We thank our customers and clients for the business they directed to Barclays in 2008. High levels of activity on their behalf have enabled us to report substantial profit generation in difficult conditions.

Our priorities in 2008 were (and remain): to stay close to customers and clients; to manage our risks; and to progress strategy.

John Varley
Group Chief Executive
In a very difficult economic environment in 2008, Barclays has steered a course that has enabled us to be solidly profitable despite strong headwinds. We are well positioned to maintain Barclays competitive strengths through the undoubted challenges that will come in 2009 and beyond.

Marcus Agius
Group Chairman

Our strategy

Our strategy is to achieve good growth through time by diversifying our business base and increasing our presence in markets and segments that are growing rapidly.

Strategic priorities

<table>
<thead>
<tr>
<th>Build the best bank in the UK</th>
<th>Accelerate growth of global businesses</th>
<th>Develop retail and commercial banking activities in selected countries outside the UK</th>
<th>Enhance operational excellence</th>
</tr>
</thead>
<tbody>
<tr>
<td>– 36% share of net new mortgages in UK</td>
<td>– Strong income growth in interest rate products, currency products, emerging markets, prime services and commodities</td>
<td>– Rapid organic growth: 809 new distribution points outside the UK</td>
<td>– Conservative risk management and well controlled costs</td>
</tr>
<tr>
<td>– Acquisition of Goldfish UK credit card business</td>
<td>– Acquisition of Lehman Brothers North American businesses</td>
<td>– Acquisition of Expobank in Russia and Bank Akita in Indonesia</td>
<td>– Strong capital position – maintaining strategic and operational independence</td>
</tr>
</tbody>
</table>
Highlights of the year

Group profit before tax was £6,077m, down 14% on 2007. Profit included:
– Gains on acquisitions of £2,406m, including £2,262m relating to Lehman Brothers North American businesses
– Profit on disposal of the closed life assurance book of £326m
– Gains on Visa IPO and sales of shares in MasterCard of £291m
– Gross credit market losses and impairment of £8,053m
– Gains on own credit of £1,663m

Global Retail and Commercial Banking profit before tax increased 6% to £4,367m
– UK lending increased to both retail and corporate customers
– Strengthened international presence in Barclaycard, Western Europe and Emerging Markets

Investment Banking and Investment Management profit before tax was £2,568m, down 24% reflecting significant gains on acquisition and disposal and the impact of credit market dislocation
– Barclays Capital’s strategy of diversification by geography and business accelerated through the acquisition of Lehman Brothers North American businesses
– There were strong net new asset flows into Barclays Wealth and Barclays Global Investors despite declines in equity markets

Group balance sheet growth was driven by over £900bn derivative gross-up, growth in loans and advances of £124bn and impact of foreign exchange rates on non-Sterling assets

Risk weighted assets increased 22% (£79bn) to £433bn reflecting:
– the significant depreciation in Sterling relative to both the US Dollar and the Euro
– procyclicality: macroeconomic indicators generally, and corporate credit conditions specifically, deteriorated towards the end of 2008 leading to ratings declines

Capital ratios were strengthened through the raising of £13.6bn of Tier 1 capital. The year-end pro forma Tier 1 capital ratio was 9.7% and the pro forma Equity Tier 1 ratio was 6.7%

Barclays targets reduced adjusted gross leverage, capital ratios significantly ahead of regulatory requirements and recommencing dividend payments during the second half of 2009

Income statement highlights
For the year ended 31st December

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income net of insurance claims</td>
<td>£23,115</td>
<td>£23,000</td>
<td>£21,595</td>
</tr>
<tr>
<td>Impairment charges and other credit provisions</td>
<td>(£5,419)</td>
<td>(£2,795)</td>
<td>(£2,154)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>£14,366</td>
<td>£13,199</td>
<td>£12,674</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>£6,077</td>
<td>£7,076</td>
<td>£7,136</td>
</tr>
<tr>
<td>Profit attributable to equity holders of the parent</td>
<td>£4,382</td>
<td>€4,17</td>
<td>€719</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>£59.3p</td>
<td>£68.9p</td>
<td>£71.9p</td>
</tr>
<tr>
<td>Dividend per ordinary share</td>
<td>£11.5p</td>
<td>£34.0p</td>
<td>£31.0p</td>
</tr>
<tr>
<td>Return on average shareholders’ equity</td>
<td>16.5%</td>
<td>20.3%</td>
<td>24.7%</td>
</tr>
<tr>
<td>Cost:income ratio</td>
<td>62%</td>
<td>57%</td>
<td>59%</td>
</tr>
<tr>
<td>Number of staff</td>
<td>156,300</td>
<td>134,900</td>
<td>122,600</td>
</tr>
</tbody>
</table>

Income
£23,115m

Profit before tax
£6,077m

Contribution to Group profit £m

| Global Retail and Commercial Banking | £4,367m |
|                                    | 63% |
| 1 UK Retail Banking | £1,369m |
| 2 Barclays Commercial Bank | £1,266m |
| 3 Barclaycard | £789m |
| 4 GRCB – Western Europe | £257m |
| 5 GRCB – Emerging Markets | £134m |
| 6 GRCB – Absa | £552m |

| Investment Banking and Investment Management | £2,568m |
|                                             | 37% |
| 1 Barclays Capital | £1,302m |
| 2 Barclays Global Investors | £595m |
| 3 Barclays Wealth | £671m |
Barclays today

Listed in London and New York, Barclays is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services with an extensive international presence in Europe, United States, Africa and Asia. With a strong long-term credit rating and over 300 years of history and expertise in banking, Barclays operates in over 50 countries and employs 156,000 people. Barclays moves, lends, invests and protects money for 48 million customers and clients worldwide.

Senior management

- Marcus Agius: Group Chairman
- John Varley: Group Chief Executive
- Frits Seegers: Chief Executive, Global Retail and Commercial Banking
- Chris Lucas: Group Finance Director
- Robert E Diamond Jr: President, Barclays PLC, Chief Executive, Investment Banking and Investment Management

Global Retail and Commercial Banking

<table>
<thead>
<tr>
<th>Global Retail and Commercial Banking</th>
<th>UK Retail Banking</th>
<th>Barclays Commercial Bank</th>
<th>Barclaycard</th>
<th>GRCB – Western Europe</th>
<th>GRCB – Emerging Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>One of the largest retail banks in the UK with over 1,700 branches, 15 million personal customers and 660,000 small business customers.</td>
<td>Barclays Commercial Bank serves over 81,000 business clients through a network of relationship and industry sector specialists.</td>
<td>Barclaycard launched the first credit card in the UK in 1966. It now has 23 million customers in the UK, across Europe and the United States.</td>
<td>GRCB – Western Europe serves two million retail, premier, card, SME and corporate customers in Spain, Portugal, France and Italy through nearly 1,200 distribution points.</td>
<td>A rapidly growing part of the business—opening over 280 distribution points in 2008 and providing full banking services to over four million customers across Africa, Russia, the Middle East and Asia.</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>£1,369m</td>
<td>£1,266m</td>
<td>£789m</td>
<td>£257m</td>
<td>£134m</td>
</tr>
<tr>
<td>Number of customers</td>
<td>15.2m</td>
<td>81,200</td>
<td>23.3m</td>
<td>2.1m</td>
<td>4.2m</td>
</tr>
</tbody>
</table>
Diversified operations

UK
60,700 employees

Continental Europe
13,400 employees

Africa and Middle East
55,700 employees

Asia Pacific
10,800 employees

Total number of employees
156,300

Investment Banking and Investment Management

<table>
<thead>
<tr>
<th>Company</th>
<th>Profit before tax</th>
<th>Number of customers</th>
<th>Number of clients generating more than £1m income</th>
<th>Profit before tax</th>
<th>Assets under management</th>
<th>Client assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRCB – Absa</td>
<td>£552m</td>
<td>10.5m</td>
<td>1,000+</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barclays Capital</td>
<td>£1,302m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barclays Global Investors</td>
<td>£595m</td>
<td></td>
<td></td>
<td></td>
<td>$1.5trn</td>
<td></td>
</tr>
<tr>
<td>Barclays Wealth</td>
<td>£671m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>£145bn</td>
</tr>
</tbody>
</table>
Group Chairman’s statement

2008 was an extraordinarily difficult year for the financial services industry with the second half in particular seeing a period of exceptional instability.

Barclays was impacted by the difficult environment – we undertook two significant capital raisings during the year and incurred gross losses from credit market write-downs of approximately £8bn. However, a profit before tax for the year of just over £6bn, whilst benefiting from a number of gains on acquisitions and disposals, remains a resilient performance in such a difficult environment and reflects a continuing focus by all our people on servicing the needs of our customers and clients. We were able to absorb the level of credit market write-downs through the strong income performance of the Group.

As a result of raising over £13bn in equity and Tier 1 capital in 2008, our capital base has been substantially strengthened and we have over £37bn of equity capital and reserves. This scale of loss absorption capacity, combined with the underlying profitability of the Group, gives us confidence that our capital resources are sufficient, even in the difficult economic environment. For example, our lending to UK consumers and UK commercial clients increased by 16% and 14% respectively in 2008.

The Board regrets, however, that the capital raising we announced last October of £2.5bn was not supported by our shareholders. The Board considered the capital raising very carefully. We also recognise that some of our shareholders were unhappy about some aspects of the capital raising. The Board regrets, however, that the capital raising denied Barclays existing shareholders their full rights of pre-emption and that our private shareholders were not able to participate.

Board changes
We announced in January 2009 that Sir Nigel Rudd had advised us that he did not intend seeking re-election at the forthcoming AGM. Sir Nigel has served as a Director for nearly 13 years and Barclays has benefited enormously from his commercial experience and wise counsel. He will be greatly missed. I would also like to pay tribute to Professor Dame Sandra Dawson who will also be retiring as a Director at the AGM. Sandra has served with distinction as both a Director and member of the Board Audit Committee. Stephen Russell will also retire from the Board in October after nine years excellent service, particularly as Chairman of the Board Audit Committee.

We have also announced the appointment of Simon Fraser as a new non-executive Director. Simon will bring valuable fund management and institutional shareholder experience to the Board.

Maintaining our commitment to sustainability
We focus our commitment in this important area on our ability to support our customers well in good times and bad; on our role as an equal opportunity company employing all races, creed, colour and orientation; on our commitment to play our part in managing the impact of climate change, and on our role as a responsible global citizen.

There is a universal benefit to be obtained from a return to confidence in the banking system and from the restoration of the reputation of the banking industry in general. I give you my assurance that we at Barclays will do our utmost to play our part in procuring this vital objective.

Delivering our strategy

We’re committed to supporting customers through the current economic climate, running over 800 savings seminars for customers in 2008.

We increased lending to social housing projects by over £2 billion.

