish brand and expansion internationally particularly in the US

Capital Update

Based on early estimates Basel II RWA's at 31.10.08 are £439bn which represents an increase of £85bn (24%) on 31.12.07.

The latest available capital ratios on a Basel II basis are for September 2008. These show a tier 1 ratio of 8.2% and an equity tier 1 ratio of 5.7% reflecting an increase of 12% in RWAs. On a FSA basis, the core equity tier 1 ratio is approximately 4.3% as at September reflecting severe portfolio stress.

As you are aware following discussions with the FSA the Group has announced a capital raising in the form of £3bn of reserve capital instruments, with an associated issue of warrants, and £4.05bn of Mandatorily Convertible Notes, of which £1.25bn was issued to institutional shareholders. This is of course subject the EGM on 24th November.

Revised Annual Forecast (RAF) and Consensus estimates for 2008

The latest RAF shows a PBT of £6,574m which includes a net impact of the Lehman acquisition of £825m and own credit gains of £1,000m. This amounts to a £168m reduction on the Quarter 3 RAF due to a £157m reduction in GRCB and a £12m decrease in Head Office. The IBIM PBT RAF is unchanged.

Current consensus estimate for 2008 PBT is £5,786m which is not materially different from the post interim results consensus of £5,813m; however consensus is not currently updated for the Lehman transaction or the associated capital raisings.

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October Business Performance - Business Results

GRCB October PBT of £537m is £166m favourable to STP driven by the Visa IPO gains of £195m and £48m gain on the Macquarie deal partially offset by higher impairment in Barclays Commercial Bank, GRCB Western Europe and Absa. PBT for the month is £205m (62%) up on October 2007 due to good income growth offset by increased impairment and expenses. YTD PBT of £3,645m is £25m favourable to STP and £350m (11%) up on the prior year

UK Retail Banking: October income of £397m was the highest in the last year. Favourable trends in Consumer Loans, Home Finance and Creditor Insurance were offset by Barclays Financial Planning, Savings and Local Business. Expenses are £6m favourable to STP driven by a share based payment credit and lower staff costs.

Barclays Commercial Bank: PBT is £13m adverse to STP for the month due to the continued impact of market conditions on income and impairment which includes a £14m charge for Buckingham Bingo. Expenses are broadly in line with STP and RAF

Barclaycard: October PBT is £56m favourable to STP mainly due VISA IPO gains of £65m. Excluding the impact of Goldfish which broke even in the month, income is £13m favourable to STP due to Barclaycard US offset by adverse performance in FirstPlus. Impairment ex Goldfish is £7m adverse to STP with favourable performance in UK cards offset by Barclaycard US and Absa Cards. Expenses are £16m adverse to STP (ex Goldfish) driven by volume growth in US and FX impact

Western Europe: PBT for the month is £76m favourable to STP driven by Visa IPO gains of £65m and the £48m of negative goodwill arising on Macquarie. Underlying performance reflects the impact of the stronger Euro and increasing impairment particularly in Spain in the property and construction sector which includes one large case in the month, Project Malaga, amounting to 25m Euro and in credit cards

Emerging Markets: PBT is £57m favourable to STP for the month driven by the £65m share of the Visa IPO gains. Excluding this PBT is £8m adverse to STP, driven mainly by expenses, including a catch up on branch costs, the impact of FX movements and £4m of expenses relating to Russia

Absa: PBT for the month is £34m adverse to STP. Income is impacted by negative mark-to-market movements, higher cost of funds, and an adverse F/X impact due to depreciation in the Rand. The deteriorating economic environment continues to impact impairment

IB&IM produced a loss for the month of £804m which is £1,093m adverse to STP and £768m worse than the loss of £36m for October 2007 with Barclays Capital the main driver due the £1,173m own credit reversal in month partly offset by the £330m gain on the sale of the closed life business. YTD PBT of £2,347m is £863m adverse to STP and £417m (15%) down on the prior year

Barclays Capital: The reversal of own credit gains in October, together with costs associated with integrating Lehman's, results in a loss of £1,238m in the month, although underlying performance was profitable in the month. The continuation of difficult market conditions impacted Fixed Income and Commodities trading heavily, although Foreign Exchange, Principal Credit and Prime Services all experienced a record month. October income at £341m before own credit was £132m ahead of prior year. Impairment reduced in the month to £124m. Expenses remained tightly managed

BGI: PBT is £17m favourable to STP driven by expenses which are £53m favourable due to reduced performance compensation offset by liquidity support charges of £10m. Income is £37m adverse to STP due to negative return from proprietary investments, lower management and incentive fees offset by increase in securities lending income

Barclays Wealth: October includes the gain on the sale of the closed life business of £330m. Excluding this gain, the adverse variance to STP is primarily driven by reduced income relating to the ongoing challenging market conditions partially offset by actions taken to reduce expense levels in the light of lower income levels

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Group Trading Performance

Published Income Statement (£m)

	Actual Trend		Month			YTD			FY RAF			Run Rates			
	Aug	Sep	Actual	STP F / (A)	PY F / (A)	Actual	STP F / (A)	PY F / (A)	FY 2008 RAF	STP F / (A)	PY F / (A)	Avg YTD	Implied to FY RAF	Underlying YTD	Underlying implied to FY RAF
Total income	2,125	2,913	853	(1,345)	(52%)	19,683	(1,504)	4%	24,623	(1,118)	7%	1,968	2,470	1,837	2,092
Impairment	(363)	(585)	(431)	(189)	45%	(4,193)	(2,020)	(84%)	(4,904)	(2.237)	(75%)	(419)	(356)	(413)	(344)
Net income	1,762	2,328	422	(1,534)	(58%)	15,490	(3,524)	(7%)	19,719	(3,355)	(2%)	1,549	2,114	1,424	1,749
Operating expenses	(1,279)	(1,797)	(1,088)	245	(55%)	(12,090)	587	(11%)	(14,998)	332	(14%)	(1,209)	(1,454)	(1,181)	(1,018)
JVs and associates	0	5	329	334	>299%	358	369	>299%	353	343	>299%	36	(2)	3	5
Gain on Lehmans acquisition	-	1,500	-	-	n/m	1,500	1,500	n/m	1,500	1,500	n/m	150	-	-	-
Profit Before Tax	483	2,035	(337)	(955)	(207%)	5,258	(1,069)	(9%)	6,574	(1,180)	(7%)	526	658	246	735
Economic Profit	53	1,566	(738)	(779)	<(299%)	1,187	(520)	(37%)	1,600	(553)	(30%)	119	206		
Basic earnings per ordinary share						49.3	(10.9)	(14%)	57.8	(16.5)	(16%)				
Risk Weighted Assets															
Basel II *	372,308	397,949	439,220	(65,042)	n/m	439,220	(65.042)	n/m	393,454	(17,171)	(11%)				
Headcount (FTE)															
Permanent & Fixed term contract staf	151,165	162,309	161,567	(1,173)	(22%)	161,567	(1,173)	(22%)	169,083	(6.509)	(25%)				
Agency staff	48,440	43,948	38,145	12,931	(63%)	38,145	12,931	(63%)	50,691	1,373	(27%)				
Efficiency Metrics															
Cost:income ratio	60%	62%	128%	(67%)	(88%)	61%	(2%)	(4%)	61%	(1%)	(4%)				
Cost:net income ratio	73%	77%	258%	(190%)	(187%)	78%	(11%)	(13%)	76%	(10%)	(11%)				
Capital Metrics															
RoE (inc goodwill)						16.0%	(2.6%)	(4.2%)	16.6%	(2.5%)	(3.8%)				
Own Credit															
Net Gains/Losses on Own Credit incl.	103	913	(1,173)	17	1	777	167	1	1,000	1.200	52%				

* October Basel II figures are not yet finalised

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Group Balance Sheet

	2007 Actual				2008 Actual			
Assets (£bn)	Mar 2007	Jun 2007	Sep 2007	Dec 2007	Aug 2008	Sep 2008	Oct 2008	% Var on Dec-07
UK Home finance	63.5	65.0	66.6	69.8	79.7	80.5	81.4	17%
UK Retail loans	12.6	12.6	12.2	12.2	12.1	12.2	12.3	1%
Barclays Commercial Bank loans	58.1	61.6	62.1	72.2	80.2	80.3	81.5	13%
Western Europe loans to customers	27.6	29.1	31.4	34.2	42.8	42.6	43.9	28%
Emerging Markets loans to customers	2.9	3.4	3.9	5.1	8.3	8.7	9.5	86%
GRCB Absa loans to customers	24.1	25.4	26.9	29.9	31.9	30.7	28.1	(6%)
Barclaycard cards	7.5	7.6	7.7	7.9	9.7	9.7	9.7	23%
Barclaycard loans	4.5	4.5	4.4	4.5	4.6	4.6	4.6	2%
Barclaycard International & Business	6.5	6.7	7.3	7.3	9.7	10.1	11.1	52%
Barclays Capital trading portfolio assets	210.8	216.8	207.6	193.4	222.7	253.7	223.8	16%
Barclays Capital derivative financial instruments	141.3	174.0	195.6	247.5	399.3	422.0	600.2	143%
Barclays Capital financial investments	41.3	36.6	39.9	30.7	33.0	33.6	40.8	33%
Barclays Capital loans	126.8	136.6	164.8	135.6	182.2	260.0	295.6	118%
Barclays Capital reverse repos	276.6	190.4	288.2	182.9	265.5	312.0	291.2	59%
Barclays Capital other assets	38.3	41.9	44.3	49.7	39.6	48.6	42.0	(15%)
Barclays Wealth loans to customers	6.5	7.1	8.7	9.0	9.8	10.1	10.5	17%
BGI other assets	80.3	88.8	86.8	87.3	78.4	70.3	64.8	(26%)
Goodwill	6.2	6.6	6.7	7.0	7.5	7.4	7.4	6%
Other assets	43.4	43.6	45.8	41.2	45.9	43.1	52.6	28%
Total assets	**1,178.8**	**1,158.3**	**1,310.9**	**1,227.4**	**1,562.9**	**1,740.3**	**1,911.0**	**56%**

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Group Balance Sheet

Liabilities (£bn)	2007 Actual Mar 2007	Jun 2007	Sep 2007	Dec 2007	2008 Actual Aug 2008	Sep 2008	Oct 2008	% Var on Dec-07
UK Retail current & savings accounts	71.2	73.1	74.2	74.9	75.7	76.9	78.4	5%
UK Retail small business deposits	11.7	11.4	11.9	12.2	11.2	11.5	11.4	(7%)
Barclays Commercial Bank deposits	60.7	62.6	61.3	63.3	63.5	63.9	62.8	(1%)
Western Europe customer deposits	6.8	7.7	7.9	9.4	12.0	12.2	12.1	29%
Emerging Markets customer deposits	4.4	4.8	5.2	6.2	8.5	8.5	9.0	45%
GRCB Absa customer deposits	11.3	12.2	13.0	13.0	15.7	15.1	14.2	9%
Barclays Capital trading portfolio liabilities	82.6	78.8	76.0	64.5	64.8	72.9	68.4	6%
Barclays Capital derivative financial instruments	144.2	177.3	198.4	247.7	394.2	417.4	583.3	135%
Barclays Capital interbank deposits & debt securities in issue	189.9	167.8	174.8	169.3	172.0	205.1	223.9	32%
Barclays Capital repos	249.5	179.5	275.2	167.1	316.6	393.8	358.3	114%
Barclays Capital other liabilities	141.2	159.8	180.6	165.1	191.4	236.6	247.2	50%
Barclays Wealth customer deposits	30.4	30.9	33.3	34.4	38.0	38.1	38.6	12%
BGI other liabilities	79.8	88.5	86.7	87.0	79.0	71.0	65.6	(25%)
Other liabilities	52.4	60.1	64.5	62.7	59.7	54.2	72.6	16%
Loan capital	13.9	15.1	15.7	18.1	23.0	21.8	25.2	39%
Shareholders' funds	21.1	21.0	23.7	23.3	27.0	30.5	29.1	25%
Minority interests	7.7	7.7	8.5	9.2	10.7	10.8	10.9	18%
Total liabilities & shareholders' funds	**1,178.8**	**1,158.3**	**1,310.9**	**1,227.4**	**1,562.9**	**1,740.3**	**1,911.0**	**56%**

	Mar 2007	Jun 2007	Sep 2007	Dec 2007	Aug 2008	Sep 2008	Oct 2008	% Var on Dec-07
Risk Weighted Assets - Basel II *				353.9	372.3	397.9	439.2	(24%)
Average Economic Capital	17.9	18.1	18.3	19.1	21.4	21.9	23.2	(21%)
Metrics - Basel II *								
Equity ratio %				5.1%	5.5%	5.7%	nca	
Tier 1 ratio %				7.6%	8.2%	8.2%	nca	
Group risk asset ratio %				11.2%	12.6%	12.4%	nca	

* October Basel II figures not yet finalised

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October Month Business Performance (£m)

UKRB	Oct 08	F/(A) to STP	F/(A) to PY
Income	397	7	4%
Impairment	(47)	9	(1%)
Costs	(214)	6	8%
JVs & Assoc	-	-	n/m
PBT	**136**	**22**	**29%**

BCB	Oct 08	F/(A) to STP	F/(A) to PY
Income	234	(6)	10%
Impairment	(41)	(8)	(34%)
Costs	(94)	1	(14%)
JVs & Assoc	0	0	(21%)
PBT	**99**	**(13)**	**(0%)**

GRCB WE	Oct 08	F/(A) to STP	F/(A) to PY
Income	186	79	118%
Impairment	(53)	(41)	<(299%)
Costs	(38)	38	43%
JVs & Assoc	-	-	n/m
PBT	**96**	**76**	**>299%**

GRCB Centre	Oct 08	F/(A) to STP	F/(A) to PY
Income	0	1	>299%
Impairment	-	-	n/m
Costs	0	1	>299%
JVs & Assoc	-	-	n/m
PBT	**0**	**2**	**>299%**

GRCB	Oct 08	F/(A) to STP	F/(A) to PY
Income	1,490	241	32%
Impairment	(293)	(75)	(78%)
Costs	(659)	(0)	(4%)
JVs & Assoc	(1)	(1)	<(299%)
PBT	537	166	62%

Barclaycard	Oct 08	F/(A) to STP	F/(A) to PY
Income	342	94	62%
Impairment	(100)	(14)	(56%)
Costs	(126)	(24)	(36%)
JVs & Assoc	(1)	(0)	<(299%)
PBT	**115**	**56**	**111%**

GRCB EM	Oct 08	F/(A) to STP	F/(A) to PY
Income	164	91	192%
Impairment	(18)	(6)	<(299%)
Costs	(75)	(27)	(66%)
JVs & Assoc	(0)	(0)	n/m
PBT	**70**	**57**	**>299%**

GRCB ABSA	Oct 08	F/(A) to STP	F/(A) to PY
Income	167	(24)	(7%)
Impairment	(34)	(15)	(206%)
Costs	(111)	6	2%
JVs & Assoc	(0)	(1)	(104%)
PBT	**22**	**(34)**	**(61%)**

HO & Other	Oct 08	F/(A) to STP	F/(A) to PY
Income	(46)	(43)	(6%)
Impairment	(9)	(9)	<(299%)
Costs	(14)	18	(124%)
JVs & Assoc	-	6	100%
PBT	**(70)**	**(27)**	**<(299%)**

