From: Aylward, Stuart [Stuart.Aylward@funb.com]
Sent: Friday, August 31, 2007 7:13:05 AM
To: Gass, Jeffrey; Dardani, Justin; Clark, Kristina (Krick); Schwartz, Jeremy; Watts, Laurie [FTU Notes]; Greer, Ken; Papadopulos, John; Kabatznick, Amy; Simpkins, Sally; Twohig, Fleur; Owens, Bryant H (London); Coan, Carolyn; McConnell, Lynn; Andes, Nancy; Smith, Brian E.; Shorkey, Steven; Ingram, Bill
BCC: journalized@assentorcfia.com
Subject: Barclays : FT Comments This Morning

See below two articles in this mornings FT. The positive take away's from this are quotes from Barclays stating that 'there are no liquidity issues'. Equally, S&P last night reaffirmed Barclays ratings saying that in its view any losses by Barclays as a result of the Sub-Prime meltdown would be 'limited'.

Barclays reassures after more borrowing
By Peter Thal Larsen and Chris Giles in London
Published: August 30 2007 21:17 | Last updated: August 31 2007 00:39
Barclays rushed to reassure investors and depositors on Thursday night after it was forced by what it said was a technical glitch to borrow from the Bank of England's emergency reserves for the second time in just over a week.
The UK bank issued a statement after it emerged it had borrowed £1.6bn (€2.4bn) from the central bank's emergency facility on Wednesday evening. The facility, which carries a penalty rate of interest, has become the subject of intense scrutiny by investors as they search for signs of distress as a result of the recent turmoil in the capital markets.
Barclays was forced to use the facility after a technical breakdown in the system used to clear and settle money-market transactions left it unable to borrow in the inter-bank market to cover a short position in its accounts with the Bank of England.
But the episode is embarrassing for Barclays, which was last week drawn into a dispute with HSBC, its UK rival, after borrowing £314m from the central bank's emergency facility.
However, Barclays stressed it was not facing any financial difficulties: "Had there not been a technical breakdown, this situation would not have occurred," Barclays said. It added: "There are no liquidity issues in the UK markets. Barclays itself is flush with liquidity. In these challenging times the dramatisation of such situations is of no help to markets, their members or their customers."
The news came as investors were looking for signs that banks may have suffered losses as a result of the upheaval in the credit markets. This week, Barclays moved to ease concerns about its exposure to troubled debt vehicles created by its investment bank.
On Thursday, it insisted it had not put any pressure on Edward Cahill, a senior director in credit derivatives who quit suddenly last week, to resign and that it had met him this week to ensure an orderly transition of responsibilities.
Also on Thursday night, Standard & Poor's, the rating agency, reaffirmed Barclays' credit ratings after concluding that the bank's exposure to potential losses as a result of the US subprime mortgage meltdown was limited.
Technological problems arose on Wednesday when the link between Crest, the UK settlements house, and the Bank's electronic settlements system broke down for an hour, potentially interfering with banks' deals. Crest said it had extended the deadline for settlements by an hour in order to clear any backlog, and had not received any complaints from banks.
However, the effects of the technical breakdown were evident from reserves other banks hold with the Bank of England, which on Wednesday were £1.647bn higher than it had forecast for the day.
The Bank of England last night declined to comment. However, it is understood that regulators are not concerned about any liquidity issues involving UK banks.

Earlier in the day, news that the Bank had lent £1.556bn overnight reignited fears that UK banks were facing severe liquidity difficulties and sent sterling and money markets sharply lower. The overnight rate in the interbank market spiked higher to 6.13 per cent, almost 0.4 percentage points higher than the Bank's official 5.75 per cent rate. The pound initially fell 0.5 per cent to $2.0046 against the dollar before recovering ground to close slightly up in London at $2.0160.

Barclays' Cahill hires leading law firm

By Chris Hughes

Published: August 30 2007 21:26 | Last updated: August 30 2007 21:26

Barclays moved to calm the speculation surrounding the surprise departure last week of Edward Cahill, a senior director in credit derivatives, saying that it had not put any pressure on him to resign and that it had met him this week to ensure an orderly transition of responsibilities.

Mr Cahill has hired Mischon de Reya, the London law firm, to advise him. He could not be reached for comment.

Mr Cahill left his position as European head of collateralised debt obligations (CDOs) at Barclays Capital, the UK lender's investment bank, amid market concern about the value of the type of sophisticated credit vehicles that his team structured. He immediately went on holiday.

"Edward was not asked to resign, he was not fired. There was no disciplinary action and there is none pending," said Rich Ricci, chief operating officer of Barclays Capital.

"He is working out his 90 days' notice. We are transitioning his desk in an orderly way and we have had a couple of meetings with him in the last couple of days as part of that process."

Mr Ricci added that "there had been no red flags or compliance issues" in the run-up to Mr Cahill's departure.

The intervention came as others spoke in support of Mr Cahill. William Healey, founder of Picus Capital, a hedge fund focused on European leveraged finance assets, said Mr Cahill had skills that would make him an "immensely valuable resource".

"I remember him as a balanced and reasonable guy who was in touch with the market and pretty good at finding buyers and sellers".

Sincerely,

Stuart Aylward
Director
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stuart.aylward@wachovia.com

From: McConnell, Lynn [Lynn.McConnell@cf.funb.com]
Sent: Saturday, September 1, 2007 9:59 PM
To: Watts, Laurie [FTU Notes]
Cc: Aylward, Stuart; Coan, Carolyn; Simpkins, Sally
Subject: Fw: Follow up DD questions Sept 3.doc
Attachments: Follow up DD questions Sept 3.doc

This attachment reflects
Steven's additions/edits to the first draft. Seems to me it covers what our concerns would be re SIVs. Laurie, any comments or additions?

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Shorkey, Steven
To: McConnell, Lynn; Aylward, Stuart
Sent: Fri Aug 31 22:54:40 2007
Subject: Follow up DD questions Sept 3.doc

Lynn, Stuart:

I've added a couple of logical questions to your DD list. You do not have to ask them. You can call me on my cell if you need background on the questions (704-756-4406).

SPS
<<Follow up DD questions Sept 3.doc>>

<<Follow up DD questions Sept 3.doc>>

~~Could you~~Please comment on ~~your~~ Barclays exposure to liquidity or credit backup facilities to the following SIVs: Golden Key Ltd., Mainsail II Ltd., Cairn High Grade Funding ~~Ltd~~I., and Sachsen Funding I Ltd. Do you forsee any potential losses to Barclays associated with these SIVs?[I think there will undoubtedly be losses associated with them]

Please comment on the amount, term and structure of the loan Barclays has committed to Cairn Capital in connection Cairn High Grade Funding I as well as any hedging done in connection with the loan commitment. Is the new loan commitment in addition to the $442MM already committed to the fund? (that may be too detailed a question) [this was a new loan just announced today]

Does Barclays forsee making additional commitments such as that made to Cairn to other similarly situated funds?

