Delivering on our promises

Barclays PLC Annual Review 2010

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BARCLAYS

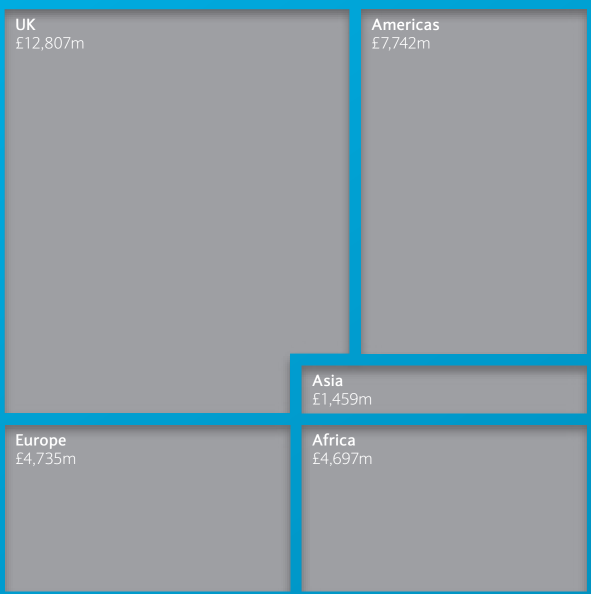
About Barclays
We are a major global financial services provider engaged in retail banking, credit cards, corporate and investment banking, and wealth management with an extensive international presence.

Group total income

£31,440m

By business segment

By geographic segment



UK Retail Banking – £4,518m total income
UK Retail Banking is a leading UK high street bank providing current account and savings products and Woolwich branded mortgages. UK Retail Banking also provides unsecured loans, protection products and general insurance as well as banking and money transmission services to small and medium enterprises.

Barclaycard – £4,024m total income
Barclaycard is an international payments business which manages about £200bn in annual payment value and offers a broad range of payment solutions to consumer and business customers in 22 countries throughout the world.

Western Europe Retail Banking – £1,164m total income
Western Europe Retail Banking provides retail banking and credit card services in Spain, Italy, Portugal and France. The business is building a differentiated proposition providing banking services to retail and mass affluent customers through a variety of distribution channels.

Barclays Africa – £801m total income
Barclays Africa provides retail, corporate and credit card services across Africa and the Indian Ocean. It provides tailored banking (including mobile banking and Sharia-compliant products) to over 2.7m customers and has a top 3 position in 8 of the 10 countries in which we operate.

Absa – £2,899m total income
Absa provides a full range of retail banking services and insurance products through a variety of distribution channels. It also offers customised business solutions for commercial and large corporate customers. It is part of one of South Africa's largest financial services organisations.

Barclays Capital – £13,600m total income
Barclays Capital is the investment banking division of Barclays. It provides large corporate, government and institutional clients with a full spectrum of solutions to meet their strategic advisory, financing and risk management needs. Barclays Capital has a global presence providing advisory services and distribution power to meet the needs of issuers and investors worldwide.

Barclays Corporate – £2,974m total income
Barclays Corporate provides integrated banking solutions to large corporates, financial institutions and multi-nationals in the UK & Ireland, Continental Europe and New Markets.

Barclays Wealth – £1,560m total income
Barclays Wealth is the wealth management division of Barclays. It focuses on private and intermediary clients worldwide, providing international and private banking, investment management, fiduciary services and brokerage. It has offices in Europe, North America, Asia and Africa.

Investment Management – £78m total income
Investment Management manages the Group's 19.9% economic interest in BlackRock, Inc. and the residual elements relating to Barclays Global Investors, which was sold on 1st December 2009.

Head Office and Other Operations – £178m total loss
Head Office Functions and Other Operations comprise head office and central support functions, businesses in transition and consolidation adjustments.

2010 Performance highlights

Profit before tax
£6,065m

Group profit before tax up 32% on 2009, adjusted profit before tax up 11%

Net income
22% up

Net income of £25,768m, up 22% on 2009

Impairment
30% down

Impairment of £5,672m, down 30%, giving a loan loss rate of 118bps compared to 156bps for 2009

Return on equity
7.2%

Improved returns on average shareholders' equity of 7.2% (2009: 6.7%)

Core Tier 1 ratio
10.8%

Core Tier 1 capital ratio of 10.8% (2009: 10.0%)

Group liquidity pool
£154bn

Group liquidity pool improved by 21% from £127bn in 2009

Net hiring
2,000

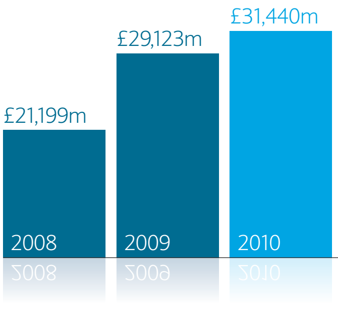
Created 2,000 new jobs, 80% of which were in the UK

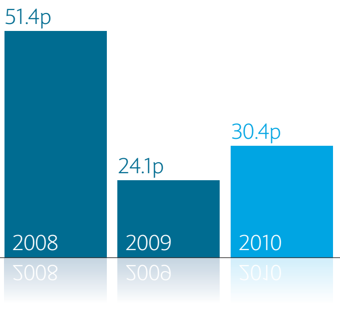
Global tax paid
£6.1bn

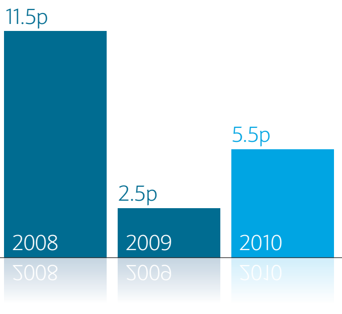
UK tax paid of £2.8bn, including £1.3bn on behalf of employees

