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Dear Mr Hodge

Review of the Effectiveness of the Combined Code – Progress Report and Second Consultation

Thank you for giving Barclays PLC the opportunity to respond to the second consultation to review the effectiveness of the Combined Code. Barclays continues to be committed to having the highest standards of corporate governance practices in place and applying those standards in all of its activities. Barclays is responding as a listed company.

Barclays responded to the initial consultation in June this year and continues to believe the Combined Code (the Code) is still fit for purpose and that it is not fundamentally flawed.

We set out below our comments on the aspects raised and have given consideration to the three guiding principles.

1. The Guiding Principles

Barclays is supportive of the guiding principles, particularly the proposal to avoid increased prescription in the Code. Barclays has previously commented that some areas of the Code may benefit from a reduction in the level of prescription, for example the 9-year tenure rule. We are supportive of the preservation of the Code's principles-based approach.

2. The Responsibilities of the Chairman and the Non-Executive Directors

Barclays supports the view that the performance of the chairman is crucial to good governance and, as we outlined in our response in June, Barclays believes that role profiles for each position on the board, including the chairman, would support the Code and give directors clear guidelines on their roles, responsibilities and expected behaviours. Barclays Charter of Expectations sets out the expectations that the Barclays Board can rightly demand of each director and includes the role requirements, key competencies and behaviours expected. Barclays would support further clarification of the role, key responsibilities and expected behaviours in non-binding guidance rather than the Code itself but would also support a requirement in the Code for companies to adopt role profiles. The guidance should set out high level expectations of behaviours to encourage best practice and allow companies to determine the specific details appropriate to each role. Barclays believes over-specification of the roles would restrict a board's flexibility to appoint directors with the diverse skills/experience that it needs to be fully effective.

Barclays broadly supports proposals to increase the time commitment given by non-executive directors but has concerns that any specific guidance regarding the number of days would be overly prescriptive and may impact the pool of talent available. Barclays minimum time commitment of 20-25 days, as set out in our Charter of Expectations, has been set by reference to the “steady state” rather than the exceptional conditions experienced over the past 2-3 years. In our experience, over the last 2-3 years non-executive directors have committed significantly more than our expected minimum time commitment given the additional board and committee meetings required. Our main concern is that serving executives of other major companies may regard the time commitment as a barrier to accepting a position in a bank or other financial institution (BOFI), particularly if they are likely to join one of our committees, which at Barclays typically involves an additional 8-10 days per committee per annum on top of the basic board commitment. As a result, it may be more difficult to secure the right skills and experience that the board requires.

3. Board Balance and Composition

As outlined in our response to the initial consultation, it is important that the balance of skills and experience on the Board as a whole is appropriate and, although relevant experience is an important factor to consider, Barclays does not believe it would be appropriate for all of a company’s non-executive directors to have relevant industry or sector specific experience. This would be to the detriment of the diverse skills/experience that the board needs to be fully effective.

We endorse the Walker Review’s conclusions that some non-executive directors on a BOFI board should have financial industry experience, but that others should bring other relevant experience. We agree that this that can broaden and enrich the perspective of decision-taking in the board and brings a healthy balance to the board. It also ensures availability of a wider pool of potential talent for non-executive director positions. Recognising the importance of relevant industry experience, Barclays has agreed that around half of the Barclays non-executive directors should have banking and/or financial services experience.

Non-executive directors play an important role on all boards to challenge and test proposals on strategy put forward by the executive. It is important that boards do not become too large but Barclays supports the recommendation that boards of FTSE 350 companies should comprise at least 50% non-executive directors.

Our earlier response also outlined Barclays views on the independence criteria set out in the Code. Barclays believes that additional, largely behavioural, criteria are also important when assessing director independence and the Code would benefit from less prescription regarding the nine year tenure. A longer serving director can bring valuable experience and expertise to the board and, as highlighted in our response in June, overall concurrency of board tenure may be of more importance.

Barclays feels that more guidance on succession planning is not necessary either in the Code or in separate guidance.

4. Frequency of Director Re-election

Barclays can understand the rationale underpinning the proposal for annual re-election of the company chairman, but has some concerns that this could promote a short-term outlook amongst investors. Our main concern is that it could be unfair to single out the chairman given the

collective responsibility of the board as a whole. All directors of listed companies must stand for re-election every three years and, where there are particular concerns it remains open for the chairman and /or other directors to voluntarily stand for re-election in any given year, as Barclays directors did in 2009. We are currently contemplating whether all of the board or the chairman, deputy chairman and chairmen of the principal board committees should stand for re-election each year. We are conscious, however, that if all or a significant proportion of directors are subject to annual re-election this does create potential instability for the board.

Barclays does not believe it would be appropriate to introduce binding or advisory votes on specific issues or the corporate governance statement. Shareholders are given opportunities to demonstrate their satisfaction or otherwise with a company's disclosures and performance with votes on the annual report and accounts and remuneration report. Further prescription in the Code may lead to more boiler plate disclosures.

5. Board Information, Development and Support

Barclays is supportive of the proposal to ensure non-executive directors have thematic business awareness sessions on a regular basis, which we regard as best practice, having offered tailored induction and business awareness sessions to our non-executive directors for some years. We welcome the lack of prescription in the Walker recommendation and would support non-binding guidance, which will allow BOFIs to organise induction, training and development in a way that is driven by the needs of the business and/or by the needs of the individual non-executive director.

Barclays is also supportive of the proposal for dedicated support to be provided to non-executive directors, particularly that the "dedicated support" envisaged is a dedicated board support resource under the company secretary. We would not endorse providing such support separate or independent from the business, as has been put forward by some commentators.