Do you forsee any potential losses to Barclays for any other SIVs that Barclay's has structured or otherwise ~~been exposed to~~has exposure to via liquidity lines, market value swaps, hedges or via any other similar commitment?

Please comment on Barclays continued commitment to Sheffield Receivables Corp, Stratford Receivables Company and Surrey Funding Corp. Does Barclays envision needing to provide actual liquidity funding to these ABCP conduits?

Please comment on Barclay's exposure to the Bear Stearns Leverage Fund.

From:	McConnell, Lynn [Lynn.McConnell@cf.funb.com]
Sent:	Monday, September 03, 2007 10:21:49 AM
To:	Coan, Carolyn; Watts, Laurie [FTU Notes]
CC:	Watts, Laurie [FTU Notes]; Aylward, Stuart; Simpkins, Sally
Subject:	FW: DD Questions From Wachovia :
Attachments:	070903 Additional Due Diligence Questions From Wachovia.pdf

This is what was sent out this morning.

Lynn T. McConnell
European Syndicate & Debt Capital Markets Tel:+44 (0)20 7149 8488
Wachovia Securities International Limited Fax:+44 (0)20 7149 839'
' Plantation Place, 30 Fenchurch Street Cell:+44 (0)7894 835 390
London, EC3M 3BD lynn.mcconnell@wachovia.com
Click here for a map

From: Aylward, Stuart
Sent: 03 September 2007 11:16
To: 'nick.lambert@barclaysgt.com'
Cc: Owens, Bryant H (London); McConnell, Lynn; Shorkey, Steven; Gass, Jeffrey
Subject: DD Questions From Wachovia :

Good morning Nick,

Firstly, many thanks for allowing us to listen into your shelf DD call on Friday. This was an extremely useful session and we took a great deal away from it. As you know with Wachovia not being a dealer on your shelf we were not in a position to ask any questions at the end of the call. We fully appreciate that there is a 'deal specific' call prior to pricing of this weeks pref issue, however, our internal approval & credit procedures require that we ask certain questions prior to the launch of the offering, which is of course scheduled for tomorrow around mid-day.

Consequently please find attached 6 brief questions from Wachovia that we would be grateful if you (Barclays) could respond to today. For clarity we do not expect you to provide Wachovia with any non public information or commentary, however, to the extent that you are able to elaborate or reiterate your previous responses we would be grateful. Bob Diamond was heavily quoted in the press over the weekend. His comments may likely help towards any response. As you might expect the questions are focused around exposures that Barclays may have to certain SIV's & Fund's. I'm sure that you appreciate the need for us to ask such questions in these current markets (as we do with all our other client relationships) and hope that compiling your response will not be too much of an inconvenience ahead of tomorrows planned launch.

Sincerely,

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WACHOVIA SECURITIES

Additional Due Diligence Questions From Wachovia
3rd September, 2007

1. Please comment on Barclay's exposure to the Bear Stearns Leverage Fund.

2. Please comment on Barclays exposure to liquidity or credit backup facilities to the following SIVs: Golden Key Ltd., Mainsail I Ltd., Cairn High Grade Funding I., and Sachsen Funding I Ltd. Do you forsee any potential losses to Barclays associated with these SIV's?

3. Please comment on the amount, term and structure of the loan Barclays has committed to Cairn Capital in connection Cairn High Grade Funding I as well as any hedging done in connection with the loan commitment. Is the new loan commitment in addition to the $442MM already committed to the fund?

4. Does Barclays forsee making additional commitments such as that made to Cairn to other similarly situated funds?

5. Do you forsee any potential losses to Barclays for any other SIV's that Barclays has structured or otherwise has exposure to via liquidity lines, market value swaps, hedges or via any other similar commitment?

6. Please comment on Barclays continued commitment to Sheffield Receivables Corp, Stratford Receivables Company and Surrey Funding Corp. Does Barclays envision needing to provide actual liquidity funding to these ABCP conduits?

WACHOVIA SECURITIES

From:	McConnell, Lynn [lynn.mcconnell3@wachovia.com]
Sent:	Tuesday, September 04, 2007 10:09:59 AM
To:	Watts, Laurie [FTU Notes]; Coan, Carolyn; justin.dardani1@wachovia.com
CC:	Dinesh, Raman [FTU Notes]; Aylward, Stuart; Owens, Bryant H (London); Gass, Jeffrey
BCC:	n432500@cf.wachovia.com
Subject:	Fw: DD Response Relating To Project Beech :
Attachments:	A1.pdf; Cairn release30Aug07 Final.doc; 070904 Bob Diamond Comments Over The Weekend.pdf

Laurie, we have received the responses from to the questions sent yesterday. Asexpected and noted by Stuart, they are general in nature. We have also confirmed there will be a bringdown call prior to pricing. We are operating under the assumption that this will address the specific request at the FICC meeting and that we are good to go. If you have any questions or concerns however, please call Stuart as the launch call will be in a few hours ie 10 am EST. 3 pm EST. Many thanks

----

Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Aylward, Stuart
To: McConnell, Lynn
Cc: Owens, Bryant H (London)
Sent: Tue Sep 04 07:37:08 2007
Subject: DD Response Relating To Project Beech :

Please see below the response from Nick Lambert at Barclays. This response is in line with what we could have expected and I believe shows a strong desire to be as responsive as they can possibly be. The first two attachments are from Barclays. The third is from ourselves highlighting the press comments from Bob Diamond over the weekend referred to in point 2 (it is worth noting that Bob's comments pushed Barclays stock price 4% higher yesterday).

The key issue for us (relating to this transaction & the FICC request) is point 1 which, while not specifically answered, is in part addressed by the attached press release dated June 22nd 07.

I would be grateful if you could forward this to the relevant interested parties so that we may proceed with the transaction today. We should seek a 'green light' internally long before our 'go / no go' call' with Barclays and underwriters later today at 3:00pm (London time) and 10:00am (Charlotte time).

Thanks Lynn,

Stuart Aylward

Director

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From: Nick.lambert@barclaysgt.com [mailto:Nick.lambert@barclaysgt.com]
Sent: 03 September 2007 18:16
To: Aylward, Stuart
Cc: Ross.Aucutt@barclaysgt.com
Subject: RE: DD Questions From Wachovia :

In response to the questions, please see as follows:

1. Please see the attached Press Release A1, which does not refer to Bear Sterns but was related to press comment made at the time

2. Please see the comments made by Bob Diamond over the weekend - maximum exposure estimated at £75m

3. Please see attached Press Release from Cairn - Barclays' interest is now fully hedged and replaces any previous liquidity obligations

4. All situations are looked at on a case by case basis

5. The only comments we have made relate to SIV-lites - see answer to 2 above

6. Our conduits continue to be predominantly funded in the CP market - we have no reason to expect that this will not continue to be the case

Hope the above helps.