51° 30’ 16”N
London, UK 12pm GMT

50° 48’ 00”N
Portsmouth, UK 12pm GMT
Group Chief Executive’s review

I reported in our interim results that the conditions in the market in the preceding 12 months were as difficult as any that we had experienced in many years. In the six months since, we have seen the bankruptcy of Lehman Brothers, substantial action taken by the UK and other governments, and a progressive deterioration in the consensus expectations for global economic prospects. The environment has been extraordinarily challenging for nearly two years, and remains so.

We have managed Barclays carefully through this period. We have remained solidly profitable. Although the 2008 profit before tax of £6.1bn includes several individually significant and one-off items, our performance during the year has mainly been driven by ongoing business. Where we have had the opportunity to generate non-recurring profits, we have done so, including a gain on the acquisition of Lehman Brothers North American businesses, a gain on the acquisition of the Goldfish credit card business in the UK, gains on selling the UK Closed Life Fund and from the Visa IPO and sale of MasterCard shares. These items, combined with record income generation across the Group, have enabled us to absorb substantial write-downs on our credit market assets and still post substantial profits.

But our shareholders have suffered a lot. Although we cannot control the price at which our shares trade in the market, we greatly regret the fact that the total return on our shares during 2008 has been heavily negative, and we acknowledge with regret, also, our decision not to recommend the payment of a final dividend for 2008, which is one of the consequences of the increased capital requirements introduced by the UK Financial Services Authority in October.

These facts have influenced significantly our compensation decisions in respect of 2008. This has resulted in the incentive payments across Barclays being significantly lower in 2008 than in 2007, in the application of high differentiation in incentive pools, based both on business and individual performance, and in our delivering a significant proportion of compensation for the most senior individuals across Barclays over multiple years. Executive Directors will receive no bonuses for 2008. For 2009 and beyond, we are reviewing our compensation policies and practices to ensure that they evolve appropriately. Our endeavour as we do this is to maximise the alignment between these and the interests of our owners, as well as to ensure that our compensation policies and practices are appropriately benchmarked to changing best practice in the industry.

Our priorities in 2008 were (and remain): to stay close to customers and clients, to manage our risks, and to progress strategy.

2008 priorities

Our approach of staying close to customers and clients is shown in the number of customers we serve in Global Retail and Commercial Banking, which has increased from 39 million to 48 million, in the increase in our lending volumes, particularly in UK mortgages, where our net lending mortgage market share was 36%, and in the Group as a whole where our loans and advances increased 32% to £510bn, and in sharply increased activity levels in Barclays Capital interest rates, currency products and commodities.

Managing our risks

Throughout the unfolding crisis has been a significant focus through the year. In the Annual Report we have set out extensive details on the nature and quality of our loans and advances, as well as further detail on our credit market assets. We have worked hard to reduce these during the year. £9.4bn of our exposures were sold or redeemed1 and, in addition, we have announced a total of £8.1bn in gross write-downs of these assets. Managing these exposures will continue to be a priority in 2009. We are confident of the valuations of these assets at the year end: whilst we expect there will be further charges as we work down these assets, we also expect that gross write-downs in 2009 will be lower than the levels of 2008.

In progressing strategy in 2008, we have announced a number of acquisitions—Lehman Brothers North American businesses, Goldfish in the UK, Expobank in Russia, Akita Bank in Indonesia—and we also launched or expanded banking platforms in Pakistan and India. These steps will, we believe, have a significant collective impact in the future. We have also, of course, raised large amounts of new equity and other capital, increasing our shareholders’ equity by almost 50% during the year.

As we look forward to 2009 it is clear that the economic and business environment will remain very difficult, and the quality of our assets and risk management capability will again be tested. The scale of our market presence in the geographies where we do business means that we will not avoid the consequences of severe downturn. Although we have been careful over recent years to avoid inappropriate risk concentration in our major loan

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1 Includes redemption of £3.1bn leveraged finance exposure in January 2009.
books in retail and commercial banking, our plans for 2009 assume that impairment will continue to be at a high level.

2009 strategic framework
Our framework for moving the strategy forward in 2009 has the following features:
1. Responsible corporate citizenship. Governments in the UK and elsewhere have taken significant steps to address the impacts of the financial crisis and recession, and we must work with the authorities and, of course, with our customers, to deal with the crisis in a way which is consistent with our obligations to shareholders.
2. We have committed to recommencing dividend payments during the second half of 2009. Thereafter, and as previously announced, dividend payments will be made on a quarterly basis. We will set out our dividend policy at the Annual General Meeting in April.
3. We must ensure that our capital position is robust and our balance sheet well-managed. For 2009, returns will rank ahead of growth.
4. To create good returns at this time, we must preserve strategic and operational choice. As conditions remain very difficult in 2009, we expect that there will be considerable value at stake for our shareholders in decisions that we take relating to resource utilisation, capital allocation and risk management. Our objective over time is to ensure that the cost of the capital we raised last November is covered many times over by the benefits of pursuing our strategy.
5. We must deliver solid profitability notwithstanding the global downturn. Our diversified income streams have served us well in recent years and have enabled us to absorb substantial costs from the financial crisis. We expect them to continue to do so.
6. We will seek to manage the composition of our profits, and capital allocation, to ensure that we optimise returns from our universal banking business model. What does this mean? It is clear to us that in the future there will be more capital in the banking system, and less leverage, particularly in capital markets businesses. This will be true at Barclays too, and will govern our approach to capital allocation and expected returns. We expect to see balance sheet utilisation by Barclays Capital fall over time, which will help us to deliver strengthening returns. We believe that the businesses that we have built from the integration of Lehman Brothers North American businesses and Barclays Capital will help in this regard, since the capital intensity of the advisory businesses in M&A and of the flow businesses in fixed income, currencies, equities and credit will be lower, once we have managed down our credit market exposures.

Goals
We set out last year our goals for economic profit for 2008 through 2011. Those were based on, amongst other things, the then regulatory capital requirements for the business and the then cost of equity. The regulatory capital requirements were significantly increased last year by the UK Financial Services Authority. The observed cost of equity has also increased. It is right, therefore, that we revisit our goals, to ensure that they are properly aligned with our new return and balance sheet objectives, and with the interests of our owners. We intend to publish revised goals in due course that reflect the changes to the environment in the past two years.

2009 trading
Customer and client activity levels were high in the first month of 2009, and we have had a good start to the year. In particular the operating performance of Barclays Capital, benefiting from the now complete integration of the Lehman Brothers North American businesses, was extremely strong. The trends that lie behind the strong operating performance in Global Retail and Commercial Banking in 2008 were again observable in its performance in January.

Conclusion
I end this review by recording the Board’s appreciation of the dedication and hard work of our 150,000 people. We are doing more business with more customers and clients than at any time in our history, and have generated substantial profits. That we have been able to do this reflects the continuing focus of Barclays employees on delivering high-quality service to clients and customers despite the difficult conditions of the year.

John Varley
Group Chief Executive

"Our performance reflects the continuing focus of Barclays employees on delivering high-quality service to clients and customers despite the difficult conditions of the year."

GRCB expansion continues outside the UK with over 800 new distribution points, a 34% increase year on year.
Business review

Group performance

Barclays delivered profit before tax of £6,077m in 2008, a decline of 14% on 2007. The results included the following significant items:

– gains on acquisition of £2,406m, including £2,262m gain on acquisition of Lehman Brothers North American businesses

– profit on disposal of Barclays Closed UK Life assurance business of £326m

– gains on Visa IPO and sales of shares in MasterCard of £291m, distributed widely across the Group

– gross credit market losses and impairment of £8,053m, or £4,957m net of related income and hedges of £1,433m and gains on own credit of £1,663m

Profit after tax increased 4% to £5,287m. This reflected an effective tax rate of 13% (2007: 28%) primarily due to the gain on the acquisition of Lehman Brothers North American businesses of £2,262m, in part being offset by carried forward US tax losses attributable to Barclays businesses. Earnings per share were 59.3p (2007: 68.9p), a decline of 14% from 2007, reflecting the impact of share issuance during 2008 on the weighted average number of shares in issue.

Income grew 1% to £23,115m. Income in Global Retail and Commercial Banking increased 17% and was particularly strong in businesses outside of the UK to which we have directed significant resource. Income in Investment Banking and Investment Management was down 19%. Barclays Capital was affected by very challenging market conditions in 2008, with income falling by £1,888m (27%) on 2007. Excluding credit market related losses, gains on own credit and related income and hedges, income in Barclays Capital increased 6%.

Impairment charges and other credit provisions of £5,419m increased 94% on the prior year. Impairment charges included £1,763m arising from US sub-prime mortgages and other credit market exposures. Other wholesale impairment charges increased significantly as corporate credit conditions turned sharply worse. In Barclays Capital increased charges also arose in prime services, corporate lending and private equity. In Barclays Commercial Bank, increased impairment charges reflected the UK economy moving into recession. In the UK there was a moderate increase in impairment in UK Retail Banking as a result of book growth and a deteriorating economic environment. UK mortgage impairment charges remained low. There was a lower charge in UK cards as net flows into delinquency and arrears levels reduced. Significant impairment growth in our Global Retail and Commercial Banking businesses outside the UK reflected very strong book growth in recent years, and maturation of those portfolios, together with deteriorating credit conditions and rising delinquency rates in the US, South Africa and Spain.

Operating expenses increased 9% to £14,366m. We continued to invest in our distribution network in the Global Retail and Commercial Banking businesses. Expenses fell in Barclays Capital due to lower performance related costs. Underlying cost growth was well controlled. The Group cost income ratio deteriorated by five percentage points to 62%.

Shareholders’ equity

We increased shareholders’ equity, excluding minority interests, nearly 57% from £23bn at the end of 2007 to £37bn at the end of 2008. The main drivers for this were: equity issuances in July and September of £5.0bn, equity impact of issuing Mandatorily Convertible Notes and Warrants of £4.4bn; and after tax profits of £5.3bn. Other reserves increased £1.6bn and we paid dividends of £2.3bn.

Capital management

At 31st December 2008, on a Basel II basis our equity Tier 1 ratio was 6.7% and our Tier 1 ratio was 9.7%, both stated on a pro forma basis to reflect conversion into ordinary shares of the Mandatorily Convertible Notes and inclusion of all innovative Tier 1 capital. Our capital ratios reflect a 22% increase in risk weighted assets to £433bn during the year. This was driven by the combined impacts on risk weighted assets of the weakening of Sterling and the pro-cyclical effects of the International Basel Accord as well as lending growth in 2008. The pro forma ratios significantly exceed the minimum levels established by the UK Financial Services Authority.

We expect a single digit percentage rate of risk weighted asset growth in 2009. We expect to maintain our equity Tier 1 ratio and Tier 1 ratio at levels which significantly exceed the minimum requirements of the UK FSA for the duration of the current period of financial and economic stress.