Group	Oct 08	F/(A) to STP	F/(A) to PY
Income	853	(1,345)	(52%)
Impairment	(431)	(189)	45%
Costs	(1,088)	245	(55%)
JVs & Assoc	329	334	>299%
PBT	**(337)**	**(955)**	**(207%)**

IB&IM	Oct 08	F/(A) to STP	F/(A) to PY
Income	(591)	(1,543)	(185%)
Impairment	(129)	(105)	79%
Costs	(415)	227	(221%)
JVs & Assoc	330	328	>299%
PBT	(804)	(1,093)	<(299%)

BarCap	Oct 08	F/(A) to STP	F/(A) to PY
Income	(832)	(1,490)	(298%)
Impairment	(124)	(101)	80%
Costs	(282)	158	<(299%)
JVs & Assoc	-	(2)	(100%)
PBT	**(1,238)**	**(1,434)**	**<(299%)**

BGI	Oct 08	F/(A) to STP	F/(A) to PY
Income	133	(37)	(19%)
Impairment	-	-	n/m
Costs	(54)	53	46%
JVs & Assoc	-	-	n/m
PBT	**79**	**17**	**21%**

Wealth	Oct 08	F/(A) to STP	F/(A) to PY
Income	109	(17)	(1%)
Impairment	(5)	(5)	<(299%)
Costs	(79)	16	8%
JVs & Assoc	330	330	n/m
PBT	**355**	**324**	**>299%**

October YTD Business Performance (£m)

UKRB	YTD 2008	F/(A) to STP	F/(A) to PY
Income	3,693	(46)	4%
Impairment	(491)	12	(3%)
Costs	(2,087)	50	1%
JVs & Assoc	8	3	>299%
PBT	**1,124**	**19**	**14%**

BCB	YTD 2008	F/(A) to STP	F/(A) to PY
Income	2,258	(48)	6%
Impairment	(290)	(54)	(29%)
Costs	(882)	(11)	(14%)
JVs & Assoc	0	1	(99%)
PBT	**1,086**	**(112)**	**(4%)**

GRCB WE	YTD 2008	F/(A) to STP	F/(A) to PY
Income	1,138	168	50%
Impairment	(228)	(126)	(286%)
Costs	(702)	24	(27%)
JVs & Assoc	-	-	(100%)
PBT	**207**	**66**	**36%**

GRCB Centre	YTD 2008	F/(A) to STP	F/(A) to PY
Income	0	3	>299%
Impairment	-	-	n/m
Costs	0	3	>299%
JVs & Assoc	-	(34)	n/m
PBT	**0**	**(28)**	**>299%**

GRCB	YTD 2008	F/(A) to STP	F/(A) to PY
Income	12,280	459	16%
Impairment	(2,230)	(290)	(41%)
Costs	(6,415)	(118)	(12%)
JVs & Assoc	10	(26)	(61%)
PBT	3,645	25	11%

Barclaycard	YTD 2008	F/(A) to STP	F/(A) to PY
Income	2,604	292	25%
Impairment	(854)	(32)	(23%)
Costs	(1,085)	(113)	(21%)
JVs & Assoc	(2)	5	60%
PBT	**664**	**152**	**36%**

GRCB EM	YTD 2008	F/(A) to STP	F/(A) to PY
Income	823	210	100%
Impairment	(119)	(26)	<(299%)
Costs	(568)	(131)	(88%)
JVs & Assoc	(0)	(0)	n/m
PBT	**136**	**52**	**63%**

GRCB ABSA	YTD 2008	F/(A) to STP	F/(A) to PY
Income	1,765	(119)	8%
Impairment	(248)	(64)	(141%)
Costs	(1,092)	60	(0%)
JVs & Assoc	4	(1)	(62%)
PBT	**428**	**(124)**	**(5%)**

HO & Other	YTD 2008	F/(A) to STP	F/(A) to PY
Income	(402)	(218)	(151%)
Impairment	(19)	(19)	<(299%)
Costs	(313)	(57)	(182%)
JVs & Assoc	0	64	(100%)
PBT	**(735)**	**(230)**	**(178%)**

Group	YTD 2008	F/(A) to STP	F/(A) to PY
Income	19,683	(1,504)	4%
Impairment	(4,193)	(2,020)	(84%)
Costs	(12,090)	587	(11%)
JVs & Assoc	358	369	>299%
Lehmans Acq.	1,500	1,500	n/m
PBT	5,258	(1,069)	(9%)

IB&IM	YTD 2008	F/(A) to STP	F/(A) to PY
Income	7,806	(1,746)	(8%)
Impairment	(1,944)	(1,710)	(179%)
Costs	(5,362)	762	(5%)
JVs & Assoc	348	331	>299%
Lehmans Acq.	1,500	1,500	n/m
PBT	2,347	(863)	(15%)

BarCap	YTD 2008	F/(A) to STP	F/(A) to PY
Income	5,188	(1,378)	(12%)
Impairment	(1,917)	(1,688)	(177%)
Costs	(3,502)	642	(4%)
JVs & Assoc	18	1	(7%)
Lehmans Acq.	1,500	1,500	n/m
PBT	**1,287**	**(923)**	**(31%)**

BGI	YTD 2008	F/(A) to STP	F/(A) to PY
Income	1,526	(247)	(4%)
Impairment	-	-	n/m
Costs	(1,058)	30	(12%)
JVs & Assoc	-	-	n/m
PBT	**469**	**(217)**	**(27%)**

Wealth	YTD 2008	F/(A) to STP	F/(A) to PY
Income	1,091	(121)	3%
Impairment	(27)	(22)	<(299%)
Costs	(802)	90	(1%)
JVs & Assoc	330	330	>299%
PBT	**592**	**277**	**127%**

Full Year RAF Business Performance (£m)

UKRB	FY RAF 2008	F/(A) to STP	F/(A) to PY
Income	4,428	(94)	3%
Impairment	(572)	42	(2%)
Costs	(2,517)	49	(2%)
JVs & Assoc	9	3	26%
PBT	**1,349**	**0**	**6%**

BCB	FY RAF 2008	F/(A) to STP	F/(A) to PY
Income	2,711	(81)	6%
Impairment	(395)	(91)	(35%)
Costs	(1,086)	(31)	(17%)
JVs & Assoc	(1)	0	(106%)
PBT	**1,229**	**(203)**	**(9%)**

GRCB WE	FY RAF 2008	F/(A) to STP	F/(A) to PY
Income	1,398	208	49%
Impairment	(291)	(167)	(282%)
Costs	(846)	4	(26%)
JVs & Assoc	-	-	(100%)
PBT	**261**	**45**	**33%**

GRCB Centre	FY RAF 2008	F/(A) to STP	F/(A) to PY
Income	(0)	(0)	<(299%)
Impairment	-	1	n/m
Costs	0	1	>299%
JVs & Assoc	-	(64)	n/m
PBT	**0**	**(62)**	**>299%**

GRCB	FY RAF 2008	F/(A) to STP	F/(A) to PY
Income	14,739	353	15%
Impairment	(2,755)	(367)	(42%)
Costs	(7,755)	(221)	(14%)
JVs & Assoc	14	(54)	(60%)
PBT	4,243	(288)	3%

Barclaycard	FY RAF 2008	F/(A) to STP	F/(A) to PY
Income	3,150	335	24%
Impairment	(1,055)	(52)	(28%)
Costs	(1,328)	(173)	(22%)
JVs & Assoc	(0)	8	95%
PBT	**766**	**117**	**27%**

GRCB EM	FY RAF 2008	F/(A) to STP	F/(A) to PY
Income	1,002	233	88%
Impairment	(161)	(40)	<(299%)
Costs	(704)	(178)	(78%)
JVs & Assoc	-	-	n/m
PBT	**137**	**14**	**37%**

GRCB ABSA	FY RAF 2008	F/(A) to STP	F/(A) to PY
Income	2,050	(248)	3%
Impairment	(281)	(59)	(92%)
Costs	(1,273)	108	(0%)
JVs & Assoc	6	(1)	(50%)
PBT	**502**	**(199)**	**(16%)**

HO & Other	FY RAF 2008	F/(A) to STP	F/(A) to PY
Income	(524)	(300)	(172%)
Impairment	(20)	(20)	<(299%)
Costs	(375)	(70)	(61%)
JVs & Assoc	-	77	(100%)
PBT	**(919)**	**(313)**	**(115%)**

Group	FY RAF 2008	F/(A) to STP	F/(A) to PY
Income	24,623	(1,118)	7%
Impairment	(4,904)	(2,237)	(75%)
Costs	(14,998)	332	(14%)
JVs & Assoc	353	343	>299%
Lehmans Acq.	1,500	1,500	n/m
PBT	**6,574**	**(1,180)**	**(7%)**

IB&IM	FY RAF 2008	F/(A) to STP	F/(A) to PY
Income	10,409	(1,171)	1%
Impairment	(2,130)	(1,850)	(150%)
Costs	(6,868)	623	(12%)
JVs & Assoc	339	319	>299%
Lehmans Acq.	1,500	1,500	n/m
PBT	3,250	(579)	(4%)

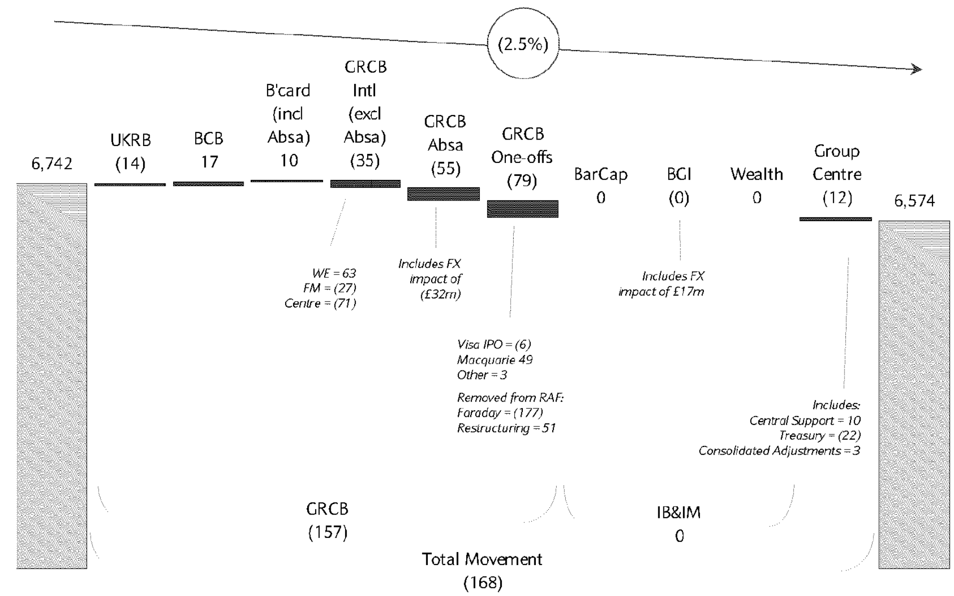
BarCap	FY RAF 2008	F/(A) to STP	F/(A) to PY
Income	7,220	(661)	1%
Impairment	(2,100)	(1,825)	(148%)
Costs	(4,618)	407	(16%)
JVs & Assoc	23	3	(34%)
Lehmans Acq.	1,500	1,500	n/m
PBT	**2,025**	**(575)**	**(13%)**

BGI	FY RAF 2008	F/(A) to STP	F/(A) to PY
Income	1,858	(382)	(4%)
Impairment	-	-	n/m
Costs	(1,271)	113	(7%)
JVs & Assoc	-	-	n/m
PBT	**587**	**(269)**	**(20%)**

Wealth	FY RAF 2008	F/(A) to STP	F/(A) to PY
Income	1,331	(128)	3%
Impairment	(30)	(25)	<(299%)
Costs	(980)	102	(1%)
JVs & Assoc	316	316	>299%
PBT	**638**	**266**	**108%**

Full Year RAF Latest Movements

PBT – RAF 4 vs RAF 3 (£m)



	RAF 3 FY08											Q4 RAF FY08
Income	24,960	(45)	12	33	(19)	(150)	(5)	(84)	(71)	13	(23)	24,623
Impair'	(4,830)	4	(0)	(8)	7	41	-	(100)	-	(6)	(13)	(4,904)
Costs	(15,418)	26	5	(17)	(23)	55	102	184	71	(7)	24	(14,998)
PBT	6,742	(14)	17	10	(35)	(55)	(79)	0	(0)	0	(12)	6,574
AP	4,424	(20)	117	14	(47)	(35)	(45)	(111)	(2)	10	(5)	4,300
EP	1,710	(22)	119	10	(47)	5	(45)	(134)	(1)	10	(5)	1,600

- **UKRB** – Income decrease to bring in line with YTD run-rate in light of current economic climate. Cost improvement from lower SI spend
- **BCB** – Excluding the impact of £32m income and cost switch for operating leases (nil PBT impact), income increases by £10m in line with recent rend and costs decrease by £6m (cost challenge). Increase in AP due to one-off tax benefit of £100m
- **B'card** – Increase in PBT is driven by UK Secured Lending run-off (£17m) and offset by a deterioration in Absa cards income and FX impact (£10m)
- **GRCB EM** Decrease in PBT driven by increased SI spend (£12m), commercial losses in Ghana (£6m) and impact of RWA reduction on income (£7m). Improved income from business momentum is offset by higher costs
- **GRCB WE** – Improvement in PBT driven by cost decreases (£33m) (primarily decrease in SI spend following delay of Faraday to 2009), increases in income across countries (£19m) and £17m reduced impairment from lower asset balances
- **GRCB Absa** – decrease in PBT following impact of weakening Rand (£32m) and adverse mark to market movements in income offset by improvement in retail impairment and cost control initiatives
- **GRCB Centre** – Decrease in PBT following removal of £71m central challenge
- **BarCap** – decreasing income and increasing impairment reflect continuing difficult market conditions offset by cost saving initiatives
- **BGI** – A £17m increase in the RAF due to the impact of strengthening US$ is offset by decrease in underlying business. Lower management and incentive fees and increase in liquidity support charges (£23m) is offset by decrease in performance compensation and other expenses.
- **Wealth** – RAF 4 includes £32m income and costs for Lehmans (nil PBT impact). Excluding these, the continued impact of market conditions results in decreased income (£19m), increased impairment (£6m) and reduced costs (£25m)
- **Group Centre** – Reduction driven by a decrease in Treasury income (£22m) offset by Central Support (£10m reduction in costs)