Regards

Nick

From the TimesOnline regarding Bob Diamond's statement:

There's no black hole at Barclays, insists Diamond

Grant Ringshaw and Louise Armitstead

BOB DIAMOND, Barclays' investment-banking boss, has scotched fears that Britain's third-largest bank faces a black hole in its accounts from exposure to the turmoil in credit markets.

In an interview with The Sunday Times, he said: "There was an impression that we had hundreds of millions in unsecured exposure. So we said that the potential, conservative, loss could be £75m. We do not like having to say things like that, but there were enough questions to make it important for us to make that statement."

Diamond rejected market speculation that Barclays might be forced into a profit warning. "The fears over the SIV-lites, Edward [Cahill's] decision to resign and the borrowing from the Bank of England were taken so far out of context," he said.

The comments came after a turbulent fortnight for Barclays. Investors have feared that the bank could face mounting losses from its involvement in exotic investment funds.

The bank has also looked gaffe-prone after it was forced to borrow £1.6 billion from the Bank of England's emergency reserves on Wednesday – the second time in less than a week. Barclays blamed the move on a technical glitch. Shareholders were also unsettled by the sudden resignation of Cahill, head of the division responsible for creating four debt vehicles, known as SIV-lites, that have run into trouble in recent weeks.

Barclays' share price has fallen by almost a fifth since mid-June, damaging its chances of taking over the Dutch bank ABN Amro. Barclays' offer, made up of 63% in shares, is now worth €60.5 billion (£41 billion), about €10.5 billion less than the rival offer from the consortium led by Royal Bank of Scotland.

Barclays does operate in the sub-prime market, but Standard & Poor's, the rating agency, argues that the bank's exposure is limited. A senior Barclays executive said: "If it was bad we would have told the market. We are absolutely attentive to risk. We have stress-tested the hell out of this."

Some Barclays shareholders have raised concerns that the bank could face legal action from customers who bought exotic debt products. Three years ago, Barclays Capital was sued by HSH Nordbank over $151m in losses the German bank suffered on a derivative investment. The case was later settled.

Last week, many of the world's biggest investment banks scrambled to quash rumours about exposure to sub-prime problems. One banking analyst said: "The real concern is that nobody really knows where the sub-prime exposure is." In 2006, $600 billion of sub-prime loans were originated in America. Yet one analyst said that only $100 billion has been accounted for among global banks, leaving $500 billion outstanding. If previous years' loans are taken into account, the market could be as large as $2,000 billion.

Despite the current turbulence, Diamond predicts that the credit markets could recover by October or November, though problems in the American sub-prime mortgage market will "take far longer to work out".

From the TimesOnline regarding Edward Cahill's departure:

Barclays falls to earth

Fears over Barclays' exposure to bad debts have led to its share price plunging and endangering its bid for Dutch bank ABN Amro

Grant Ringshaw

Alex the doorman has in the past few days become used to being asked about one of his residents, Edward Cahill. At an apartment block in London's Docklands, reporters have come looking for Cahill, a financial wizard at Barclays Capital. Alex has politely turned them away, explaining their search is in vain. Cahill has become the City's Scarlet Pimpernel.

Until two weeks ago, the 33-year-old was a little-known employee at Barclays' successful investment-banking arm, Barclays Capital. The tall Irishman, described by Alex as a "polite, nice guy", worked hard, leaving for the office before 8am and routinely returning after 11pm. As an energetic banker working in the booming debt markets, Cahill is thought to have earned close to £1m a year. His top-floor flat, in a converted sugar warehouse, where he has lived for three years with his brother Michael, is thought to be worth about £750,000.

But in the past few days Cahill has made an unwanted trip from anonymity to national news. His name has become closely associated with the credit crisis that is gripping global markets. And the activities of his team, which created exotic investment vehicles that have now turned sour, may derail Barclays' attempts to pull off the biggest-ever financial services deal, a €60 billion takeover of the Dutch bank ABN Amro.

Despite his grand title – European head of collateralised debt obligations – Cahill was not one of the investment bank's top executives. His business contributed a minor part of Barclays Capital's £6.2 billion revenues last year. He and a small group of colleagues created a version of structured investment vehicles (SIVs) for clients. These are highly indebted investment funds that make money by trading on the difference in interest rates between short-term money and longer-term investments backed by supposedly high-quality loans, such as American mortgages.

Four debt vehicles, known as SIV-lites, set up by Cahill's team have hit problems. Two have been forced to sell assets to pay down debt. On Friday, Barclays said a third, Cairn High Grade Capital Funding I, was being restructured in a $1.4 billion (£700m) financing. The bank has also faced scrutiny over the collapse of German bank Sachsen, a user of its SIV products, which was rescued by a rival a week ago after problems with another fund not linked to Barclays.

On August 20, Cahill, described by some colleagues as "pretty arrogant", returned from holiday. He knew his luck had run out. For more than three years, banks and investors had been on a frenzy of buying ever more complex packages of loans. Now, as the American sub-prime mortgage crisis erupted, they had lost their nerve and the debt markets were imploding.

For Cahill, the future must have looked bleak. According to some former colleagues, he faced a stark choice – watch his business dry up, and his bonus shrink, or get out. He chose the latter, packed his bags, and has not been seen at his loft apartment since.

Although he has been elusive, Cahill is said to be in contact with Barclays and serving out his notice.

In less turbulent times, his departure, though odd, would probably have been a minor event. Suggestions that Cahill could be the next Nick Leeson, the trader who brought about the collapse of Barings in 1995, are very wide of the mark Barclays' compliance department is understood to have checked out his operations and found no wrongdoing and nothing untoward. Cahill himself was unavailable for comment.

Yet Cahill's resignation sent shock waves through the market, fuelling wild speculation that Barclays was sitting on losses running to hundreds of millions of pounds. "It is fear. Fear of the unknown," said one banking analyst.

Barclays has not helped its own cause. Twice in just over a week it has been forced to borrow expensively a total of £1.9 billion from the Bank of England's emergency reserves. Such loans are routine, but in the current fragile markets any hint of financial distress has prompted panic among investors. Barclays is looking distinctly accident-prone.

As a result, Barclays shares have been hammered, just when the price needs to be strong to help Britain's third-biggest bank in its bid to win the takeover battle for ABN. As investors fret about mounting losses, there are also fears that Barclays Capital's stellar growth in profits could hit the buffers. For Barclays chief executive John Varley and Bob Diamond, its president and investment-banking boss, it all adds up to a big headache. BY any measure, Barclays Capital has been a stunning success story. Born from the ashes of BZW, the stricken investment bank, as a debt-focused operation a decade ago, the division has been the engine of Barclays' growth in recent years. In the first half of this year, profits jumped 33% to £1.7 billion, accounting for 40% of Barclays' overall earnings. For the past seven years, it has been the world's fastest-grow-ing investment bank.

