Barclays had an excellent 2006. Profit before tax rose by 35%, with outstanding performances from Barclays Capital and Barclays Global Investors. Of particular note is the continued turnaround in UK Retail Banking, which this year delivered very strong growth along with UK Business Banking. We also saw a very strong performance from Absa, in its first full year contribution and are ahead of plan in delivering the income and cost synergies from the acquisition.

Profit before tax at Barclaycard increased as good income growth was offset by higher impairment charges and increased costs from the continued development of the international businesses. We started to see in the second half of 2006 the benefit of the actions taken to address the deterioration in the UK consumer credit environment. The Group declared a final dividend for the year of 20.5p per share, making a total payment for the year of 31p, an increase of 17%. We delivered a total payment for the year of 25%.

2006 was an excellent year with a total shareholder return of 25%.

Increase in income 25%
Rise in profit before tax 35%
Earnings per share up 32%
Full year dividend per share up 17%

£21,595m
£7,136m
71.9p
31.0p
Barclays today

We are committed to building a leading universal bank and we’re already one of the largest financial services companies in the world by market capitalisation.

Operating in over 50 countries and employing 123,000 people, we move, lend, invest and protect money for over 27 million customers and clients the world over.

Our business purpose is to help our customers and clients achieve their objectives. Our goal is to deliver top quartile total shareholder return relative to our peers, consistently over time.

Global Retail and Commercial Banking

Frits Seegers Chief Executive Global Retail and Commercial Banking

UK Banking – Profit before tax £2,578m

UK Retail Banking
Deanna Oppenheimer
Chief Executive

Profit before tax
£1,213m
- Personal Customers
- Home Finance
- UK Premier
- Local Business

UK Business Banking
Chris Grigg
Chief Executive

Profit before tax
£1,365m
- Larger Business
- Medium Business
- Asset and Sales Finance

Barclaycard
Antony Jenkins
Chief Executive

Profit before tax
£382m
- UK Cards and Loans
- Barclaycard Business
- Barclaycard International

International Retail and Commercial Banking (IRCB)
Steve Booysen
Absa
Leo Salom
Western Europe
Ahmed Khizer Khan
Emerging Markets

Profit before tax
£1,270m
- Absa
- Western Europe
- Emerging Markets

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Barclays Capital
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• Absa Capital
• Private Equity
• Credit

Co-Presidents

Jerry del Missier
Grant Kvalheim

Statements include, among others, statements regarding the Group’s future financial plans and its current goals and expectations relating to its future financial condition and performance. These forward-looking statements can be identified by the fact that they relate to future events and circumstances, including, but not limited to, the further growth in the banking and financial markets, projected costs, estimates of capital expenditure, and plans and objectives for future operations. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, the further development of standards and interpretations under IFRS, as well as UK domestic and global economic and business conditions, market-related risks such as changes in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, progress in the integration of Absa into the Group’s business and the achievement of synergy targets related to Absa, the outcome of pending and future litigation, and the impact of competition – a number of which factors are beyond the Group’s control. As a result, the Group’s actual future results may differ materially from plans, goals, and expectations set forth in the Group’s forward-looking statements.

For further information consult the Annual Report 2006.

You can obtain a copy of the Annual Report 2006 and may also elect to receive all future Annual Reports, free of charge, by telephoning our Registrar on 0870 609 4535 or you can view a copy on our Investor Relations website at: www.investorrelations.barclays.com


The Auditors’ report on the full accounts for the year ended 31st December 2006 was unqualified and did not include a statement under sections 237(1)(e) (accounting records or returns inadequate or accounts not agreeing with records and returns) or 237(1) (failure to obtain necessary information and explanations) of the UK Companies Act 1985.
Delivering on our strategy

I start this review by thanking the 123,000 employees of the Barclays Group, whose dedication and creativity helped us achieve record results in 2006. Our strategy of ‘earn, invest and grow’ continued to deliver very strong growth in profits. Our ambition is to become one of the handful of universal banks leading the global financial services industry. I believe the universal banking model is helping us drive the higher growth in profits. Our ambition is to become one of the handful of universal banks leading the global financial services industry.

In our business, strategy simply stated is anticipation followed by service— we anticipate the needs of customers and clients. We then serve them, by helping them achieve their goals.

The needs of customers and clients are changing. The drivers of change include: the privatisation of welfare; wealth generation and wealth transfer; explosive growth in demand for banking products in emerging markets; the securitisation of assets and cash flows; the use of derivatives in risk management; the significant growth in the use of credit cards for payment and borrowing, and the opportunity for capital markets and private equity to fund infrastructure development around the world.

To capitalise on these sources of growth, I have put a new structure in place by creating Global Retail and Commercial Banking (GRCB) under the leadership of Frits Seegers, who joined Barclays in July 2006. GRCB brings together UK Banking, International Retail and Commercial Banking and Barclaycard. GRCB gives Barclays a single point of strategic direction and control to these businesses, thereby increasing our capability to drive growth and synergies globally and to enter new markets.

We believe this will enable us to replicate success from one part of the world in another. This GRCB structure mirrors the organisation of Investment Banking and Investment Management under Bob Diamond, which includes Barclays Capital, Barclays Global Investors and Barclays Wealth, and also gives a single point of strategic direction and control to a group of global businesses which enjoy substantial synergies.

Group performance

We made substantial progress on our strategic priorities and delivered record financial results. Profit before tax increased 35% to £7,136m. Earnings per share rose 32% to 71.9p, and economic profit was up 54% to £2,704m. We increased the total dividend payout to 31p, a rise of 17%.

Income grew 25% to £21,595m, well ahead of expense growth of 20%. The growth was broadly based by business and geography, reflecting momentum in each business. Approximately half our profits came from outside the UK, up from about 30% in 2003.

Operating expenses increased 20% to £12,674m. The Group cost:income ratio improved two percentage points to 59%.

Impairment charges rose 37% to £2,154m. The increase was mostly attributable to the challenging credit environment in UK unsecured retail lending which was partly due to the continued rise in the level of personal insolvencies. In the second half of 2006, as a result of a number of management actions, flows into delinquency decreased and arrears balances declined across the UK cards and unsecured loans portfolios. We therefore believe that we passed the worst in Barclaycard UK impairment in the second half of 2006.

When look at these results, I am pleased to see increased productivity in our use of capital, risk and costs. Return on average shareholders’ funds improved four percentage points to 25%; profits grew much faster than Daily Value at Risk and risk weighted assets and the associated consumption of capital; and income growth exceeded cost growth by five percentage points.

Outlook

We enter 2007 with strong income momentum in Barclays, driven by high levels of customer activity and good risk control. The global economic outlook continues to be positive and we are well positioned to capture further growth in the years ahead.

It’s your choice

An increasing number of shareholders are choosing to communicate via email and manage their Barclays shareholding online by logging onto Barclays e-view. This year we are updating our Articles of Association to allow us to communicate with you electronically by putting shareholder documents on our website. This is as a result of the Companies Act 2006, which allows companies to provide their Annual Report and Annual Review electronically rather than by post. Later this year we will write to ask you if you would like to continue to receive the Annual Review by post or if you would prefer to access it on the internet. This gives you greater choice about the documents you receive and how you receive them.
Building the best retail bank in the UK

Deanna Oppenheimer  Chief Executive UK Retail Banking

Our UK Retail Banking business provides a wide range of products and services to personal and smaller (local) business customers, including current accounts, savings and investment products, Woolwich branded mortgages and general insurance. More affluent customers are provided with investment products and advice through Premier banking. 33,000 people are employed in this business providing customer service and developing products. We have registered higher levels of employee satisfaction, and strengthened our management team in the year.

Our strategy in the UK is simple: to become the best retail bank in the country. We will aim to do this by putting customers at the heart of our business, improving our operations and levels of service, and developing new products that meet our customers’ needs in a changing world. We are also extending our online and telephone banking, so that customers can bank with us in the way that best suits them – we already service around 480,000 online customers every day. Achieving our ultimate goal will take time, but we have accelerated the rate of investment in the last year, and the business has made excellent progress during that time.

We have taken full advantage of favourable market conditions this year growing our market share across a number of product areas.

The year in review
We believe that the UK Retail Banking transformation is well under way. Profit before tax increased 17%, and a 7% rise in total income to £3,828m reflects growth in deposits, mortgage and loan balances as well as current accounts which increased by 375,000 during the year. Costs remained steady at £2,408m with gains from the sale and leaseback of property being substantially reinvested in the business to improve customer service.

One of our key priorities in 2006 was improving the performance of our mortgage business. In February 2006 we took back control of the servicing of our mortgage book, and since then we have made significant improvements in our processes; for example, the average time taken to get a mortgage offer out to a customer has been cut considerably. We have also put a renewed effort behind marketing our mortgages and developed new products – see ‘making more of mortgages’. The result has been a significant rise in new lending, and a greater share of net lending in the mortgage market.