Gross new lending to UK
£43bn

Gross new lending to UK households and businesses increased to £36bn, plus £7.5bn from the acquisition of Standard Life Bank

Income


Earnings per share


Dividends per share


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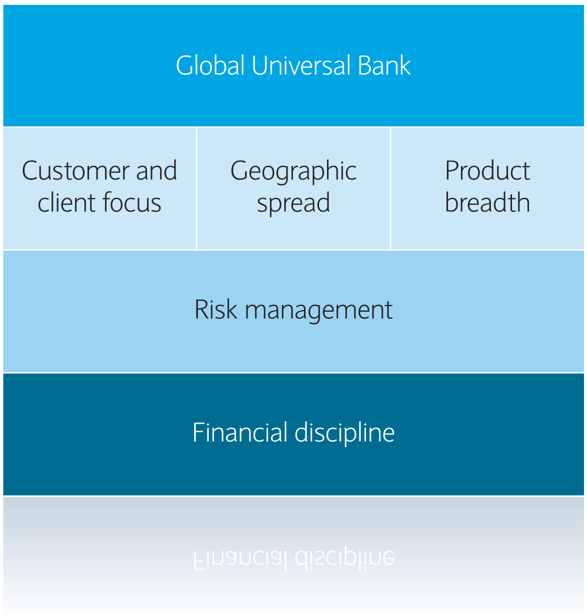
Cover image:
Barclays is the exclusive sponsor of Barclays Cycle Hire which was launched on 30 July 2010 in London. It already sees more than 5,000 cycles available in central London, with nearly 3 million journeys completed. The scheme makes a positive contribution to society in London and partners Barclays with a sustainable and environmentally friendly mode of transport.

Executing our strategy
Delivering superior performance through diversification by business, geography and funding sources, and relentless focus on customers and clients

Strategy and business model



We continue to believe that our integrated universal banking strategy is the best model to serve our customers and clients as well as optimising risk-adjusted returns for our shareholders.

Customer and client focus
Our customers and clients are at the centre of our strategy and business model. Putting their needs first is essential to developing a long term sustainable business.

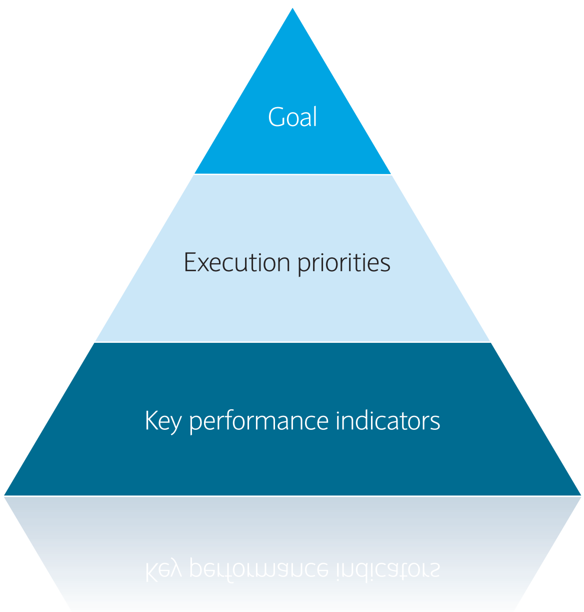
Geographic spread
We aim to meet the needs of our clients and build a business with diverse revenue sources, business segments, customer and clients and geographic exposure.

Product breadth
The most successful banks are those that serve their clients across all their needs though a wide range of distribution channels.

Risk management
Effective risk management underpins all the commercial decisions we take. As a global universal bank we are well placed to understand the risks our clients take because of the breadth and depth of the relationships we have with them.

Financial discipline
As we look to execute on our strategy and build the business, it is essential to ensure that we retain financial discipline required to deliver returns.

How we manage our performance



Whilst business model and strategy determine the shape and direction of Barclays, performance is managed against a specific set of key performance indicators (KPIs).

These KPIs are closely aligned to our execution priorities in order to deliver on our goal of generating top quartile shareholder returns over time.

Our execution priorities are:
- Capital – operating within our capital resources
- Returns – generating returns in excess of our cost of equity
- Income growth – sustainable growth in selected markets and geographies
- Citizenship – demonstrating our wider value to society both globally and in every community we serve

Key performance indicators

Key performance indicators (KPIs)

Our Group KPIs provide a framework of key financial, strategic and citizenship measures which we monitor to assess our aggregate performance. These KPIs are updated periodically as our strategy and execution priorities evolve.