Outlook

We expect 2009 to be another challenging year with continuing downturns or recessions in many of the economies in which we are represented. In 2008 our profits were reduced by the impact of substantial gross credit market losses. In 2009, we expect the impact of such credit market losses to be lower. Whilst we are confident in the relative quality of our major books of assets, we also expect the recessionary environments in the UK, Spain, South Africa and the US to increase the loan loss rates on our loans and advances. Our planning assumption for 2009 reflects an increase in impairment charges as a percentage of loans and advances to a range of 1.30-1.50bps.

Governments in the UK and elsewhere have taken significant measures to assist borrowers and lenders in response to the emerging recession. We expect the combined impact of these measures and the lower interest rate environment to be positive for the economy in time.
Barclays Global Retail and Commercial Banking was formed in 2006 with a clear goal: to become a strong growth engine for Barclays by diversifying into high growth markets, while continuing the steady growth in the UK businesses. Barclays believes this global scale will allow it to better serve retail and commercial customers in markets across the world.

In 2008, we have continued to make significant progress towards achievement of that goal. Barclays has attracted nine million new customers, mainly through organic growth. It has also continued to improve its offer to customers with the launch of Premier, a tailored exclusive service, with openings in Abu Dhabi, Lisbon, Milan and, in early 2009, London.

Barclays has continued the transformation of UK Retail Banking, increasing its share of net new mortgage lending to 36% and it is growing its share of many other UK products, such as instant access savings. Barclays has also continued to invest in upgrading the branch network by opening new flagship branches and renovating older branches.

Barclays remains committed to its SME customers. By the end of 2008, we have extended £15bn in loans to the SME market and have committed to lending a further £1.5bn in 2009.

In Barclays Commercial Bank, the focus on staying close to customers, combined with our considered approach to risk and deliberate diversification of the lending portfolio, means that Barclays is relatively well-positioned, with less exposure than some other banks to the riskiest market segments. For example, commercial property comprises only 5% of Barclays Commercial Bank’s portfolio.

Barclaycard continues to benefit from its investment in markets outside of the UK and, today, has almost as many customers outside the UK as in it. Barclaycard has significantly expanded its cards franchises, with the purchase of Goldfish in the UK and partnerships with, for example, US Air and LL Bean in the US, and Woolworths Finance in South Africa.

In GRCB – Western Europe, Barclays has continued to grow the network, adding more than 340 distribution points during 2008. In Italy, Barclays acquired a high-quality residential mortgage portfolio, at a discount to net asset value, that immediately contributed to its profits. The GRCB – Emerging Markets business continued to grow: acquiring Expobank in Russia and Bank Akita in Indonesia, and obtaining a banking licence and commencing operations in Pakistan. The network grew by more than 280 distribution points, which helped attract more than 2.2 million new customers.

In South Africa, Absa has continued to grow and now serves more than 10.5 million customers. For the third year running, it has been voted the best banking brand in the Sunday Times/Markinor survey. 2009 will be a challenging year as the global economic downturn puts pressure on Barclays customers and therefore on its profits. However, Barclays has pledged to remain close to its customers and clients and to continue lending. Barclays is committed to playing its part in bringing the UK economy, and all other economies where it operates, out of recession.

Barclays wants to be the best retail and commercial bank for customers and clients – every time, every product, and in every one of our markets

Frits Seegers
Chief Executive, Global Retail and Commercial Banking

Key facts

- Barclays is committed to helping its customers and clients achieve their goals. More than 48 million customers and clients worldwide have entrusted Barclays to help them manage their finances.
- It has lent more than £285bn to customers and clients around the world and holds more than £192bn in deposits.
- 4,900 distribution points globally with more than 64% of the network outside of the UK.
- 816,000 mortgage customers in the UK, with an average loan-to-value of 40%.

Employees outside UK

| 60% |

Distribution points growth

| 20% |

Number of customers (m)

| 34 | 39 | 48 |

We’ve entered new markets in Pakistan, Indonesia and Russia.

Personal Reserve current account, offered free of charge on top of existing overdraft limits, was launched in 2008, and is unique in the market.

55° 45' 21"N
Moscow 3pm MSK

52° 24' 44"N
Coventry, UK 12pm GMT
Barclays PLC Annual Review 2008

Build the best bank in the UK

Barclaycard contactless technology

In 2008 Barclaycard issued over one million contactless payment cards in the UK, with more than 7,000 shops now having the technology to use the cards installed. The cards enable people to pay for items costing £10 or less by simply swiping them against a sensor and Barclaycard research shows 98% of people with a contactless payment card think it is easy to use and 88% think it speeds up payment times.

Number of contactless cards

1m+
Accelerate growth of global businesses
Lehman Brothers Acquisition
The acquisition of Lehman Brothers North American businesses accelerated the execution of our strategy of diversification by geography and business in pursuit of profitable growth on behalf of our shareholders. It has created a premier integrated global investment banking company with a leading presence in all major markets and across all major lines of business including: equity capital markets, debt capital markets, mergers and acquisitions, commodities trading and foreign exchange. For Barclays Wealth, the acquisition gives us a strong platform from which to extend our wealth management offering in the Americas.

All-American Equity Business Research Team

No. 1

40° 45’ 39”N
New York 7am EST
Profit before tax decreased 24% to £2,568m, with positive contributions from all three businesses despite a very challenging market environment. The results included £8,053m of gross credit market losses and gains on acquisition and disposal of £2,588m. Income for Investment Banking and Investment Management was down 19% to £8,399m.

Despite the market conditions, each business was able to accelerate its longer term strategy. Through the acquisition of Lehman Brothers North American businesses, Barclays Capital gained a top tier presence in the North American investment banking market, including new product capabilities in cash equities and advisory. Barclays Global Investors continued its product and geographic expansion, including strong asset flows in iShares and good performance in its Fixed Income active expansion, including strong asset flows in iShares Investors continued its product and geographic presence in the North American investment management market, including new product capabilities in cash equities and advisory. Barclays Global Investors continued its product and geographic expansion, including strong asset flows in iShares and good performance in its Fixed Income active expansion, including strong asset flows in iShares.

Barclays Capital
In an exceptionally challenging market environment, Barclays Capital generated profit before tax of £1,302m, down 44% from the record 2007 result. Profit was impacted by the continuing dislocation in the credit markets which resulted in gross credit losses of £8,053m, partially offset by gains of £1,663m on the widening of credit spreads on issued notes by Barclays Capital. In addition there was a gain on the acquisition of Lehman Brothers North American businesses of £2,262m.

Income of £5,231m was down 27% due to the market dislocation. Underlying income, excluding credit market related losses, gains on own credit and related income and hedges, increased 6% on the prior year with record performances in interest rate products, currency products, emerging markets, prime services and commodities. There was also very strong underlying growth in the US driven by fixed income, prime services and the acquired businesses. Operating expenses decreased 5%, despite absorbing 10,000 staff acquired from Lehman Brothers North American businesses, due to a reduction in performance related pay of more than 50%.

In the first month of 2009, the operating performance of Barclays Capital was extremely strong, reflecting high client activity levels and the benefit of the now complete integration of Lehman’s Private Investment Management business, as well as launching its India onshore business during 2008.

Barclays Global Investors
Profit before tax decreased 19% to £595m. Profit was impacted by the cost of provision of selective support of liquidity products and an 8% appreciation in the average value of the US Dollar against Sterling. Income fell 4% to £1,844m due to lower incentive fees. Operating expenses increased 5% and included charges of £263m (2007: £80m) related to selective support of liquidity products. Total assets under management were US$1.495bn, reflecting net new assets of US$99bn, negative market moves of US$553bn and adverse exchange rate movements of US$130bn.

Barclays Wealth
Profit before tax grew 119% to £671m, including a £326m profit on disposal of the closed life business. Income growth of 3% to £1.324m reflected strong growth in customer deposits and lending, partially offset by the impact of lower equity markets on fee income. Operating expenses decreased 4% reflecting strong cost control. Total client assets increased 10% (£12.6bn) to £145.1bn, with net new asset inflows and the acquisition of Lehman Brothers North American businesses offsetting the impact of negative market movements and the sale of the closed life business.

Key facts
Barclays Capital
– No. 1 in Global All Bonds
– No. 1 in US government securities survey
– No. 3 in Euromoney Foreign Exchange poll
– Best structured Products House – Euromoney 2008 Awards for Excellence

Barclays Global Investors
– World’s largest asset manager, Index Manager and ETF Manager
– 3,000 institutional clients across 50 countries

Barclays Wealth
– Leading UK wealth manager for the third year running and No. 9 globally (Private Asset Management – PAM)
– 25 onshore locations

<table>
<thead>
<tr>
<th>No. of Barclays Capital clients generating over £1m income</th>
<th>Countries in which Barclays Wealth clients served</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000+</td>
<td>190+</td>
</tr>
</tbody>
</table>

“Our strong revenue performance reflects our unwavering commitment to our clients, helping them achieve their aims at their time of greatest need. 2009 will be another testing year in the markets, but we have a unique opportunity to serve our clients more comprehensively than ever before.”

Robert E Diamond Jr
Chief Executive, Investment Banking and Investment Management


$89bn

37° 47’ 17”N
San Francisco 4am PST

Barclays Wealth clients around the world are now served by over 1,600 client facing professionals.

1,600+

1° 11’ 55’S
Singapore 8pm SGT

Lehman Brothers North American businesses integration completed in January 2009, within the 100 day target.

Lehman Brothers North American businesses integration completed in January 2009, within the 100 day target.
Summary Financial Statement

Summary consolidated income statement

<table>
<thead>
<tr>
<th>For the year ended 31st December</th>
<th>2008 (£m)</th>
<th>2007 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>11,469</td>
<td>9,610</td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>8,407</td>
<td>7,708</td>
</tr>
<tr>
<td>Other income</td>
<td>3,476</td>
<td>6,174</td>
</tr>
<tr>
<td>Total income</td>
<td>23,352</td>
<td>23,492</td>
</tr>
<tr>
<td>Net claims and benefits incurred on insurance contracts</td>
<td>(237)</td>
<td>(492)</td>
</tr>
<tr>
<td>Total income net of insurance claims</td>
<td>23,115</td>
<td>23,000</td>
</tr>
<tr>
<td>Impairment charges</td>
<td>(5,419)</td>
<td>(2,795)</td>
</tr>
<tr>
<td>Net income</td>
<td>17,696</td>
<td>20,205</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(14,366)</td>
<td>(13,199)</td>
</tr>
<tr>
<td>Share of post-tax results of associates and joint ventures</td>
<td>14</td>
<td>42</td>
</tr>
<tr>
<td>Profit on disposal of subsidiaries, associates and joint ventures</td>
<td>327</td>
<td>28</td>
</tr>
<tr>
<td>Gains on acquisitions</td>
<td>2,406</td>
<td>–</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>6,077</td>
<td>7,076</td>
</tr>
<tr>
<td>Tax</td>
<td>(790)</td>
<td>(1,981)</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>5,287</td>
<td>5,095</td>
</tr>
<tr>
<td>Profit attributable to minority interests</td>
<td>905</td>
<td>678</td>
</tr>
<tr>
<td>Profit attributable to equity holders of the parent</td>
<td>4,382</td>
<td>4,417</td>
</tr>
<tr>
<td></td>
<td>5,287</td>
<td>5,095</td>
</tr>
</tbody>
</table>

Dividends

- Interim dividend 11.5p (2007: 11.5p) £906m
- Proposed final dividend 0.0p (2007: 22.5p) – £1,485m

Earnings per share

- Basic earnings per share £59.3p
- Diluted earnings per share £57.5p

Notes

a. Basic earnings per share
   The calculation of basic earnings per share is based on the profit attributable to Barclays shareholders over the weighted average number of shares (which includes shares that will be issued following conversion in full of the Mandatorily Convertible Notes) and represents the level of earnings generated per ordinary share.

b. Diluted earnings per share
   Basic earnings per share is adjusted for the conversion of outstanding options into shares within Absa Group Limited and Barclays Global Investors UK Holdings Limited.