Our average savings book has also grown this year, up 8% on 2005. Here too we have introduced new products, and attracted an extra 180,000 savings accounts during the year. The number of household insurance policies increased by 34% to 825,000.

UK Retail Banking has also worked hard at building links with other parts of the Group, both to develop new business opportunities, and to ensure that customers with wider needs get the best possible service from us. For example, we now have a new process for referring Premier banking customers to Barclays Wealth, which can offer more complex financial planning and investment advice.

The ongoing programme to enhance the branch network continued in 2006. 200 branches were refurbished during the year, and there are now award-winning self-service terminals in over 400 branches.

Global Retail and Commercial Banking
UK Retail Banking

Income up 7%  Profit before tax up 17%  Contribution to Group profit  17%
UK Business Banking provides relationship banking to larger and medium business customers via a network of relationship and industry sector specialists. Additionally, Barclays Asset and Sales Finance—a specialist division within UK Business Banking—provides asset financing and leasing solutions. Our relationships with other parts of the Barclays Group, notably Barclays Capital, enable customers to benefit from our international and capital markets expertise.

Our ambition is to be the number one commercial bank in the UK. We will do this by putting the customer first in all that we do: ensuring that our operations, industry knowledge, service levels and product range are wholly relevant to meeting customers’ needs.

The year in review
Leveraging good market conditions, UK Business Banking had another year of strong growth in 2006. Profit before tax increased by 18% to £1.365bn, and income rose 11% on the back of good balance sheet growth. Costs increased 4%—reflecting higher volumes and the recruitment of front line staff—with approximately half the gains from sale and leaseback of property being reinvested in the business to improve customer service.

We maintained our market share of primary customer relationships, improved our cost:income ratio by two percentage points to 36% and made a 19% contribution to Group profit.

Strong affiliation with customers remains the bedrock of our approach. We worked hard throughout the year to strengthen our capability to serve by investing in talent at all levels of the business.

Consequently, during 2006 our larger business customers have consistently ranked Barclays as number one in the market for Relationship Director and Relationship Support Manager satisfaction and industry knowledge. We increased the number of customers we serve from 144,000 in 2005 to 150,000 in 2006. Building closer links with Barclays Capital enabled us to offer larger and medium business clients a product set of greater flexibility and depth, notably in the areas of foreign exchange and derivative solutions. Compared to 2005, we increased our foreign exchange derivative business with medium business customers by 200% in 2006.

We continue to hold a strong position in asset finance, and Business Moneyfacts voted us ‘Best Leasing and Asset Finance Provider’ for the sixth year running. Iveco Finance, the commercial vehicle finance business we bought in 2005, helped cement this position by performing well and contributing £23m.

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Our relationship strength provides the fuel to improve and deliver greater value for customers

continued strong growth

Chris Grigg
Chief Executive, UK Business Banking

Cash management solutions

December 2006 saw global telecoms provider BT migrate its cash management mandate for its UK Group operations to Barclays in what was one of the largest UK cash management deals of recent years.

The mandate is for five years and includes all areas of payments and collections, liquidity management, electronic reporting and systems integration. BT will utilise Barclays suite of payment and cash management solutions, and access the combined expertise of Barclays Multinational Corporate and International Trade and Cash teams.

Operationally, we have continued to develop our technology platform, with 2006 investment increasing substantially compared to 2005. Testament to this, our Cadbrook Park service centre—which provides support for Electronic Banking, Payments, and Cash Management solutions to all UK Business Banking customers—was awarded ‘Employer of the Year’ in the 2006 National Business Awards. To continue to improve customer service and efficiency, we are in the process of consolidating our medium business servicing and operations sites to a smaller number of centres of excellence.

Looking ahead, we will continue to invest significantly in operations, technology and talent to ensure that our offering remains relevant to customers. We will drive sustainable financial performance by expanding into new markets and increasing our share of those where we believe we have a competitive advantage.

Relationship Director, Alison McGregor at the Kwik-Fit outlet in Paisley, Scotland
Global Retail and Commercial Banking
Barclaycard

Accelerating international growth

Antony Jenkins Chief Executive, Barclaycard

Our Barclaycard business is a multi-brand credit card and consumer loans business which also processes card payments for retailers and merchants and issues credit and charge cards to corporate customers and the UK Government.

Barclaycard was the UK’s first credit card, launched 40 years ago. Since then it has become one of the most successful and internationally cards in the world. Barclaycard is one of Europe’s leading credit card businesses and has an increasing presence in the United States, employing 8,600 people globally.

We now have more than 17.3 million cards in issue, and see the future in terms of continued global expansion.

The year in review
2006 was a year of contrasts, with a tough environment in the UK, but more positive market conditions elsewhere. Profit before tax decreased 40% to £382m as good income growth was more offset by higher impairment charges and increased costs from the continued development of the international businesses. Income grew 8% to £2.937bn broadly reflecting increased consumer lending and growth internationally. Impairment charges increased 36% to £1.493bn. The increase was driven by a rise in delinquent balances and increased numbers of bankruptcies and Individual Voluntary Arrangements. As a result of management action to tighten lending criteria and improve collections, the flows of new delinquencies have reduced, levels of arrears balances have declined and credit performance is improving.

Costs increased 8% to £1.054bn largely as a result of continued investment in Barclaycard US and the development of UK partnerships.

Our international markets are at the heart of our growth strategy. We now have cards in issue in over 16 countries around the world. Three out of every four new cards we issue are now outside the UK. The number of Barclaycard customers in these markets grew by 53% last year. But each of these markets is different, and the key to our success has been to adapt our strategy to local conditions. In the US, we have launched partnerships with US Airways, Travelocity, Jo-Ann Stores and Barnes and Noble, the world’s largest bookseller. By contrast, our approach in many continental European countries has been to collaborate with partner banks to develop new opportunities; one of our most successful deals has been ‘Entercard’, the Scandinavian joint venture we launched with Swedbank in 2005. Entercard launched its first new product in 2006, backed by an extensive television, internet, and billboard advertising campaign in Sweden. In 2006 we also established a new card deal with Caja Asturias, the Spanish savings bank.

As the consumer lending market in the UK changes, Barclaycard is repositioning its business to achieve sustainable, profitable growth. Higher borrowing by UK consumers, lower disposable household incomes and a tougher regulatory environment have seen Barclaycard take a number of actions. The business focused on tighter lending criteria and improved collections throughout 2006 and, as a consequence, we believe we passed the worst in Barclaycard UK impairment in the second half of 2006. There has also been a review of some partnerships businesses and lending to higher risk customers. An operational review is also under way, to improve efficiency and enhance Barclaycard’s ability to provide the best service to customers, wherever they are in the world.

We published our own report, ‘Exercising Responsibility in Lending’ and improved the quantity and clarity of our product information, so that customers can make better and more informed decisions about their accounts. Of the five awards won by Barclaycard this year, we are particularly proud of the one won by Barclaycard Horizons for the best corporate responsibility programme. Horizons is a unique programme to help disadvantaged lone parents make the transition out of debt and poverty.

We extended our portfolio of joint venture partnerships in the UK, adding to the successful existing agreement with Sky. We have also just signed a pioneering new deal to develop a combined Barclaycard and Oyster card – the electronic travelcard used by millions of Londoners every day. Barclaycard now has over 110 co-branded cards in issue in the UK and internationally.
Investing for future growth

Steve Booyen  Absa
Leo Salom  Western Europe
Ahmed Khizer Khan  Emerging Markets

The year in review

Profit before tax increased £637m to £1.27bn reflecting the inclusion of a full year’s contribution from International Retail and Commercial Banking – Absa of £698m and a gain on the disposal of the interest in FirstCaribbean International Bank of £247m.

Excluding Absa and the disposal gain, profit before tax was £325m (2005: £335m). This reflected good growth in continental Europe offset by a decline in profits in Africa caused by higher impairment, and increased costs reflecting a step change in the rate of organic investment in the business.

Income grew to £3.337bn and costs increased to £2.196bn both largely due to a full year’s contribution from International Retail and Commercial Banking – Absa.

Absa

An important task this year was the integration of Absa, with its 8.3m customers and 34,000 employees, into the Barclays Group. We have made excellent progress with the integration programme and the realisation of synergy benefits, which are well ahead of plan. In 2006, 753m Rand of synergies have been delivered, 453m Rand in excess of the 360m Rand target originally communicated for the period.

International Retail and Commercial Banking – Absa contributed £698m profit before tax to the Group in 2006 with a strong performance from its banking operations spread across all business segments.

Western Europe

We are making good progress in Europe, with new branches opening and new products launched. Barclays Spain performed strongly, driven by the continued realisation of benefits from Banco Zaragozano, together with good growth in mortgages and assets under management. Collaboration with Barclays Capital enables us to offer our corporate customers in Spain a range of products and advisory services at every stage of their development. Another notable Spanish success has been a range of new mortgage products designed specially for non-residents buying holiday properties.