KPIs	Measures	2010	2009	2008
Capital	Core Tier 1 ratio	10.8%	10.0%	5.6%
	Adjusted gross leverage	20x	20x	28x
Returns	Return on average shareholders' equity (RoE)	7.2%	6.7%	14.3%
	Return on average tangible shareholders' equity (RoTE)	8.7%	9.0%	21.3%
	Profit before tax	£6,065m	£4,585m	£5,136m
	Cost: income ratio	64%	57%	63%
	Loan loss rate	118bps	156bps	95bps
	Dividend	5.5p	2.5p	11.5p
Income growth	Total income	£31,440m	£29,123m	£21,199m
	Income by geography:			
	UK & Ireland	40%	45%	57%
	Europe region	15%	15%	19%
	Americas	25%	22%	0%
	Africa	15%	14%	17%
	Asia	5%	4%	7%
Citizenship	Gross new lending to UK households and businesses	£43bn[a]	£35bn	n/a
	Global investment in our communities	£55.3m	£54.9m	£52.2m
	Colleagues involved in volunteering, regular giving and fundraising initiatives	62,000	58,000	57,000
	Group Employee Opinion Survey (EOS) – Proud to be Barclays	83%	81%	81%
	Percentage of senior managers who are female	24%	24%	25%

A fuller analysis of Group KPIs including definitions and why these KPIs are considered important can be found in the Annual Report on pages 28 to 31.

Note
a Gross new UK lending of £43 billion includes £7.5 billion arising from the acquisition of Standard Life Bank.

Group Chairman's statement
Marcus Agius

"Whilst it is too early to say that the financial crisis is over, I believe it is important to reflect on the progress that has been made over the last few years in improving the resilience of the banking sector"

2010 saw a continuation of the global economic recovery which began in 2009 and while the level of global economic activity remains weak – reflected in high unemployment rates – the recovery is intact, and the fears of a double-dip recession in developed economies that emerged in the middle of last year have largely abated.

Indeed, global GDP growth averaged nearly 5% in 2010, led by the emerging economies although growth in most of the developed world was generally below trend. Global growth is expected to slow to approximately 4.25% in 2011, with the recovery in the UK being tempered by policy tightening. Downside risks remain: we saw, for example, the re-emergence of sovereign risk concerns in certain European countries in the last quarter of 2010 and at the start of this year and more recently the unrest in a number of Middle Eastern and North African countries is affecting the price of oil and confidence generally. We expect these problems to be contained, but while the outlook for markets is sanguine for now, it is vulnerable to any hints that monetary policy support might be withdrawn.

Whilst it is too early to say that the financial crisis is over, I believe it is important to reflect on the progress that has been made over the last few years in improving the resilience of the banking sector. This is because there is, in some quarters, the sense that nothing has changed as a result of the crisis: in fact a huge amount has already been achieved. To begin with, the banking system as a whole is now much better capitalised than before the crisis – for example, Barclays Core Tier 1 Capital at the end of 2010 was 10.8%, nearly double the level at the end of 2008. Liquidity has also been strengthened significantly – Barclays held a Liquidity Pool of over £150bn at the end of 2010, more than three times the level at the end of 2008. Considerable change has also been made in other areas across the sector: leverage is lower; stress testing has been institutionalised; the Financial Stability Board principles on Remuneration have been widely implemented and, finally, good progress is being made in the vital area of recovery and resolution planning. We still await final rules in other important areas, however, including the minimum levels of capital to be held by systemically important financial institutions and we also await the report from the Independent Commission on Banking in the UK.

The importance of the regulatory reform agenda cannot be overstated. A great deal has already been achieved and we support strong regulation in order to support strong banks for the benefit of all. Accordingly, we have made a significant contribution to the debate and much of it necessarily requires the attention of our most senior people. While we recognise the need for this to happen – and welcome the prospect of a better outcome – we nevertheless also look forward to the time when the "new normal" in regulatory terms is finally established so that we can focus on our core business of banking, namely supporting our clients and so assisting the creation of economic growth and jobs. It is now important that the remaining issues – and in particular uncertainty – are resolved as quickly as possible.

I stated in my report last year that the new regulatory architecture should meet three objectives and it is important to reiterate them:-

– A safer and more secure financial system;
– A banking industry that is well equipped to support the needs of the global economy; and
– The ability of the suppliers of financial capital to earn a positive return on their capital.

The Basel Committee is sensibly phasing in over a period of years the new regulatory requirements in respect of both capital and liquidity. This will help ensure that the banking system can continue to support the needs of the global economy and in particular to finance the recovery in the developed economies. History shows that new regulations invariably lead to unintended consequences, so it will be crucial continuously to monitor their effects to ensure that the desired outcomes are achieved. It will also be vital to ensure that the new rules are applied consistently on a worldwide basis in order to allow international banks such as Barclays to operate on a global level playing field. It would be very dangerous if countries such as the UK continued in a position of regulatory super-equivalence, a position that makes it harder to support private sector led economic growth.

Banks must show by their actions that they understand the public concerns over the mistakes of the past, assist and collaborate in the reform process and recognise their obligation to contribute to economic recovery. A successful banking system brings many benefits to society, including:

Lending

The supply of credit is at the heart of economic activity and it is the role of banks in performing this function to facilitate appropriate risk taking in the economy by households and businesses. In Barclays alone, we lend about £500bn to customers and clients worldwide. In 2010, our gross new UK lending totalled £43bn, including £7.5bn arising from the acquisition of Standard Life Bank.

The main UK banks recently made substantial commitments relating to lending to UK businesses, including making available the appropriate capital and resources to support gross new lending of £190bn in 2011, should sufficient demand materialise. In addition, the main UK banks have also agreed to contribute to the creation of an equity fund which the banks expect to grow over the coming years to £1.5bn to support growth in companies with an annual turnover of between £10m-£100m.