Barclays considers the chairman's responsibility for ensuring that directors receive accurate and timely information to be best practice and reflects many elements of the role profile we have in place for the Barclays Chairman, which can be found in our "Charter of Expectations".

6. Board Evaluation

Barclays is supportive of the proposal to undertake formal and rigorous evaluation of its performance with external facilitation every second or third year. We consider this reflects best practice and Barclays has conducted an externally facilitated review for each of the last five years. However, we believe it should remain for boards to decide the periodicity of external reviews, depending on their own particular circumstances. Any company that does not seek an external review every third year should however explain the rationale for not doing so.

Barclays is supportive of the proposal regarding disclosures in the evaluation statement to include meaningful, high-level information to assist shareholders' understanding of the main features of the evaluation process. We consider this reflects best practice and believe our disclosures with regards to setting an action plan for areas where development is recommended has helped the board to continually improve its effectiveness. Barclays disclosure reports on the areas covered by the evaluation, the evaluation process, the overall results and action points/issues that the board has discussed. This disclosure in the 2008 Annual Report was commended.

However, Barclays agrees with the Walker Review conclusions to reject proposals for some form of attestation to be provided for the statement of board evaluation and also supports the rejection of the proposal that the statement should be subject to an annual advisory shareholder vote.

7. Risk Management and Internal Control

Barclays supports the proposal that additional guidance for BOFIs in respect of the forward-looking process for determining risk appetite should be provided in the form of enhancements to the Turnbull Guidance rather than the Code. Further prescription in the Code could potentially create a two tier Code with some requirements applicable to BOFIs and some for all other companies or might result in any changes to the Code being diluted so that they are acceptable for all companies, but do not go far enough to address the risk issues in BOFIs. Barclays would not be supportive of a two tier Code.

Barclays supports the Walker recommendations that BOFI boards establish a separate board risk committee and that the board risk committee report should be included as a separate report within the annual report and accounts. We are also supportive of the role of CRO reporting to the board risk committee in addition to the CEO or FD. As outlined in our initial response in June, Barclays believes it is well served by its Board Risk Committee and, although it may not be appropriate for every company to have a committee that solely focuses on risk (e.g. rail companies may have a health & safety committee instead), it would be reasonable to expect a board to have responsibility for approving a company's risk appetite and receive reports on how those responsibilities have been discharged. We support the Walker Review's suggestion that the risk committee should play a part in advising the remuneration committee on risk adjustments to performance conditions in incentive packages.

Barclays would support recommendations to encourage further disclosure in this area and believes disclosures made by the board risk committee should complement and cross-refer to the wider risk management section of the annual report and accounts, where some of these issues are, in our experience, more appropriately dealt with. We agree with the Walker Review's conclusions that the risk committee report should not be subject to a non-binding advisory shareholder resolution.

8. Remuneration

Barclays has responded to the Walker Review and is largely in support of the recommendations on remuneration, although we feel that in certain areas (such as the specific recommendations on the structure of compensation) they are unduly prescriptive. Although it will be important for the Code to be consistent with the European Commission's Recommendations and the FSA's code of remuneration practice, we do not feel it will be necessary for a high level of prescription in the Code.

Barclays believes that clear and transparent communication with institutional shareholders is key but we do not feel that shareholders should be given a more direct role in setting remuneration. Shareholders have the opportunity to express their views at the AGM when voting on the remuneration report and Barclays institutional shareholders are given opportunities to discuss their views and/or concerns with us.

9. The Quality of Disclosure by Companies

Barclays has previously commented on the 'comply or explain' principle and believes that it works well. We are committed to applying the rules of the Code to ensure we meet the expectations of the corporate governance community and have consulted with our major shareholders on areas of non-compliance. Barclays has previously suggested that the expression 'apply or explain' may be better in describing the desired flexibility in approach to the governance regime.

The 'comply or explain' regime is a mechanism that allows companies to explain to their shareholders why they have not complied with a section of the Code and Barclays does not feel it would be appropriate for greater monitoring or enforcement of this: it should be up to a company and its shareholders to engage on matters of non-compliance and the responsibility of shareholders to put their views to the company if they do not accept the explanation provided. We welcome the Walker Review's encouragement for greater use of the "comply or explain" regime in circumstances where there is a justifiable departure from the Combined Code.

10. Engagement Between Boards and Shareholders

Barclays is broadly supportive of the proposals in the Walker recommendations and its focus on promoting more effective engagement and dialogue between major investors and the companies in which they invest. We are supportive of the steps already taken by the ISC to address some of the issues highlighted in the Walker Review and look forward to seeing how this initiative progresses.

We endorse the view that the quality of dialogue between major investors and companies in "normal" time should be improved and recognise that this requires commitment on both sides. We further agree that the chairman's role should include ensuring that the board is made aware of any concerns investors raise with him and that the senior independent director's role should be to satisfy himself that such engagement has taken place.

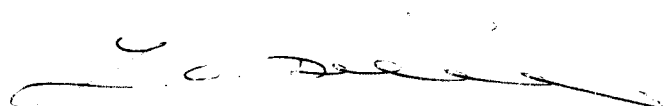
As outlined in our June response, Barclays believes further guidance in sections D and E of the Code to encourage clear and transparent communication from institutional shareholders to the company as well as from the company to the investors may be required.

We support the proposed role for the FRC in sponsoring the Principles for Stewardship and that the FRC should oversee the process for their regular review and monitor disclosures.

Overall, we are supportive of the initiatives proposed by the Walker Review to promote greater shareholder engagement.

Please note that, although you may refer to comments made in our submission, we would request that this is only done on a non-attributable basis. Please let me know if you would like to discuss any of our comments in more detail.

Yours sincerely

A handwritten signature in black ink, appearing to be 'C. De La...', written in a cursive style.