In Italy the Banca Woolwich mortgage business had a very good year, we opened ten new branches and are about to expand our network further with 35 new branches set to open by the end of 2007. We are also expanding our network in Portugal where over 30 new branches opened in 2006. At the same time we have developed a number of special products and services for small and medium sized businesses.

Emerging Markets

We see significant potential in emerging markets, which for us include Africa (excluding Absa), the Middle East, India and Indian Ocean. We have established Dubai as a regional headquarters for this growing business.

Our long history and experience in Africa is opening up important new opportunities for us across the continent, and in many cases we will be able to draw on Absa’s local expertise in commercial, retail and investment banking. For example, we are launching a number of new and innovative products in our other African markets, including mortgages in Ghana and Botswana, a student account in Uganda, and the ‘La Riba’ Islamic current account in Kenya. We also opened 16 new branches during the year.

We are already one of the fastest growing and most profitable banks in Egypt and we will soon be offering commercial banking in Qatar which will be our most significant expansion in the Middle East for 30 years. We are also expanding across Asia with plans to open new branches in India in 2007, and have launched a new structured deposit account in Mauritius.
Investment Banking and Investment Management

Barclays Capital

Record profits spread across products and geographies

Barclays Capital is the world’s fastest growing investment bank providing large corporate, institutional and government clients with solutions to their financing and risk management needs. Profit before tax has almost doubled since 2004 and net income has trebled over the last five years. Our deliberate focus on areas with the most opportunity has been rewarded with almost 100% growth in our key asset classes over the last three years.

In the same timeframe the number of employees has grown from 5,900 to 13,200 including over 400 graduates last year. Our people are based close to their clients in 26 countries around the world.

The year in review

Barclays Capital turned in a record performance in 2006. Profit before tax increased 55% to £2,216m, and net income rose by 42%, with good growth geographically and across the product range. Return on economic capital was 41%, which was seven percentage points higher than 2005 and the ratio of compensation costs to net income improved to 49% from 51% last year. Costs increased 35% but revenue grew faster, so that the ratio of costs to net income improved to 64% (2005: 67%).

We continued to broaden and deepen our client base. Commodities revenues were up 66%, fixed income up 42%, and equities up 139%. Leveraged finance transactions were up 62%, and fees and commissions from bond and loan issuance and private equity transactions also grew.

Our success continues to be recognised externally. We received more than 40 awards globally, including US Equity Derivatives House of the Year (Derivatives Week), Euro Bond House of the Year (IFR) and Structured Products House of the Year (Risk magazine).

Our close relationships with the other businesses within the Investment Banking and Investment Management division allowed us to benefit from synergies. We have doubled our sales of structured products to Barclays Wealth clients. We are collaborating with Barclays Global Investors on the iPath exchange traded note programme which issued over US$1bn in its first six months. We have joined forces with Absa in South Africa, and together we have already brought the largest-ever syndicated loan and the second-largest convertible bond issue to the South African market.

In January 2007 Barclays announced a strategic marketing partnership with the Nets basketball team that includes the 20-year naming rights to the Barclays Center, the planned centrepiece of the Atlantic Yards development in Brooklyn, New York. This is the planned new world-class home of the Nets. The Barclays Center will feature a state-of-the-art entertainment and sports arena, designed by Frank Gehry, which will seat up to 20,000 people.

Barclays Capital was recently voted ‘Best Trading Company’ in Europe’s carbon emissions trading scheme by Environmental Finance magazine.

More than 900 companies took part in the annual survey, nominating the leading brokers, dealers and advisers in emissions allowances, weather derivatives and renewable energy certificates.
Barclays PLC Annual Review 2006

Performance

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<th>£m</th>
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<tr>
<td>Income</td>
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<tr>
<td>Operating expenses</td>
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<td>(779)</td>
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<td>Associates and joint ventures</td>
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<td>Profit before tax</td>
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Investment Banking and Investment Management

Barclays Global Investors

One of the largest institutional asset managers in the world

Blake Grossman
Chief Executive
Barclays Global Investors

Barclays Global Investors (BGI) is now one of the largest institutional asset managers in the world. In the past six years it has grown client assets under management by over US$1.0trn, and now manages funds for some 2,900 clients in 52 countries, employing 2,700 people.

Our success to date has been built on an in-depth understanding of the three pillars of fund performance – risk, return and cost – but we have also gained a reputation for the skilled application of meticulous quantitative investment analysis.

One of our real strengths has always been in structured investing, where we apply our experience and expertise to develop new products, or create tailor-made investments for particular clients’ needs. Our services in this area include guidance on asset allocation and a framework for using hedge funds, as well as standard investment services such as securities lending and cash management.

Through the iShares™ brand we are the market leader in exchange-traded funds, a market that is predicted to reach US$2trn by 2011.

Looking ahead, we are continuing to focus our resources on areas where we already have a competitive advantage, notably exchange-traded funds and active product management, which currently account for around 39% of our assets, but over 70% of our profits.

We are also investing aggressively in businesses and initiatives that we expect to be high-growth in the future, which include alternative investments and fixed income.

Looking more broadly at the market in which we operate, we see a continued trend towards greater consolidation as breadth and scale become increasingly important. At the same time, the exchange-traded funds market is also becoming more competitive, and attracting new players.

The year in review

2006 was another very good year for BGI.

Profit before tax increased 52% to £714m reflecting strong income growth and higher operating margins. Assets under management are now more than US$1.8trn.

Income growth of 26% reflects increases in management fees and revenue from securities lending offset by lower incentive fees. Costs rose 22%, due to continued investment in people, new products and technology as well as a result of higher performance-related pay.

During 2006, we launched a number of new exchange-traded products, including S&P global sector funds, iPath exchange-traded notes, Dow Jones sub-sector funds and various commodity products such as gold, silver and oil. In October we announced the acquisition of Indexchange Investment AG, Germany’s leading provider of exchange-traded funds.

Our Fixed Income division launched several new products during the year, including a synthetic collateralised debt obligation platform. We also set up a new Strategic Solutions Group, which will focus on more effective construction and delivery of multi-product solutions to address a broad range of client needs.

BGI was named Best Overall Transitions Manager by Global Investor magazine, Global Exchange-Traded Fund Provider of the Year by Global Pension magazine, Fund Manager of the year in Australia by Standard & Poor’s and European Asset Management Firm of the Year by Financial News.

Income up 26%

£1,665m

Profit before tax up 32%

£714m

Contribution to Group profit

10%

The iPath™ to success

BGI was one of the first movers in the Exchange Traded Funds (ETFs) market. ETFs are index funds which are bought and sold through stock exchanges. Their flexibility enables investors to buy and sell shares through any brokerage firm or financial adviser. The market has grown from US$5bn to over US$500bn in the last ten years, and we still manage more funds than anyone else – a total of US$287bn at the end of 2006. In June, BGI and Barclays Capital teamed up to create and sell iPath exchange-traded notes, providing access to difficult to reach markets.

In the six months since launch, iPath has over US$1.1bn in assets, including the largest multi-commodity exchange-traded product on the market: iPath Dow Jones – AIG Commodity Index Total Return ETN with US$835m in assets.

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Barclays Wealth

Our mission: to be the premier European wealth manager

Barclays Wealth is the UK's leading wealth manager in terms of assets under management and the largest retail multi-manager. In Barclays Stockbrokers we lead the UK market for execution-only retail brokerage with over 400,000 accounts. We craft solutions to meet the needs of our affluent, high net worth and intermediary clients. Core service offerings include private banking, financial planning, asset management, stockbroking, offshore banking and wealth structuring. Our 7,800 people are based in 81 locations spread across 18 countries and our mission is ‘To be the premier European Wealth Manager, attracting clients through world-class products, innovative solutions and outstanding service’. We are investing to develop Barclays Wealth into a truly global and client-centric business committed to the delivery of excellence. We are doing this by the application of simple principles: developing outstanding products, hiring the best people and leveraging the strong synergies that exist with Barclays Capital, Barclays Global Investors and UK Retail Banking.

Demographic and economic factors make the wealth management market particularly attractive. The industry is extraordinarily fragmented with no one organisation having more than a 4% market share. With the benefit of the financial strength and global reputation of the Barclays name, together with the solid foundations laid down in 2006, there is an enormous opportunity for Barclays Wealth to make a significant impact in 2007.

The year in review

Income up 12%  £1,036m
Profit before tax up 28%  £213m

Profit before tax  £213m
Income  £1,036m

Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Income</th>
<th>Profit before tax</th>
<th>Impairment charge</th>
<th>Operating expenses</th>
<th>Profit before tax income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>£1,036</td>
<td>£213</td>
<td>(2)</td>
<td>(821)</td>
<td>£213</td>
</tr>
<tr>
<td>2005</td>
<td>922</td>
<td>166</td>
<td>(2)</td>
<td>(754)</td>
<td>166</td>
</tr>
</tbody>
</table>

Launching Barclays Wealth

As part of a wider investment in the business, 2006 saw the launch of a new corporate identity for Barclays Wealth. This brought four distinct business areas under the same integrated, corporate identity – private banking, investment services, financial planning and brokerage.