Employment

Barclays employs nearly 147,500 people of whom 60,000 are in the UK. The banking sector as a whole employs nearly 500,000 people across the UK and the jobs of many more are related to the success of the wider financial services industry.

Payment of Tax

Successful banks pay tax on their profits and in the last "normal" year before the credit crunch (2006), the total direct and indirect taxation paid by the banking sector in the UK was nearly £40bn. As the sector recovers, it will again become a major contributor to Governments across the world and particularly in the UK.

Payment of Dividends

Successful banks pay dividends to their owners – typically pension funds and mutual funds – and dividend payments from UK Banks totalled over 20% of total FTSE dividends in 2006. This figure has been significantly reduced because of the crisis and in Barclays we have had to maintain a conservative dividend policy because of regulatory uncertainty. But it is in the interests of our owners and individual pensioners to see a successful banking system again providing a significant source of income to institutional and private savings vehicles. Our dividend policy has been progressive over the past two years and we expect it to remain so.

Community Support

Investing in the communities in which we operate is something that has always been important to Barclays and our employees around the world.

Despite the impact of the crisis, Barclays resolved not to reduce its level of community support and, in 2010, we invested over £55m in carefully targeted programmes around the world.

Our truly global community investment programme now supports projects in 37 countries, reaching more than one and a half million people and providing support to over 8,000 organisations.

To make this happen, over 62,000 colleagues gave their time, energy and expertise to volunteering, fundraising and regular giving initiatives throughout the year – a record figure, of which we are justifiably proud. You will see from the Chief Executive's review that Citizenship, and in particular, demonstrating our credentials as a global citizen, is one of our priorities in 2011.

The scale of each of these components of contribution is profoundly affected by the ability of the UK industry to compete with the best international peers. In order to maximise the contribution of UK banks to society, we must be allowed to compete on a level playing field within a secure regulatory framework. We recognise the need to pay responsibly, including much greater levels of deferment, greater use of equity and the ability to claw back payments in specific circumstances. As Chairman, I am acutely aware of the public disquiet over remuneration in the industry. Barclays is committed to acting responsibly in this area. We are fully compliant with all regulatory requirements and our remuneration systems are designed to reward success, not failure. If we are to remain competitive in a global market place, however, it is simply not an option for us unilaterally to reduce compensation levels. We can only contribute to society if we are able to recruit and retain good people. Against the above background, we are very grateful to John Varley in leading the industry discussions with the UK Government which resulted in a collective statement by the major UK banks which underlined the banks' recognition of their responsibility to support economic recovery and to show responsibility on pay. Accordingly, Barclays 2010 bonus pool was down 7%, despite increased profits and income, in line with our commitment to the UK Government for restraint.

CEO Succession

A key development during the year was the announcement that Bob Diamond would succeed John Varley as Chief Executive. While I set out in the Governance and accountability section the background to the decision to appoint Bob and in particular, the process that was followed, I would like to pay tribute here to the exceptional job performed by John during his tenure as CEO. Barclays has been transformed since he became CEO in September 2004, enabling Barclays to take its place in the first rank of global universal banks. There can have been no greater test of leadership than to have been CEO during the financial crisis and John brought the bank through this period with courage and creativity. We are fortunate that he will continue to be available to us as an advisor on regulatory matters until September.

We are also fortunate that we have such a capable and qualified replacement in Bob Diamond. He has a proven track record as a business leader and the Board and I are looking forward to working with him to take Barclays forward in the years ahead as he builds on his many achievements to date.

Board Changes

We appointed two new Directors during the year. Dambisa Moyo was appointed in May and her background in financial services and as a global economist will bring valuable insights to the Board. Alison Carnwath was appointed in August. She is Chair of Land Securities and has a long history in financial services as a banker and a director of a number of global financial services businesses. Leigh Clifford retired from the Board on 30 September. He made an extremely valuable contribution to the Board and we benefitted greatly from his experience and his wisdom, particularly during the financial crisis. We wish him well for the future.

In conclusion, I would like on behalf of the Board to thank two particular groups of stakeholders. First, our many shareholders for their support in 2010. We weathered the storm as well as we did because of a combination of public support – for which we are sincerely grateful – proactive management and the underlying strength of our business. Our resolve now is to build on this strength to sustain the delivery of value for our shareholders into the future. Finally, our thanks go out to all Barclays 147,500 employees who have continued to work very hard and to show dedication to the service of our customers and clients. This lies at the heart of any success we may achieve.

Marcus Agius
Group Chairman

Chief Executive's review
Bob Diamond

"I am proud of what we achieved in 2010, especially our profit growth and enhanced capital and liquidity positions"

Barclays delivered a significant increase in profit before tax in 2010 on both a headline and underlying basis. This was despite continued economic challenges in our principal markets: historically low interest rates; sluggish volumes in many market segments; and considerable regulatory uncertainty. In light of those circumstances, I am proud of what my colleagues have achieved.

We have much more to do to ensure that we can continue to deliver on our goal to produce top quartile total shareholder returns (TSR) over time. Over 2010, we ranked in the top quartile of our global peer group[a] against which we measure our relative TSR performance with a performance of minus 4% reflecting difficult market conditions for bank stocks globally. I focus the latter half of this review on the commitments against which I believe we must deliver to continue to achieve our TSR goal.