Under Diamond, Barclays Capital has gained a reputation for being agile, identifying new markets and responding quickly. That led the bank to expand aggressively into commodities right at the bottom of the market after the collapse of the American energy trading giant Enron. The SIV-lite business was another pioneering move.

For years, sceptics have argued that Bar-calys Capital could not maintain its astonishing growth. Even before the present market malaise some analysts were cautious, with Collins Stewart forecasting profit growth of only 10% next year. Others claim the outlook for big investment banks is ugly. Last week Nick Hill, an analyst at Standard & Poor's, predicted their profits will collapse by 70% in the second half if the credit crunch is as fierce as in 1998.

Antony Broadbent, an analyst at Sanford Bernstein, said: "Barclays Capital clearly made hay while the sun shone in the European fixed-income markets for the past five or six years. That is where they started and that remains the core of their business. They haven't done an awful lot wrong, but those markets have gone pear-shaped, at least in the short term, and Barclays Capital's revenues are going to be vulnerable."

Diamond, a sports-mad American who was paid £22m last year, disagrees. It may be mayhem in the markets, but Diamond is confident that the debt markets will stabi-lise within the next couple of months. "You will see us come out of this market turmoil stronger and with a stronger franchise. I do not want to be too sunshine-and-lollipops about this because these have been difficult markets for clients and our shareholders – perhaps the most difficult I can remember," he told The Sunday Times. "Are we going to let a tough month throw us off course? Absolutely not. I have talked about 15%-20% annual growth through the cycle and there is nothing to make me come back from that at all."

Diamond admits there will be losses at Barclays Capital but is adamant that Cahill's sudden departure has been vastly overplayed. The losses on the SIV-lites created by Cahill and his team are capped at a "conservative" £75m even if the bank had to sell the assets it holds as collateral at knockdown prices. Though Barclays created SIV-lites for clients, it does not choose the investments or run the funds. SIV-lites have been thrust into the spotlight, but the market is tiny worth $10 billion against $2,000 billion for the overall asset-backed commercial paper market.

Sachsen Funding I, the vehicle created for the German bank, is still afloat and has a top AAA rating. As for Cairn, Diamond said that Barclays "did not have an obligation to work this out" but aims to find a solution to the benefit of everyone.

Barclays has blamed last week's embarrassing decision to borrow £1.6 billion from the Bank of England on a technical hitch after a breakdown in the system banks use to clear and settle transactions in the money markets.

"From a headline view, unfortunately each event on its own looked like it could mean something more," said Diamond. "The fears over the SIV-lites, Edward's decision to resign and the borrowing from the Bank of England were taken out of context. We need to draw a line under this."

Observers say this may be difficult to achieve in the current jittery markets, especially if Barclays suffers another slip. FOR Varley, the big issue is whether the market malaise will spell the end of his audacious attempt to merge with ABN.

Right now, the prospects do not look good. With Barclays shares languishing at 613p, the bank's offer is worth only €60.5 billion, some 4.9% below ABN's €63.6 billion current market value and a thumping €10.5 billion behind the rival bid from the consortium led by Royal Bank of Scotland (RBS).

To compete with the consortium's cash-rich offer on price, Barclays' share price needs to recover to 790p by early October. Before the turbulence in the financial markets the shares were trading at 750p in mid-June. But even if stock markets stagea spectacular rally, few analysts believe Barclays' shares will bounce back enough.

Varley, however, is not giving up. His best bet is to hope the consortium, which includes Santander of Spain and Fortis, the Belgian bank, either falls apart or fails to gain clearance from the regulators.

The consortium has yet to get approval from both the DNB, the Dutch central bank, and the European Union. Some analysts fear the DNB may impose tough financial conditions on RBS and its partners, though it is not clear if that would scupper the deal.

The other hope for Barclays is that the consortium's mammoth financing, which includes a €13 billion rights issue for Fortis, could collapse.

Varley does not appear to have much room for manoeuvre. Even so, he has already been creative. In late July, Barclays surprised the City by revealing that China Development Bank and Singapore's Temasek had agreed to invest up to €13.4 billion, injecting 37% of cash into its sweetened offer. One option is that China Development Bank and Temasek could provide further support, either through a revised agreement, or by snapping up shares in the open market.

Selling assets, such as ABN's Italian or Latin American operations, has not been entirely ruled out. But this looks unlikely. Varley has consistently insisted that the Barclays and ABN deal is about growth and he has attacked the consortium's proposed carve-up of the Dutch bank.

After a brutal few weeks Varley and Diamond will be hoping there are no more shocks in store. But their bid for ABN may already be beyond redemption.

THE BID FOR ABN

KEY DATES

Early September Fortis plans to launch its €13 billion rights issue **September 14** Barclays will hold meeting for shareholders to approve bid **September 19** European Union expected to approve Royal Bank of Scotland - led consortium bid for ABN **September 20** ABN will hold shareholder meeting to discuss the two bids but will make no recommendations **October 4** Deadline for first acceptances for Barclays offer October 5 Deadline for first acceptances for RBS consortium offer

STRUCTURED INVESTMENT VEHICLES

SIVs – structured investment vehicles – are off-balance-sheet investment funds created by investment banks for clients. These sell short-term debt in the commercial-paper markets and use the proceeds to buy longer-term assets, such as supposedly safe parcels of American mortgages, which pay higher returns. In the past two years the market has boomed, with assets held in SIVs doubling to $375 billion by the end of June, according to Citigroup.

SIVs, which are ongoing open-ended investments, can be very sensitive to the value of the assets they hold. If these fall sharply, the funds can be forced to sell some of their holdings. SIVs have run into problems in recent weeks as the value of their assets has plunged and investors have refused to provide new short-term funding because they are concerned about the American sub-prime mortgage market.

SIV-lites also use short-term funding, but differ from SIVs in that they have a set lifespan. SIV-lites, which were pioneered by Edward Cahill and his team at Barclays Capital, can be much more aggressive, leveraged at between 40 and 70 times the value of their equity against 12 to 16 times for SIVs. SIV-lites are still a new area and only a handful have been launched, worth about $10 billion.

Investment banks design the structures but do not choose the assets or manage the funds. However, the bank can be called on to provide back-up credit of up to 25% of the value of the outstanding commercial paper if SIV-lites have short-term funding difficulties. The investment banks have some security –if the assets fall by more than 10% the back-up funding can be pulled.

From the TimesOnline regarding ABN Amro merger:

Barclays must clear the air if it wants ABN

Agenda

Dominic O'Connel

BARCLAYS has come out punching this weekend in an attempt to silence the critics who thought it the most likely of the big British banks to suffer from the American sub-prime mortgage crisis.

It needed to. The bank has looked extraordinarily accident-prone in the past fortnight. First there was the departure of Edward Cahill, a young Irish banker who quit after his area of business – specialist highly leveraged funds – crashed and burnt as the credit market dried up. Some people on the board had never heard of him a fortnight ago, but once he had been labelled a potential Nick Leeson – a gross and misconceived exaggeration – they quickly found out just who he was.