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 14, 15, 24 and 25.

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 and 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
Summary Financial Statement

Summary consolidated balance sheet

<table>
<thead>
<tr>
<th>For the year ended 31st December</th>
<th>2008</th>
<th>2007</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>31,714</td>
<td>7,637</td>
</tr>
<tr>
<td>Trading and financial assets designated at fair value</td>
<td>306,836</td>
<td>341,171</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>984,802</td>
<td>248,088</td>
</tr>
<tr>
<td>Loans and advances to banks</td>
<td>47,707</td>
<td>40,120</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>461,815</td>
<td>345,398</td>
</tr>
<tr>
<td>Available for sale financial investments</td>
<td>64,976</td>
<td>43,072</td>
</tr>
<tr>
<td>Reverse repurchase agreements and cash collateral on securities borrowed</td>
<td>130,354</td>
<td>183,075</td>
</tr>
<tr>
<td>Other assets</td>
<td>20,102</td>
<td>15,804</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>4,674</td>
<td>2,996</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,052,980</td>
<td>1,227,361</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>116,545</td>
<td>92,338</td>
</tr>
<tr>
<td>Customer accounts</td>
<td>335,505</td>
<td>294,987</td>
</tr>
<tr>
<td>Trading and financial liabilities designated at fair value</td>
<td>136,366</td>
<td>139,891</td>
</tr>
<tr>
<td>Liabilities to customers under investment contracts</td>
<td>69,183</td>
<td>92,639</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>968,072</td>
<td>248,288</td>
</tr>
<tr>
<td>Debt securities in issue</td>
<td>149,567</td>
<td>120,228</td>
</tr>
<tr>
<td>Repurchase agreements and cash collateral on securities lent</td>
<td>182,285</td>
<td>169,429</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>16,052</td>
<td>15,032</td>
</tr>
<tr>
<td>Insurance contract liabilities, including unit-linked liabilities</td>
<td>2,152</td>
<td>3,903</td>
</tr>
<tr>
<td>Subordinated liabilities</td>
<td>29,842</td>
<td>18,150</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>2,005,569</td>
<td>1,194,885</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong> a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity excluding minority interests</td>
<td>36,618</td>
<td>23,291</td>
</tr>
<tr>
<td>Minority interests b</td>
<td>10,793</td>
<td>9,185</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>47,411</td>
<td>32,476</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>2,052,980</td>
<td>1,227,361</td>
</tr>
</tbody>
</table>

The Summary consolidated income statement and the Summary consolidated balance sheet were approved by the Board of Directors on 5th March 2009 and signed on its behalf by the Group Chairman.

Notes
a Shareholders’ equity
Represents the residual interest of shareholders in the Group and largely consists of Ordinary Share Capital and accumulated retained earnings.
b Minority interests
The interests of others in certain subsidiaries of the Group, for example Absa Group Limited.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 2008 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
5th March 2009
Corporate sustainability

Sustainability and Barclays
At Barclays, we recognise that our sustainability values have increased importance in the current financial climate. We are focused on: supporting our existing customers, being a bank that welcomes all potential customers, being an equal opportunity employer, our commitment to addressing climate change and ensuring we behave at all times as a responsible global citizen.

Doing this effectively helps us to reduce our risk and positions us well to capture commercial opportunities arising from the global transition towards a more sustainable future.

Developing our strategic framework
To measure our success in integrating sustainability into our business we have addressed the broad sustainability agenda through five key themes:

– Customers and clients
– Inclusive banking
– Diversity and our people
– Environment
– Responsible global citizenship

These themes resonate in our businesses, provide a platform for action, and give us a clear purpose and direction.

This section examines each theme, and the table opposite defines the themes and identifies progress against them during 2008.

We manage and report our progress on the sustainability topics of most significance to our business and our stakeholders. We have determined this in part through:

– our research initiatives and partnerships
– dialogue with our stakeholders including customers, investors, governments, non-governmental organisations (NGOs), consumer groups, and journalists across our markets globally
– internal and external focus groups including hosting consumer roundtables in the UK.

Measuring progress
We aim to measure and monitor sustainability progress both internally and externally.

In 2008, we developed a framework for regular progress reports to the Group Executive Committee and the Board. It provides consistent tracking of our progress by sustainability theme and Business Unit.

Barclays participates in a number of external indices, forums and initiatives including the Dow Jones Sustainability Index and FTSE4Good. In 2008, Barclays ranked joint first in the Carbon Disclosure Project’s Leadership Index.

Customers and clients
In 2008, amid widespread uncertainty in financial markets and the wider global economy, staying close to our clients and customers, who we recognise have a choice where they bank, was vital.

Our record of lending responsibly has allowed us to continue mortgage lending in the UK, increasing our share of net new lending from 8% in 2007 to 36% in 2008.

We increased lending to UK SMEs by 6% to a total of £1.5bn. We also provided support to small businesses in the UK and South Africa including significant investment in the Barclays Business Support team which is dedicated to helping business customers in financial difficulty in the UK.

In addition, we have committed to lend an additional 10% (£1.5bn) to SMEs in the UK by the end of 2009. We continue to act on customer and client feedback to develop appropriate products and services to meet different needs.

Inclusive banking
For Barclays, inclusive banking means helping those who are excluded from the financial system to join and benefit from it.

We have dedicated accounts for people on low incomes across several countries in Africa. In 2008, these basic accounts made up 27% of our total current and savings accounts in Africa.

We continued to support better access to financial products and services in the UK through our basic-level Cash Card Account, which is now held by more than 730,000 customers, and through partnerships with community finance organisations and charities which help excluded and vulnerable people in society.

In March 2008, Barclays launched the ‘Hello Money’ service in India which allows customers to carry out banking transactions easily and securely over their mobile phones. Hello Money is already making a significant impact in giving access to financial services for people in India’s rural areas.

Diversity and our people
Barclays aims to provide a safe working environment in which employees are treated fairly and with respect, encouraged to develop and rewarded on the basis of individual performance.

In 2008, Antony Jenkins, CEO Barclaycard was appointed Diversity and Inclusion Executive Champion to drive the Global Retail and Commercial Banking diversity agenda. Initiatives in 2008 included establishing the requirement that every senior executive has a diversity objective linked to their performance goals.

Environment
We seek to minimise our environmental impact through reducing Barclays energy, water and waste footprints and managing the risks and opportunities associated with climate change.

In 2008, Barclays set environmental targets that apply to our global operations. We will measure our performance over three years from 2009 to 2011 against a 2008 baseline. The targets are to reduce by 6% per employee (achieving an average of 2% reduction per year), CO2 emissions, energy use from buildings (excluding data centres), and water use.

We have made our UK and European operations carbon neutral by offsetting emissions from energy use and travel. We are on track to make our global banking operations carbon neutral by the end of 2009.

Environmental and social risk
The majority of the environmental and social risks associated with our business are indirect. These impacts arise through business relationships, including those with our supply chain and those with our clients through our financing activities.

We apply our Environmental and Social Impact Assessment policy to projects that we are considering financing. In 2008, a total of 31 project finance deals were assessed against the Equator Principles, a set of social and environmental...
Barclays PLC Annual Review 2008

Barclays sustainability themes

| Theme                        | Definition                                                                                                                                                                                                                                                                                                                                                                                             | Progress in 2008                                                                                                                                                                                                                                                                                                                                 | Leaders’ Initiative on Human Rights, launched in 2003, of which we are a founder member, and the United Nations Environment Programme Finance Initiative (UNEP FI), for which we co-chair the Human Rights Workstream.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Customers and clients        | Ensuring our products and services meet the needs of customers and clients, and developing innovative solutions to enhance performance, relationships and satisfaction                                                                                                                                                                                                                                                                                                                                                           | – Increased share of new mortgages in the UK from 8% to 36% of net new lending from 2007 to 2008  
– Increased lending to UK SMEs by 6% to £15 bn                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Inclusive banking            | Extending the reach of banking services in developing markets and reducing financial exclusion in developed markets                                                                                                                                                                                                                                                                                                                                                                                                          | – Absa, which has 10 million customers, is now the market leader for low-income customers in South Africa – those earning less than R3,000 (£200) a month – with a market share of 33%  
– In the UK, our basic-level Cash Card Account is held by more than 730,000 customers, of whom over 38,000 live in deprived areas  
– In Africa, we have more than 590,000 customers who are on low incomes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Diversity and our people     | Attracting employees from the widest possible talent pools and developing and retaining colleagues on the basis of performance and ability                                                                                                                                                                                                                                                                                                                                                                                   | – 15% of senior executives globally are women  
– 12% of colleagues in the UK are of an ethnic minority  
– 2% of colleagues in the UK have a disability                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Environment                  | Minimising direct environmental impacts by mitigating Barclays energy, water and waste footprints and managing the risks and opportunities associated with climate change                                                                                                                                                                                                                                                                                                                                                             | – 31 project finance deals were assessed against the Equator Principles  
– 229 non-project finance transactions were assessed by the Environment Risk Management team  
– Barclays Capital has traded more than 1 billion tonnes of carbon credits with a notional value of over £20bn                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Responsible global citizenship| Managing Barclays indirect economic, ethical, social and environmental impacts, encouraging our supply chain to be more sustainable, and investing in the local communities where we do business                                                                                                                                                                                                                                                                                                                                             | – £52.2m invested in communities  
– Over 57,000 employees received direct support for fund-raising, volunteering and giving in 31 countries  
– 80% of our key suppliers completed our sustainability screening questionnaire                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
The year proved to be extremely challenging for the financial services industry as increasing vulnerabilities exposed in the global financial system created a period of exceptional instability.