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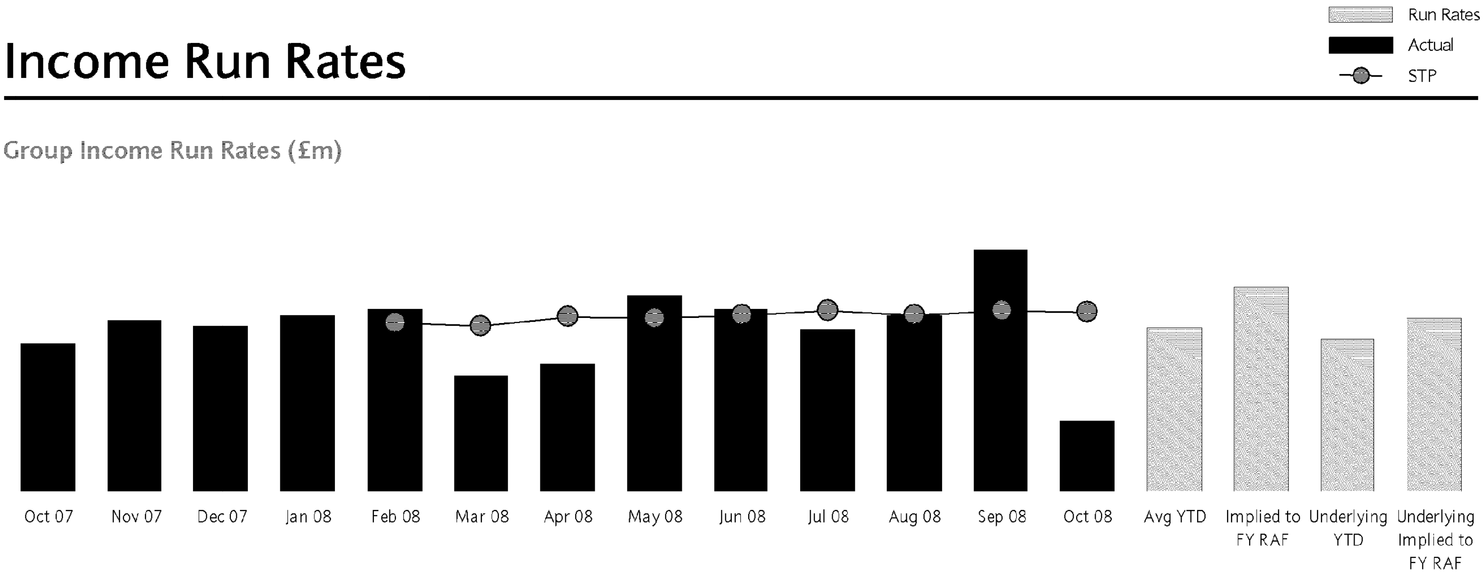
Income Run Rates

Group Income Run Rates (£m)



Cluster Income Run Rates (£m)

	2007			2008													
	Oct	Nov	Dec	Jan	Feb	March	Apr	May	Jun	Jul	Aug	Sep	Oct	Avg YTD	Implied RR to FY RAF	Underlying YTD	Underlying Implied RR to FY RAF
UK Retail Banking	383	367	370	367	350	365	366	368	359	377	367	376	397	369	368	369	368
Barclays Commercial Bank	212	212	233	214	204	222	214	221	273	220	226	230	234	226	227	222	227
Barclaycard	212	217	225	234	232	224	233	258	238	250	277	317	342	260	273	234	244 (1)
GRCB Western Europe	86	83	97	91	96	102	102	128	122	105	106	99	186	114	130	106	129 (1)
GRCB Emerging Markets	55	49	72	61	56	66	74	80	72	80	83	87	164	82	89	72	80 (1)
GRCB Absa	180	199	166	154	168	200	163	181	181	185	189	176	167	176	143	172	143
Barclays Capital	421	707	524	728	877	31	153	740	882	531	630	1,448	(832)	519	1,016	441	677 (2)
BGI	165	151	192	155	168	153	156	176	180	149	139	119	133	153	166	153	166
Barclays Wealth	109	110	121	103	101	123	109	114	117	107	100	107	109	109	120	109	120
Group Centre	(42)	(32)	(3)	27	(57)	(91)	(27)	102	(217)	(55)	9	(47)	(46)	(40)	(61)	(40)	(61)
Group Total	**1,781**	**2,063**	**1,999**	**2,134**	**2,195**	**1,395**	**1,543**	**2,368**	**2,208**	**1,949**	**2,125**	**2,913**	**853**	**1,968**	**2,470**	**1,837**	**2,092**

(1) Includes in October £65m share of total Visa IPO gains of £195m
(2) Includes £1.2bn of own credit losses in October (Sep mth £913m credit, YTD £777m, FY RAF £1,000m)

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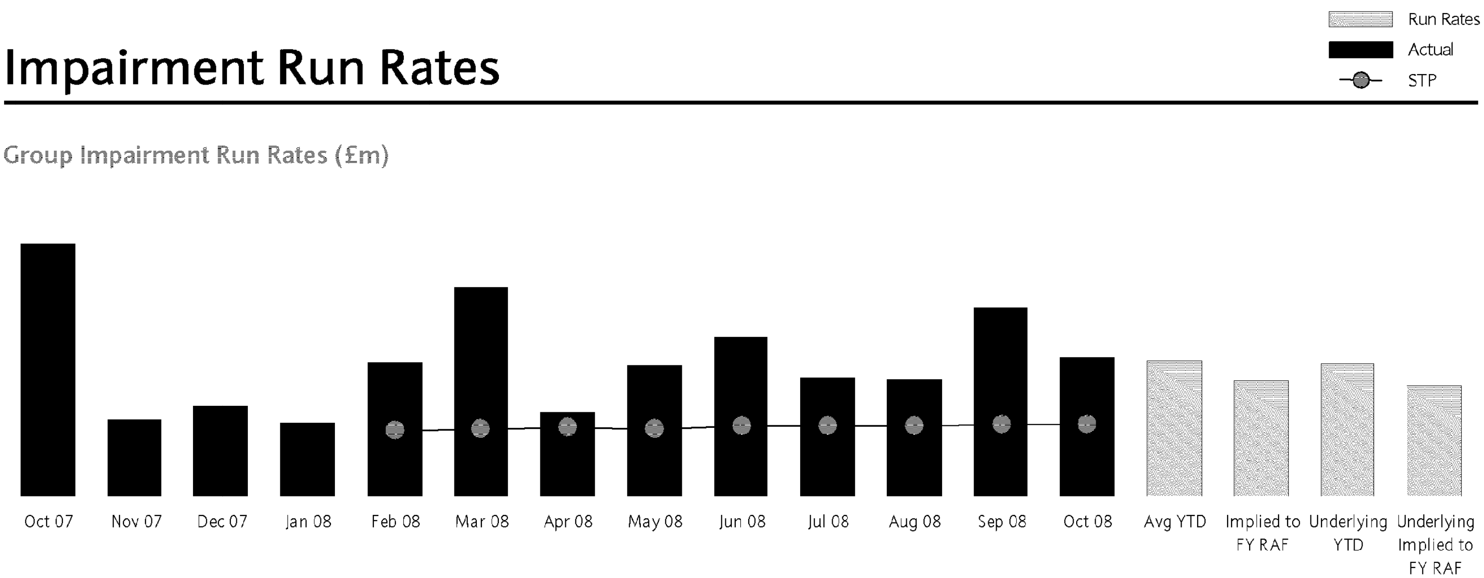
Impairment Run Rates

Group Impairment Run Rates (£m)



Cluster Impairment Run Rates (£m)

	2007			2008													
	Oct	Nov	Dec	Jan	Feb	March	Apr	May	Jun	Jul	Aug	Sep	Oct	Avg YTD	Implied RR to FY RAF	Underlying YTD	Underlying Implied RR to FY RAF
UK Retail Banking	46	48	36	48	48	49	48	50	45	54	49	53	47	49	41	49	41
Barclays Commercial Bank	31	28	40	15	21	21	37	21	32	21	33	47	41	29	53	29	53
Barclaycard	64	55	77	78	77	68	81	88	85	88	91	99	100	85	101	80	90
GRCB Western Europe	8	6	11	9	15	12	16	29	22	21	27	25	53	23	31	23	31
GRCB Emerging Markets	4	4	8	10	10	9	14	14	9	9	11	15	18	12	21	12	19
GRCB Absa	11	10	33	15	20	14	19	20	37	32	28	29	34	25	16	25	16
Barclays Capital	619	104	50	51	224	464	47	180	260	141	121	306	124	192	91	192	91
BGI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Barclays Wealth	-	-	4	-	-	6	1	2	4	1	4	5	5	3	2	3	2
Group Centre	(1)	(16)	23	-	-	6	(3)	2	(1)	(0)	0	7	9	2	0	2	0
Group Total	782	239	282	226	415	649	260	406	492	366	363	585	431	419	356	413	344

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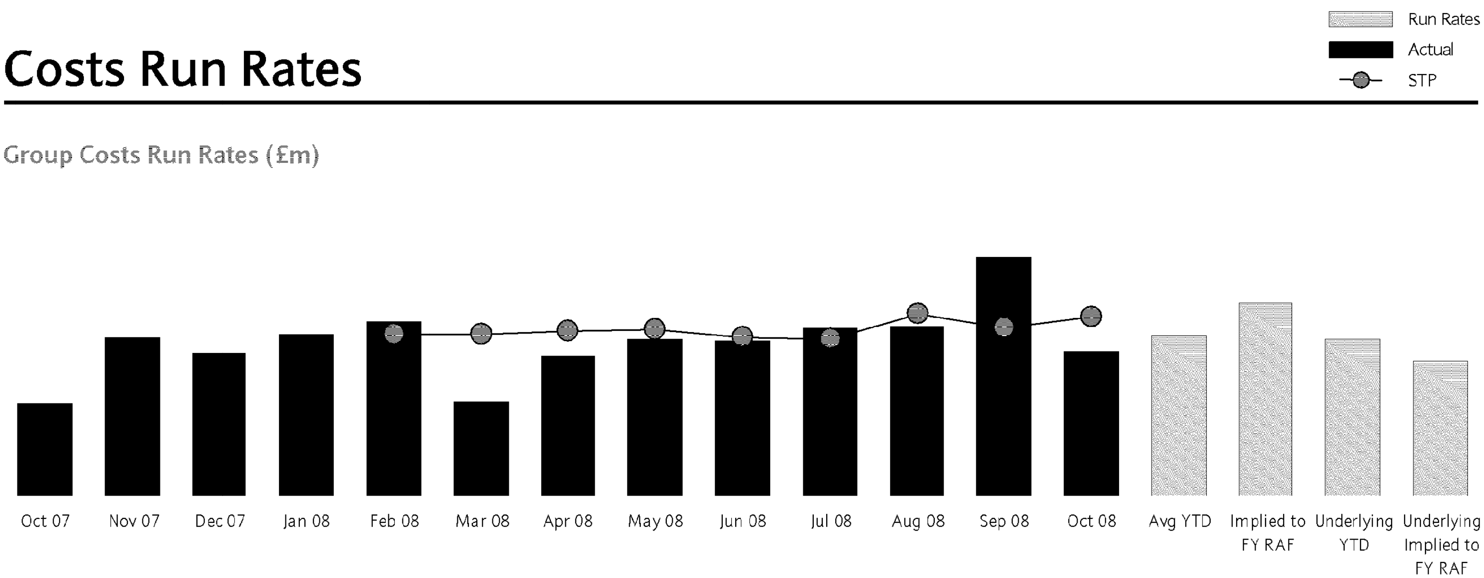
Costs Run Rates

Group Costs Run Rates (£m)



Cluster Costs Run Rates (£m)

	2007			2008														
	Oct	Nov	Dec	Jan	Feb	March	Apr	May	Jun	Jul	Aug	Sep	Oct	Avg YTD	Implied RR to FY RAF	Underlying YTD	Underlying Implied RR to FY RAF	
UK Retail Banking	232	179	187	218	196	202	210	187	189	220	231	219	214	209	215	215	215	
Barclays Commercial Bank	82	81	78	83	79	81	84	87	83	98	96	96	94	88	102	89	102	
Barclaycard	93	91	103	102	98	84	54	107	107	117	128	161	126	108	122	102	106	
GRCB Western Europe	67	71	48	71	73	77	74	76	52	79	77	85	38	70	72	79	80	(1)
GRCB Emerging Markets	45	45	48	42	39	49	50	53	58	65	67	70	75	57	68	55	60	
GRCB Absa	113	112	66	104	104	100	104	111	104	116	124	114	111	109	90	109	90	
Barclays Capital	(56)	373	246	400	409	(102)	274	324	374	350	327	864	282	350	558	320	144	
BGI	99	91	159	97	199	105	79	113	130	105	117	61	54	106	106	106	106	
Barclays Wealth	86	86	95	76	81	71	88	83	74	86	81	82	79	80	89	80	89	
Group Centre	(59)	72	50	22	41	47	36	46	4	26	31	46	14	31	31	24	27	
Group Total	702	1,201	1,081	1,215	1,319	714	1,053	1,187	1,176	1,262	1,279	1,797	1,088	1,209	1,454	1,181	1,018	

(1) October includes £48m of negative goodwill on Project Portland, the acquisition of an Italian mortgage business. Run rates to RAF include £51m of Faraday restructuring costs which will not now happen in 2008. RAF 4 will be updated to reflect this

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JVs, Gains on Disposals & Gains on Acquisition Run Rates

Cluster JVs, Subsidiaries and Acquisitions (£m)

	2007			2008									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
GRCB	1	3	4	-	-	2	(1)	1	2	1	0	5	(1)
Barclays Capital	17	15	1	-	-	7	(3)	-	14	-	-	1,500	-
BGI	-	-	-	-	-	-	-	-	-	-	-	-	-
Barclays Wealth	-	-	0	-	-	-	-	1	(1)	(0)	-	-	330
Group Centre	(1)	2	(1)	-	1	(2)	1	(1)	3	(1)	-	1	-
Group Total	**17**	**20**	**4**	**-**	**1**	**7**	**(3)**	**-**	**18**	**1**	**0**	**1,505**	**329**

(1) Gain on Lehmans acquisition
(2) Gain in October relates to completion of sale of Closed Life business

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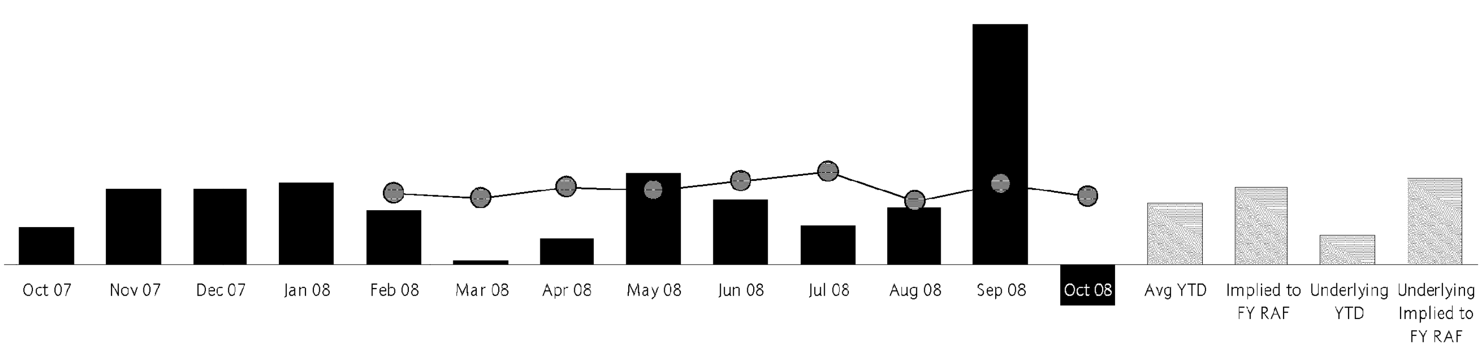
PBT Run Rates

Group PBT Run Rates (£m)