As the business undergoes rapid transformation, it is vital that Barclays Wealth builds a clearer market positioning demonstrating our commitment to delivering world-class products and services to our clients. This distinct new visual identity builds on the value of core pillars of our brand – the financial strength and global reputation of the Barclays name and the innovative thinking and product of Barclays Capital and Barclays Global Investors.

At the heart of Barclays Wealth is an ability to understand our clients’ needs in relation to their wealth, and this is exemplified in our advertising. By posing the question: ‘Wealth. What’s it to you?’ the campaign builds on the simple but key insight that everyone has a unique attitude towards wealth – personal dreams, goals and ambitions. This was further supported by the launch of the Barclays Wealth Insights, the first in a series of quarterly reports developed in conjunction with the Economist Intelligence Unit that aim to provide a definitive picture of what being wealthy means in the 21st century.
Summary Financial Statement

Summary consolidated income statement

For the year ended 31st December

<table>
<thead>
<tr>
<th></th>
<th>2006 £m</th>
<th>2005 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>9,143</td>
<td>8,075</td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>7,177</td>
<td>5,705</td>
</tr>
<tr>
<td>Other incomeA</td>
<td>5,850</td>
<td>4,198</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td><strong>22,170</strong></td>
<td><strong>17,978</strong></td>
</tr>
<tr>
<td>Net claims and benefits incurred on insurance contracts</td>
<td>(575)</td>
<td>(645)</td>
</tr>
<tr>
<td><strong>Total income net of insurance claims</strong></td>
<td><strong>21,595</strong></td>
<td><strong>17,333</strong></td>
</tr>
<tr>
<td>Impairment charges</td>
<td>(2,154)</td>
<td>(1,571)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td><strong>19,441</strong></td>
<td><strong>15,762</strong></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(12,674)</td>
<td>(10,527)</td>
</tr>
<tr>
<td>Profit on disposal of subsidiaries, associates and joint ventures</td>
<td>46</td>
<td>45</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td><strong>7,136</strong></td>
<td><strong>5,280</strong></td>
</tr>
<tr>
<td>Tax</td>
<td>(1,941)</td>
<td>(1,439)</td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td><strong>5,195</strong></td>
<td><strong>3,841</strong></td>
</tr>
<tr>
<td>Profit attributable to minority interests</td>
<td>624</td>
<td>394</td>
</tr>
<tr>
<td>Profit attributable to equity holders of the parent</td>
<td>4,571</td>
<td>3,447</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,195</strong></td>
<td><strong>3,841</strong></td>
</tr>
</tbody>
</table>

Dividends

**Interim dividend 10.50p (2005: 9.20p)**


**Earnings per shareC**

**Diluted earnings per shareD**

Notes:

A Other income
Includes net trading income, net investment income, net premiums from insurance contracts.

B Dividends
The financial statements for the year ended 31st December 2006 do not reflect these dividends, which will be accounted for in shareholders’ funds as an appropriation of retained profits for the year ending 31st December 2007. The financial statements to 31st December 2006 include the 2005 final dividend of £1,105m.

C Earnings per share
Profit attributable to equity holders of the parent divided by the average number of shares outstanding during the year.

D Diluted earnings per share
Profit attributable to equity holders of the parent adjusted for the effect of conversion of options granted over certain subsidiary entities’ shares divided by the weighted average number of shares adjusted assuming conversion of all dilutive potential shares.

The Summary consolidated income statement and the Summary consolidated balance sheet on pages 12 and 13 were approved by the Board of Directors on 8th March 2007 and signed on its behalf by Marcus Agius.

Independent auditors’ statement to the members of Barclays PLC

We have examined the Summary Financial Statement, which comprises the summary consolidated income statement, the summary consolidated balance sheet, and the summary remuneration report set out on pages 12 and 13 and 18 and 19.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual Review in accordance with United Kingdom law. Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Review with the full annual financial statements, the Remuneration report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.

We also read the other information contained in the Annual Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

This statement, including the opinion, has been prepared for and only for the company’s members as a body in accordance with section 251 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.
## Summary consolidated balance sheet

**As at 31st December**

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and other short-term funds</td>
<td>9,753</td>
<td>5,807</td>
</tr>
<tr>
<td>Trading and financial assets designated at fair value</td>
<td>292,464</td>
<td>251,820</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>138,353</td>
<td>136,823</td>
</tr>
<tr>
<td>Loans and advances to banks</td>
<td>30,926</td>
<td>31,105</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>282,300</td>
<td>268,896</td>
</tr>
<tr>
<td>Available for sale financial investments</td>
<td>51,703</td>
<td>53,497</td>
</tr>
<tr>
<td>Reverse repurchase agreements and cash collateral on securities borrowed</td>
<td>174,090</td>
<td>160,398</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>4,925</td>
<td>4,754</td>
</tr>
<tr>
<td>Other assets</td>
<td>14,706</td>
<td>13,257</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>996,787</td>
<td>924,357</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits and items in the course of collection due to banks</td>
<td>81,783</td>
<td>77,468</td>
</tr>
<tr>
<td>Customer accounts</td>
<td>256,754</td>
<td>238,684</td>
</tr>
<tr>
<td>Trading and financial liabilities designated at fair value</td>
<td>125,861</td>
<td>104,949</td>
</tr>
<tr>
<td>Liabilities to customers under investment contracts</td>
<td>84,637</td>
<td>85,201</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>140,697</td>
<td>137,971</td>
</tr>
<tr>
<td>Debt securities in issue</td>
<td>111,137</td>
<td>103,328</td>
</tr>
<tr>
<td>Repurchase agreements and cash collateral on securities lent</td>
<td>136,956</td>
<td>121,178</td>
</tr>
<tr>
<td>Insurance contract liabilities, including unit-linked liabilities</td>
<td>3,878</td>
<td>3,767</td>
</tr>
<tr>
<td>Subordinated liabilities</td>
<td>13,786</td>
<td>12,463</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>13,908</td>
<td>14,918</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>969,397</td>
<td>899,927</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity excluding minority interests</td>
<td>19,799</td>
<td>17,426</td>
</tr>
<tr>
<td>Minority interests</td>
<td>7,591</td>
<td>7,004</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>27,390</td>
<td>24,430</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>996,787</td>
<td>924,357</td>
</tr>
</tbody>
</table>

### Notes

**A** Assets
- Cash, loans and advances, investments and physical and intangible assets which represent the business of the Group.

**B** Liabilities
- Deposits and other amounts due to outside parties.

**C** Shareholders’ Equity
- The residual interest of shareholders in the reported amounts of the assets of the business after deduction of the claims represented by liabilities.

**D** Minority interests
- The interests of others in certain subsidiaries of the Group, for example Absa Group Limited.

### Basis of opinion

We conducted our work in accordance with Bulletin 1999/6, ‘The auditors’ statement on the Summary Financial Statement’ issued by the Auditing Practices Board. Our report on the Company’s full annual financial statements describes the basis of our audit opinion on those financial statements and the Remuneration report.

### Opinion

In our opinion the summary financial statement is consistent with the full annual financial statements and the Remuneration report of Barclays PLC for the year ended 31st December 2006 and complies with the applicable requirements of section 251 of the Companies Act 1985, and the regulations made thereunder.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
8th March 2007
Board and Executive Committee

Marcus Agius
Chairman
Age 60
Marcus joined the Board on 1st September 2006 and succeeded Matthew Barrett as Chairman from 1st January 2007. Marcus is the senior non-executive Director of the BBC and was Chairman of Lazard in London and a Deputy Chairman of Lazard LLC until 31st December 2006. He was formerly Chairman of BAe PLC, a position he held from 2002 until 20th December 2006. Marcus is Trustee to the Board of the Royal Botanic Gardens, Kew and Chairman of The Foundation and Friends of the Royal Botanic Gardens, Kew. From 1st January 2007, Marcus became Chairman of the Board Corporate Governance and Nominations Committee and a member of the Board HR and Remuneration Committee. 1

Sir Richard Broadbent
Non-executive Director
Age 53
Sir Richard joined the Board in September 2003. He was appointed Senior Independent Director on 1st September 2004. Sir Richard is Chairman of Arriva PLC and was previously the Executive Chairman of HM Customs and Excise from 2000 to 2003. He was formerly a member of the Group Executive Committee of Schroders PLC and a non-executive Director of the Securities Institute. Sir Richard is Chairman of the Board Risk Committee and, from 1st January 2007, Chairman of the Board HR and Remuneration Committee. He is also a member of the Board Corporate Governance and Nominations Committee. 2