We continue to believe that our integrated model provides superior benefits to our customers, clients and broader stakeholders because of its diversity by business, geography, customer and client type and funding source

2010 Performance
In his review a year ago, John Varley reiterated our focus on the three priorities that had guided us through the financial and economic crises to that point: staying close to customers and clients; managing our risks; and maintaining strategic momentum. That is where we focused our energy throughout 2010, so I will use these priorities for my review of the year.

Staying Close to Customers and Clients
Many of our customers and clients faced continued challenges throughout 2010. Our responsibility was clear – to be there for them, whatever their needs, whenever those needs arose. Our income performance in 2010 provides a good indication of the health of those customer and client relationships, with overall income up 8% to another new record. Our success by business was more mixed than I would like, reflecting either specific market dynamics or purposeful rebalancing on our part. I was particularly pleased with our income performance in UK Retail Banking, Barclays Africa and Absa, the non-US parts of our Barclaycard portfolio, the core UK arm of Barclays Corporate and Barclays Wealth. In Barclays Capital, while the absolute revenues are not yet where we want them, our progress in Equities and Investment Banking was demonstrably better in the latter half of the year and I am pleased by the way we outperformed most of our peers in the final quarter of the year.

Lending is a fundamental part of what we do to support economic growth and our customers and clients. In the UK, there remains significant political and media attention on the banks' lending delivery. In 2010, we provided £43bn of gross new lending to UK households and businesses including £7.5bn of UK loans from the acquisition of Standard Life Bank at the beginning of the year. We are open for business.

Managing Our Risks
I believe the outcomes on key risk-related metrics demonstrate clearly our success over the past year.

– We ended 2010 with even stronger positions on capital (10.8% Core Tier 1 ratio) and liquidity (£154bn) than we started the year, whilst maintaining our adjusted gross leverage at 20x;
– Balance sheet growth was modest, particularly on a risk-weighted asset basis; and
– Impairment was down considerably, and our 2010 loan loss rate of 118bps was materially lower than the 156bps charge in 2009, though still above our long term average of around 90bps over the last two decades.

a 2010 peer group: Bank of America, BBVA, BNP Paribas, Credit Suisse, Deutsche Bank, HSBC, JP Morgan, Morgan Stanley, Santander, Société Générale and UniCredit.

Go online
Further information on our business review is available at *www.barclays.com/annualreport10*

Maintaining Strategic Momentum
We will continue to pursue the same strategic priorities under my leadership in 2011 that we pursued under John Varley in 2010. We remain focused on ensuring that we capitalise on the value that our universal banking model brings to our customers and clients. A key part of that remains the diversification of our business by geography, business line, client and customer types and funding sources.

Compensation
In making decisions around compensation for 2010, we have sought to balance the responsibility to be sensitive to the external environment with the commercial necessity of ensuring that our decisions allow us to attract and retain the talent we need to deliver for all our stakeholders. This was not an easy task. Our decisions are also fully compliant with the significantly altered regulations that now govern discretionary pay awards, especially the re-written FSA Remuneration Code, and with our commitments made under Project Merlin. As a result, the amount of discretionary compensation awards that are deferred has increased further; the proportion of equity in the deferral structures has increased; and we have developed an innovative structure for a deferred compensation scheme for our most senior employees that links future pay-outs under the scheme to the Group's core capital position at the time. In total, and against a backdrop of a 32% increase in Group profit before tax for 2010, our performance awards (which exclude charges relating to prior year deferrals but include current year awards vesting in future years) were down 7% on 2009.

Our focus is on execution, which means delivering on our commitments in four key areas: maintaining a strong capital base; improving returns; delivering selective income growth; and demonstrating our credentials as a global citizen

2011 Execution Priorities
At the time my succession was announced, I made it clear that I had no intention of materially altering the strategy that the Group has been pursuing for some time. My attention has been, and will continue to be, focused squarely on increasing the pace and intensity of execution of that strategy. The level of uncertainty in the economic and regulatory environment remains high, but we cannot allow that to distract us. We must make clear commitments to the market, and then deliver against them, in four areas.

1. Capital
We must remove the uncertainty associated with the impact of the implementation of new Basel rules on our capital ratios. The combination of where we finished 2010 and the continued demonstration of our ability to generate substantial equity organically should go some way towards this. While there are significant regulatory questions to be resolved in 2011 – especially the outcome of the Financial Stability Board's deliberations on so-called "G-SIFIs" (i.e. systemically important financial institutions at a global level, one of which we expect to be Barclays) and, in the UK, the recommendations of the Independent Commission on Banking – we believe that we will be able to manage those impacts. But we recognise that we must maintain a strict and pro-active focus on our capital levels, leverage, balance sheet growth and utilisation and the disposal of legacy assets.

2. Returns
The new environment will necessitate lower returns than the period just preceding the recent crisis, but I believe the difference in performance between winners and losers by this vital measure will be stark. Our priority is to ensure we are a winner. The returns we are currently generating will not be acceptable to our shareholders over the medium term.

We must be in a position to deliver at least a 13% return on equity and a 15% return on tangible equity by the end of our planning cycle. We also expect our cost of equity to decline towards 10% relative to a 12.5% cost in 2010 and the 11.5% cost we have set for 2011 over this period as the worst impacts of the credit crisis abate and the major economies in which we operate return to growth.