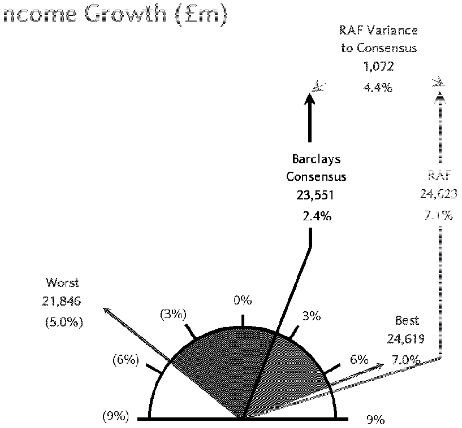


Cluster PBT Run Rates (£m)

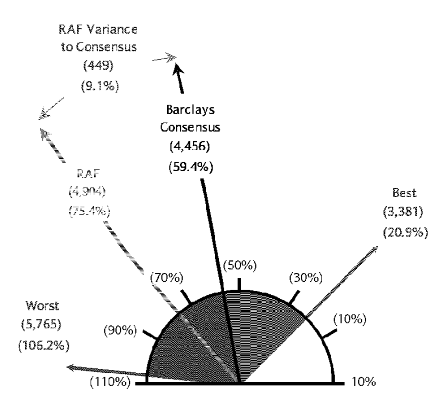
	2007			2008													
	Oct	Nov	Dec	Jan	Feb	March	Apr	May	Jun	Jul	Aug	Sep	Oct	Avg YTD	Implied RR to FY RAF	Underlying YTD	Underlying Implied RR to FY RAF
UK Retail Banking	105	145	148	101	106	115	108	131	129	103	87	108	136	112	113	106	113
Barclays Commercial Bank	99	103	118	116	104	120	93	113	156	102	97	87	99	109	71	104	71
Barclaycard	55	69	44	54	57	72	97	62	45	45	58	58	115	66	51	52	48
GRCB Western Europe	11	6	38	11	8	13	12	23	48	4	3	(10)	96	21	27	4	18
GRCB Emerging Markets	6	-	17	9	7	8	10	14	4	6	5	2	70	14	1	5	1
GRCB Absa	57	77	68	35	44	87	40	51	41	37	36	34	22	43	37	38	37
Barclays Capital	(125)	245	228	277	244	(324)	(171)	236	262	41	182	1,778	(1,238)	129	369	(69)	445
BGI	66	60	33	58	(31)	48	77	63	50	44	22	58	79	47	59	47	59
Barclays Wealth	23	24	22	27	20	46	20	30	39	20	15	20	355	59	23	26	30
Group Centre	17	(86)	(77)	5	(97)	(146)	(59)	54	(219)	(81)	(22)	(99)	(70)	(73)	(92)	(67)	(88)
Group Total	**314**	**643**	**639**	**693**	**462**	**39**	**227**	**775**	**558**	**323**	**483**	**2,035**	**(337)**	**526**	**658**	**246**	**735**

RAF versus 2008 Consensus

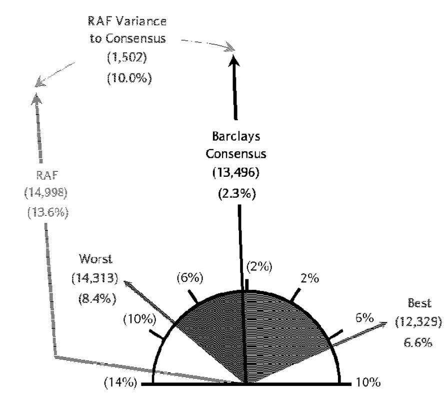
Income Growth (£m)



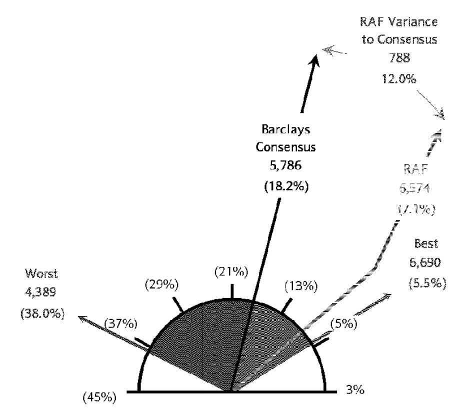
Impairment Growth (£m)



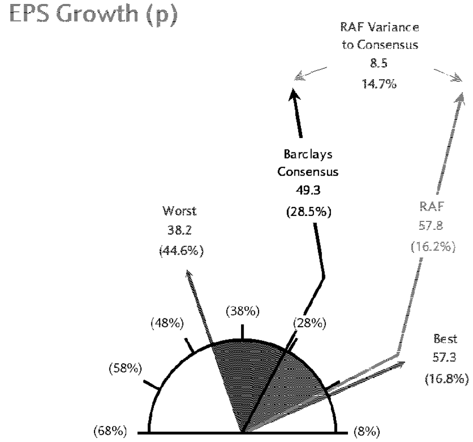
Costs Growth (£m)



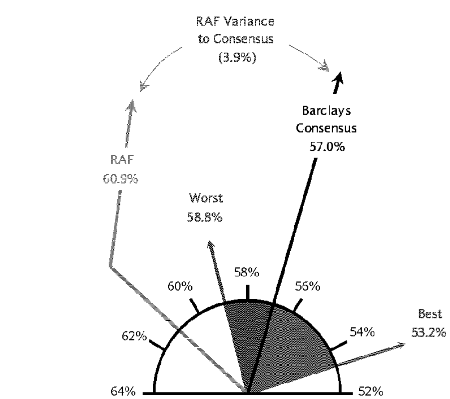
PBT Growth (£m)



EPS Growth (p)



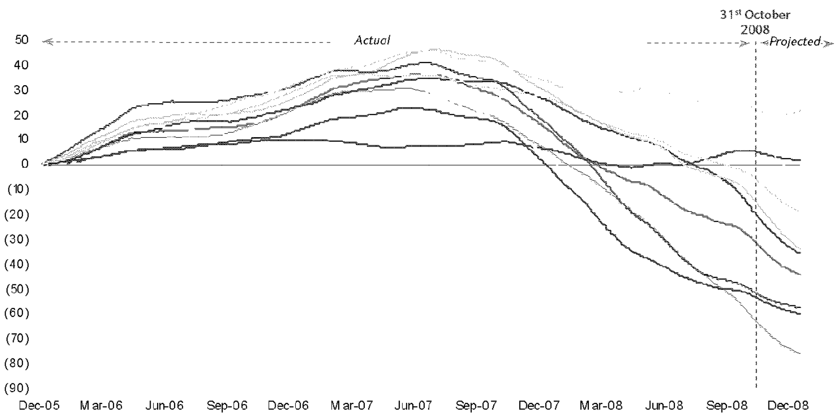
CIR (%)



Notes: 1) Consensus is derived from 18 analysts as at 11.09.08, to date only 8 analysts account for profit on disposal of Closed Life. 2) RAF variance to Cons (%) is based on absolute variance over RAF

2006 - 2008 PSP Schemes

2006 Six Month Rolling Average TSR (%)

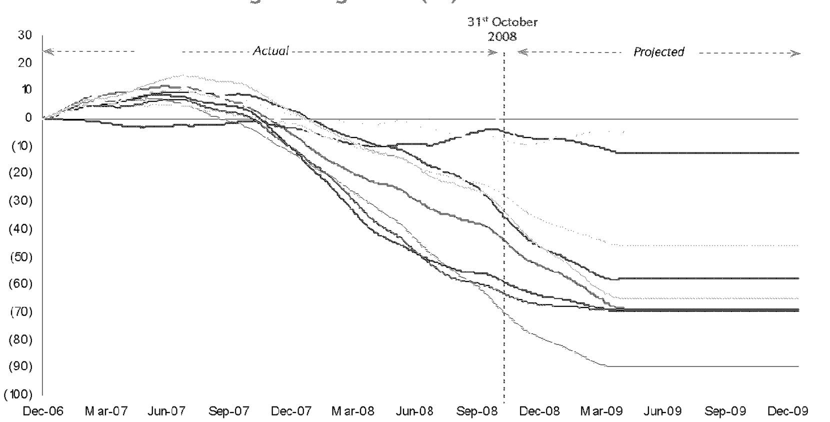


Projected TSR at 31 December 2008

IF the status quo were maintained (ie share prices/TSR remain at current level) then the current relative positioning feeds through over time into the six month rolling average, which would leave us in 8th position by 31st December 2008

		Projected 6 Month Rolling Avg TSR %	Current 6 Month Rolling Avg TSR Rank	Current Spot TSR Rank
1	JP Morgan Chase	22.0	1	1
2	BNP Paribas	7.2	3	3
3	HSBC	2.2	4	2
4	Composite: ABN-San	(4.6)	2	5
5	BBV Argentaria	(18.6)	5	4
6	Deutsche Bank	(33.6)	6	7
7	Lloyds TSB	(35.4)	7	6
8	Barclays	(44.0)	8	9
9	UBS	(57.1)	10	8
10	Citigroup	(59.6)	11	10
11	RBS	(64.0)	9	11
12	HBOS	(75.6)	12	12

2007 Six Month Rolling Average TSR (%)



Projected TSR at 31 December 2009

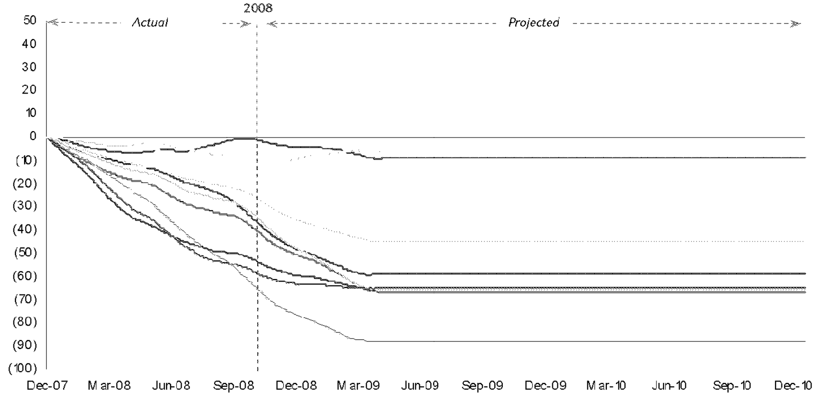
IF the status quo were maintained (ie share prices/TSR remain at current level) then the current relative positioning feeds through over time into the six month rolling average, which would leave us in 9th position by 31st December 2009

		Projected 6 Month Rolling Avg TSR %	Current 6 Month Rolling Avg TSR Rank	Current Spot TSR Rank
1	JP Morgan Chase	(4.2)	3	1
2	HSBC	(12.3)	2	2
3	BNP Paribas	(25.7)	4	3
4	Santander	(29.5)	1	4
5	BBV Argentaria	(45.5)	5	5
6	Lloyds TSB	(57.4)	7	6
7	Deutsche Bank	(64.8)	6	7
8	UBS	(68.7)	11	8
9	Barclays	(68.8)	8	9
10	Citigroup	(69.6)	10	10
11	RBS	(85.2)	9	11
12	HBOS	(89.1)	12	12

Note: In 2007 scheme ABN Amro has been replaced by Santander. In 2006 scheme a composite Santander-ABN Amro model is used (start date: 31st January 2007). Data is sourced from DataStream

2006 - 2008 PSP Schemes

2008 Six Month Rolling Average TSR (%)



Projected TSR at 31 December 2010

IF the status quo were maintained (ie share prices/TSR remain at current level) then the current relative positioning feeds through over time into the six month rolling average, which would leave us in 10th position by 31st December 2010

		Projected 6 Month Rolling Avg TSR %	Current 6 Month Rolling Avg TSR Rank	Current Spot TSR Rank
1	JP Morgan Chase	(5.4)	2	1
2	HSBC	(9.1)	1	2
3	BNP Paribas	(24.0)	4	3
4	Santander	(37.8)	3	4
5	BBV Argentaria	(44.5)	5	5
6	Lloyds TSB	(58.6)	7	7
7	UBS	(64.9)	11	8
8	Deutsche Bank	(65.6)	6	10
9	Citigroup	(65.7)	10	6
10	Barclays	(66.8)	8	9
11	RBS	(83.6)	9	11
12	HBOS	(87.5)	12	12

Note: Source: Datastream

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Global Retail & Commercial Banking

Published Income Statement (£m)

	Actual Trend		Month			YTD			FY RAF			Run Rates			
	Aug	Sep	Actual	STP F / (A)	PY F / (A)	Actual	STP F / (A)	PY F / (A)	FY 2008 RAF	STP F / (A)	PY F / (A)	YTD Average	Implied to FY RAF	Underlying YTD	Underlying Implied to FY RAF
Total income, net of insurance claims	1,247	1,286	1,490	241	32%	12,280	459	16%	14,739	353	15%	1,228	1,229	1,175	1,190
Impairment	(238)	(267)	(293)	(75)	(78%)	(2,230)	(290)	(41%)	(2,755)	(367)	(42%)	(223)	(263)	(217)	(250)
Net Income	1,009	1,019	1,197	167	24%	10,051	169	12%	11,984	(13)	10%	1,005	967	958	940
Operating expenses	(723)	(745)	(659)	(0)	(4%)	(6,415)	(118)	(12%)	(7,755)	(221)	(14%)	(642)	(670)	(650)	(653)
JV & Associates	0	5	(1)	(1)	<(299%)	10	(26)	(61%)	14	(54)	(60%)	1	2	1	2
PROFIT BEFORE TAX	286	278	537	166	62%	3,645	25	11%	4,243	(288)	3%	365	299	309	288
Economic Profit	67	64	394	264	259%	1,459	153	18%	1,636	(74)	2%	146	88		

- October includes gains of £195m on the Visa IPO and £48m negative goodwill on Project Portland, the acquisition of an Italian mortgage business from Macquarie Bank

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Investment Banking & Investment Management

Published Income Statement (£m)

	Actual Trend		Month			YTD			FY RAF			Run Rates			
	Aug	Sep	Actual	STP F / (A)	PY F / (A)	Actual	STP F / (A)	PY F / (A)	FY 2008 RAF	STP F / (A)	PY F / (A)	YTD Average	Implied to FY RAF	Underlying YTD	Underlying Implied to FY RAF
Total income, net of insurance claims	869	1,674	(591)	(1,543)	(185%)	7,806	(1,746)	(8%)	10,409	(1,171)	1%	781	1,302	703	963
Impairment	(125)	(311)	(129)	(105)	79%	(1,944)	(1,710)	(179%)	(2,130)	(1,850)	(150%)	(194)	(93)	(194)	(93)
Net Income	744	1,363	(719)	(1,649)	<(299%)	5,862	(3,456)	(25%)	8,279	(3,021)	(13%)	586	1,209	508	870
Operating expenses	(525)	(1,007)	(415)	227	(221%)	(5,362)	762	(5%)	(6,868)	623	(12%)	(536)	(753)	(506)	(339)
JV & Associates	-	0	330	328	>299%	348	331	>299%	339	319	>299%	35	(4)	2	3
Gain on Lehmans acquisition	-	1,500	-	-	n/m	1,500	1,500	n/m	1,500	1,500	n/m	150	-	-	-
PROFIT BEFORE TAX	219	1,856	(804)	(1,093)	<(299%)	2,347	(863)	(15%)	3,250	(579)	(4%)	235	451	4	534
Economic Profit	39	1,449	(779)	(887)	<(299%)	856	(648)	(42%)	1,493	(288)	(19%)	86	318		

- October includes a £1,173m charge re own credit resulting from the narrowing of credit spreads in Barclays Capital and a £330m gain on the completion of the sale of the Closed Life business

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Head Office and Other Functions

Published Income Statement (£m)

	Actual Trend		Month			YTD			FY RAF			Run Rates			
	Aug	Sep	Actual	STP F / (A)	PY F / (A)	Actual	STP F / (A)	PY F / (A)	FY 2008 RAF	STP F / (A)	PY F / (A)	YTD Average	Implied to FY RAF	Underlying YTD	Underlying Implied to FY RAF
Total income, net of insurance claims	9	(47)	**(46)**	(43)	(6%)	**(402)**	(218)	(151%)	(524)	(300)	(172%)	(40)	(61)	(40)	(61)
Impairment	(0)	(7)	**(9)**	(9)	<(299%)	**(19)**	(19)	<(299%)	(20)	(20)	<(299%)	(2)	-	(2)	(0)
Net Income	9	(54)	(55)	(52)	(38%)	(422)	(237)	(172%)	(544)	(320)	(177%)	(42)	(61)	(42)	(61)
Operating expenses	(31)	(46)	**(14)**	18	(124%)	**(313)**	(57)	(182%)	(375)	(70)	(61%)	(31)	(31)	(24)	(27)
JV & Associates	-	-	**-**	6	100%	**0**	64	(100%)	-	77	(100%)	0	-	0	(0)
PROFIT BEFORE TAX	(22)	(99)	(70)	(27)	<(299%)	(735)	(230)	(178%)	(919)	(313)	(115%)	(73)	(92)	(67)	(88)
Economic Profit	(53)	54	(354)	(156)	<(299%)	(1,129)	(25)	(36%)	(1,530)	(192)	(33%)	(113)	(201)		

BARCLAYS

BARC-ADS-01556966

EXHIBIT C

FILED UNDER SEAL PURSUANT TO THE STIPULATION AND PROTECTIVE ORDER DATED FEBRUARY 3, 2015, DOCKET NO. 98

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE BARCLAYS BANK PLC)
SECURITIES LITIGATION) Master File
---------------------- No. 1:09-civ-01989
This Document Relates to:
All Actions

April 22, 2016
9:36 a.m.