Then there was the bizarre case of the £1.6 billion of emergency borrowing from the Bank of England, the result of a malfunction in one of the City's back-office clearing systems. It was an interesting event, but it was allowed to become a much bigger story by a failure to reveal exactly what had gone on. Barclays didn't make a statement with the full story until a day later.

In another year, all this would have been quickly forgotten. But this is not another year. We are in the middle of a credit crisis that some commentators believe could even lead to a full-blown recession. Once the stories about Barclays started circulating, they were like a forest fire. There was even speculation last week that the bank might be forced into a profit warning – not true, but the rumours were highly damaging.

As the chart shows, Barclays' share price has suffered accordingly. This is where the real rub lies. Barclays' offer for ABN Amro is two-thirds comprised of its own shares. The rival offer, from a consortium led by Royal Bank of Scotland, is almost all cash. As at Friday night, Barclays' shrunken share price meant its offer was worth €60 billion (£40 billion), and RBS's €71 billion.

It's a huge gulf, and Barclays needs to act quickly to improve its share price if it is to stay in the race. There are, of course, some big problems for the RBS team, as my colleague Grant Ringshaw reports on the facing page, but it is Barclays this weekend that has the most to do.

BAA departures

A BUSINESS's greatest asset is its people – that's what most chief executives say, and while overuse has robbed the phrase of its power, it remains true.

So when a business starts losing top talent, it's time to start worrying. This applies to BAA, the much-maligned operator of seven UK airports, including Heathrow, Gatwick and Stansted.

There has been a steady exodus since it was taken over by a Spanish-led consortium last year. First there was the spurt of high-level departures you would normally expect after a takeover – Mike Clasper, the chief executive, went, as did Marcus Agius, the chairman.

But since then Tony Douglas, the boss of Heathrow, has gone, as has Peter Blausten, director of human resources. Then came Duncan Bonfield, head of corporate affairs, and the chief press officer, Mark Mann. Last week Donal Dowds, director of safety, security and services, left.

And today we reveal that Paul Griffiths, who used to run Gatwick and who had been given the task of forging a new relationship with airlines, has quit, too.

Transport executives know Griffiths as one of the bright sparks of the industry, who as one of Sir Richard Branson's right-hand men helped entrench the success of Virgin Atlantic and revamp Virgin Rail. At BAA, he stood out because airline executives liked him. One I spoke to last week credited him with having the courage to make the costly changes that ensured the survival of his airline's operations at Gatwick.

Letting Griffiths slip away – to Dubai, where he will be chief executive of the Gulf state's thrusting new airports company is not a promising sign.

On the credit side for BAA, it has managed to find some serious nonexecutives to bolster its board. Sir Nigel Rudd (the former Boots boss who is, incidentally, deputy chairman at Barclays) is the new chairman, while Lord Stevens, the former Metropolitan police commissioner who now advises the government on security, should help the company deal with ministers over the security clampdown that has contributed in great part to the chaos at our airports.

Rudd has received assurances he will not have to worry about the Spanish owners attempting to micro-manage the company. Rafael del Pino, the executive chairman of Ferrovial, the Spanish firm that is BAA's controlling shareholder, has stepped down from the airport group's board.

I suspect that this might end up being seen as a rather canny move on Rudd's part. While BAA is up against it at the moment, the picture in a year's time – when Heathrow's swish new fifth terminal has been open for six months – will be very different.

Stock responses

IN renaissance Italy, city states constantly fought each other for control of trade routes and ports. History is now repeating itself with the battle between Qatar, Dubai and Singapore over Europe's – and eventually the world's – stock exchanges.

Each of the trio is geographically small but enormously wealthy, and all are looking beyond their borders to ensure they have a commanding place in the global economy.

The fun will be in watching which one gains the upper hand – and what, if anything, our response will be.

John Waples is away

BARCLAYS

22nd June 2007

BARCLAYS PLC

Barclays notes the press comment regarding its exposure to funds which have invested in sub-prime mortgage assets in the US. In the ordinary course of its business Barclays Capital has some exposure to such funds. Any loss in relation to such exposure is not expected to be material.

- ENDS -

For further information please contact:

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Mark Merson/James S Johnson
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Media Relations
Alistair Smith
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Contact at Barclays Capital in London:
Siobhan Loftus
+44 (0) 20 7773 7371

Forward Looking Statements

PRESS RELEASE
31 August 2007

Cairn Capital and Barclays Capital announce successful restructuring of Cairn High Grade Funding I SIV Lite Structure

Cairn Capital ("Cairn") and Barclays Capital today announce the successful restructuring of Cairn High Grade Funding I ("CHGF"). The restructuring was made necessary by the closure of the ABCP market on which CHGF had relied for funding.

The restructuring has eliminated market value triggers and the reliance of CHGF upon the ABCP market. CHGF has now been converted into a cash flow CDO. As a result, the full notional of outstanding ABCP will be redeemed as it matures and replaced by term funding.

Barclays Capital will provide the senior financing on the restructured transaction and has fully hedged its credit exposure from this financing. This restructuring has received all required investor consent. Investors have agreed to full participation in the costs of the restructuring.

Paul Campbell, CEO of Cairn said,

"Without the constructive engagement and intense focus of our investors and Barcap it would not have been possible to achieve this successful restructuring."

The restructured Tier 1 and Tier 2 notes are expected to obtain Principal Only ratings of "AAA" and "AA" respectively from S & P.

Ends

For further information, please contact Tim Frost at Cairn Capital on +44 (0)20 7259 4800 and Siobhan Loftus at Barclays Capital on +44 (0)20 7773 7371.

Notes to Editors:

About Barclays Capital

Barclays Capital is the investment banking division of Barclays Bank PLC which has an AA long-term credit rating and a balance sheet of over £1.1 trillion. With a distinctive business model, Barclays Capital provides large corporate, government and institutional clients with solutions to their financing and risk management needs. Barclays Capital has offices in 26 countries, employs over 15,700 people and has the global reach and distribution power to meet the needs of issuers and investors worldwide.

For further information about Barclays Capital, please visit our website www.barclayscapital.com.

About Cairn Capital

Cairn Capital is a London based asset management company specialising in the credit markets. It manages portfolios in excess of $30bn, employing $9bn of investor capital.

For further information about Cairn Capital, please visit our website www.cairncapital.com

From:	Ludwick, David [david.ludwick@linklaters.com]
Sent:	Tuesday, April 08, 2008 1:07:04 PM
To:	Coan, Carolyn; Whittington, Sarah
CC:	Ludwick, David
BCC:	carolyn.coan@cf.funb.com
Subject:	RE: Rimu - Draft US comfort letter

Hi Carolyn -- to be clear, the bracketed language is relevant only to PBT. You will have seen the revised letter that was just sent where they say there is a decrease in PBT for the January 1 - April 4 stub period without specifiying an amount. We are following up with then, but my understanding is that their view is that the management information that is available as of April 4 does not have sufficient granularity to enable them to express a view on a specific PBT figure. The consolidated monthly management accounts permit this, but those are not yet available for March.