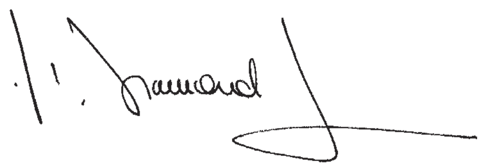
We have instigated a disciplined, rigorous and continuous review of our portfolio to ensure that we can achieve those levels of return. We have already undertaken a strategic review of our operating model that should take out considerable running costs over the medium-term, and you should expect us to continue to act to adjust our business and asset portfolio mix as required to achieve our return goals.

3. Top-line growth
While we are focused on improving returns, we cannot take our eye off the top-line, so we will selectively invest for growth in business areas where the return justifies it. There are clear examples across the Group, including: Barclays Wealth (where our strategic investment programme, known as the Gamma plan, is now one year into delivery); Barclaycard's Global Business Solutions activities which provides commercial payment services; monetising the build-out of Equities and Investment Banking in Barclays Capital; and capitalising on opportunities in Asia and Africa. We expect that this continued investment in growth will be largely organic, as was our development over the past decade of Barclays Capital and Barclays Global Investors.

4. Citizenship
In general we as banks need to do more to help foster economic growth and job creation as well as helping the public understand better the significant role we already play in this regard. I take pride in the culture at Barclays, where many of my colleagues work selflessly to help those in need in their local communities and we apply our expertise to real world issues. We must do a better job of helping those outside the organisation see the scale of what we do and the impact it has as we seek to intensify our efforts here. You can expect to hear much more from us in this space later this year.

Job creation, stimulating economic growth and investing in communities in which we work are at the core of our citizenship agenda

Conclusion
I have 147,500 colleagues around the world who are focused on bringing the best of Barclays to everything that they do, everyday. They have delivered unfailingly over the past three years. We have many more challenges ahead, but I know I have their support in tackling them. It is my honour to lead them, and this great institution, as we look to deliver against the expectations of all of our stakeholders, most importantly our customers and clients, over the coming months and years.



Bob Diamond
Chief Executive

Finance Director's review
Chris Lucas

“These are a solid set of results, which we achieved in what was a difficult environment for many of our businesses. Our success is down to our continued dedication to delivering for our customers and clients”

Barclays delivered profit before tax of £6,065m in 2010, an increase of 32% (2009: £4,585m). Excluding movements on own credit, gains on debt buy-backs and gains on acquisitions and disposals, Group adjusted profit before tax increased 11% to £5,464m (2009: £4,942m).

Income increased 8% to £31,440m (2009: £29,123m). Barclays Capital reported a 17% increase in total income to £13,600m (2009: £11,625m). This reflected a substantial reduction in losses taken through income relating to credit market exposures which fell to £124m (2009: £4,417m) and a gain relating to own credit of £391m (2009: loss of £1,820m). Top-line income at Barclays Capital, which excludes these items, declined 25% to £13,333m relative to the exceptionally strong levels seen in 2009. Overall activity levels improved towards the end of the year, with top-line income in the fourth quarter of 2010 increasing 20% on the third quarter to £3,380m. Global Retail Banking income increased 1% to £10,507m, with good growth in UK Retail Banking and Barclays Africa, with income flat in Barclaycard, and a decline in Western Europe Retail Banking. Income was up 14% in Absa. Barclays Corporate reported a decrease in income of 7% and income was up 18% in Barclays Wealth.

Impairment charges and other credit provisions improved 30% to £5,672m (2009: £8,071m). This was after an increase of £630m in impairment on the Spanish loan book in Barclays Corporate – Continental Europe. All other businesses reported improvements in impairment charges. Overall impairment charges as a proportion of Group loans and advances as at 31st December 2010 was 118bps, compared to 156bps for 2009.

As a result, net income for the Group after impairment charges increased 22% to £25,768m (2009: £21,052m).

Operating expenses increased £3,256m to £19,971m, a 19% rise compared to the 22% growth in net income. Costs at Barclays Capital increased £1,703m, largely reflecting investment in the business across sales, origination, trading and research functions, investment in technology and infrastructure and increased charges relating to prior year deferrals. Across the Group, restructuring charges totalled £330m (2009: £87m) particularly in Barclays Corporate (£119m) and Barclays Capital (£90m) focusing on delivering future cost and business efficiencies. Goodwill of £243m was written off in Barclays Corporate – New Markets to reflect impairment to the carrying value of Barclays Bank Russia business as our activities there are refocused. As a result, the Group's cost: income ratio increased to 64% (2009: 57%). The cost: net income ratio improved from 79% to 78%, reflecting the reduced impairment charges compared with 2009.

Staff costs increased 20% to £11.9bn (2009: £9.9bn), of which performance costs amounted to £3.5bn (2009: £2.8bn). Within this total, 2010 charges relating to prior year deferrals increased by £0.7bn relative to 2009. The Group 2010 performance awards (which exclude charges relating to prior year deferrals

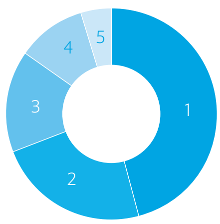
Total tax contribution

Barclays role as a corporate citizen remained a key priority in 2010 and an important aspect of this was the tax contribution made to governments in the countries in which we operate.

In 2010 we made global tax payments of £6,149m, made up of £3,138m of taxes borne by Barclays and £3,011m of taxes collected from others on behalf of governments, principally being employee income taxes which arise through Barclays economic activity. Barclays paid corporate income tax of £1,458m in 2010.