CONFIDENTIAL

Videotaped Deposition of D. PAUL REGAN, taken at the offices of SULLIVAN & CROMWELL LLP, 125 Broad Street, New York, New York, before Frank J. Bas, a Registered Professional Reporter, Certified Realtime Reporter and Notary Public within and for the State of New York.

VERITEXT LEGAL SOLUTIONS
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1801 Market Street – Suite 1800
Philadelphia, PA 19103

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This was an analysis of the financial statements and financial information of Australia and New Zealand Banking Group.
There was significant issues about the application of IFRS and the effect of that on the -- on the matters at issue in the trial.
There's also -- without digging through my last four years of testimony, in my experience I know that I've worked with the PCAOB on at least a couple of matters where the underlying financial statements filed within the 20-F were prepared in accordance with GAAP, GAAP defined as IFRS. Many of the matters that I have worked on in the past have involved IAS, IFRS accounting issues in various countries, including Korea, Canada, Brazil, the UK, Italy.
Q. Other than the two --
MR. OLTS: Let him finish answering.
MR. WHITE: I am sorry.
BY MR. WHITE:

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Q. Were you done with your answer?
A. I could go on, but --
Q. Other than the two matters that you have identified, please point me to any matters unrelated to litigation or where you've provided testimony that involved the application of IFRS.
MR. OLTS: He just listed a bunch of other matters, so I object to you're saying "other than the two matters."
A. So let me see if I understand your question. Other than the litigation matters? Since the mid-1990s my client-related work is litigation-related matters. So when I'm working with the FDIC or the PCAOB or the SEC, it is within the litigation environment. So you're asking me to exclude -- excluding all of my work, you know, is there other -- other experience. No, that's what my work is.
Q. So to be clear, then, have you ever audited a company's financial statements under IFRS?

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A. I've audited financial statements that were prepared under predecessor GAAP to IFRS.
But my experience, certainly in the last 20 years, is all litigation-related experience. So, for example, when I worked with the SEC, I have worked with the SEC on IFRS accounting issues. But it's in connection with consulting with them on those accounting issues as it relates to IFRS.
Q. So in answer to my question -- well, withdraw that question.
Have you ever advised an IFRS filer on compliance with IFRS?
A. I don't think so. Because in the litigation world it's all subsequent to the preparation of the financial documents which are at issue.
Q. Before you testified that you've audited financial statements that were prepared under predecessor GAAP to IFRS.
A. Yes.

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Q. Can you explain that?
A. Well, prior to IFRS there were GAAP in various countries, so there would be, for example, Korean GAAP, Brazilian GAAP, Afghanistan GAAP, Russian, Indian, Thailand. I've audited companies prior to my working in the litigation world where those companies and those financial statements weren't prepared in accordance with U.S. GAAP, they were prepared in accordance with the jurisdiction in which they were prepared.
Q. Which clients specifically are you referring to in this answer?
A. Since we're going back prior to 1995, it's -- my recollection is they were nonpublic entities, it would be a variety of private companies that had prepared financial statements. But I couldn't remember their names. I'm not even sure that it's appropriate for me to give you their names.
Q. But none of them were being audited under IFRS specifically, correct?

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A. I don't think so, no. I mean, given that time frame, IFRS is something which has evolved in the early 2000s, so ...

Q. Have you read the IFRS in its entirety?

A. I don't know that I've ever -- that I've read every document within IFRS. I think I've read a great deal of them. For example, I've worked on a number of cases in Canada, including testifying in one, where there was a lot of IFRS documents. I don't know that I would consider it the entirety of IFRS.

I think in this matter it's a fairly limited scope of application and materiality, subsequent events. And actually with respect to materiality and subsequent events there's substantial similarity between IFRS and U.S. GAAP. I've read those -- certainly read those and noted the similarities, the commentary about them being similar.

Q. When was the first time you

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read IAS 10?

MR. OLTS: Object to form.

A. I would think it was the early 2000s. IAS 10 has been modified over time. I think it was likely to be the early 2000s. Soon after it came out.

Q. Have you ever advised a company about compliance with IAS 10?

A. You asked me that a few minutes ago. You talked about advised companies with respect to IFRS, which IAS 10 is a part of, so why would my answer be different?

Q. I'm sorry. So the answer to my question is no, then, correct, by logic?

A. That's correct.

Q. And have you ever conducted a subsequent events audit under IAS 10?

A. I think given the nature of my experience since 1995 I don't -- I don't do audits in accordance with PCAOB standards, for example. I review audits that have been conducted in accordance with PCAOB standards, or alleged to be.

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But I don't do them.

Q. What about IAS 10; have you reviewed an audit that was conducted under IAS 10 standards?

A. Yes.

Q. In which case?

A. I can recall two cases for PCAOB, and I'm precluded by law from identifying the nature of the -- the name of the parties.

Q. Has any --

A. One was an Israeli company and the other was an Indian company.

Q. And has any party in any litigation challenged your qualifications to testify as an expert in IFRS?

MR. OLTS: Object to the form.

To the extent you're aware.

A. I don't -- I can't recall any, no.

Q. What is your basis for saying that the standards under GAAP and IFRS are similar as it relates to subsequent events analyses?

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A. I think I say it in my December 15, 2015 report, and identify the bases for it. I think it's an SEC document.

If you'll look at page 17 --

MR. OLTS: Just for the record, he's looking at Exhibit 2.

A. -- of Exhibit 2.

MR. OLTS: Yes, sorry.

A. Paragraph 53, particularly footnote 69, where it says, "As noted by the SEC, accounting for subsequent events under IAS 10 is similar to the accounting prescribed under GAAP."

And then it prescribes some specificity. And my recollection is that the specificity that's described in the remainder of footnote 69 and in the comparison to the documents, you'll see substantial similarity.

I would also note in London's instructions to PwC New York with respect to the differences between IFRS and U.S. GAAP and GAAS, PwC London described

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briefly IAS 10 and said that there are no significant differences between it and PCAOB standards. It said something like essentially the same.
Q. The document you cite, the Work Plan, in footnote 69, is that an authoritative statement of the SEC?
MR. OLTS: Object to the form.
A. If I had my binder I could grab the document itself to make that assessment, but I think it's consistent with my reviewing both PCAOB standards and IAS 10. The PwC New York/London conclusion. And it appears that the assessment the SEC is reaching is one which -- which I would agree with.
Q. Right. My question is about the authoritativeness of that document. What is your understanding of the authoritativeness of that document?
MR. OLTS: Object to the form.
A. I would need to look at the document.
Q. Was this one of the documents

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Mr. Lombardi reviewed, or was it one of the documents that you personally reviewed?
A. Oh, I reviewed this.
Q. You reviewed every document cited in your report?
MR. OLTS: Object to the form.
A. Yes.
Q. Okay.
A. Yes, I've read every document cited in my report.
Q. You said that you served as the engagement partner or concurring partner on more than 100 audits between 1975 and 1995, is that right?
MR. OLTS: Are you referring to a specific document?
MR. WHITE: Yes.
BY MR. WHITE:
Q. It's paragraph 8 of your opening report.
A. Yes.
Q. Have you ever been the engagement partner on the audit of a

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Fortune 100 company?
A. No.
Q. A Fortune 500 company?
A. No.
Q. Have you ever been the engagement partner on the audit of a financial institution?
A. No. I've worked on -- yes, I have. Yes.
Q. Which one?
A. My recollection is that the name at the time was Pacific Valley Bank.
Q. Any others?
A. No. I've worked on Wells Fargo, Hong Kong Shanghai Bank, but not as the engagement partner.
Q. When was the audit for which you served as the engagement partner for Pacific Valley Bank?
A. I would expect it was in the early '90s.
Q. And how many of the 100 audits that you have referred to in this paragraph involved public companies?

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A. I would say approximately fifteen.
Q. And approximately when were those fifteen audits conducted?
A. The late '80s to 1995.
Q. And none involved the application of IFRS, is that right?
A. Not IFRS, but some involved the application of Canadian GAAP, Mexican GAAP and Hong Kong.
Q. What is an SEC rule?
MR. OLTS: Object to the form.
A. It's a promulgation by the Securities and Exchange Commission of something which needs to be presented in a filing with the SEC. I'm sure there's a lot of other rules, but that's one that I'm most familiar with.
Q. So when you use the term "SEC rule" in your report, that's the definition that you're operating under?
A. I believe so, yes.
Q. You say that an SEC rule is a promulgation by the SEC. What's your

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different question. The court reporter can read it back, if you would like.
THE WITNESS: Yes, please.
(The reporter read back as follows:
"Question: Other than UBS, can you identify another example of a public company whose OFR or MD&A was audited?")
A. Well, because of PCAOB standards I would expect that all of the OFRs are filed with the SEC, which have an opinion by the auditor that the audit has been conducted in accordance with PCAOB standard; that the auditor has read, analyzed, reviewed the OFR; and to the extent that the auditor believes that the OFR needs to be changed, modified or supplemented, the auditor would do that. And whether you would characterize that as an audit, I don't know.
Q. Your reports cite various dates and authorities in connection with the opinion you have formed with respect to

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the first quarter 2008 losses, so I would like to make sure I understand, with respect to IFRS, what is the relevant date as to which Barclays should have conducted a subsequent events analysis?
You can put the 20-F to one side, if you would like.
A. Yeah, it's big. It gets in the way.
Q. There's a lot of disclosure in there.
A. My recollection with respect to the 20-F filed by Barclays, given that the audit was in accordance with PCAOB standards, that the guidance indicates that the subsequent events analysis should conclude with the filing of the 20-F with the SEC.
Q. Is it your opinion that Barclays is governed by the PCAOB requirements?
A. Well, it's an interesting discussion, and it's one that I have in my December 2015 report. And it appears

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that, based upon the -- Barclays being a registrant and filing, and the audit being in accordance with PCAOB standards, that the -- and for the reasons that I describe in my report -- that the Barclays -- that the subsequent events review would carry until the date of filing.
There's a specific discussion in my report of the various bodies that talk about subsequent events. You know, within IFRS, if this wasn't a registrant filing with the SEC and it was not -- it was preparing its own financial statements, subsequent events would be up through the date of authorization. And that's one of the differences between PCAOB standards and IAS's.
But for the reasons that I describe in my report, I think the 20-F needed -- the subsequent events brings them up to the date of filing. With respect to the prospectus, it's up to the date of the prospectus.
And that's why Barclays gave

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PwC rep letters that were up through March 28, and up through the date of the filing of the prospectus.
So an answer to your question about Barclays was, given the representations that were made to PwC and the rules that I discuss in my report, yes, they had an obligation up through March 28.
Q. But isn't it true that PCAOB governs auditors, not the registrants?
A. PCAOB standards are written for auditors. Some of the language of the PCAOB standards also refer to management. And certainly in this situation Barclays is giving assurance to, and representing to PwC, I believe they have separate letters, one that's as of March 28 and the other that's as of April 8th or 9th.
Q. But if there was a violation of PCAOB standards, the violation would be by the auditor, not by Barclays in this case, correct?
MR. OLTS: Object to the form.

A. Well, I think it depends on what standard you're talking about, and what other rules are applicable.
Q. So you don't know the answer to that question?
MR. OLTS: Objection. I object to the form. Misstates his testimony.
A. I think when you work your way through my report and all of the applicable guidance, the subsequent event period on the 20-F ended with the date of filing. And for the prospectus, it ended with the date of the prospectus.
Q. My question --
A. And that's discussed on several pages of my report.
Q. You're not opining in this case that PwC did not comply with the applicable auditing standards, are you?
A. No. For -- for many reasons I have -- one, that's not part of my assignment. Two, I don't have anywhere near the documents that it would be necessary in order for me to reach that

opinion. I know in audit failure opinions it is an extremely difficult, time-consuming process that calls for the production of, in this instance, hundreds of thousands of documents which need to be analyzed. It's an enormous undertaking, which I -- defendants haven't produced anywhere near the kind of records that would be needed in order to reach that conclusion.
Q. But why didn't you need to do an enormous undertaking to conclude that Barclays violated IFRS?
A. Well, the financial statements are the responsibility of management. Auditors give an opinion on the financial statements as a whole in that they fairly present in all material respects.
Audits are not guarantees, they're not an assurance of completeness and accuracy at every instance. They're also known to have significant failure rates. The PCAOB, with respect to PwC, typically observes failure rates in the

high 30s and low 40 percents on PwC. Just because there's an audit doesn't mean the financial statements were prepared in accordance with generally accepted accounting principles. I know all of that, and I'm not -- I don't need to undertake that enormous undertaking. Management's responsibility -- responsible for these financial statements.
Q. But I just want to be clear about what you're not challenging. And you're not challenging -- to be clear -- PwC's audit opinion on the year-end 2007 financial statements, correct?
A. Correct.
Q. And PwC U.S. made representations to PwC UK about subsequent events issues, did they not?
A. They did.
Q. And you're not opining that PwC U.S.'s subsequent events conclusion expressed to PwC UK was incorrect, are you?
A. I need to hear that again?