Leigh Clifford
Non-executive Director
Age 59
Leigh joined the Board on 1st October 2004. Leigh has been a Director of Rio Tinto PLC since 1994 and Rio Tinto Limited since 1995 and was appointed Chief Executive of the Rio Tinto Group in 2000. He held various roles at Rio Tinto since joining in 1970, including Managing Director of Rio Tinto Limited and Chief Executive of the Energy Group. He was a member of the CoaI Industry Advisory Board of the International Energy Agency for a number of years and its Chairman from 1998 to 2000. He was formerly a Director of Freeport-McMoran Copper & Gold Inc. He is a member of the Board Audit Committee. 3

Professor Dame Sandra Dawson
Non-executive Director
Age 60
Sandra joined the Board in March 2003. She is currently KPMG Professor of Management Studies at the University of Cambridge and has been Master of Sidney Sussex College, Cambridge since 1999. She is also a Trustee of Oxfam and a member of the UK-India Round Table. Until September 2006, Sandra was Director of the Rand Europe (UK), Professor of Management Practice in Accounting at the London Business School and a non-executive Director of the Bank of England. Sir Andrew was formerly a non-executive Director and Chairman of MORI Group Limited. He is also a non-executive Director and Vice Chairman of the Tavistock and Portman NHS Trust and non-executive Chairman of Applied Intellectual Capital PLC. Sir Andrew is a member of the Board Audit and Board Risk Committees. 7

Sir Andrew Likiertman
Non-executive Director
Age 63
Sir Andrew joined the Board on 1st September 2004. He was previously Managing Director, Financial Management, Reporting and Audit and Head of the Government Accountancy Service at HM Treasury. He is Professor of Management Practice in Accounting at the London Business School and a non-executive Director of the Bank of England. Sir Andrew was formerly a non-executive Director and Chairman of MORI Group Limited. He is also a non-executive Director and Vice Chairman of the Tavistock and Portman NHS Trust and non-executive Chairman of Applied Intellectual Capital PLC. Sir Andrew is a member of the Board Audit and Board Risk Committees. 7

Fulvio Conti
Non-executive Director
Age 59
Fulvio joined the Board on 1st April 2006. Fulvio is Chief Executive Officer and General Manager of Enel SpA, the Italian energy group, a position he has held since May 2005. He became Chief Financial Officer of Enel SpA in 1999. Fulvio was formerly Chief Financial Officer and General Manager of Telecom Italia and between 1996 and 1998 was General Manager and Chief Financial Officer of Ferrovie dello Stato, the Italian national railway. From 1991 to 1993 he was head of the accounting, finance, and control department of Montecatini and was subsequently in charge of finance at Montedison-Compagnia Industriale. Between 1995 and 1996 Fulvio was a member of the Group Executive Committee of Enel SpA, the Italian energy group. He is non-executive Chairman of Pendragon PLC and Alliance Boots PLC and a non-executive Director of the BBC. Fulvio is a member of the Board Audit Committee. 4

Dr Danie Cronje
Non-executive Director
Age 60
Danie joined the Board on 1st September 2005 following the acquisition by Barclys of a majority stake in Absa, where he is Chairman. Danie joined Absa in 1987 and was formerly Deputy Chief Executive and Group Chief Executive until 1997. He joined Volkskas in 1975 and held various positions in Volkskas Merchant Bank and Volkskas Group. Danie will retire as Chairman of Absa on 1st July 2007 and will leave the Absa Board on 31st July 2007. He is a member of the Board Risk Committee. 5

Leigh Clifford
Non-executive Director
Age 59
Leigh joined the Board on 1st October 2004. Leigh has been a Director of Rio Tinto PLC since 1994 and Rio Tinto Limited since 1995 and was appointed Chief Executive of the Rio Tinto Group in 2000. He held various roles at Rio Tinto since joining in 1970, including Managing Director of Rio Tinto Limited and Chief Executive of the Energy Group. He was a member of the CoaI Industry Advisory Board of the International Energy Agency for a number of years and its Chairman from 1998 to 2000. He was formerly a Director of Freeport-McMoran Copper & Gold Inc. He is a member of the Board Audit Committee. 3

Sir Nigel Rudd, DL
Deputy Chairman
Non-executive Director
Age 60
Sir Nigel joined the Board in February 1996 and was appointed Deputy Chairman on 1st September 2004. He is non-executive Chairman of Pendragon PLC and Alliance Boots PLC and a non-executive Director of the BBC. Sir Nigel has been a Director of the Bank of England since 2004 and was formerly Managing Director, Financial Management, Reporting and Audit and Head of the Government Accountancy Service at HM Treasury. He is Professor of Management Practice in Accounting at the London Business School and a non-executive Director of the Bank of England. Sir Andrew was formerly a non-executive Director and Chairman of MORI Group Limited. He is also a non-executive Director and Vice Chairman of the Tavistock and Portman NHS Trust and non-executive Chairman of Applied Intellectual Capital PLC. Sir Andrew is a member of the Board Audit and Board Risk Committees. 7

Danie Cronje
Non-executive Director
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Danie joined the Board on 1st September 2005 following the acquisition by Barclys of a majority stake in Absa, where he is Chairman. Danie joined Absa in 1987 and was formerly Deputy Chief Executive and Group Chief Executive until 1997. He joined Volkskas in 1975 and held various positions in Volkskas Merchant Bank and Volkskas Group. Danie will retire as Chairman of Absa on 1st July 2007 and will leave the Absa Board on 31st July 2007. He is a member of the Board Risk Committee. 5

Sir Andrew Likierman
Non-executive Director
Age 63
Sir Andrew joined the Board on 1st September 2004. He was previously Managing Director, Financial Management, Reporting and Audit and Head of the Government Accountancy Service at HM Treasury. He is Professor of Management Practice in Accounting at the London Business School and a non-executive Director of the Bank of England. Sir Andrew was formerly a non-executive Director and Chairman of MORI Group Limited. He is also a non-executive Director and Vice Chairman of the Tavistock and Portman NHS Trust and non-executive Chairman of Applied Intellectual Capital PLC. Sir Andrew is a member of the Board Audit and Board Risk Committees. 7
Stephen Russell
Non-executive Director Age 61
Stephen joined the Board in October 2000 on completion of the acquisition of Woolwich plc. Stephen was Chief Executive of Boots Group PLC from 2000 until 2003, having worked for Boots since 1967. Stephen is a trustee of St John’s Ambulance and Tommy’s the Baby Charity and is on the Council of Nottingham University. Stephen is Chairman of the Board Audit Committee and is a member of the Board Risk and Board Corporate Governance and Nominations Committees.

Sir John Sunderland
Non-executive Director Age 61
Sir John joined the Board on 1st June 2005. He has been Chairman of Cadbury Schweppes PLC since May 2003. Sir John joined Cadbury Schweppes in 1968 and was appointed Chief Executive in September 1996. He is Deputy-President of the CBI, having retired as President on 31st December 2006, and is a former President of both ISBA (the Incorporated Society of British Advertisers) and the Nordic Advertisers Federation. Sir John is a Director of the Incorporated Society of British Advertisers (ISBA) and the Food and Drink Federation. Sir John is also a non-executive Director of the UK Food and Drink Federation. Sir John is a former President of both ISBA (the Incorporated Society of British Advertisers) and the Nordic Advertisers Federation. Sir John is a Director of the Nordic Advertisers Federation. Sir John is also a non-executive Director of the Nordic Advertisers Federation.

Robert E Diamond Jr
President, Barclays PLC and CEO, Investment Banking and Investment Management Executive Director and member of Executive Committee Age 55
Bob was appointed President of Barclays PLC and became an executive Director on 1st June 2005. He is responsible for the Investment Banking and Investment Management business for the Group. He has been a member of the Executive Committee since September 1997. He joined Barclays in July 1996 from CSFB where he was Vice-President of the Investment Banking Group. He previously held the position of Group Finance Director from 1999 to 1996 and was appointed to the Board in June 1998. He was Chief Executive of Retail Financial Services from 1998 to 2000 and Chairman of the Asset Management Division from 1995 to 1998. He is Chairman of Business Action on Disability, President of the Employers’ Forum on Disability and a member of the International Advisory Panel of the Monetary Authority of Singapore. Sir John is also a non-executive Director of AstraZeneca PLC and a Director of Ascot Racecourse.

Naguib Kheraj
Group Finance Director; Executive Director and member of Executive Committee Age 42
Naguib was appointed as Group Finance Director and joined the Board on 1st January 2004. He had previously held the positions of Chief Executive of Absa Group Limited, Deputy Chairman of Barclays Global Investors, Global Head of Investment Banking and Global Chief Operating Officer at Barclays Capital. He joined the Executive Committee in March 2003. Before joining Barclays, he was a Managing Director and held the post of Chief Financial Officer for Europe at Salomon Brothers. Naguib is also a non-executive Director of Absa Group Limited. Naguib will leave the Board on 31st March 2007 and will be succeeded by Chris Lucas as Group Finance Director.