Kind regards
David

From: Coan, Carolyn [mailto:carolyn.coan@wachovia.com]
Sent: 08 April 2008 13:31
To: Whittington, Sarah
Cc: Ludwick, David
Subject: RE: Rimu - Draft US comfort letter

Thank you.
What is their grand reasoning for being unable to provide an amount?

Carolyn Coan
Vice President
Wachovia Securities | Debt Capital Markets
301 S. College Street
Mail Code: NC0613
Charlotte, NC 28202
Tel: +704 715-0541
Fax: +704 383-9165
Cell: +704 999-0355
carolyn.coan@wachovia.com

From: Whittington, Sarah [mailto:sarah.whittington@linklaters.com]
Sent: Tuesday, April 08, 2008 8:28 AM
To: Coan, Carolyn
Cc: Ludwick, David
Subject: RE: Rimu - Draft US comfort letter

Carolyn - the numbers in capital and liabilities are not changing. The TBC in brackets is a statement that PwC foresees making, but the statement will only say whether profit before tax increased or decreased, not by how much.

Regards,
Sarah

From: Coan, Carolyn [mailto:carolyn.coan@wachovia.com]
Sent: 08 April 2008 12:53 PM
To: Whittington, Sarah

Subject: RE: Rimu - Draft US comfort letter

Sarah,
Please clarify what is in brackets in paragraph 9
Currently, the stub period notes capital increase .08% and total subordinated liabilities increased 17.12%
What is TBC in brackets? Per your email, are you stating that PwC will only note there has been an increase or decrease---but, not provide an actual number? It seems as though they provide a number in capital and liabilities--- is this changing?

Carolyn Coan
Vice President
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Fax: +704 383-9165
Cell: +704 999-0355
carolyn.coan@wachovia.com

From: Whittington, Sarah [mailto:sarah.whittington@linklaters.com]
Sent: Tuesday, April 08, 2008 6:57 AM
To: raj.cheema@barcap.com; samantha.king@barcap.com; lucy.fyfe@barcap.com; kathryn.mcleland@barcap.com; yenal.ghori@barcap.com; tanja.gihr@barcap.com; simon.croxford@barcap.com; richard.d.johnson@barcap.com; belinda.vickery@barcap.com; mark.bamford@barcap.com; anne.daley@barcap.com; maureen.o'connor@barcap.com; mark.graham@barcap.com; bret.ganis@barcap.com; richard.smith3@barcap.com; peter.o.aherne@citi.com; leohendrik.greve@citi.com; peter.james.mason@citi.com; laura.drumm@citi.com; christopher.k.white@citi.com; derrick.deese@citi.com; john.w.dickey@citi.com; simon.mcgeary@citi.com; stanley.louie@citi.com; deborah.keat@citi.com; anastasia.letina@citi.com; laura.stephenson@citi.com; jakob.midander@citi.com; melissa.motherway@citi.com; matthew.r.land@citi.com; david.walker@citi.com; james.reid@citi.com; jack.d.mcspadden@citi.com; chandru.harjani@citi.com; bogdan.ciobanu@citi.com; alastair.rosesmith@citi.com; peter.siekel@citi.com; darrell.bridgers@citi.com; jane.pakenham@citi.com; siddharth_prasad@ml.com; matthew_pass@ml.com; julien_roman@ml.com; robin_palmer@ml.com; eric_wilson@ml.com; christine_macdonald@ml.com; lisa_grennon@ml.com; edward_eighmey@ml.com; christopher_cote@ml.com; alvaro_camara@ml.com; sarah_davis@ml.com; richard_doyle@ml.com; aj_davidson@ml.com; joseph_dicapua@ml.com; gary.abrahams@ubs.com; ron.yanagi@ubs.com; sophia.vonta@ubs.com; andrew.templeton@ubs.com; john.corcoran@ubs.com; shameika.wade@ubs.com; vinod.vasan@ubs.com; glenn.goggins@ubs.com; Jason.Norton@ubs.com; monica.meo@ubs.com; michael.altschuler@ubs.com; Owens, Bryant H (London); Aylward, Stuart; Thorogood, Faye; ken.greer@wachovia.com; Boulderstone, Edward; Gass, Jeffrey; Andes, Nancy; Smith, Brian E.; Papadopulos, John; Clark, Kristina (Krick); Twohig, Fleur; Knepp, Kiley; Coan, Carolyn; Watts, Laurie [FTU Notes]; Panzone, Melanie; Mike.Borut@morganstanley.com; Victoria.Ortiz@morganstanley.com; Alex.MacMahon@morganstanley.com; Dominic.Trusted@morganstanley.com; Yurij.Slyz@morganstanley.com; Jennifer.Moreland@morganstanley.com; andrew.r.karp@bankofamericasecurities.com; ken.harris@rbccm.com; shannon.dahl@rbccm.com; richard.bansa@rbccm.com; keith.deleon@db.com; steven.burwell@db.com; Bethany.bowman@suntrust.com; chris.grumboski@suntrust.com; donna_thacker@rhco.com; Michael.l.smith@wellsfargo.com; Autumn.m.roth@wellsfargo.com; edwin.j.sondgroth@wellsfargo.com
Cc: Ludwick, David; van Amelsfort, Joost
Subject: Rimu - Draft US comfort letter

Dear managers -

Please find attached the revised comfort letter from PwC. We would draw your attention in particular to the decline in Group profit before tax of 9.4% (and issuer profit before tax of 9.9%) that PwC has indicated for January/February 2008 compared to the corresponding period in the prior year. We also note that PwC has indicated that for the stub period from January 1 2008 to April 4 2008, they expect to be able to give only directional comfort on the change, rather than a specific figure.

Kind regards,
Sarah

Sarah Whittington
U.S. Associate
Linklaters LLP, London

Tel: (+44) 20 7456 5580
Fax: (+44) 20 7456 2222
One Silk Street, London
EC2Y 8HQ United Kingdom

sarah.whittington@linklaters.com
http://www.linklaters.com

This email is subject to a disclaimer, please click on the following link or cut and paste the link into the address bar of your browser.

http://wachovia.com/misc/0,,1619,00.html

From: Smith, Brian E. [briane.smith@cf.funb.com]
Sent: Monday, April 07, 2008 2:47:47 PM
To: Pringle, Shane
Subject: RE: Preferred offering memo -- Barclay's Bank
Attachments: Barclays Retail Sales Memo -Final.doc

From: Pringle, Shane
Sent: Monday, April 07, 2008 10:46 AM
To: Smith, Brian E.
Subject: FW: Preferred offering memo -- Barclay's Bank

Brian - do you have the word doc? Thx.