(The reporter read back as follows:
"Question: And you're not opining that PwC U.S.'s subsequent events conclusion expressed to PwC UK was incorrect, are you?")
A. No. For one thing, when I read the communication between PwC U.S. and PwC London, it says that we've done subsequent events work as you have instructed us, or something like that. And I don't know what they were instructed to do. That is not part of what has been produced in this case. So I don't know what they were asked to do.
I see some evidence that they inquired of persons in the United States of whether or not there were subsequent events that needed to be reported, so they made an inquiry. I see where they reviewed some -- some documents. But I don't know what their instructions were and what they did.
Q. So I just want to be clear

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about what you are not opining. And you are not opining, correct, that PwC U.S.'s subsequent event analysis as expressed to PwC UK was flawed in any way?
MR. OLTS: Object to the form. Misstates his prior testimony.
A. I'm not opining that it was flawed in any way because I don't know what they were instructed to do.
Q. And let's focus on the losses which you claim --
A. I don't know what they were instructed to do, and I'm -- I'm not sure I have a full documentation of what they did do.
Q. What were the asset classes where losses were, to use your word, recognized in the first quarter of 2008 within Barclays?
A. Well, I quote a variety of documents within the report, and typically they're -- they're trading assets, typically relating to the -- the assets that I describe beginning at page 8 in my

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report: The asset-backed securities, the collateralized debt obligations, including the super-senior securities, the collateralized loan obligations.
Q. What do you mean by they're "trading assets"?
A. The assets which -- well, they trade -- they trade the assets that I just described.
Q. When you say "they" what do you mean?
A. Barclays.
Q. What is the accounting treatment for the assets that you have just described on that page?
MR. OLTS: Object to form.
A. Fair value.
Q. So your opinion is with respect only to the fair value positions?
MR. OLTS: Object to the form.
A. No. My opinion is based upon the various documents that I describe in my report. I quote sections of them, and I also cite them in the footnotes.

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Q. You used the term that Barclays "recognized" losses. Is the term "recognized" a term of art within the accounting industry?
A. Well, it can be, depending on how you use them.
Q. How did you use it?
A. It depends on the document I am referring to.
Q. It's your report, paragraph 16.
MR. OLTS: Are you asking him a question about paragraph 16?
MR. WHITE: Yes.
BY MR. WHITE:
Q. I am asking you what you meant by the term "recognized" and whether it was a term of art.
MR. OLTS: You didn't direct him to that paragraph before.
MR. WHITE: That's correct.
MR. OLTS: So if you want to direct him to a certain paragraph, just do that.
MR. WHITE: I just did.

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A. In paragraph 16 it would be documents which reside within Barclays within the subsequent event period where Barclays recognized that it was incurring material losses and asset -- related asset impairments up through --
Q. My question is --
MR. OLTS: Let him finish.
A. -- up through the date of the end of the subsequent event periods. And it would be -- Barclays recognizes, based on the facts and circumstances which are occurring in its environment, that it will be recording trading and impairment losses for the first -- for the first period -- for the first quarter of 2008. And -- I think that's a fair summary.
Q. So what you've just described, is that the industry standard usage of the word "recognized"?
A. I think it depends on how you're using it.
Q. My question is, is there an understood and recognized definition --

EXHIBIT D

FILED UNDER SEAL PURSUANT TO THE STIPULATION AND PROTECTIVE ORDER DATED FEBRUARY 3, 2015, DOCKET NO. 98

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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

September 22, 2015
9:43 a.m.

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

VIDEOTAPED DEPOSITION OF

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

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1801 Market Street – Suite 1800
Philadelphia, PA 19103

- KACZKA - CONFIDENTIAL -

less liquid) Markets."
A. Yes.
Q. Do you see that?
A. Yes, I do.
Q. Is that something that you were involved with working on?
MR. STEWART: Object to form.
A. I don't remember specifically, but I imagine yes.
Q. Okay. If you take a look at the first page of what was previously marked as Exhibit 153, it's an email from you to Mike Wade, Anthony Piperno, Charles Utley dated December 6, 2007.
Do you see that?
A. Yup.
Q. And you wrote, "Mike, Anthony, here are some follow-up questions PwC has in regard to the valuations of the whole loans. My suggestion is that you answer them, and Charles and I will review to help lend support. I will forward to you the white papers that PwC is referencing. Please let me know if you disagree or have any

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questions."
A. Yup.
Q. Do you see that?
A. Yes, I do.
Q. Did you write that email in the ordinary course of your business at Barclays?
A. I'm sure I did.
Q. And do you recall working with Michael Wade and others in responding to questions that were asked by PwC regarding whole loan valuation issues?
MR. STEWART: Object to form.
A. We had many conversations that went back and forth on whole loan valuations with Mike Wade and Menefee and Godden, yes.
Q. And with PwC?
A. Yes.
MR. STEWART: Object to form.
MR. TOMAINO: Let me ask the court reporter to mark the next document as Defendants' Exhibit 2.
(Defendants' Exhibit 2, 1/14/08 e-mail chain re: PwC memo, BARC-ADS-00686534-535 with attachments

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BARC-ADS-00686536-560, marked for identification, as of this date.)
MR. TOMAINO: And, sir, while you're reviewing that, I'll just note for the record that Defendants' Exhibit 2 is a document stamped BARC-ADS 686534 to 35, and then there are some attachments that continue, 686536 through 559, 560, and then there's a native attachment titled "Barclays Capital Whole Loan Inventory Summary November 2007."
Q. You can review as much -- as much of that as you want, Mr. Kaczka.
A. Uh-hmm.
Q. But my questions will relate primarily to the cover email.
A. Sure.
Q. So on the front page of DX-2, there's an email from you to Anthony Piperno, Paul Menefee, Michael Wade, James Walker and Richard Landreman dated January 13, 2008.
Do you see that?
A. Yup.

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Q. And the subject line is "PWC Memo"?
A. Uh-hmm.
Q. And you write, "Gents, some quick comments/recommended changes on the paper below."
Do you see that?
A. Yup.
Q. And then you made some suggestions of -- of comments and changes to this -- to the attached document that's a memo to -- for PwC, correct?
A. Yes. Yes.
Q. Did you write this document in the ordinary course of your business at Barclays?
A. I'm sure I did.
Q. And this was part of your involvement in -- in letting PwC know what Barclays's methodology was with respect to valuation on the whole loan portfolio, correct?
MR. STEWART: Object to form. Leading.
A. I wouldn't say this was my

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document. I think this was probably put together by the front office.

Q. Fair enough. Thank you for that correction.

But this -- as reflected in this document you provided some comments --

A. Sure.

Q. -- on it --

A. Sure.

Q. -- correct?

MR. STEWART: Object to form. Leading.

A. I'm -- I'm sure I did. That's what I'm saying here. Right?

Q. Right. Okay.

And -- and is it your recollection that Barclays provided PwC with an explanation of the methodologies it was using for valuing its whole loan portfolio?

MR. STEWART: Object to form. Leading.

A. Definitely.

Q. Okay. There's no doubt in your mind that PwC was familiar with the

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methodology that Barclays was using for that valuation --

A. We had --

Q. -- correct?

MR. STEWART: Object to form. Leading.

A. We had several meetings discussing the valuations, yes.

Q. With PwC?

A. Yes.

MR. STEWART: Object to form. Leading.

MR. TOMAINO: Let me ask the court reporter to mark the next document as DX-3.

(Defendants' Exhibit 3, 1/2/08 e-mail chain re: whole loans, BARC-ADS-00854071, marked for identification, as of this date.)

Q. And while you're reviewing that I'll just note for the record that DX-3 is a document stamped BARC-ADS 854071.

This is an email chain of emails dated January 2, 2008 between Mr. Kaczka,

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Mr. Copson, Mr. Landreman and others.

Have you had a chance to review that?

A. Let me look at it quick.

Q. Okay.

(Witness reviewing document.)

A. Okay.

Q. Have you had a chance to review it?

A. Yes.

Q. Okay. Thanks.

And in the top email dated January 2, 2008 you wrote a message to Mr. Copson, Mr. Landreman and cc'ed Mr. Walker, your boss, correct?

A. Yup.

Q. Did you write this email in the ordinary course of your business at Barclays?

A. Yes.

Q. And was this based on your knowledge at the time?

A. Yes.

MR. STEWART: Object to form.

Q. And I take it that when you wrote

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emails like this to your boss and others, you did your best to be accurate?

MR. STEWART: Object to form. Foundation.

A. I would say yes.

Q. Thanks.

In your email, you wrote to Mr. Copson and Paul: "We had the meeting with PWC. PWC agreed with the process as well as the levels for the whole loan marks."

Do you see that?

A. Yes.

Q. And this is dated as of January 2, 2008?

A. Yup.

Q. Okay. So is it your recollection that this meeting with PwC was part of the process of informing PwC as to the process and the levels that Barclays was using for its whole loan marks?

MR. STEWART: Object to form. Leading.

A. It would appear to be, yes.

Q. And does this refresh your rec --

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recollection that PwC agreed with the process and the level for those marks?

MR. STEWART: Object to form. Leading.

A. I'm saying that they did agree, so I believe that they did. I -- there was much pushback with them and us as to the levels. But ultimately I'm writing here that they agreed, so they did agree.

Q. Okay. Thank you. That's all I have on that document.

MR. TOMAINO: Let me ask the court reporter to mark as the next document, DX-4 -- almost finished -- I'm sorry. That's -- this is -- this one we just did is 3.

THE REPORTER: 4 is next.

MR. TOMAINO: Sorry. I'm just trying to get my numbering straight. Sorry. Bear with me one second. Yes, I'm sorry.

Let me ask the court reporter to mark as Exhibit DX-4 --

MR. WHITE: This was already

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marked at the Menefee.

MR. TOMAINO: Got it. Sorry.

BY MR. TOMAINO:

Q. Let me hand you a document that's been previously marked as Plaintiffs' Exhibit 8.

A. Okay.

Q. Okay? Sorry about the confusion. This is a big document, but I don't have a lot of questions on it. You can review as much as you want.

This is -- was previously marked as Plaintiffs' Exhibit 8. It's stamped BARC-ADS 54795 through 54836.

And this is an email chain that the front includes an email from Richard Landreman dated January 23, 2008 to Frank Serravalli, Robert MacGoey, Erika Riddle and Michael Guarnuccio from PwC, and it's cc'd to Mr. Walker, Mr. Piperno and to you, Mr. Kaczka.

Do you see that?

A. Yes, I do.

Q. Okay. And the attachment to

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this -- there are two attachments to this document. One is entitled "Alt-A Whole Loans & Securities Alt-A Valuation At Year End."

Do you see that?

A. Yup.

Q. And there's another attachment to this document that if you turn to page 54814 at the bottom, it looks like another draft of that memo to PwC we were looking at, correct?

A. I don't know.

Q. Okay. Mr. Landreman writes in the front email to the PwC folks that "Attached are the latest Alt A documents and a" --

A. Uh-hmm.

Q. -- "'Spread' document which highlights the indices we have been tracking for the movements to [the] benchmark."

A. Yeah.

Q. "The sub"--

A. And he sent it to PwC, yeah.

Q. And he sent it to PwC, yes.

A. Yes.

Q. My question is, sir: Does this

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refresh your recollection that PwC was also advised about the valuation methodologies that Barclays was using for Alt-A positions?

A. Clearly --

MR. STEWART: Object to form. Leading. Foundation.

A. Clearly, yes --

Q. Okay.

A. -- this was sent to them.

Q. Okay.

A. And -- and not only was the document sent to them, but we would have meetings to discuss the levels, the positions, the market, normal course of business.

Q. Okay. Thank you.

MR. TOMAINO: Let me ask the court reporter to mark as DX-5 the next document which bears production numbers BARC-ADS 844683 to 684. This is DX-5.

THE REPORTER: 4.

MR. TOMAINO: DX-4? Thank you.

(Defendants' Exhibit 4, 2/4/08 e-mail chain re: urgent - PwC

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commentary, BARC-ADS-00844683-684, marked for identification, as of this date.)

Q. This is a two-pager, Mr. Kaczka. If you can just take a minute to review the document.

(Witness reviewing document.)

A. Okay.

Q. Okay.

Mr. Kaczka, this is an email chain which includes some emails that you wrote from February 4, 2008.

Do you see that?

A. Yes.

Q. And the email at the bottom is from someone named David Fabricius.

Do you see that?

A. Fabricius, yes.

Q. Fabricius?

A. Yeah.

Q. Thank you.

And he worked in Product Control?

A. Yes.

Q. Okay. And the subject of his

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email from February 4, 2008 to you and others says "Urgent, PwC Commentary (August-September 2007), correct?

A. Right.

Q. And on the back page there's a chart indicating some figures monthly for August, September and October.

Do you see that?

A. Yes.

MR. STEWART: Object to form.

Q. And some of the categories of assets on there are ABS, whole loans, CMBS, secondary and some others, correct?

A. Yes.

Q. Okay.

And now on the first page there's an email that you wrote to David Fabricius and Richard Landreman, again, on February 4, 2008, in which you wrote: "The [numbers] for ABS - Whole loans actually represent the Nims/PNR's writedowns. It represents the continued deterioration in the performance of the underlying loans. We have taken PwC thru this several times at the highest levels."

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Do you see that?

A. Yes.

Q. Okay. Did you write that email in the ordinary course of your business at Barclays?

A. I believe I did.

Q. And do you believe it was accurate and based on your knowledge at the time?

A. Yes.

MR. STEWART: Object to the form. Leading.

Q. Is it consistent with your recollection that you reviewed the NIMS and post-NIM residual write-downs with PwC at this time?

MR. STEWART: Object to form. Leading.

A. I'm just confused as to the timing because the subject is "August-September," and this attachment has October which has a much greater number.

Q. Uh-hmm.

So -- but is it your recollection that you took -- you reviewed with PwC on

- KACZKA - CONFIDENTIAL -

several occasions the write-downs for NIMS and post --

A. Absolutely.

Q. -- NIM residuals?

MR. STEWART: Object to form. Leading.

Q. There's no doubt --

THE REPORTER: One at a time.

Q. Is it there any doubt in your mind that PwC understood the methodologies and levels that Barclays was applying for valuing NIMS and post-NIMS residuals?

MR. STEWART: Object to form. Leading.

A. I think we spoke with them several times and went through it. They had their valuation experts in the room. I think they did understand, yes.

Q. Okay. Thank you.

Let me hand you what previously has been marked as Plaintiff's Exhibit 160. This is a document Bates stamped BARC-ADS 183451 to 52.

Just let me know when you've had a

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chance to look at that.
(Witness reviewing document.)
A. Okay.
Q. In the first email at the top of this exhibit, Mr. Godden writes to Stella Choi and Michael Wade on February 11, 2008 an email concerning a $46.7 million Equifirst loan mark-to-market position.
Do you see that?
THE REPORTER: A 46 million?
MR. TOMAINO: 46.7 million Equifirst loan mark to market.
MR. STEWART: Object to form.
Q. Do you see that?
A. I see it.
Q. Okay. And there's a sentence that reads: "At PCG's direction, the 46 million was released at the end of last year as you cannot have a reserve against a potential interco liability. However, on the basis that Equifirst released this, at the consolidated level we were then $46 million better off and so PCG then wrote down our whole loan portfolio by an equal sum on the

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same day."
Do you see that?
A. I see it.
Q. Does that refresh your recollection that PCG was involved in -- in the release of that $46 million in the -- in the write-down at the consolidated level of, of 46 million?
A. I --
MR. STEWART: Object to form. Leading. Lack of foundation.
A. I don't remember this at all, quite frankly. It seems consistent with what I've said earlier about assets needed to be moved at fair value. And it may be along those lines, but I -- I don't remember this specifically at all.
Q. Okay. Thank you.
So if I understand your testimony --
A. I'm not on any of this, either.
Q. Understood. You can set that aside.
(Witness complying.)