Gary Hoffman
Group Vice Chairman Executive Director Age 46
Gary was appointed as Group Vice Chairman in July 2006. He was formerly Chairman of UK Banking and of Barclaycard and prior to that was Chief Executive of Barclaycard. He joined the Board on 1st January 2004. As Group Vice Chairman, Gary is accountable on the Board for a range of responsibilities including Corporate Responsibility, Public Policy, Equality and Diversity, leading the Group’s response to the FSAs’ Treating Customers Fairly initiative, chairing the Groups’ Governance and Control Committee and franchise health with customers, employees and communities. Gary joined the Group in 1982. Gary is also a non-executive Director of Trinity Mirror PLC.

Paul Idzik
Chief Operating Officer; Member of Executive Committee Age 46
Paul joined the Executive Committee and became Chief Operating Officer in November 2004. He is also Chairman of the Group Operating Committee. Paul was formerly Chief Operating Officer of Barclays Capital. He joined Barclays Capital in August 1999 following a career with Booz Allen & Hamilton, where he was a partner and senior member of the Financial Institutions Practice.

Paul Idzik
Chief Operating Officer; Member of Executive Committee Age 46
Paul joined the Executive Committee and became Chief Operating Officer in November 2004. He is also Chairman of the Group Operating Committee. Paul was formerly Chief Operating Officer of Barclays Capital. He joined Barclays Capital in August 1999 following a career with Booz Allen & Hamilton, where he was a partner and senior member of the Financial Institutions Practice.
We regard corporate responsibility as embodied in the concept of ‘responsible banking’. Based on the values enshrined in our Guiding Principles, responsible banking means making informed, reasoned and ethical decisions in everything we do. Our Guiding Principles of Winning Together, Customer Focus, The Best People, Pioneering and Trusted describe how we expect our employees to behave with external stakeholders and each other.

We make our greatest contribution to society by being a successful and responsible business – by helping our customers meet their financial goals through providing products and services that contribute to economic growth, and in sustaining healthy financial systems around the world.

Our priorities have been informed by broad dialogue with investors, non-governmental organisations, customers, our employees and politicians. We focus on the following areas:

- Our customers
- Financial inclusion
- Responsible lending
- Environment and climate change
- Supply chain management
- Our employees
- Community investment

Governance
The Group Chief Executive has primary responsibility for embedding ‘responsible banking’. The Brand and Reputation Committee, chaired by the Deputy Chairman, manages issues of reputational significance to the Group.

Corporate responsibility is integrated in our risk framework through a specific Board Governance Standard.

Ethical Indices
We are a member of the Dow Jones Sustainability and FTSE4Good ethical indices, and were ranked in 3rd position in the Business in the Community Corporate Responsibility Index. In the Carbon Disclosure Project, we were ranked in the top 50 of global FT500 companies.

Our customers
We are committed to providing excellent products and services in accordance with our ten established principles for treating customers fairly. The year saw continued progress in improving the level of customer service in UK Retail Banking. Across our other businesses, strong levels of customer and client satisfaction have been sustained.

Financial inclusion
Our focus is on improving access to banking and affordable credit in the UK and in Africa. We increased the number of our Cash Card accounts in the UK by 85,000 to 464,000 and remain the largest private sector supporter of UK credit unions. In South Africa, Absa opened another 13 portable branches, which bring banking services to disadvantaged areas. The Mzansi basic bank account showed strong growth and Absa’s AlPay and Sekukula services are enabling 2.3 million social grant beneficiaries to access their payments. In Ghana, working with the traditional Susu banking system, we are supporting 80,000 market traders.

Responsible lending
We extended the use of summary information on credit card and personal loan applications and statements to help our customers make informed personal decisions, worked to increase data sharing with other banks and introduced our Flex-rate card, offering lower rates to customers repaying more of their balance.

Environment and climate change
Our UK operations are now carbon-neutral and we are offsetting part of our residual emissions through community-based sustainable energy schemes in Africa and India. Our businesses in South Africa and France achieved ISO 14001 accreditation for their environmental management systems.

Barclays Capital remained the most active trader of carbon in the EU Emissions Trading Scheme and our Natural Resources Team financed over 2,600 megawatts of renewable generation capacity.

We contributed to the revision of the Equator Principles, which require banks to undertake detailed environmental and social assessments in international project financing, and updated our internal guidance to cover over 50 different industry sectors. Barclays remains the only bank participating in the Business Leader’s Initiative on Human Rights.

Supply chain management
In 2006, we introduced our Corporate Responsibility Supplier Questionnaire and have, to date, reviewed some 60 of our higher risk suppliers, accounting for approximately £1.5bn of our supply chain spend.

Our employees
Our annual Employee Opinion Survey showed further improvements. 87% of employees participated, with employee engagement improving from 72% to 76%.

We signed an Equality Charter with Amicus in the UK. 21% of our senior managers are female and 6% are from an ethnic minority background. Good progress was recorded by Absa, with the number of black managers increasing.

Community investment
A new global approach has been launched under the theme of ‘Banking on brighter futures’, focusing on financial inclusion and complementing our business strategy. An example of the programme is Barclayscard Horizons, a three year, £3m investment with four national partners, aiming to support 50,000 disadvantaged single parents.

Further information
The Barclays Corporate Responsibility Report provides further details on how Barclays fulfils its responsibilities to customers, employees, the environment and the wider community. The 2006 report will be available from 26th April 2007 at the ACM and at www.barclays.com/corporateresponsibility

Financing renewable energy
Barclays UK operations are now carbon neutral, with over 50% of our requirements being supplied from renewable energy sources – reducing our carbon emissions by 80,000 tonnes in 2007. Over the next five years we plan to increase UK energy efficiency by another 20%, through investment in energy-efficient technology. Visit www.barclays.com/climatechange for more information.

Providing project finance for renewable energy complements Barclays Climate Change strategy. Barclays provided £60m of secured debt finance and hedging facilities to the 65 megawatt Scout Moor wind farm in Lancashire, the largest project-financed onshore wind deal in the UK and Ireland signed during 2006.

Overall, Barclays Natural Resources Team has provided long-term finance for over 2,600 megawatts of renewable generating capacity, including onshore wind farms, landfill gas extraction plants, small-scale hydroelectric projects, biomass plants and bio-diesel conversion plants.
Combined Code on Corporate Governance
For the year ended 31st December 2006, we have complied with the provisions set out in section 1 of the UK Combined Code on Corporate Governance (the Code). Some of the ways we have applied the principles of the Code in 2006 are described below. You can find our full Corporate Governance Report for 2006 in our 2006 Annual Report, which is available online at www.investorrelations.barclays.com, along with all of the documents we mention below.

What does good corporate governance mean to Barclays?
Good corporate governance is more than just a statement of compliance. We aim to set the highest standards throughout our organisation and in everything we do. It is a key part of my role as Chairman to maintain the highest standards of corporate governance and I inherited a strong legacy from my predecessor as Chairman, Matthew Barrett.

Our corporate governance framework, “Corporate Governance in Barclays”, is a comprehensive statement of our values and how we put them into practice at Barclays. We review this framework annually to make sure it remains relevant.

How do you decide who becomes a Director?
Our Board Corporate Governance and Nominations Committee reviews the balance and composition of our Board and its main Committees regularly. This is to make sure we have the right balance of Directors and a good mix of skills and experience to support our strategy. It also looks at whether we need to refresh the Board and Committees by appointing new members. You can find details of who is on the Board on pages 14 to 15, along with details of the Board Committees the Directors are members of. The chart opposite shows the current balance of Directors on various Boards.

What did the Board and Committees do in 2006?
The Board and each of its main Committees have an annual programme of business. This is agreed at the start of each year. The chart opposite shows how the Board spent its time during 2006. Some specific responsibilities have been delegated to Board Committees. Each Board Committee has Terms of Reference, which set out what they are responsible for. A short description of what each Committee does is set out opposite.

How do you make sure that Directors have the information they need to carry out their role?
It is part of my role as Chairman to make sure that Directors receive accurate, timely and clear information. This is to help the Board take sound decisions, monitor effectively and provide advice to promote the success of the Group. As Chairman I work closely with the Company Secretary to make sure that information flows to Directors at the right time. During 2006, we launched a Directors’ Intranet, which allows Directors to access electronic copies of Board papers, reports, minutes and other key documents quickly and securely via a dedicated private network. All Directors can also make use of the services of the Company Secretary and his team. Independent professional advice is also available on request, at the Company’s expense.

All new Directors go through a comprehensive induction programme when they join the Board or a Board Committee. This programme is discussed with the Director in advance so that it suits their individual needs. Extra training and updates for Directors are also arranged on an ongoing basis. We started a two-year programme of business training for non-executive Directors in 2006 and some further sessions are planned for 2007.