During October 2008, it became clear that an industry-wide solution to the risks of systemic failure in the UK financial services sector was needed. The outcome of discussions between the UK FSA and the UK banks was that we, along with many of our competitors, were required to raise additional equity and Tier 1 capital to take our capital ratios well beyond the levels we had previously agreed with our regulators (the Capital Raising).

The Board was fortunate in that the relative strength of the Group created choice relating to the means and timetable of meeting the new capital requirements introduced by the FSA. But the environment required that the decisions relating to how additional equity and Tier 1 capital could be raised had to be taken quickly. The Board did not take any of these decisions lightly: its governance processes were rigorous. It met frequently, debated the issues at length, heard differing views and arguments, sought external advice and consulted representative shareholder bodies.

The Board believes that the decisions made have resulted in the Group being able to maintain its strategic momentum. The Directors deeply regret, however, that the Capital Raising denied Barclays then existing shareholders their full rights of pre-emption with respect to the ordinary shares issued. The Directors recognise that there is a high level of unhappiness on the part of some shareholders that the principle of pre-emption was breached with consequent dilution of shareholdings and that, were it not to avoid the risk of destabilising the Company or the system, more of them may have voted against the enabling resolution at the General Meeting on 24th November 2008.

The Directors wish to place on record both their appreciation of the support received from shareholders in difficult circumstances in completing the Capital Raising and to re-affirm their fundamental commitment to the principle of pre-emption.

Corporate governance framework
– Role of the Board

The Board is responsible for managing the Company on behalf of its shareholders and must ensure that an appropriate balance between promoting long-term growth and delivering short-term objectives is achieved. The role and responsibilities of the Barclays Board are set out in ‘Corporate Governance in Barclays’, available online at www.aboutbarclays.com.

The Board has eight scheduled Board meetings each year. Strategy is reviewed regularly at these meetings and there is normally a day and a half offsite meeting to consider and approve the Group’s strategy for the next year. Adverse market conditions during 2008 led to the Board holding an additional 23 meetings, where it discussed the impact of market conditions on performance, liquidity, the three capital raisings that were undertaken during the year and the acquisition of Lehman Brothers North American investment banking and capital markets businesses. There were also eight meetings of the Board Finance Committee during the year to which the Board delegated authority to approve certain aspects of the capital raisings and the acquisition. Ongoing and regular communication with the Board was vital during this period given the need for the Board to respond to rapidly changing circumstances.

The Group Chairman and the Company Secretary work together to make sure that information communicated to the Board is accurate, timely and clear.

Board structure and composition

The roles of the Group Chairman and Group Chief Executive are separate. There is a strong independent element on the Board and at least half the Board are independent non-executive Directors. At the date of this report, the Board is comprised of the Group Chairman, four executive Directors and 11 non-executive Directors.

Although the Board of Directors has collective responsibility for the success of the Group, executive Directors are directly responsible for business operations, whereas non-executive Directors are responsible for bringing independent judgement and scrutiny to decisions taken by the Board. The non-executive Directors must satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust.

Given the events of 2008 and the continuing uncertainty in the global financial services industry, the Board and, in particular, the Board Corporate Governance and Nominations Committee, is considering both the appropriate size and skills mix of the Board. As a financial services business, the Board aims to appoint non-executive Directors who have the necessary skills and experience required for a proper understanding of the Group’s activities and associated risks. Details of the experience and skills of each of the current Directors are set out in their biographies on pages 20 and 21.

We have also announced the appointment of Simon Fraser as a new non-executive Director. Simon held a number of positions during his career at Fidelity International, including President of Fidelity’s European and UK institutional business

"The Directors wish to place on record both their appreciation of the support received from shareholders in difficult circumstances in completing the Capital Raising and to re-affirm their fundamental commitment to the principle of pre-emption. The Board is clear that the extraordinary circumstances which they were required to deal with were so unusual as to be effectively unique."
and Global Chief Investment Officer. He will bring valuable fund management and institutional shareholder experience to the Board. All Directors will be seeking re-election at the AGM on 23rd April 2009, with the exception of Sir Nigel Rudd and Professor Dame Sandra Dawson, who will be retiring at the conclusion of the AGM.

Board Committees

Certain responsibilities of the Board are delegated to Board Committees to assist the Board in carrying out its functions and to ensure independent oversight of internal control and risk management. All members of principal Board Committees are non-executive Directors.

Board Audit Committee

The Committee's areas of focus in 2008 were dominated by the continuing disruption to the credit markets and financial services sector as a whole. In early 2008, a separate session of the Committee was held on accounting for and valuation of derivatives and stressed testing. The Committee also discussed the overall impact of market conditions on the Group’s overall risk appetite. Several steps were taken to strengthen the capital position throughout the year relative to regulatory and internal limits and scale of the sub-prime business in 2007 reduced the impact of the crisis, and carefully monitored the Group’s exposure to other areas affected by the crisis, and the rate of the anticipated worsening in economic conditions.

In the second half of the year, the Committee directed increasing attention at the deepening economic downturn, reviewing the key controls by which consequent risk is managed. As a result, the Committee reviewed the key controls and security documentation and reviewed increased scrutiny from the Committee.

Board Risk Committee

2008 was also a challenging year for risk management and this was reflected in the work of the Committee, which monitored the Group’s capital exposures and the Group’s overall risk appetite. Several steps were taken to strengthen the capital base prior to the events of October 2008. The Committee played an active role in informing Board debate about risk appetite and capital planning for 2009.

Marcus Agius
Group Chairman
5th March 2009

<table>
<thead>
<tr>
<th>Board Risk Committee allocation of time</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Risk Profile/Risk Appetite</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(including capital management)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Key Risk Issues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(including ABS and Leveraged Credit Markets)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Internal Controls/Risk Policies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Regulatory Frameworks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Share capital and other information

The authorised share capital of the Company is £3,540m, US$777m, €40m and ¥4,000m (31st December 2007: £2,500m) comprising 13,996 million (2007: 9,996 million) ordinary shares of 25p each, 0.4 million Sterling preference shares of £100 each, 0.4 million US Dollar preference shares of $100 each, 150 million US Dollar preference shares of $0.25 each, 0.4 million Euro preference shares of €1.00 each, 0.4 million Yen preference shares of ¥1,000 each and 1 million (2007: 1 million) staff shares of £1 each. As at 31st December 2008 the issued ordinary share capital totalled 8,371,830,617 shares which represented 100% of the total issued share capital.

Employee Benefit Trusts (EBTs) operate in connection with certain of the Group’s Employee Share Plans (Plans). The EBTs may exercise all rights attached to the shares in accordance with their fiduciary duties other than as specifically restricted in the relevant Plan governing documents. The Trustees of the EBTs have informed the Company that their normal policy is to abstain from voting in respect of the Barclays shares held in trust. The Trustees of the Sharepurchase EBT may vote in respect of Barclays shares held in the Sharepurchase EBT, but only at the discretion of the participants.

On 27th November 2008, Barclays Bank PLC issued £4,050m of 9.75% Mandatorily Convertible Notes (MCNs). If not converted at the holder’s option beforehand, these instruments mandatorily convert to ordinary shares of Barclays PLC on 30th June 2009. The conversion price is £1.53276 and, after taking into account MCNs that were converted on or before 31st December 2008, will result in the issue of 2,642 million new ordinary shares.

On 31st October 2008 Barclays PLC issued £3,540m of Reserve Capital Instruments issued by Barclays Bank PLC, warrants to subscribe for up to 1,516.9 million new ordinary shares at a price of £1.97775. These may be exercised at any time up to close of business on 31st October 2013.

As at 27th February 2009, Barclays had been notified of the following holdings of voting rights in its issued share capital: Qatar Holding LLC 6.4%; Axa S.A. 5.5%; and Legal & General Group plc 4.1%.

The rights attaching to shares, including any restrictions on transfer, are set out in the Company’s Articles of Association, which may only be amended by a Special Resolution at a general meeting. On a show of hands at a general meeting every holder of ordinary shares present in person and entitled to vote has one vote and on a poll, every member present in person or by proxy and entitled to vote has one vote for every ordinary share held. Deadlines for voting are set out in the Company’s Articles of Association. The Company’s Articles of Association specify that Directors may be appointed by the existing Directors or by the shareholders in a general meeting. The Directors may, if authorised by the shareholders in a general meeting, allot Barclays shares and may buy back Barclays shares. As at 27th February 2009 (the latest practicable date for inclusion in this document), the Company had an unexpired authority to repurchase shares up to a maximum of 984,960,000 ordinary shares.
Board of Directors and Executive Committee

1. Marcus Agius
Group Chairman (Age 62)
Marcus has an extensive background in banking, having worked at Lazard from 1972 to 2006. He also has experience of chairing large organisations, including BAA plc and Lazard in London. Marcus is Senior Independent Director of the British Broadcasting Corporation (BBC).

Term of office: Marcus joined the Board in September 2006 as a non-executive Director and was appointed Group Chairman on 1st January 2007. Marcus was last re-elected by shareholders at the AGM in 2007, following his appointment.

Independent: Yes


Committee membership: Chairman of the Board Corporate Governance and Nominations Committee since January 2007. Member of the Board HR and Remuneration Committee since January 2007.

2. David Booth
Non-executive Director (Age 54)
David currently manages his own venture capital investments, having retired from the Management Committee of Morgan Stanley in 1997. David was employed by Morgan Stanley from 1982 to 1992. He has held a number of positions there, including: Head of Government Bond Trading, Head of Mortgage Trading, Sales and Finance and Head of Global Operations and Technology.

Term of office: David joined the Board in May 2007. David was last re-elected by shareholders at the AGM in 2008, following his appointment.

Independent: Yes


Committee membership: Member of the Board Risk Committee since January 2008.

3. Sir Richard Broadbent
Senior Independent Director (Age 55)
Sir Richard has experience of both the private and public sector having worked in high-level banking roles and the Civil Service. He was the Executive Chairman of HM Customs and Excise from 2000 to 2003 and 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 Ariva PLC.

Term of office: Sir Richard joined the Board in September 2003 and was appointed Senior Independent Director on 1st September 2004. Sir Richard was last re-elected by shareholders at the AGM in 2006.

Independent: Yes


Committee membership: Chairman of the Board Risk Committee since January 2006 (member since April 2004). Chairman of the Board HR and Remuneration Committee since January 2007 (member since April 2004). Member of the Board Corporate Governance and Nominations Committee since September 2004.

4. Leigh Clifford, AO
Non-executive Director (Age 61)
Leigh is Chairman of Qantas Airways Limited. He previously worked for the Rio Tinto Group, where he was a Director of Rio Tinto PLC from 1994 and Rio Tinto Limited from 1995 and was Chief Executive of the Rio Tinto Group from 2000 until 2007. Term of office: Leigh joined the Board in October 2004. Leigh was last re-elected by shareholders at the AGM in 2007.

Independent: Yes


Committee membership: Member of the Board HR and Remuneration Committee since July 2005. Member of the Barclays Asia Pacific Advisory Committee.