- KACZKA - CONFIDENTIAL -
Q. If I understood your testimony from today, it seems as though when it came to the work you did during the 2006, 2007, 2008 time frame, a lot of your work was devoted to valuation issues regarding whole loans, NIMS and post-NIM residuals; is that right?
MR. STEWART: Object to form. Leading.
A. That was part of what we did, yes, CMBS, residential mortgages, yes.
Q. At certain times, the market for those assets was illiquid; is that right?
MR. STEWART: Object to form. Leading.
A. Yes.
Q. And is it the case that when markets are illiquid, valuation methodologies become more complicated?
MR. STEWART: Object to form. Leading. Lack of foundation.
A. I would think that's a fair statement, yes.
Q. Is it also a fair statement that

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valuation decisions in those circumstances require judgment?
MR. STEWART: Object to form. Leading. Lack of foundation.
A. I think yes. I think there's judgment involved certainly, yes.
Q. And would you agree with me that valuation decisions and judgments also depend on assumptions that are made?
MR. STEWART: Object to form. Leading. Lack of foundation.
A. I think yes. A lot of assumptions that are made, yes.
Q. Okay.
And would you agree that in any given valuation scenario there are a variety of assumptions that one could reasonably make?
MR. STEWART: Object to form. Leading.
A. I -- if we're talking about the NIMS, post-NIMS, subprime whole loans, I think clearly different variables could be used or just different assumptions as to the

EXHIBIT E

FILED UNDER SEAL PURSUANT TO THE STIPULATION AND PROTECTIVE ORDER DATED FEBRUARY 3, 2015, DOCKET NO. 98

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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IN RE:)
) Master File No:
BARCLAYS BANK PLC) 1:09-cv-01989-PAC
SECURITIES LITIGATION)
)

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)
THIS DOCUMENT RELATES TO:)
ALL ACTIONS)

------------------------------X

October 22, 2015
9:39 a.m.

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

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

VERITEXT LEGAL SOLUTIONS
MID-ATLANTIC REGION
1801 Market Street – Suite 1800
Philadelphia, PA 19103

- R. LANDREMAN - CONFIDENTIAL -
would ultimately be responsible for putting in the product control valuations, and then we would debate our differences with what we saw with the traders.
Q. Okay.
So the DCF, using the inputs that you just described, you were responsible for determining what those inputs would be for the purposes of PCG's price testing; is that right?
MR. TOMAINO: Objection. Form.
A. Correct.
Q. And then if there was a variance between that, those results and what the traders were marking the assets at, then you would have a discussion with them about that variance; is that right?
A. Correct.
Q. Okay.
So we talked a little bit about the variance for the whole loans. I would like to talk about any variance you saw for the subprime bonds, including the NIMS and post-NIMS that you were responsible for

- R. LANDREMAN - CONFIDENTIAL -
price-testing during 2007.
Did you see an increase in the variance for those subprime assets during 2007?
MR. TOMAINO: Objection. Form.
A. We saw a difference, yes.
Q. Okay. What did you see?
MR. TOMAINO: Same objection.
Q. You say you saw a difference. What --
A. Well --
Q. What do you mean by that?
A. What we saw was that these -- the NIMS and the post-NIMS, which I was responsible for were starting to -- they were differing by vintage. So, like, '04 and '05 vintage bonds, which we had in our books, were still performing well; '06 there was some stress; and '07 was starting to appear to not be a good year.
Q. And there was an increase in the variance for the NIMS and the post-NIMS for the '06 and '07 vintage; is that correct?
MR. SPADA: Objection.

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MR. TOMAINO: Objection. Form.
A. The NIMS and the post-NIMS were booked as -- it was like a mark-to-model valuation. So as cash would come in, they would write down the value of the asset because we knew that there was not going to be more cash coming.
So as we saw -- like '04 and '05 were -- were going down in value as a result of cash flows coming in, we had '06 which appeared to -- some of the bonds started showing that they may not cash-flow, which we started accounting for. And '07 was still early, because you only had three to six months of performance to really start talking about whether or not those were really going to perform.
And the underwriting guidelines changed, so there was more credit support in those bonds which should have served to possibly provide a bigger cushion in the event that more losses came through.
So the idea was, when those '07 NIMS were created, that the level of credit

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support that was mandated by the rating agencies should have been sufficient to have supported the value that we put those on, which was a book value. So we didn't.
And then we -- we started tracking the performance of those bonds and looking at those bonds as -- throughout the year.
Q. Was the price-testing procedure for the NIMS and the post-NIMS the same as for other types of assets?
And by that I mean: did the traders come up with marks for those assets, your group came up with price-testing, and then there was a variance that was created?
MR. TOMAINO: Objection. Form.
A. There was the same process, yes.
Q. Okay.
And so was there a -- do you recall there being an increase in that variance during 2007 for the sub -- for the NIMS and the post-NIMS?
MR. TOMAINO: Objection. Form.
A. There was actually a large push to write those assets down. And the variance

didn't change as much. I mean, there was a big variance but we also, you know, started pushing for write-downs which were taken.

Q. And who was pushing for that write-down?

MR. TOMAINO: Objection. Form.

Q. You said there was a push to write those assets down. Who was pushing to write those assets down?

A. Well, after a period of time, we -- you could see that those bonds were not performing. And, you know, the debate around whether or not the performance was going to improve or continue to get worse, it became apparent that we saw that they were getting worse. And we took appropriate action to push to start writing those assets down.

Q. Okay.

So you said there was a push to write those assets down. By whom was there a push to write the assets down?

A. By myself and by, you know, Joe Kaczka and others within the organization.

Q. And was there a pushback from

anyone within the organization?

A. Well --

MR. TOMAINO: Objection. Form.

A. There was a conversation around the enhanced credit support levels that the rating agencies required to see even if -- even with the increased deterioration of performance, you know, as you got closer to the end of the year and as things got worse.

So early on, the conversation was: "We're not sure, we don't know." And as it got later and later, we took more appropriate measures and started writing more assets down.

Q. Okay.

So was there a pushback for anyone within the organization against your desire to write the post-NIMS and NIMS down?

MR. SPADA: Objection.

MR. TOMAINO: Objection. Form.

A. Earlier in the year, there was a fair amount of debate and dialogue around what the appropriate assumptions should be to value these securities.

Q. Okay.

And at some point, before the end of '07, were the NIMS and post-NIMS written down in accordance with what you had recommended?

A. Yes.

Q. Okay.

So how much were the NIMS and the post-NIMS written down by the end of '07? Do you recall?

A. Hundreds of millions of dollars. I don't know exactly.

Q. Okay.

But you thought the -- they were written down appropriately by the end of 2007?

A. The remaining NIMS and post-NIMS in '07 that had any value on the books were there because there was information about those specific bonds that were performing differently from the other bonds.

So we were able to defend and justify the assumptions we used to value those bonds to have any remaining value on

the books for those specific bonds.

Q. Setting aside those specific bonds, generally were the NIMS and post-NIMS written down, NIMS and post-NIMS, were they written down significantly by the end of '07 --

MR. TOMAINO: Objection.

Q. -- in your opinion?

MR. TOMAINO: Objection. Form.

A. The '07 vintage NIMS were written down appropriately, in my view.

Q. But you don't recall how much that was; is that right?

A. If you showed me the schedule, I could show you how much I thought it was.

Q. Okay. Yeah, we'll get to it. I was just wondering if you remember it --

A. Uh-hmm.

Q. -- as you sat here. You don't?

A. I don't know exactly the number.

Q. Let's talk about 2007.

During 2007, did you continue to see a deterioration in the subprime or in the mortgage market that you described earlier?

MR. TOMAINO: Objection. Form.
A. There had been a decline in the market in 2008 that continued, yes.
Q. So there was a decline in 2007 that continued into '08; is that right?
A. Correct.
Q. Okay.
And did that decline in the market continue to have an impact on how you were pricing mortgage-related assets at Barclays?
A. Of course.
Q. Okay.
So for the Alt-A securities for which you had price-testing responsibility, how did the deterioration in the mortgage market affect your pricing of those assets, if at all?
MR. TOMAINO: Objection. Form.
A. I think the term was called contagionation where the -- the results of subprime started moving into Alt-A. So some of the deterioration in quality that we saw observed in 2007 started moving into the higher markets, the Alt-A and even for some,

to some point the agency markets.
Q. So the contagionation didn't occur until 2008; is that correct?
MR. TOMAINO: Objection. Form. Lack of foundation.
A. I don't know exactly when that officially occurred. So I would need to go back and look at the time to see.
Q. All right.
I'm just trying to get an understanding of what, you know, your memory is.
But you do recall there being a decline in the price of the Alt-A assets during 2008 as a result of this contagionation; is that correct?
A. Uh-hmm. Correct.
Q. Okay.
So how did this contagionation affect your pricing models, if at all?
MR. TOMAINO: Objection. Form.
A. We still used the same pricing model; we still used the same assumptions; and we saw continued deterioration in the

portfolios in -- in the performance, which meant increased loss levels, increased loss severity levels over that period of time, those periods of time.
Q. So what steps did you take, if any, as a result of observing those affects?
A. As a result of that, we would continue to, you know, mark the portfolios down to the observable trends that we saw in the market, if there were observable trends.
Q. So did the deteriorations that you saw change the inputs to your models?
A. We saw loss rates continue to get higher.
Q. So did that change the inputs to your pricing models for the Alt-A securities?
A. We would have seen higher default assumptions in the Alt-A models. For -- for specific model, yes.
Q. But did you, in fact, change the inputs to your Alt-Al pricing models during 2008?
MR. TOMAINO: Objection to form. I think you guys are miscommunicating

about input versus assumptions.
A. I mean --
MR. TOMAINO: So I think there is a lack of clarity.
A. I mean, what exactly. Can you be more specific?
Q. Sure. And, obviously, if you don't understand my question, just -- let me know. I guess we can break it down.
So you -- you obviously had a model for price-testing Alt-A securities; is that right?
A. Right.
Q. During two-thousand... --
Going back to when you started price testing Alt-A assets, right?
A. Right.
Q. Okay.
Did the model that you used to price-test Alt-A assets change during your time at Barclays? The model itself, not the input, but the model.
A. The model itself would have stayed the same.

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- R. LANDREMAN - CONFIDENTIAL -
increase in the defaults?
A. Yes.
Q. That was out of step with historical curves; is that correct?
MR. TOMAINO: Objection. Form.
MR. SPADA: Objection.
A. The behavior of the bonds no longer -- the loss behavior no longer replicated this, this trajectory.
Q. And that was during 2007?
A. Correct.
Q. Okay.
A. Actually, page 12 of 13 show the shape of a dollar curve, loss curve that we used for one of the other bonds, which demonstrated how we implemented.
This was just for one of the bonds. But for any of the bonds that they wanted to see, we could demonstrate which loss curve we were using.
Q. Okay. All right.
Can we turn to the next exhibit? It begins in Bates number 846.
(Witness complying.)

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Q. And this document is entitled "Residential Mortgage-Backed Securities, (RMBS) Residential Mortgage-Backed Securities Valuation Policy & Procedures."
Is this another Barclays policy and procedures -- Policy & Procedures document that you were responsible for editing and approving?
A. Yes.
Q. And did you, in fact, approve the -- the Policy & Procedures document?
A. I don't recall if I approved this because I see an error in the -- in the table of contents where they didn't anchor the page numbers. So everything is appearing on page 3. But had I approved this version, that would have been corrected. But I believe the content is consistent with what I would have reviewed.
Q. Okay. And you would have expected to review and approve documents -- these documents before they were sent to FINRA; is that right?
MR. TOMAINO: Objection. Form.

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- R. LANDREMAN - CONFIDENTIAL -
A. I would have reviewed most of these documents before they would have gone to FINRA.
Q. And to the best of your knowledge, were the policies and procedures that are set forth in this exhibit followed for the pricing of RMBS assets at Barclays during 2007 and 2008?
A. Yes.
Q. I'd like to ask you just one question about this one, looking at the page ending 858.
There is a -- just so the record is clear, this page is under an enumerated section entitled "Monthly Price testing," and that's on the previous page ending 857.
And it says: "Month end price testing reports are summarized and published as part of PCG's month end close process."
And then looking down, looking back at 858, there is a section in the bottom titled "Price Source Hierarchy."
Do you see that?
A. Yes.

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- R. LANDREMAN - CONFIDENTIAL -
Q. This was a hierarchy of information that you would look at in determining what the appropriate price was; is that correct?
MR. TOMAINO: Objection. Form.
A. This was the priority we placed on the data that we had. So trade prices would have been given the highest consideration.
Our own mark-to-model prices would have received a higher preference to the prices that we would receive from vendors. So if I had to model a price within our policy, my -- my model price would receive higher preference than any vendor price.
Q. And what -- when you say "vendor prices," what does that mean?
Let me ask you: Who are the vendors that you're referring to in that category?
A. We had subscribed to certain data vendors, and they were very consistent across the industry. There was a company called Interactive Data Corporation, which sold indicative pricing levels. There was also a

- R. LANDREMAN - CONFIDENTIAL -
division of Reuters, EJB.
There was five different vendors but we subscribed to two of them just because they were -- IDC was considered to be one of the standards in the industry. I had used them at prior companies as well.
Q. But IDC was one of the vendors that you --
A. Yes.
Q. -- that you used; is that correct?
A. Yes.
(Plaintiff's Exhibit 334, 1/30/08 email from R. Landreman re: Alt-A & Subprime Whole Loan Valuations, BARC-ADS-00860689-740, marked for identification, as of this date.)
MR. OLTS: I lost track of how long we have been going. I don't know if you guys --
MR. SPADA: A little over an hour.
MR. OLTS: Okay. Are you doing okay.
THE WITNESS: I'm fine.
MR. OLTS: You're doing all right?

- R. LANDREMAN - CONFIDENTIAL -
BY MR. OLTS:
Q. The court reporter has handed you what's been marked as Exhibit 334.
Exhibit 334 is a single-page document Bates numbered BARC-ADS-00860689, contain two attachments which goes through page ending 60740.
The top, the email is from Mr. Landreman to Michael Guarnuccio --
A. Guarnuccio.
Q. Guarnuccio. I'm sorry.
-- at PwC copying some other people. The subject is "Alt-A & Subprime Whole Loan Valuations," and it's dated January 30, 2008.
(Witness reviewing document.)
A. Okay.
Q. Have you had an opportunity to review Exhibit 334?
A. Uh-hmm.
Q. So Exhibit 334 is an email that you sent in the normal course of your business on or around January 30, 2008; is that correct?