We also aim to hold some of our Board meetings away from our global headquarters. This allows Directors to meet our front line staff and see our operations at first hand. Non-executive Directors also make site visits individually and can contact senior management directly on particular areas of interest.

How do you assess the performance of the Board?
We carry out an annual review of the Board’s effectiveness. This covers the performance of the Board, Board Committees and individual Directors. For 2006, we asked an independent third party to help with the review. It involved each Director filling in a detailed questionnaire, which was followed up by an interview to go through their views in more detail. We discussed the results of the review at our Board meeting in December 2006 and decided that we are continuing to operate effectively. We agreed on some areas for improvement in 2007, including arranging some additional training on risk issues and making sure there is enough time at Board meetings for a thorough discussion and exchange of ideas. We have put together an action plan to deliver these improvements in 2007.

Marcus Agius
Chairman
8th March 2007

Our committees

Barclays PLC Annual Review 2006
Barclays policy is to use reward to drive a high-performance culture.

• ensure, both internally and externally, that remuneration policies and programmes are transparent, well communicated, easily understood and aligned with the interests of shareholders.

The graph below shows the value, at 31st December 2006, of £100 invested in Barclays on 31st December 2001 compared with the value of £100 invested in the FTSE 100 Index. It shows that, at the end of 2006, a hypothetical £100 invested in Barclays on 31st December 2001 would have generated a total return of £38, compared with a gain of £41 if invested in the FTSE 100 Index. Barclays, therefore, outperformed the FTSE 100 Index for this period.

How do you set the reward levels for executive Directors? We review the main parts of the reward package for executive Directors annually. We compare them to packages on offer at other companies similar to Barclays and also to the packages offered in the markets where we are competing to attract the best talent. This includes looking at the reward packages offered by other leading international banks and financial services companies. We consider reward levels across the Group when we set the remuneration for executive Directors.

We also have access to independent advisers. Kepler Associates have been appointed to advise us on remuneration matters.

What makes up the reward package for executive Directors? The reward package for executive Directors is made up of four main parts:

• Base salary;
• Annual Performance Bonus, 75% of which is cash and 25% of which is deferred in the form of Barclays shares through the Executive Share Award Scheme (ESAS);
• Performance Share Plan (PSP), which is an allocation of free shares that are released after three years, subject to performance conditions; and
• Pension and other benefits.

Each part has an important role to play. Together, the potential remuneration from the Annual Performance Bonus and PSP is greater than the other elements. Both are subject to performance conditions, which means the majority of the total reward is at risk and is not fixed. The balance of reward at risk is different for Robert E Diamond Jr, as his reward arrangements reflect general practice in the investment banking and investment management industry.

The chart to the left shows the balance between fixed reward and reward at risk for a typical executive Director (excluding pension and benefits). Do executive Directors take part in any other share plans? Executive Directors may still hold options in share plans that we have operated in previous years. No options were granted to executive Directors under these plans in 2006. Robert E Diamond Jr is also a participant in the BGI Equity Ownership Plan. His participation dates back to before he became a Director of Barclays. All eligible employees, including executive Directors, can take part in our Sharesave and Sharepurchase plans. Both are ‘all-employee’ share plans approved by HM Revenue and Customs.

You can find full details of the share plans that we have operated and continue to operate, and executive Directors’ involvement in them, in our full Remuneration report.

What fees are paid to the non-executive Directors? The Board reviews the fees paid to non-executive Directors annually. Non-executive Directors receive an annual base fee of £65,000. They may also receive additional fees for Chairmanship or membership of the main Board Committees. This is to reflect the additional time and responsibility they are asked to commit to when they are appointed to these Committees. From the base fee of £65,000, £20,000 is used each year to buy Barclays shares, which the non-executive Directors must hold until they retire from the Board.

What are the terms of Directors’ contracts? We have service contracts in place with the Chairman and the executive Directors. These contracts do not have a fixed term. They provide for a notice period from the Group of one year and normally for retirement at age 65.

Our policy is that executive Directors’ contracts should allow for termination with contractual notice from the Group, except in circumstances of gross misconduct. In such cases, notice is not given. When we consider payments in the event of termination, our approach is to take account of the individual circumstances. This includes the reason for termination, contractual obligations and share and pension plan rules.

Non-executive Directors have letters of appointment, rather than service contracts. These letters set out the terms of their appointment, including the time commitment expected of them. They provide for a notice period of six months from the Group.

What did Directors earn in 2006? The 2006 annual remuneration of the Chairman and Directors is set out on page 19.
Directors’ aggregate emoluments and other benefits

<table>
<thead>
<tr>
<th>Directors</th>
<th>2006</th>
<th>£m</th>
<th>2005</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate emoluments</td>
<td>32.0</td>
<td>17.3</td>
<td></td>
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</tr>
<tr>
<td>Gains made on the exercise of share options</td>
<td>5.5</td>
<td>0.3</td>
<td></td>
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<tr>
<td>Amounts paid under long-term incentive schemes</td>
<td>–</td>
<td>–</td>
<td></td>
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<tr>
<td>Actual pension contributions to money purchase scheme (2006: one Director, £11,414 and 2005: two Directors, £114,856)</td>
<td>–</td>
<td>0.1</td>
<td></td>
<td></td>
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<tr>
<td>Notional pension contributions to money purchase scheme (2006: no Directors and 2005: no Directors)</td>
<td>–</td>
<td>–</td>
<td></td>
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<tr>
<td>Total</td>
<td>37.5</td>
<td>17.7</td>
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</tbody>
</table>

As at 31st December 2006, four Directors were accruing retirement benefits under a defined benefit scheme (2005: four Directors).

Directors’ individual remuneration

<table>
<thead>
<tr>
<th>Directors</th>
<th>Salary and fees</th>
<th>£000</th>
<th>Benefits</th>
<th>£000</th>
<th>Annual cash bonus</th>
<th>£000</th>
<th>2006</th>
<th>£000</th>
<th>2005</th>
<th>£000</th>
<th>Executive Share Award</th>
<th>Scheme ESAS</th>
<th>2006</th>
<th>£000</th>
<th>2005</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matthew W Barrett</td>
<td>650</td>
<td>50</td>
<td>–</td>
<td>700</td>
<td>704</td>
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<tr>
<td>John Varley</td>
<td>888</td>
<td>15</td>
<td>1,613</td>
<td>2,516</td>
<td>2,249</td>
<td>699</td>
<td>601</td>
<td>–</td>
<td>–</td>
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<tr>
<td>Robert E Diamond</td>
<td>250</td>
<td>17</td>
<td>10,425</td>
<td>10,692</td>
<td>4,528</td>
<td>4,518</td>
<td>1,996</td>
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<tr>
<td>Gary Hoffman</td>
<td>625</td>
<td>14</td>
<td>469</td>
<td>1,108</td>
<td>1,074</td>
<td>203</td>
<td>244</td>
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<tr>
<td>Naguib Kheraj</td>
<td>650</td>
<td>165</td>
<td>1,750</td>
<td>2,565</td>
<td>1,451</td>
<td>358</td>
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<tr>
<td>Fulvio Conti</td>
<td>575</td>
<td>11</td>
<td>1,300</td>
<td>2,086</td>
<td>1,336</td>
<td>358</td>
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<tr>
<td>Frits Seegers</td>
<td>336</td>
<td>94</td>
<td>1,200</td>
<td>1,630</td>
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<td>Marcus Agus</td>
<td>22</td>
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<tr>
<td>Sir Richard Broadbent</td>
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<td>147</td>
<td>123</td>
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<tr>
<td>Leigh Clifford</td>
<td>76</td>
<td>–</td>
<td>–</td>
<td>76</td>
<td>60</td>
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<tr>
<td>Fulvio Conti</td>
<td>54</td>
<td>–</td>
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<td>54</td>
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<tr>
<td>Dr Dane Cronje</td>
<td>326</td>
<td>–</td>
<td>–</td>
<td>326</td>
<td>132</td>
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<tr>
<td>Professor Dame Sandra Davison</td>
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<td>81</td>
<td>71</td>
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<td>Sir Andrew Likierman</td>
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<td>96</td>
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<td>Sir Nigel Rudd</td>
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<td>200</td>
<td>179</td>
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<tr>
<td>Stephen Russell</td>
<td>137</td>
<td>–</td>
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<td>137</td>
<td>127</td>
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<tr>
<td>Sir John Sunderland</td>
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<td>–</td>
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<td>81</td>
<td>40</td>
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<td>Former Directors</td>
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</table>

Notes:

A Emoluments include amounts, if any, payable by subsidiary undertakings. Amounts payable to Dr Dane Cronje include an amount of ZAR33,740 (€249,829) in respect of his Chairmanship of Absa Group Limited (2005: ZAR1,193,275 (€199,734) and ZAR37,913 (€3,486) of benefits).