From: McCarthy, Peter
Sent: Monday, April 07, 2008 10:39 AM
To: Pringle, Shane
Cc: Kiehn, Teresa; Curless, Donna
Subject: Preferred offering memo -- Barclay's Bank

Have you gotten this yet? The deal is launching now.

BARCLAYS

Non-Cumulative Callable Dollar Preference Shares, Series 5

Issuer:	Barclays Bank PLC
Common Ticker:	BCS *(NYSE listed ADR)*
Proposed NYSE Listing Symbol:	TBD
Structure:	Non-Cumulative Callable Dollar Preference Shares
Joint Book Running Managers:	**Wachovia Securities, Barclays, Citi, Merrill Lynch, UBS**
Senior Co-Managers:	Morgan Stanley
Co-Managers:	Banc of America, RBC
Junior Co-Managers:	Deutsche Bank, SunTrust, Wells Fargo
Expected New Issue Security Ratings:	**Aa3/A+/AA (Stable/ Negative Outlook/Negative Outlook)**
Announce Size:	$300mm (12mm Shares)
Final Maturity:	Perpetual
Optional Redemption:	**Redeemable at Par on or after June 15, 2013**
Official Price Talk:	**8.125% Area**
Coupon Structure:	Fixed for Life
Par Amount:	$25.00
Interest Payments:	Quarterly Beginning June 15, 2008
Dividend Deferral:	Non-Cumulative
Use of Proceeds:	General Corporate Purposes
QDI Benefit:	**Yes**
Tax Equivalent Yield:	**10.625%**
DRD:	No
NRA Eligible:	**Yes**
Selling Restrictions:	No Sales to Members of the European Union, United Kingdom, or Canada
Sales Credit:	$0.50/Share

Timeline:

Expected Marketing Period:	Monday – Wednesday (April 7th – April 9th)
Expected Pricing Date:	Tuesday April 8th or Wednesday, April 9th
Settlement Date:	T+3

****QDI Tax Benefit Disclaimer**
U.S. tax treatment for certain U.S. non-corporate investors will be adversely affected if proposed legislation in the U.S. Congress is enacted. Subject to certain exceptions and limitations described in this prospectus supplement under "United States Taxation," dividends received by certain non-corporate U.S. investors will be subject to taxation at a maximum rate of 15% if the dividends are "qualified dividends" and are received before January 1, 2011. A legislative proposal recently introduced in the U.S. Congress would, if enacted, deny qualified dividend treatment in respect of interest payments on the Securities after the date of enactment. It is not possible to predict whether or in what form this proposal will be enacted into law.

Taxable Equivalent Yield Calculation for QDI Benefit = 10.625%
(Assumes the new issue prices @ 8.125% & the investor's tax rate is 35%)

8.125% multiplied by (.85) = 6.906% divided by (1-.35) = 10.625%

COMPARABLE SECURITIES

Issue Date	Issuer	Coupon	Size (Mln)	Symbol	CUSIP	Moody's	S&P	Tax Advantage	Closing $ Price 4/4/08	Stripped Yield 4/4/08
QDI Comps										
02/12/08	DB CONTINGENT CAP TRST III	7.60%	$1,975	DTK	25154A108	Aa3	A+	QDI	$25.18	7.62%
11/07/07	DB CAPITAL FUNDING X	7.350%	$805	DCE	25154D102	Aa3	A+	QDI	$24.98	7.39%
11/30/07	BARCLAYS BANK PLC	7.75%	$1,150	BCS/C	06739H511	Aa3	A+	QDI	$25.28	7.73%
9/6/2007	BARCLAYS BANK PLC	7.10%	$1,375	BCS/A	06739H776	Aa3	A+	QDI	$24.45	7.32%
03/25/08	CREDIT SUISSE	7.90%	$1,525	CDTSF	225448208	Aa3	A	QDI	$25.25	7.84%
09/20/07	ROYAL BK SCOTLND GRP PLC	7.25%	$1,600	RBS/T	780097713	Aa3	A	QDI	$24.58	7.41%
06/22/07	ROYAL BK SCOTLND GRP PLC	6.60%	$950	RBS/S	780097739	Aa3	A	QDI	$22.55	7.35%
04/02/08	HSBC HOLDINGS PLC	8.125%	$2,000	HBCPP	404280703	A1	A	QDI	$25.50	7.96%
09/27/07	ING GROEP NV	7.375%	$1,500	IDG	456837707	A1	A	QDI	$24.62	7.50%
6/6/2007	ING GROEP NV	6.375%	$1,045	ISF	456837608	A1	A	QDI	$21.99	7.31%
06/26/03	ABN AMRO CAP FUND TST V	5.90%	$1,285	ABN/E	00372P203	A1	A	QDI	$20.53	7.20%
02/11/04	ABN AMRO CAP FUND TR VII	6.08%	$1,800	ABN/G	00372Q201	A1	A	QDI	$20.95	7.27%
09/14/07	AEGON NV	7.25%	$1,050	AEF	N00927348	A3	A-	QDI	$23.39	7.82%
06/21/06	AEGON NV	6.875%	$550	AEV	N00927306	A3	A-	QDI	$22.94	7.55%
Recently Priced DRD Issues										
03/10/08	US BANCORP	7.875%	$500	USB/L	902973882	A1	A+	DRD/QDI	$25.26	7.83%
02/05/08	LEHMAN BROS HOLDING CO	7.950%	$1,897.5	LEH/J	52520W317	A3	A-	DRD/QDI	$23.75	8.47%
01/18/08	CITIGROUP INC	8.125%	$3,715	C/P	172967572	A2	A	DRD/QDI	$24.75	8.33%
12/18/07	WACHOVIA CORP	8.000%	$2,300	WB/S	929903276	A2	A	DRD/QDI	$25.00	8.07%

COMPANY OVERVIEW

Barclays began life as Barclay & Co Ltd, a Private Bank, in 1690 and was established by the Barclay family in London. Following the amalgamation of a number of small county banks, Barclays Bank Ltd was formed in 1917 and renamed to its current trading name of Barclays Bank plc in 1982.

Barclays is one of the largest banks in the world, operating in over 50 countries with 134,000 employees. Barclays provides retail and commercial banking, credit cards, investment banking, wealth management and investment management services to clients based in Europe, the USA, Africa and Asia. Barclays Global Investors (BGI) is the world's largest asset manager* and a leading global provider of investment management products and services. BGI has 3,000 institutional clients in 52 countries and manages more than $2 trillion of assets.

Barclays was one of the first UK banks to develop their franchise internationally, initially with a particular focus on Africa. Their continued interest in this market was recently reaffirmed through their acquisition of a majority stake in ABSA Bank in South Africa in 2005, the largest retail bank in the country with more than 8 million customers. Prior to this, Barclays also acquired Banco Zaragozano in Spain, one of the largest private sector banks in the country.