5. Fulvio Conti
Non-executive Director (Age 61)
Fulvio is currently Chief Executive Officer and General Manager of Enel SpA, the Italian energy group, where he was previously Chief Financial Officer from 1999-2005. Fulvio has held a number of high-level financial roles, including Chief Financial Officer and General Manager of Telecom Italia and General Manager and Chief Financial Officer of Ferrovie dello Stato, the Italian national railway. He was also head of the accounting, finance and control department of Montecatini and was in charge of finance at Montedison-Compartment, overseeing the financial restructuring of the group. He has held positions in finance and operations in various affiliates of Mobil Oil Corporation in Italy and Europe.

Term of office: Fulvio joined the Board in April 2006. Fulvio was last re-elected by shareholders at the AGM in 2008.

Independent: Yes


Committee membership: Member of the Board Audit Committee since September 2006.

6. Professor Dame Sandra Dawson
Non-executive Director (Age 62)
Sandra is KPMG Professor of Management Studies at the University of Cambridge and Master of Sidney Sussex College, Cambridge. Sandra was Director of the Judge Business School at Cambridge until September 2006 and she has held a range of non-executive posts in organisations including Rand Europe (UK) JPMorgan Fleming Claverhouse Investment Trust and Riverside Mental Health Trust.

Term of office: Sandra joined the Board in March 2003. Sandra will retire from the Board at the 2009 AGM in April.

Independent: Yes


Committee membership: Member of the Board Audit Committee since August 2003.

7. Sir Andrew Lithian
Non-executive Director (Age 65)
Sir Andrew is Chairman of the National Audit Office, having held a number of public roles in the financial services sector, including Managing Director, Financial Management, Reporting and Audit and Head of the Government Accountability Service at HM Treasury and non-executive Director of the Bank of England. Sir Andrew is also Dean of the London Business School where he was previously Professor of Management Practice in Accounting. He has been at the London Business School from 1974-1976, 1979-1993 and since 2004.

Term of office: Sir Andrew joined the Board in September 2004. Sir Andrew was last re-elected by shareholders at the AGM in 2007.

Independent: Yes


Committee membership: Member of the Board Audit Committee since September 2004. Member of the Board Risk Committee since September 2004.

8. Sir Michael Rake
Non-executive Director (Age 61)
Sir Michael is currently Chairman of BT Group PLC and Chairman of the UK Commission for Employment and Skills. Sir Michael previously worked at KPMG, from 1974-2007 where he worked for a number of years in Continental Europe and the Middle East. He was Senior Partner in the UK firm from 1996-2000 and Chairman of KPMG International from 2002-2007.

Term of office: Sir Michael joined the Board in January 2008. Sir Michael was last re-elected by shareholders at the AGM in 2008, following his appointment.

Independent: Yes


Committee membership: Member of the Board Audit Committee since January 2008. He will succeed Stephen Russell as Chairman of the Board Audit Committee in March 2009.
9. Sir Nigel Rudd, DL
Deputy Chairman
Non-executive Director (Age 62)
Sir Nigel is non-executive Chairman of Pendragon PLC and BAA Limited. He is also Deputy Chairman of Inverness plc and a non-executive Director of BAE Systems PLC and Sapa Limited. He was formerly Chairman of Alliance Boots PLC. Term of office: Sir Nigel joined the Board in January 2003 and was last re-elected by shareholders at the AGM in 2007.

10. Stephen Russell
Non-executive Director (Age 63)
Stephen was Chief Executive of Boots Group PLC from 2000 until 2003, having worked for Boots since 1967. He has held a number of non-executive positions and is currently a non-executive Director of Network Rail and Network Rail Infrastructure Limited. He is a trustee of St John’s Ambulance and Tommy’s the Baby Charity, is on the Council of Nottingham University and is Chairman of Business Control Solutions Group. Term of office: Stephen joined the Board in October 2000 on completion of the acquisition of Woolwich PLC. Stephen was last re-elected by shareholders at the AGM in 2007.

11. Sir John Sunderland
Non-executive Director (Age 63)
Sir John was Chairman of Cadbury Schweppes PLC until July 2008, Deputy President of the CBI to June 2008 (member since 2003 and President until December 2006). President of ISBA (the Incorporated Society of British Advertisers) until 2005. President of the Food and Drink Federation until 2005. Non-executive Director of the Rank Group PLC until 2006. Former Advisory Board Member of Trinsum Group. Committee membership: Member of the Board Corporate Governance and Nominations Committee since September 2006. Member of the Board HR and Remuneration Committee since July 2005.

12. Patience Wheatcroft
Non-executive Director (Age 57)
Patience was an established financial journalist and national newspaper editor, having worked as Editor of the Sunday Telegraph from 2006 to 2007 and Business and City Editor of The Times from 1997-2006. She is a non-executive Director of Shafsbury PLC, a member of the UK/India Round Table and a member of the British Olympic Association Advisory Board. She is also a member of the Council of the Royal Albert Hall and Chair of the Forensic Audit Panel.

13. John Varley
Group Chief Executive Executive Director and Chairman of Executive Committee (Age 52)
John was appointed Group Chief Executive of Barclays on 1st September 2004, prior to which he had been Group Deputy Executive Chief from 1st January 2004. He joined Barclays in 1982 and has held various positions across the Group, including the position of Group Finance Director from 2000 until the end of 2003. He was Chief Executive of Retail Financial Services from 1998 to 2000 and Chairman of the Asset Management Division from 1995 to 1998. John is a non-executive Director of Astrazeneca PLC. He is also Chairman of Business Action on Homelessness, President of the Employer’s Forum on Disability, Honorary President of the UK Drug Policy Commission and a member of the International Advisory Panel of the Monetary Authority of Singapore. Term of office: John joined the Executive Committee in September 1996 and was appointed to the Board in June 1998. John was last re-elected by shareholders at the AGM in 2007.

14. Robert E Diamond Jr
President, Barclays PLC and CEO, Investment Banking and Investment Management Executive Director and member of Executive Committee (Age 57)
Bob is responsible for the Investment Banking and Investment Management business of the Barclays Group, comprising of Barclays Capital, Barclays Global Investors and Barclays Wealth. He previously worked for Morgan Stanley and CS First Boston, where he was Vice-Chairman and Head of Global Fixed Income and Foreign Exchange.

15. Christopher Lucas
Group Finance Director Executive Director and member of Executive Committee (Age 48)
Chris has worked across financial services for most of his career, including three years in New York as Head of the US Banking Audit Practice of PricewaterhouseCoopers LLP. Chris joined Barclays from PricewaterhouseCoopers LLP, where he was UK Head of Financial Services and Global Head of Banking and Capital Markets. He was Global Relationship Partner for Barclays for the 1999-2004 financial years and subsequently held similar roles for other global financial services organisations.

16. Frederik (Frits) Seegers
Chief Executive, Global Retail and Commercial Banking Executive Director and member of Executive Committee (Age 50)
Frits is responsible for the Global Retail and Commercial Banking business of the Barclays Group, which includes UK Retail Banking, Barclays Commercial Bank, Barbyzard, GRCB – Western Europe, GRCB – Emerging Markets and GRCB – Asia. Frits joined Barclays from Citigroup where he held a number of senior positions over the 17 years he worked there. Most recently, he was CEO Global Consumer Group with a remit covering all retail operations in Europe, the Middle East and Africa. He was also a member of the Citigroup Operating Committee and the Citigroup Management Committee. He was CEO of Consumer Banking for Asia Pacific, covering 11 consumer markets, between 2001 and 2004.

Term of office: Frits joined the Board and the Executive Committee in July 2006. Frits was last re-elected by shareholders at the AGM in 2007, following his appointment.
Risk management

Risk management is a fundamental part of Barclays business activity and an essential component of its planning process. To keep risk management at the centre of the executive agenda, it is embedded in the everyday management of the business. The full risk management report is in our 2008 Annual Report.

The Group ensures that it has the functional capacity to manage the risk in new and existing businesses. At a strategic level, our risk management objectives are:

– To identify the Group’s material risks and ensure that business profile and plans are consistent with risk appetite.
– To optimise risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures.

Risk Appetite

The Group’s Risk Appetite sets out the level of risk that the Group is willing to take in pursuit of its business objectives. This is expressed as the Group’s appetite for earnings volatility across all businesses from credit, market, and operational risk. It is measured against our broad financial targets, including income and impairment targets, dividend coverage and capital levels.

It is prepared each year as part of the Group’s Medium Term Planning process, and combines a top-down view of the Group’s risk capacity with a bottom-up view of the risk profile requested and recommended by each business. This entails making business plan adjustments as necessary to ensure that our Medium Term Plan creates a risk profile that meets our Risk Appetite.

Material risks and control framework

As well as overall responsibility for the Group’s risk exposure versus appetite, the Board is also responsible for the Group Internal Control and Assurance Framework (“GICAF”). As part of the GICAF, it approves the Principal Risks Policy, which sets out responsibilities for the management of the Group’s most significant risk exposures. The Board oversees the operating effectiveness of the Principal Risks Policy through the regular review of reports on the Group’s material risk exposures and controls.

Principal Risks

<table>
<thead>
<tr>
<th>Retail Credit</th>
<th>Wholesale Credit</th>
<th>Market</th>
<th>Capital</th>
<th>Financial Crime</th>
<th>Liquidity</th>
<th>Technology</th>
<th>People</th>
<th>Regulatory</th>
<th>Financial Reporting</th>
<th>Legal</th>
<th>Taxation</th>
</tr>
</thead>
</table>

Other Level 1 Risks

<table>
<thead>
<tr>
<th>Strategic</th>
<th>Change</th>
<th>Corporate Sustainability</th>
<th>Brand Management</th>
</tr>
</thead>
</table>

Process

<table>
<thead>
<tr>
<th>Direct</th>
<th>Assess</th>
<th>Control</th>
<th>Report</th>
<th>Manage and Challenge</th>
</tr>
</thead>
</table>

Strategy

| – Understand the principal risks to achieving Group strategy. | – Establish the process for identifying and analysing business-level risks. | – Establish key control processes and practices, including limit structures, impairment allowance criteria and reporting requirements. | – Interpret and report on risk exposures, concentrations and risk-taking outcomes. | – Review and challenge all aspects of the Group’s risk profile. |
| – Establish Risk Appetite. | – Agree and implement measurement and reporting standards and methodologies. | – Monitor the operation of the controls and adherence to risk direction and limits. | – Interpret and report on sensitivities and Key Risk Indicators. | – Assess new risk-return opportunities. |
| – Establish and communicate the risk management framework including responsibilities, authorities and key controls. | – Provide early warning of control or appetite breaches. | – Ensure that risk management practices and conditions are appropriate for the business environment. | – Communicate with external parties. | – Advise on optimising the Group’s risk profile. |

– To ensure that business growth plans are properly supported by effective risk infrastructure.
– To manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions.
– To help executives improve the control and co-ordination of risk taking across the business.