B The Chairman and executive Directors receive benefits in kind, which may include life and disability cover, the use of a Company owned vehicle or car equivalent, medical insurance and tax advice. Benefits are provided on similar terms to other senior executives. No Director has an expense allowance.

C Total remuneration for 2006 includes any amounts waived by way of Special Company Contribution (Bonus Sacrifices).

D The amounts shown for ESAS represent the value of shares to be recommended for an award under ESAS in 2007 for each executive Director, including a maximum potential 30% bonus share element.

E Matthew W Barrett retired as Chairman on 31st December 2006. No additional payments were due to Matthew W Barrett on his retirement.

F John Varley is also a Director of AstraZeneca plc for which he received fees of £21,075 in 2006 (2005: £149,500). John Varley is a non-executive Director of AstraZeneca plc for which he received fees of £21,075 in 2006 (2005: £149,500). John Varley is a member of the International Advisory Panel of the Monetary Authority of Singapore for which he received fees of US$100,000 in 2006 (2005: £600,000). John Varley is Chairman of Business Action on Homelessness and President of the Employers’ Forum on Disability for which he receives no fees. Gary Hoffman is a Director of Visa (Europe) Limited, for which he receives no fee and Trinity Mirror plc, for which he received fees of £35,000 in 2006 (£39,521). David Roberts was a non-executive Director of BAA PLC during the period March 2006 to June 2006, for which he received fees of £14,333 (2005: £nil). Naguib Kheraj received an allowance of 23% of base salary (£149,500) in lieu of pension contributions (2005: £150,000). This amount is included in the amount shown in the column for ‘Benefits’.

G Robert E Diamond joined the Board on 1st June 2005. The amount shown in the ‘2005 Total’ column is for the period from that date to 31st December 2005. The remuneration for 2006 for Robert E Diamond was based on the strong performance of Barclays Capital, Barclays Global Investors and Barclays Wealth, both on an absolute and industry relative basis and given significant upward movement in market reference points. The composition of this package remains consistent with the composition of remuneration shown on page 127 of the full Remuneration report.

H Naguib Kheraj received an allowance of 23% of base salary (£149,500) in lieu of pension contributions (2005: £150,000). This amount is included in the amount shown in the column for ‘Benefits’.

I David Roberts ceased to be a Director on 31st December 2006. His service contract provides for a notice period of 12 months or contractual pay in lieu of notice for 12 months, subject to mitigation if alternative employment is found during the period of pay in lieu of notice. Contractual pay on termination includes base salary (£600,000), £150,000 in respect of pension benefit entitlement and a bonus capped at 100% of base salary (£600,000), totalling up to £1,350,000, payable in 2007, subject to mitigation. The notice period commenced on 1st January 2007.

J Frits Seegers was appointed as an executive Director on 10th July 2006. In addition to the amount shown in the column for Salary and Fees, Frits Seegers received a cash payment of £3,408,000 in July 2006 in recognition of forfeited share awards and benefits from his previous employment. In addition, in August 2006 Frits Seegers received an award under ESAS over 802,208 Barclays shares in recognition of forfeited share awards and benefits. This is shown in the ESAS table on page 136 of the full Remuneration report and is not included in the ESAS column in the table above. Bonus shares are not applicable to this award. Frits Seegers also received an allowance of 25% of base salary (£84,028) in lieu of pension contributions. This amount is included in the amount shown in the column for ‘Benefits’.

K Fees to non-executive Directors include an amount of £20,000 per annum which, after tax, is used to buy Barclays shares. Further details are provided on page 140 of the full Remuneration report.

L Marcus Agus was appointed as non-executive Director on 1st September 2006.

M Fulvio Conti was appointed as non-executive Director on 1st April 2006.

N Sir David Arculus resigned from the Board on 27th April 2006.

O Robert Steel resigned from the Board on 11th October 2006.
Barclays PLC Head office and Registered office: 1 Churchill Place London E14 5HP Telephone +44 (0)20 7116 1000 Registered in England. Registered No: 48839 Designed by Pauffley 9907089

Audio version

Don’t forget

Help
Barclays Shareholder Helpline
Within the UK: 0870 609 4535
From overseas: +44 121 415 7004
Email questions@share-registers.co.uk
Registrar
The Registrar to Barclays PLC
The Causeway
Worthing
BN99 6DA
Textphone
Contact the Registrar direct, without the need for an intermediate operator.
Within the UK: 0870 600 3950
From overseas: +44 121 415 7028
Online
Shareholder information is available at www.investorrelations.barclays.com

Buying and selling
A full range of dealing services for buying or selling Barclays shares is available through Barclays Stockbrokers.
Telephone dealing
Within the UK: 0845 604 0077
From overseas: +44 141 352 3943
Barclays Stockbrokers
www.stockbrokers.barclays.com or call 0845 601 7788 from within the UK
Barclays Sharestore
If you hold your shares in Barclays Sharestore you are only able to deal through Barclays Stockbrokers. For the special internet dealing service for Barclays Sharestore members visit www.sharestore.barclays.co.uk

The value of stocks and shares and the income from them can fall as well as rise and you may not get back the full amount you originally invested. If you are unsure about dealing in shares and other equity investments you should contact your financial adviser.

Sharegift
Sharegift, the charity share donation scheme, is a free service for shareholders wanting to give shares to charitable causes. Further information can be obtained at www.sharegift.org or from the Barclays Shareholder Helpline.

2007 diary
Although we go to great lengths to stick to the dates published here, please note that all future announcement and dividend dates are provisional and subject to change.

9 March 2007
On record date for payment of the 2006 final dividend

4 April
Final date for joining or leaving the dividend reinvestment plan for the 2006 final dividend

26 April
Annual General Meeting

27 April
Final dividend for 2006 to be paid

2 August
Interim results for 2007 announced

17 August
On record date for payment of the 2007 interim dividend

7 September
Final date for joining or leaving the dividend reinvestment plan for the 2007 interim dividend

1 October
Interim dividend for 2007 to be paid

Electronic communication
A growing number of shareholders receive their Barclays communications electronically and are discovering the convenience of using the internet and email to find out about their shareholdings and Barclays.

Barclays e-view
An easy and convenient online service to:
• access your Barclays shareholding details and check sales, purchases or transfers;
• view dividend information including electronic tax vouchers;
• change your address and/or bank details online;
• receive your shareholder documents (like this Annual Review) electronically;
• send your voting instructions for the AGM.

You can apply for e-view online using your Shareholder Reference Number:
• go to www.eviewsignup.co.uk
• register for electronic communications by following the on-screen instructions.
• you will be sent an access number in the post the next day.

Don’t forget

Personal information security
Please be vigilant about your personal information security, whether it be bank statements, credit card bills or information about your shareholding. Ensure your bank account and shareholder reference numbers are kept safe and your details up to date.

Barclays Sharestore
Barclays Sharestore is a convenient way to hold your Barclays shares electronically, without a certificate. Each year you will be sent a statement of your shareholding. To apply, call the Barclays Shareholder Helpline for a Sharestore Application Form. Transferring into Sharestore is free.

The Barclays Dividend Reinvestment Plan
A straightforward and cost effective way of using your dividends to build your shareholding in Barclays. Contact the Barclays Shareholder Helpline for details or download the application form from www.shareview.info/barclays/amend

Audio version

Extracts from this Annual Review are available, free of charge, on audio cassette and CD by calling the Barclays Shareholder Helpline.

Within the UK: 0870 609 4535
From overseas: +44 121 415 7004
These audio versions will also be available at the AGM.

Don’t forget

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• change your address and/or bank details online;
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A straightforward and cost effective way of using your dividends to build your shareholding in Barclays. Contact the Barclays Shareholder Helpline for details or download the application form from www.shareview.info/barclays/amend

Electronic communication
A growing number of shareholders receive their Barclays communications electronically and are discovering the convenience of using the internet and email to find out about their shareholdings and Barclays.

Barclays e-view
An easy and convenient online service to:
• access your Barclays shareholding details and check sales, purchases or transfers;
• view dividend information including electronic tax vouchers;
• change your address and/or bank details online;
• receive your shareholder documents (like this Annual Review) electronically;
• send your voting instructions for the AGM.

You can apply for e-view online using your Shareholder Reference Number:
• go to www.eviewsignup.co.uk
• register for electronic communications by following the on-screen instructions.
• you will be sent an access number in the post the next day.

Don’t forget

Personal information security
Please be vigilant about your personal information security, whether it be bank statements, credit card bills or information about your shareholding. Ensure your bank account and shareholder reference numbers are kept safe and your details up to date.

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Barclays Sharestore is a convenient way to hold your Barclays shares electronically, without a certificate. Each year you will be sent a statement of your shareholding. To apply, call the Barclays Shareholder Helpline for a Sharestore Application Form. Transferring into Sharestore is free.

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