The total tax paid to the UK Exchequer in 2010 was £2,827m, made up of £1,381m of taxes borne by Barclays and £1,446m of taxes collected on behalf of governments which includes £1,347m of tax payments made on behalf of staff.

Tax paid by region



	Taxes borne £m	Taxes collected[a] £m	Total £m
1 UK	1,381	1,446	**2,827**
2 Americas	506	932	**1,438**
3 Europe (excluding UK)	721	225	**946**
4 Africa and Middle East	324	325	**649**
5 Asia Pacific	206	83	**289**
Total	3,138	3,011	**6,149**

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Further information on our business review is available at *www.barclays.com/annualreport10*

but include current year awards vesting in future years) were down 7% on 2009 at £3.4bn. Within this, the Barclays Capital 2010 performance awards were down 12% at £2.6bn, compared to an increase in headcount of 7%.

Shareholders' Equity

Shareholders' equity, including non-controlling interests, increased 6% to £62.3bn in 2010 driven by profit after tax of £4.6bn and £1.5bn generated on exercise of warrants. Net asset value per share was 417p (2009: 414p). Net tangible asset value per share was 346p (2009: 337p).

Balance Sheet

Total assets increased £111bn to £1,490bn in 2010. The biggest increases were in cash and balances at central banks, trading portfolio assets and reverse repurchase lending. Loans and advances increased by £4bn and derivative assets and liability balances increased marginally. Adjusted gross leverage, being the multiple of adjusted total tangible assets over total qualifying Tier 1 capital, was 20x as at 31st December 2010 (2009: 20x) and moved within a month end range 20x to 24x during 2010, reflecting fluctuations in normal trading activities.

Capital Management

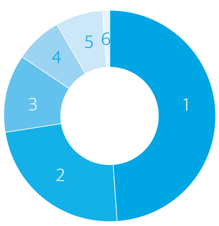
At 31st December 2010, on a Basel II basis, the Group's Core Tier 1 ratio was 10.8% (2009: 10.0%) and the Tier 1 ratio was 13.5% (2009: 13.0%), representing a strengthening of our capital ratios ahead of the effects of expected regulatory capital changes.

Risk weighted assets increased 4% from £383bn to £398bn in 2010. Year on year there was a £22bn reduction in underlying risk weighted assets (predominantly in Barclays Capital) as a result of capital management efficiencies and reduced levels of risk and inventory. This was offset by both methodology and model changes, which increased risk weighted assets by approximately £28bn. Foreign exchange and other movements accounted for a further increase of £9bn.

Retained profit contributed approximately 70bps increase to Core Tier 1 ratio from 10.0% to 10.8%. Other movements in Core Tier 1 included the exercise of warrants in February and October 2010, which generated shareholders' equity of £1.5bn, contributing approximately 40bps to the Core Tier 1 ratio. The movement in the fair value of the Group's holding in BlackRock, Inc. resulted in an adverse impact of approximately 20bps on the Core Tier 1 ratio over the year.

The Basel Committee of Banking Supervisors issued final Basel III guidelines in December 2010 and January 2011. The new standards include changes to risk weights applied to our assets and to the definition of capital resources and are applicable from 1st January 2013 with some transitional rules to 2018. The Basel III guidelines have yet to be implemented into European and UK law and therefore remain subject to refinement and change. Recognising the new rules are not complete, based on our current assessment of the guidelines, we expect that we will continue to have a strong capital position post implementation.

Tax paid by type



	Total £m
1 Taxes collected[a]	3,011
2 Corporate tax paid	1,458
3 Employer NIC/ social security payments	736
4 Irrecoverable VAT paid	441
5 Bank payroll tax	437
6 Other	66
Total	**6,149**

Note
a Taxes collected on behalf of governments, including income tax and social security payments for employees (of which £1,347m relates to UK employees).

Liquidity and Funding

The liquidity pool held by the Group increased £27bn to £154bn at 31st December 2010 (2009: £127bn), of which £140bn was in FSA-eligible pool assets.

The Basel III guidelines propose two new liquidity metrics: the Liquidity Coverage Ratio, which measures short term liquidity stress and is broadly consistent with the FSA framework, and the Net Stable Funding Ratio, which measures the stability of long term structural funding. Applying the metrics to the Group balance sheet as at 31st December 2010, the Liquidity Coverage Ratio was estimated at 80% and the Net Stable Funding Ratio was estimated at 94%.

The Group continues to attract deposits in unsecured money markets and to raise additional secured and unsecured term funding in a variety of markets. As at 31st December 2009, the Group had £15bn of publicly issued term debt maturing during 2010. The corresponding figure for 2011 is £25bn. During 2010 the Group issued approximately £35bn of term funding, which refinanced the 2010 requirement, comprising both maturities and early repayments, as well as pre-financed some of the 2011 and 2012 maturities. Additional term funding raised in 2011 will support balance sheet growth, further extension of liability maturities and strengthening of our liquidity position.

Dividends

It is the Group's policy to declare and pay dividends on a quarterly basis. The Group will pay a final cash dividend for 2010 of 2.5p per share on 18th March 2011 giving an aggregate declared dividend for 2010 of 5.5p per share.

Outlook

We have had a good start to 2011, benefitting from higher volumes. Group income and profit before tax in January were ahead of 2010 average monthly run rates.