In pursuit of these objectives, Group Risk breaks down risk management into five discrete processes: direct, assess, control, report, and manage/challenge (see panel below).

Retail Credit | Wholesale Credit | Market | Capital | Liquidity | Financial Crime | Technology | People | Regulatory | Financial Reporting | Legal | Taxation |
|--------------|-----------------|--------|--------|----------|----------------|------------|--------|------------|----------------------|-------|----------|

– To ensure that business growth plans are properly supported by effective risk infrastructure.
– To manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions.
– To help executives improve the control and co-ordination of risk taking across the business.
Every business manager is accountable for managing risk in his or her business area; they must understand and control the key risks inherent in the business undertaken. Each business area also employs risk specialists to provide an independent control function and to support the development of a strong risk management environment. This functional approach to risk management is built on formal control processes that rely on individual responsibility and independent oversight, as well as challenge through peer reviews.

The Board approves Risk Appetite and the Board Risk Committee monitors the Group’s risk profile against this agreed appetite. Business Heads are responsible for the identification and management of risk in their businesses. Each business has an embedded risk management team reporting to a Business Risk Director who reports to the Group Risk Director. The Group Risk Director, under delegated authority from the Group Chief Executive and Group Finance Director, has responsibility for ensuring effective risk management and control.

Risk-Type Heads exist at Group-level for the main risk types, and report to the Group Risk Director. Along with their teams, they are responsible for establishing a risk control framework and risk oversight. Internal Audit is responsible for the independent review of risk management and the control environment. The functional coverage of risk responsibilities is shown below.

To support risk taking, Barclays has continued to strengthen the independent and specialised risk teams in each of its businesses, supported by matching teams at Group level, acting in both a consultancy and oversight capacity. As a prerequisite to business growth plans, it has made the recruitment, development and retention of risk professionals a priority.

The Group’s risk categorisation comprises 17 risk categories (‘Level 1’), 13 of which are known as Principal Risks. Each Principal Risk is owned by a senior individual at the Group level, who liaises with Principal Risk owners within business units and Group Centre Functions. The 17 risk categories are shown in the panel below. Each Group Principal Risk Owner (‘GPRO’) is responsible for setting minimum control requirements for their risk and for overseeing the risk and control performance across the Group.

### Organisation and structure

Responsibility for risk management resides at all levels within the Group, from the executive down through the organisation to each business manager and risk specialist. Barclays distributes these responsibilities so that risk/return decisions are taken at the most appropriate level, as close as possible to the business, and subject to robust and effective review and challenge.

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### Board oversight

<table>
<thead>
<tr>
<th>Board</th>
<th>Authority controls appetite</th>
<th>Reporting and control</th>
<th>Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Audit Committee</td>
<td>– Considers the adequacy and effectiveness of the Group Control Framework.</td>
<td>– Reviews the adequacy and effectiveness of the Group Control Framework.</td>
<td>– Assesses the adequacy and effectiveness of the Group Control Framework.</td>
</tr>
<tr>
<td>– Reviews reports on control issues of Group-level significance.</td>
<td>– Reports on control issues of Group-level significance.</td>
<td>– Sets policy/controls for liquidity, maturity transformation and structural interest rate exposure.</td>
<td>– Assesses management assurance processes.</td>
</tr>
<tr>
<td>Board Risk Committee</td>
<td>– Reviews reports on control issues of Group-level significance.</td>
<td>– Ensures current risk profile is consistent with Group risk appetite.</td>
<td>– Assesses the adequacy and effectiveness of the Group Control Framework.</td>
</tr>
<tr>
<td>– Approves overall Group risk appetite</td>
<td>– Debates and agrees actions on the risk profile and risk strategy across the Group.</td>
<td>– Debates and agrees actions on the risk profile and risk strategy across the Group.</td>
<td>– Assesses management assurance processes.</td>
</tr>
<tr>
<td>– Approves the Group Control Framework.</td>
<td>– Considers issues escalated by Risk Type Heads and Business Risk Directors.</td>
<td>– Monitors usage of regulatory and economic capital.</td>
<td>– Monitors compliance with the Framework including remediation of significant control issues.</td>
</tr>
<tr>
<td>– Approves minimum control requirements for principal risks.</td>
<td>– Considers issues escalated by Risk Type Heads and Business Risk Directors.</td>
<td>– Oversees the management of the Group’s capital plan.</td>
<td>– Reviews reports on control issues of Group-level significance.</td>
</tr>
</tbody>
</table>
Summary remuneration report

The disruption in the capital markets that commenced in 2007 deepened in 2008 resulting in one of the most challenging years ever for the global financial services sector. The extent to which remuneration structures may have played a role in contributing to the financial crisis was still being debated and under scrutiny as this statement was written. As a consequence of events, the Board HR and Remuneration Committee commenced its deliberations for the 2008 performance year earlier than usual and met more times than is typical. The agenda rapidly developed into two workstreams: first, the immediate decisions for 2008; and second, the long-term shape of remuneration. Our guiding principle throughout all decisions has been ‘pay for performance’.

2008
Barclays delivered profit of £6.077m, 14% lower than 2007. The variable pay for the Group reduced 48% relative to 2007.

Total shareholder return
The graph in fig 1 shows that, at the end of 2008, a hypothetical £100 invested in Barclays on 31st December 2003 would have generated a total loss of £59, compared with a gain of £18 if invested in the FTSE 100 Index.

Fig 1: Total shareholder return £

The highest share price during the year was £5.06 and the lowest was £1.27. The share price at the year end was £1.53. Source: Datastream

Fig 2: Executive Directors’ remuneration – alignment of interests with shareholders

Accountability rests at the most senior levels and key factors relating to executive Directors include:

- zero annual performance bonus for 2008
- no salary increases for 2009
- the total 2009 long-term awards are 64% lower than last year, with no awards for the Chief Executive and the President.

An assessment of Barclays remuneration structures and how well the calibration had worked during this stressed period shows significant alignment with shareholders:

- The Performance Share Plan (PSP) awards made in 2005, due for release in March 2008 lapsed in full as the performance condition was not met.
- For the PSP awards made in relation to the 2006-2008 cycle, the TSR condition was not met and the EP condition was partially met. As a result, awards that are scheduled to vest in March 2009 (at the absolute discretion of the PSP trustee) are due to vest at 1.475 times the initial award (maximum is 3 times). This represents approximately 9% of the maximum value of the number of shares that could vest at the share price at award.
- Executive Directors who have PSP awards due to be released in 2009 shall agree that these be deferred for a further two years and subject to additional financial performance over that period.

Future of remuneration
The Committee commenced a review of remuneration during 2008. The objective of the review was to assess how the pay for performance culture and alignment with shareholders could be strengthened further. So far the Committee has:

- revised the remuneration policy to accentuate risk management and the role of behaviours in the determination of remuneration
- increased the shareholding requirements for executive Directors (from 1times to the higher of 2 times base salary or average total annual cash compensation over the prior three years)
- announced a new plan in the first quarter of 2009 for approximately 15,000 employees to significantly increase the proportion of remuneration paid over multiple years.

As at 31st December 2008, two Directors were accruing benefits under a defined benefits scheme (2007: three Directors).

Directors’ remuneration

<table>
<thead>
<tr>
<th>Directors’ remuneration</th>
<th>2008 £m</th>
<th>2007 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate emoluments</td>
<td>6.0</td>
<td>29.2</td>
</tr>
<tr>
<td>Gains made on the exercise of share options</td>
<td>–</td>
<td>0.3</td>
</tr>
<tr>
<td>Amounts paid under long-term incentive schemes</td>
<td>7.4</td>
<td>–</td>
</tr>
<tr>
<td>Actual pension contributions to money purchase scheme (2008: one Director, £11,745 and 2007: one Director, £10,233)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Notional pension contributions to money purchase scheme (2008: no Directors and 2007: no Directors)</td>
<td>13.4</td>
<td>29.5</td>
</tr>
</tbody>
</table>

As at 31st December 2008, two Directors were accruing benefits under a defined benefits scheme (2007: three Directors).
The review is continuing and will address detailed remuneration plans and proposals which will be developed during 2009.

Remuneration policy governance
To ensure appropriate operation of the Remuneration Policy, the Committee has established frameworks for the governance of remuneration. These frameworks will be reviewed in 2009. The current frameworks set out key financial ratios achieved by Barclays and its competitors and have been used by the Committee to inform its decision-making process when approving aggregate remuneration spend, including bonus and long-term incentive expenditure, and strategic investment for new hires and the remuneration arrangements of any employee with annual total remuneration equal to or in excess of £750,000.

Given the materiality of Barclays pension arrangements the Committee operates a specific framework for the management of pensions to ensure proper oversight.

Report
The Committee unanimously recommends that you vote at the 2009 AGM to approve the Remuneration Report as all Directors will be doing with their own Barclays shares.

Remuneration policy
The revised Barclays Remuneration Policy is to:
1. Attract and retain those people with the ability, experience and skill to deliver the strategy.
2. Create a direct and recognisable alignment between the rewards and risk exposure of shareholders and employees, particularly executive Directors and senior management.
3. Incentivise employees to deliver sustained performance consistent with strategic goals and appropriate risk management, and to reward success in this.
4. Deliver compensation that is affordable and appropriate in terms of value allocated to shareholders and employees.
5. Encourage behaviour consistent with the principles that guide Barclays business. Winning together
– Doing what is right for Barclays, its teams and colleagues, to achieve collective and individual success.

Best people
– Developing talented colleagues and differentiating compensation to reflect performance.

Customer and client focus
– Understanding what customers and clients want and need and then serving them brilliantly.
– Driving new ideas, especially those that make Barclays profitable and improve control.
– Improving operational excellence.
– Adding diverse skills to stimulate new perspectives and bold steps.

Trusted
– Acting with the highest levels of integrity to retain the trust of customers, shareholders, other external stakeholders and colleagues.
– Taking full responsibility for decisions and actions.
– Reflecting the operation of independent, robust and evidence-based governance and control and complying with relevant legal and regulatory requirements.