In 2007 the bank returned a profit of over £7.1 bn, up 3% on an outstanding performance in 2006, excluding business disposals. Earnings per share were 68.9 pence and dividends grew 10%. This is after net losses of £1.6 bn from sub-prime and related exposure. Income grew 7% and cost growth was well-controlled at 4%. The Group cost-income ratio improved 2 percentage points to 57%. Return on equity was 20% and dividends were increased by 10%, to 34 pence.

INVESTMENT CONSIDERATIONS

On February 19, 2008 Barclays announced their 2007 results, citing profits of over £7bn and cost growth well maintained at 4%. Barclay's Tier 1 ratio at the end of the year was 7.8%, ahead of the targeted 7.6%. Within that, risk-weighted assets grew by 19% and about 20 basis points were accounted for by preference shares ($1.15 bn on Nov. 30, 2007) issued since the trading update in November. Risk exposures are little changed from the disclosure in the November trading update, i.e. net ABS CDO super senior exposure of £4.7bn (previously £5bn) and other subprime whole loan and trading book exposure of £5.0bn (previously £5.4bn). The new pieces of information are monoline exposure of £1.3bn, and £4.9bn of Alt-A exposure through securities and wholeloans.

Whilst the exposures haven't changed radically, the gross write-downs have increased from £1.7bn indicated at the time of the trading statement to £2.3bn. Of this, £1.4bn (previous £1.1bn) is allocated against the CDO exposure and £0.8bn (previous £0.4bn) against other subprime. This higher level of write-offs doesn't impact reported earnings relative to expectations because the revaluation gain on Barclays own debt has increased from £0.4bn to £0.7bn, and because private equity gains at £1bn were almost certainly higher than anticipated.

	Net Exposures June 07 £m	Net Exposures Dec 07 £m
ABS CDO Super Senior	7,432	**4,671**
Other Sub Prime	6,046	**5,037**
SIVs/SIV-lites	1,617	**742**
Leveraged Finance	7,317	**7,368**

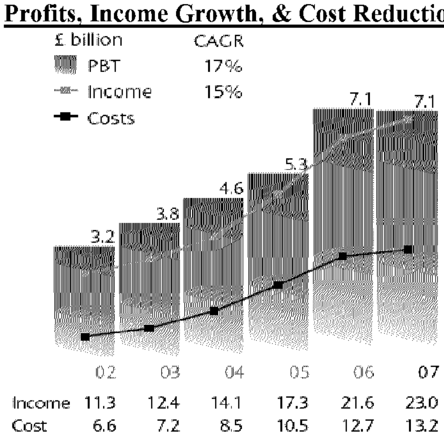
	Net Exposures June 07 £m	Net Exposures Dec 07 £m
Commercial Mortgages	8,282	**12,399**
– CMBS	629	**1,296**
– Loans	7,653	**11,103**
Alt – A	3,760	**4,916**
Monoline insurers	140	**1,335**

November 27th Trading Statement - Barclays reported that full year earnings would be 'broadly in line' with estimates which cite 2007 pre-tax profits of approximately £7.1bn ($14.7bn). Full year 2007 results, which were due out on February 19th, were in-line with the November 27th Trading Statement. In November, their Tier 1 ratio was expected to be in-line with their target of 7.25%, but with the $1.15bn November preferred Barclays' ratio increased to 7.8%. Liquidity had remained strong with solid deposit inflows. Barclaycard U.S. was on track to be profitable in 2007 and equally, there was strong growth in the 'Barclays Wealth' division. Barclays Capital had stated previously on November 15th that it would write down about £1.3bn ($2.68bn) in credit-related securities tied to US sub-prime. Importantly, this statement included no new announcements regarding any further future writedowns.

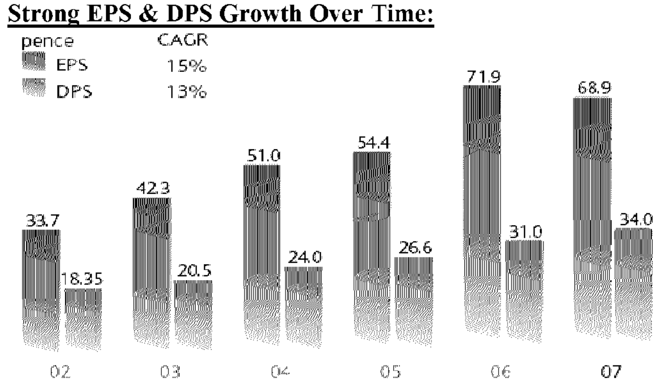
FINANCIAL HIGHLIGHTS & KEY TRANSACTION STRENGTHS

On February 19th, 2008, Barclays announced strong 2007 results with operating profits of over £7bn due to the profits spread over Barclays' many divisions. At Barclaycard, profits grew 18% to £540 million, driven by very strong international growth, coupled with significant improvement in UK impairment. International retail and commercial banking excluding Absa delivered profits of £246mm. There was outstanding income growth of 28%, with excellent performances in both Western Europe and emerging markets. Profits at Barclays Capital grew 5% to £2.3bn, with strong income growth of 14% across most asset classes and regions, in particular, in interest rates, currencies, equities and commodities. In Barclays Global Investors, sterling profits grew 3% to £734mm, in dollars they are up 12%. Profit growth was driven by strong income growth of 16%, largely from increased management fees and securities lending revenues, incentive fees grew 6%. Overall assets under management increased 15% to $2.1 trillion, which includes $23 bn from INDEXCHANGE, which was acquired in February 2007. With the overall strong performance of Barclays' divisions, it's no surprise that BarCap was one of two bank/brokers to achieve such materially higher revenues in 2007 than 2006.

Profits, Income Growth, & Cost Reduction:



Strong EPS & DPS Growth Over Time:



Resilient Financial Performance:

Divisional Performance:

	2006 £m	2007 £m	% change
Income	21,595	23,000	+7
Operating expenses	(12,674)	(13,199)	+4
Impairment charges	(2,154)	(2,795)	+30
Profit before business disposals	6,813	7,048	+3
Profit before tax	7,136	7,076	–1
Earnings per share	71.9p	68.9p	–4
Dividend per share	31.0p	34.0p	+10
Return on equity	24.7%	20.3%	

Profit before business disposals	2006 £m	2007 £m	% change
UK Retail Banking	1,181	1,282	+9
Barclays Commercial Bank	1,289	1,357	+5
Barclaycard	458	540	+18
IRCB – ex. Absa	271	238	–12
IRCB – Absa	698	684	–2
Barclays Capital	2,216	2,335	+5
Barclays Global Investors	714	734	+3
Barclays Wealth	245	307	+25

STRUCTURAL CONSIDERATIONS

Non-cumulative: If the Company does not declare a payment for any payment period or only declares a pro rata portion of the payment, the holder will not be entitled to receive that payment.