- R. LANDREMAN - CONFIDENTIAL -
A. Yes.
Q. All right.
And you sent this email to Mr. Guarnuccio at PricewaterhouseCoopers; is that correct?
A. Yes.
Q. Okay.
And why did you send this email to Mr. Guarnuccio?
MR. TOMAINO: Objection. Form. Foundation.
A. This is information they had requested.
Q. Do you specifically recall PwC requesting this information?
A. I specifically recall that PwC would review every valuation we would do every quarter. So this -- I don't know if exactly this format, but we provided them all of our valuation results every quarter. So this was normal for -- as far as we were concerned.
Q. Okay.
So you write to Mr. Guarnuccio,

- R. LANDREMAN - CONFIDENTIAL -
you say: "Attached are the final Alt A and Subprime documentation which explains the methodology, proxies and assumptions used to perform the year end valuation for Barclays Alt A and subprime Whole Loan portfolios."
Do you see that?
A. Yes.
Q. Okay.
And the -- so the two attachments to this email, those are, in fact, the -- they do, in fact, explain the methodology, proxies and assumptions that were used to value Barclays' Alt-A and subprime whole loan portfolios; is that correct?
A. To the best of my recollection, yes.
Q. Okay.
You say: "Please advise the receipt of this documentation and feel free to call me directly if you have additional questions regarding this issue."
Do you see that?
A. Uh-hmm.
Q. Do you recall receiving any

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response from Mr. Guarnuccio regarding these documents?
A. We had been talking a lot. So I don't recall specifically regarding these, but I know that we had talked -- we had talked about this for a long time, yes.
Q. Okay.
What --
A. So I don't know specifically if -- if he -- if he didn't come to me and ask me direct questions, usually one of his staff would come and ask any specific detail questions.
But this -- this document was created to try and limit that amount of conversation that needed to be had.
Q. Okay.
You write to him that "attached are the final Alt-A and subprime documentation."
Were there previous drafts of these documents that had been exchanged with PwC?
MR. TOMAINO: Objection. Form.

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Q. To the best of your understanding.
A. I don't think so. I don't recall.
Q. So why -- why did you use the word "final" there?
MR. TOMAINO: Objection. Form.
A. I don't recall.
Q. Do you recall there being former versions of these documents that were used internally at Barclays but perhaps not shared with PwC?
MR. TOMAINO: Objection. Form.
A. I would not be surprised if there was a draft before this. But I don't think I would have shared that with them. They -- they were with us all the time, so I wouldn't have shared that back and forth but...
PwC likes to know that it's not a draft document, so I inserted the word "final" in there.
Q. So based on the fact you used the word "final" here, does that make you believe that these were the policies and procedures that were followed in valuing the whole loan -- excuse me, valuing Barclays Alt-A and

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subprime whole loan portfolios for 2007?
MR. TOMAINO: Objection to form.
A. These documents were not policies and procedures documents. These were explaining how we did the valuations. These were --
Q. Right.
A. -- results, explanations.
Q. Okay. So you -- excuse me.
But the fact that you used the word "final," does that -- does that make you believe that these were the procedures? I mean, I guess -- I don't know how else you would say it, procedures that were used to value those assets.
MR. TOMAINO: Objection. Form.
A. This would be the explanation of the results, and how we derived those results.
Q. Okay.
But that was -- this is the final explanation of that; is that correct?
MR. TOMAINO: Objection. Form.
A. I believe so. I don't know.

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Q. Okay.
A. There may have been other forms after this. I don't know.
Q. You said you had had many conversations with PwC.
Did you have a lot of conversations with PwC around the methodology, proxies and assumptions used to perform the year-end valuation for Barclays Alt-A portfolios -- portfolio? Excuse me.
A. PwC brought in the experts from their areas that reviewed our assumptions and the methods we used to value the Alt-A portfolios in addition to the subprime as well. And they were included on here, that's who Frank Serravalli was, he was their head of securitized, securitized pro -- whatever they call it there. But he was their securitized products expert at PwC.
Q. Okay. Sorry. I have to ask you not to mark --
A. Okay.
Q. -- mark that up.
MR. OLTS: For the record, the

witness underlined someone's name on the document.
A. Frank Serravalli.
Q. Yes. That's going to be the document that goes. If you need a copy of it or something, please just let me know.
A. Okay.
Q. Thanks.
The -- okay. But did you have -- I understand they brought in experts.
Did you have conversations with PwC about how the Alt-A, specifically the Alt-A assets were being, were being valued at the year end for '07?
A. Yes.
Q. Okay.
And what did those conversations? What do you recall about those conversations?
A. I recall that we explained our method; we explained how we derived each assumption; and we presented to them, you know, how those worked. How those models -- those assumptions worked within the model and how we supported those assumptions.

Q. Okay.
And do you recall there being pushback from PwC about the Alt-A valuation?
MR. TOMAINO: Objection. Form.
A. I don't recall pushbacks on the Alt-A portfolios.
Q. Do you recall there being pushback from PwC as to the subprime portfolio; how the subprime portfolio is being valued?
MR. TOMAINO: Objection. Form.
A. I recall there being dialogue and discussion around the assumptions that were used.
Q. But you wouldn't -- you wouldn't call what you -- those conversations as pushback from PwC; is that right?
MR. TOMAINO: Objection. Form.
A. We provided what we believed was adequate support for the assumptions we used to PwC.
Q. Correct. But -- but did PwC push back against those assumptions that you were using?
MR. TOMAINO: Objection. Form.

A. PwC made very thorough detailed reviews of what we were presenting, and questioned us on every assumption we used, which we believed we were able to defend.
Q. Okay.
So did the assumptions that you used to price the subprime assets change in any way based on the conversations with PwC for the year-end 2007 valuations?
MR. TOMAINO: Objection to form.
A. I don't recall. I don't think so.
Q. And the actual -- did the actual valuations themselves change at all based -- for the subprime whole loan assets based on the conversations that you had with PwC that you just described?
MR. TOMAINO: Objection to form.
A. I don't recall that.
Q. So nothing that PwC asked you changed either the valuation inputs or the actual valuations for the subprime assets for year-end 2007; is that correct?
MR. TOMAINO: Objection to form.
MR. SPADA: Objection.

A. I don't recall that.
Q. Do you recall whether or not PwC -- let me --
Did you ever provide any drafts of these documents, the valuation, the year-end valuations to Pw -- PwC prior to the final versions being written?
MR. TOMAINO: Objection. Form. I mean, the -- well, objection.
A. I don't recall, but...
There could have been, but I don't recall.
Q. Okay.
So to the best of your recollection, for example, you don't recall PwC providing you edits to these documents; is that right?
MR. TOMAINO: Objection. Form.
A. I do not. I do not recall them editing my documents.
Q. Okay.
Were you -- so let's look first at the first exhibit, which begins on Bates ending 690. And this document is entitled

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"Alt-A Whole Loans and Securities, Alt-A Valuation Year End." Do you see that?
A. Uh-hmm.
Q. Okay.
A. Yes.
Q. And was this a document that you were involved in drafting?
A. Yes.
Q. And did you have to approve the final version of this document?
A. Yes.
Q. And did you, in fact, approve the final version of this document?
A. Well, I don't believe it was required that I approve it. But I sent this out so it went out under my name, yes.
Q. So you, in effect, approved the final version of this; is that right?
A. Correct.
Q. Okay.
And to the best of your understanding, is -- does this document accurately reflect how the Alt-A portfolio was, in fact, valued by Barclays --

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MR. TOMAINO: Objection. Form.
Q. -- for year end '07?
A. I would need to review the final books and records. But I believe this was --
Q. Okay.
A. -- to the best of my knowledge, yes.
Q. Okay. Okay. Let's -- let's turn to page ending 694.
(Witness complying.)
Q. The second bullet point down there, it says "Spread Assumptions."
Do you see that?
A. Yes.
Q. And it says: "[PGC] currently employs a discount rate of 294 bps over the SWAP curve for Alt-A Whole Loans."
Do you see that?
A. Correct.
Q. So how did you come up with the 294 bps for that assumption?
MR. TOMAINO: Objection. Form.
A. The next bullet explains that.
Q. Okay. The next bullet reads:

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"The December nominal spread was widened by approximately 40% to reflect changes in the basket of indexes tracked by [PGC] for Subprime and Agency TBA spread movements over the defined period."
So that nomi -- that information led you to use the 294 bps over the swap curve for Alt-A whole loans?
A. Yes. We had been employing a basket approach of observing different indices that were appropriate for this asset class to reflect directional changes in the market at that time.
Q. Okay. You said the December nominal spread was widened by approximately 40 percent to reflect this change in the indices that you just described; is that right?
A. Uh-hmm. Yes.
Q. So how did that equate to the -- to the discount rate of 294 basis points?
MR. TOMAINO: Objection. Form.
Q. For the spread assumption.
A. I would have to go and look and

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see where the spreads...
(Witness reviewing document.)
A. If you go to the reference on 705.
Q. Okay.
A. Spread level tracking, we documented in Appendix C all of the appropriate benchmarks that we used and we were looking at over time.
Q. Okay.
Well, we don't have to walk through each -- I mean, that whole appendix. But I guess I'm just trying to understand.
So using that Appendix C, you were able to calculate the appropriate discount rate to be 294 basis points; is that correct?
A. Our -- our procedure would have indicated that spread over the swap curve. We had other observable information that we thought was relevant that we would track over time, and we tracked all of these indices over time to capture the directional movement of where spreads were going.
Q. Okay.
So, so other than the -- the

reconcile books and records and do the reconciliation. So he was questioning about certain write-downs that were passed through in the books.

Q. Okay. And you have recollections of those conversations relating to Mr. Godden's questioning of the write-downs?

A. He usually went directly to James when he should have been going to Joe Kaczka. So his original email was directly to James, and then James sent it to Joe and to me. And somebody had to have a conversation with him to explain to him where those markdowns were -- were being applied, et cetera.

Q. Okay.

Did you have that conversation with Mr. Godden?

A. Joe, I think, would have had that conversation.

Q. Okay.

And -- okay. So do you recall there being a write-down on the whole loan book in -- or around November 2007?

MR. TOMAINO: Now this is

referring to a write-down in October.

MR. OLTS: Right. So?

A. We --

Q. Do you recall that, a write-down in October?

A. There had been write-downs nearly almost every month.

Q. Okay.

A. Yeah.

Q. And specifically, do you remember the write-down in October of '07?

A. Not specifically.

Q. So Mr. Godden writes to Mr. Walker that he's been trying to get detail behind the $22 million whole loan write-down in October. Do you see that?

A. Yes.

Q. And he says: "As you know, Mike Wade and I are unaware of it and Paul Menefee and John Carroll are still unsure as to the basis for it."

Do you see that?

A. Yes.

Q. Was it common that these gentlemen

wouldn't be made aware of write-downs affecting the -- the assets that were in their business?

MR. TOMAINO: Objection. Form.

A. No, it was not common.

Q. Did you believe him when he said that he was unaware of it?

MR. TOMAINO: Objection. Form.

A. I would believe that Adam Godden would not be aware of things happening in this business, yes.

Q. Why would you believe that?

A. Because he --

MR. TOMAINO: Objection to form.

A. Adam Godden was not a critical key player within this port -- this business.

Q. Okay.

He says that he -- "Specifically, I therefore need to understand, please: Why we have taken a loss so soon after we all mutually agreed to the 150 discount rate to value the pool."

Do you see that?

A. Yes, I see that.

Q. Okay.

Do you recall there being an agreement to the 150 discount rate to value the whole loan pool?

A. No, I do not.

Q. Do you recall anything regarding a 150 discount rate with regards to valuation of the whole loans in the second half of 2007?

A. I know there was a lot of dialogue about different assumptions. A 150 discount rate was presented. It was not necessarily agreed upon by everybody, so Adam was clearly unaware of everyone's position, which is why he was going directly to James with this question.

Q. Did you agree that there should be a 150 discount rate used to value the whole loan pool?

MR. TOMAINO: Objection. Form.

A. I do not believe that I agreed to that.

Q. Why didn't you agree to that?

MR. TOMAINO: Objection. Form.

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A. I would need to --
MR. TOMAINO: Foundation.
A. I would need to see how that was taken in relation to the overall valuation, but I do not believe that that discount rate was what we were using as our price testing results at that time.
Q. Okay.
So, but as you sit here today, do you have a recollection as to why the 150 discount rate wasn't used to -- to value the whole loan pool?
A. I believe that the 150 discount rate was a number that was presented by the business, which was derived from information they had which we didn't feel was appropriate, which is why we went ahead and had additional markdowns be taken that was approved by Patrick Clackson who's the CFO.
Q. You said it was derived from information they had which you didn't feel was appropriate.
What -- what was the information that they had which you didn't feel was

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appropriate?
MR. TOMAINO: Objection. Form.
A. I would need to see how they came back with that number. I just remember that being questionable and not agreed to at the time.
Q. Okay.
You stated in response --
Mr. Walker, as you said, forwarded you this email, and you respond and you say, "And we wonder why we are not able to properly value these assets with this type of dialogue from the business?"
Do you see that?
A. Yes.
Q. Okay.
What did you mean by that statement?
A. His interaction directly to James was inappropriate, and his referencing the 150 discount rate demonstrated that this participant didn't understand the portfolio he was dealing with.
Q. And the participant you're

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referring --
A. Adam.
Q. -- is Mr. Godden?
A. Yes.
Q. And you say "and we wonder why we are not able to properly value these assets."
Did you believe that the assets weren't properly valued?
A. I didn't believe the business was properly valuing them. But at the end of the year, our results were reflective of the value that we all agreed to. There was a different business owner at the end of the year.
Q. Okay. So you -- you think by the end of the year, the assets were properly valued?
A. In November, they were properly valued. We weren't using his prices. We pushed our -- our losses through in that portfolio in November.
Q. So --
A. He's complaining because we pushed losses through because we didn't agree with

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him and he wasn't aware of those losses.
So we booked the losses and then we told them that we booked the losses based on our price testing results.
Q. Okay.
But you believe the prices -- the write-down that was taken in October --
After the write-down that was taken in October, the assets were properly valued?
MR. TOMAINO: Objection. Form. Foundation.
A. We agreed that, you know, the market was continuing to deteriorate, but the prices that we took in October were reflective of the valuation methodology that we had implemented within Product Control.
MR. OLTS: Okay. You can set that aside. I don't have any further questions. If you have anything.
MR. TOMAINO: We don't have any questions. We would designate the transcript and exhibits as confidential.

MR. OLTS: Oh. I'm sorry. I do have another.

Q. I know I told you -- I don't have anymore documents. I just wanted to ask you where you're currently employed.

A. I'm currently employed at Citibank.

Q. In what capacity?

A. I am a director of model validation for anti-money laundering and financial crime. We look to make sure that the models that are being created to identify suspicious activity are built in the same standards that would be used for financial reporting and/or other types of regulatory reporting standards.

Q. And when you left Barclays, I believe you said you left in 2010; is that correct?

A. Uh-hmm.

Q. Why did you leave?

A. I was released.

Q. Okay.

And where did you -- were you

given a reason why you were released?

A. I -- I was -- I insulted one of the senior managers.

Q. And where did you go when you --

A. I went to --

Q. -- after you left?

A. I went to Nomura, and I did RMBS price-testing for two years after that.

Q. So from 2011 to 2013?

A. Yes. Right around Hurricane Sandy, I started at Citibank so I've been there for three years now.

Q. And your job responsibilities at Nomura were similar to some of your job responsibilities at Barclays?

A. Yes. Price-testing for RMBS and agency, non-agency RMBS.

MR. OLTS: Now I really have no further questions. I promise. All right. Thank you.

MR. TOMAINO: I still have no questions. I still designate the transcript confidential.

THE VIDEOGRAPHER: The time on the

video monitor is 3 -- I'm sorry. 4:44 p.m. We're off the record. This ends our deposition.

(Time noted: 4:44 p.m.)

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RICHARD LANDREMAN

Subscribed and sworn to before me,
this ____ day ______________ of 2015.

____
Notary Public

I N D E X