2008 annual remuneration

| Name                  | Salary and fees £000 | Annual bonus for 2008 £000 | Total cash £000 | Deferred Share Award (ESAS) for 2008 £000 | Fair value long-term incentive award (PSP) for 2008 £000 | Total direct remuneration £000 2008 | Total direct remuneration £000 2007 | Other benefits 2008 £000 | Group Chairman | Executive Directors | Non-executive Directors | Former Directors |
|-----------------------|----------------------|-----------------------------|----------------|-------------------------------------------|------------------------------------------------|-------------------------------------|-------------------------------------|-------------------|----------------------|--------------------------|------------------------|----------------|----------------------|----------------------|
| Marcus Agius          | 750                  | –                           | 750            | –                                         | –                                              | 750                                 | 750                                 | 1                 |                      |                          |                        |                |                      |                      |
| John Varley           | 1,075                | 0                           | 1,075          | 0                                         | 0                                              | 1,075                               | 4,218                               | 23                |                      |                          |                        |                |                      |                      |
| Robert E Diamond Jr   | 250                  | 0                           | 250            | 0                                         | 0                                              | 250                                 | 21,125                              | 66                |                      |                          |                        |                |                      |                      |
| Chris Lucas           | 638                  | 0                           | 638            | 0                                         | 800                                            | 1,438                               | 1,895                               | 177               |                      |                          |                        |                |                      |                      |
| Frits Seegers         | 700                  | 0                           | 700            | 0                                         | 1,600                                          | 2,300                               | 41,822                              | 202               |                      |                          |                        |                |                      |                      |
| David Booth           | 83                   | –                           | 83             | –                                         | –                                              | 83                                  | 43                                  | –                 |                      |                          |                        |                |                      |                      |
| Sir Richard Broadbent | 188                  | –                           | 188            | –                                         | –                                              | 188                                 | 180                                 | –                 |                      |                          |                        |                |                      |                      |
| Leigh Clifford AO     | 115                  | –                           | 115            | –                                         | –                                              | 115                                 | 97                                  | –                 |                      |                          |                        |                |                      |                      |
| Fulvio Conti          | 90                   | –                           | 90             | –                                         | –                                              | 90                                  | 85                                  | –                 |                      |                          |                        |                |                      |                      |
| Professor Dame Sandra Dawson | 90 | – | 90 | – | – | 90 | 85 | – | | | | | | |
| Sir Andrew Likierman  | 105                  | –                           | 105            | –                                         | –                                              | 105                                 | 100                                 | –                 |                      |                          |                        |                |                      |                      |
| Sir Michael Rake      | 90                   | –                           | 90             | –                                         | –                                              | 90                                  | –                                   | –                 |                      |                          |                        |                |                      |                      |
| Sir Nigel Rudd DL     | 200                  | –                           | 200            | –                                         | –                                              | 200                                 | 200                                 | –                 |                      |                          |                        |                |                      |                      |
| Sir John Sunderland   | 98                   | –                           | 98             | –                                         | –                                              | 98                                  | 95                                  | –                 |                      |                          |                        |                |                      |                      |
| Patience Wheatcroft   | 78                   | –                           | 78             | –                                         | –                                              | 78                                  | –                                   | –                 |                      |                          |                        |                |                      |                      |
| Gary Hoffman          | 417                  | 298                         | 715            | –                                         | –                                              | 715                                 | 1,131                               | 9                 |                      |                          |                        |                |                      |                      |
| Dr Daniel Cronjé      | 25                   | –                           | 25             | –                                         | –                                              | 25                                  | 217                                 | –                 |                      |                          |                        |                |                      |                      |

Annual cash bonuses for a year are normally paid in the following year. ESAS and PSP awards for a year are normally awarded in the following year. Mr Hoffman received his normal monthly salary benefits and pro-rated annual cash bonus, total of £90,477 for the period between the cessation of his directorship and 30th September 2008, the date of the cessation of his employment. Leigh Clifford was also a member of the Asia Pacific Advisory Committee and received fees of US$60,000 per annum (2007: US$35,000). These fees are included in those shown above. The first £20,000 per annum of a non-executive Director’s fee is used to purchase Barclays PLC shares which are retained until the Director retires. As disclosed in the 2007 Report and Accounts, in March 2008 Robert E Diamond Jr received a cash payment of £7.425m and an award of shares deferred for one year under ESAS of £7.425m, from the Retained Incentive Opportunity 2005-2007 in which he participated.
Shareholder support

2009 diary

Barclays goes to great lengths to keep to the dates published here but please note that all future announcement dates are provisional and subject to change.

23rd April 2009
Annual General Meeting
The Barclays Annual General Meeting (AGM) will be held at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE on Thursday 23rd April 2009 at 11.00 a.m. The Notice of Meeting, which contains the full wording of the resolutions and biographical details of the Directors standing for re-election at the 2009 AGM, is available on our website at www.barclays.com/investorrelations

14th May 2009
Interim Management Statement

6th August 2009
Half-Year Results for 2009

Have your say
If you would like to ask a question at the AGM, you can register your question at the Question Registration Point in the Benjamin Britten Lounge at The Queen Elizabeth II Conference Centre. Shareholders who are unable to attend the meeting still have the opportunity to submit a question to the Board by writing to the Company Secretary at Barclays PLC, 1 Churchill Place, London E14 5HP or emailing privateshareholderrelations@barclays.com. These questions will be answered at the meeting and a summary of the questions asked at the AGM will be available on the Barclays website at www.barclays.com/investorrelations

Your Dividend
As announced on 13th October 2008, in light of the new capital ratios agreed with the FSA and in recognition of the need to maximise capital resources in the current economic climate, the Board concluded that it would not be appropriate to pay a final dividend for 2008. The Board intends to resume dividend payments in the second half of 2009, at which time it is intended to pay dividends quarterly.

Audio version

Extracts from this Annual Review are available, free of charge, by calling the Shareholder Helpline. 0871 384 2055* (in the UK) +44 121 415 7004 (from overseas)

Audio versions will also be available at the AGM.

* Calls to this number are charged at 8p per minute if using a BT landline. Call charges may vary if using other telephone providers.

Online information

Online Annual Results information
Barclays has increased the information that shareholders can see online at www.barclays.com/annualreport08

This includes an expanded Annual Review and the full Annual Report.

You can watch videos of our senior management team talking about our performance in 2008 and the outlook for 2009.

Electronic communications
An increasing 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
Barclays e-view is an easy and convenient way to:
– Access your Barclays shareholding details and check share sales, purchases or transfer
– Receive important shareholder information directly to your email address
– View dividend information, including electronic tax vouchers
– Change your address and/or bank details online
– See shareholder documents such as the Annual Review, Annual Report or Results Announcements online
– Register your voting instructions for General Meetings

You can join Barclays e-view online using your Shareholder or Sharestore Reference Number:
– www.eviewsignup.co.uk
– Register for electronic communications by following the onscreen instructions
– You will be sent an access number in the post the next working day

The easiest way to get your shareholder information
www.barclays.com/investorrelations

Manage your portfolio online
Barclays offers specialist stockbroking services at: www.stockbrokers.barclays.co.uk
Manage your shareholding

Barclays Sharestore
Barclays Sharestore is a convenient way to hold your Barclays shares electronically, without a share certificate. Each year you will be sent a statement which sets out your shareholding. To join Sharestore you should phone the Barclays Shareholder Helpline and ask for an application form or download the application form from www.barclays.com/investorrelations. Transferring your shares to Sharestore is free.

Amalgamate your shareholding
If you have two different accounts on the Barclays Share Register (some shares held in paper form, share certificates and some in Barclays Sharestore), you may want to join the accounts together and hold all your shares in Sharestore. This means you would not receive two copies of our documents and you would receive one dividend payment each time a dividend is paid, rather than two. Please call the Barclays Shareholder Helpline for a form.

Mandate your dividend
It is safer and quicker to have your dividend paid directly into your bank account or building society account. You may be charged £10 plus VAT if you lose your dividend cheque and it is reissued to you. You can download a bank mandate form at www.barclays.com/investorrelations. Alternatively, you can phone the Barclays Shareholder Helpline.

The Barclays Dividend Reinvestment Plan (DRIP)
The DRIP is a straightforward and cost-effective way of using your dividends to build your shareholding in Barclays. Please contact the Barclays Shareholder Helpline for more details or download the application form from www.barclays.com/investorrelations.

If you move house
Please remember to write to the Registrar if you move house. You must enclose a copy of your latest Barclays dividend tax voucher, share certificate or annual statement of entitlement with your letter. This ensures that we protect your shareholding.

If you lose your share certificate
You should contact the Registrar and ask for a replacement. You will be sent a form of indemnity to sign and return. A new certificate will then be sent to you. Please note that there is a charge for this service.

What to do if a shareholder has died
You should write to the Registrar by sending a certified copy of the death certificate together with the original Grant of Probate (or a sealed office copy) or the Letters of Administration. The name(s) of the deceased’s personal representative(s) will be put on the share register while the estate is finalised. The Registrar will then place a temporary marker on the register to ensure that wherever possible, they do not issue further dividend payments or other correspondence in the shareholder’s name. They will also send you the forms that you will need to complete.

ShareGift your shares
ShareGift, the charity 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 by telephoning ShareGift on +44 (0)207 930 3737.

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 details and Shareholder and Sharestore Reference Numbers are kept safe and your details up to date.

Contact information

Our Registrar
Phone
Barclays Shareholder Helpline
0871 384 2055* (from the UK) +44 121 415 7004 (outside the UK)
Email
questions@share-registers.co.uk
Post
The Registrar to Barclays
Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA

ABC Textphone
0871 384 2255* (in the UK) +44 121 415 7028 (outside the UK)

Buying and selling shares
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 or contact Barclays Stockbrokers by phone on: 0845 604 0077 (in the UK) ** +44 141 352 3934 (outside the UK)

The share price
Information on the Barclays share price is available at www.barclays.com/investorrelations and on Teletext.

Give us your feedback
If you have any feedback on the format of our Annual Review please let us know by emailing us at privateshareholderrelations@barclays.com

**Calls made to 0845 numbers are free for BT residential customers as part of their inclusive call package; otherwise calls will cost no more than 4p per minute plus 8p call set-up fee (current as at February 2009). The price on non-BT phones may vary; please check with your service provider. Calls may be recorded to monitor the quality of our service, to check instructions and for security purposes.
Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group’s plans and its current goals and expectations relating to its future financial condition and performance. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as ‘may’, ‘will’, ‘seek’, ‘continue’, ‘aim’, ‘anticipate’, ‘target’, ‘estimate’, ‘intend’, ‘plan’, ‘goal’, ‘believe’ or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group’s future financial position, income growth, assets, impairment charges, business strategy, capital ratios, leverage, payment of dividends, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, UK domestic and global economic and business conditions, the effects of volatility in credit markets, market related risks such as changes in interest rates and exchange rates, effects of changes in valuation of credit market exposures, changes in valuation of issued notes, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards (IFRS) applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, progress in the integration of the Lehman Brothers North American businesses into the Group’s business and the quantification of the benefits resulting from such acquisition, the outcome of pending and future litigation, the success of future acquisitions and other strategic transactions 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 the plans, goals, and expectations set forth in the Group’s forward-looking statements.

Any forward-looking statements made herein speak only as of the date they are made. Except as required by the UK Financial Services Authority (FSA), the London Stock Exchange or applicable law, Barclays expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any change in Barclays expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has filed or may file with the Securities Exchange Commission (SEC).