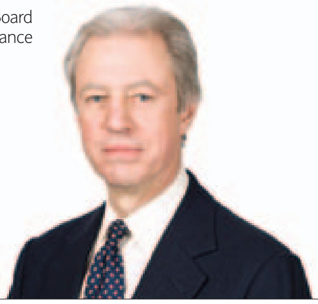
The Group is embarking on a programme to reduce its underlying cost base, with a view to ensuring that costs increase at a rate slower than income. We continue to see good impairment trends across the Group and are cautiously optimistic that we will see a further improvement in 2011, albeit at a lower rate than in 2010.

Our balance sheet in 2011 will be impacted by the implementation of new regulatory requirements for market risk which we currently expect to add around £50bn to our total risk weighted assets and have a corresponding impact on our capital ratios. We will continue to manage balance sheet growth cautiously, whilst ensuring that the lending capacity we have committed to put in place in the UK is available. We will also maintain a conservative but progressive dividend policy pending further clarity regarding the final capital, liquidity and other prudential requirements that may be made of us by our regulators.

Chris Lucas
Group Finance Director

Leadership and governance
Board of Directors

Marcus Agius (64)
Group Chairman
Chairman of the Board
Corporate Governance and Nominations Committee



Bob Diamond (59)
Chief Executive

Sir Richard Broadbent (57)
Deputy Chairman and Senior Independent Director
Chairman of the Board Remuneration Committee

David Booth (56)
Non-executive Director
Chairman of the Board Risk Committee

Alison Carnwath (58)
Non-executive Director

Fulvio Conti (63)
Non-executive Director

Simon Fraser (51)
Non-executive Director

Reuben Jeffery III (57)
Non-executive Director

Sir Andrew Likierman (67)
Non-executive Director

Chris Lucas (50)
Group Finance Director

Dambisa Moyo (42)
Non-executive Director

Sir Michael Rake (63)
Non-executive Director
Chairman of the Board Audit Committee

Sir John Sunderland (65)
Non-executive Director

Key responsibilities Board of Directors

The Board is collectively responsible for the success of the Group: the executive Directors are directly responsible for running the business operations and the non-executive Directors are responsible for bringing independent judgment and scrutiny to decisions taken by the Board. In addition to their statutory duties, the Directors must ensure that the Board focuses effectively on all its accountabilities. The Board determines the strategic objectives and policies of the Group to deliver long-term value, providing overall strategic direction within an appropriate framework of rewards, incentives and controls.

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Further information on the responsibilities of the Board of Directors is available at *www.barclays.com/annualreport10*

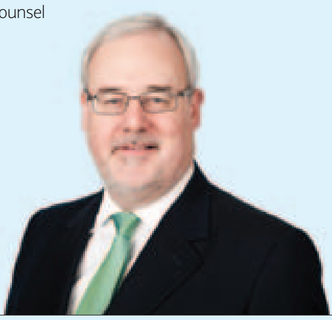
Leadership and governance
Executive Committee

Bob Diamond
Chief Executive

Chris Lucas
Group Finance Director

Robert Le Blanc
Chief Risk Officer

Mark Harding
Group General Counsel



Antony Jenkins
Chief Executive of
Global Retail Banking

Thomas L Kalaris
Chief Executive of
Barclays Wealth

Jerry del Missier
Co-Chief Executive of
Corporate and Investment
Banking

Maria Ramos
Group Chief Executive
of Absa

Rich Ricci
Co-Chief Executive
of Corporate and
Investment Banking

Cathy Turner[a]
Group Human Resources
Director

Key responsibilities Executive Committee

The Board delegates the responsibility for the day-to-day management of Barclays PLC (the Company) to the Chief Executive and he is responsible for ensuring that the business is operating effectively. The Chief Executive chairs the Executive Committee, which supports him in this role. The Executive Committee is supported by a number of management committees, including the Disclosure Committee, the Group Governance and Control Committee, the Group Operating Committee, the Group Risk Oversight Committee and the Group Brand and Reputation Committee.

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Further information on the responsibilities of the Executive Committee is available at
www.barclays.com/annualreport10

Note
a Cathy has announced her departure from Barclays and will be leaving on 31st March 2011.

Business review
Global Retail Banking

“In 2010 we delivered a good financial performance with increasing momentum through the year and made strong progress against our strategic and financial goals”

At the Global Retail Banking investor day in June 2010, we said our strategic goals were “Happy customers, strong profit growth, good returns”. We are making significant progress against these goals.

We are focused on improving the service we provide to our customers and have seen positive results from this. For example, we’ve reduced the time it takes to issue a replacement debit card in the UK from five to two days.

Our use of innovation is also transforming the customer experience. Our pioneering contactless payment strategy in the UK has resulted in a much easier experience for our customers. Ninety percent of the contactless cards issued in the UK are now issued by Barclays, which puts us in a leading position. In Kenya and Botswana, registration for our mobile banking service increased almost four-fold over the year. In Western Europe, we continued to expand our network, increasing the number of distribution points by over a hundred, making it easier for customers to access our banking services. These are just some examples of what we have done to improve the customer experience. Further progress needs to be made and this is a key priority for us.

This focus on our customers will generate sustainable value for our shareholders. We made a strong start in 2010. GRB improved its loan to deposit ratio by 4 percentage points to 140%. Return on equity increased from 10% to 11% reflecting strong profit growth in UKRB, Barclaycard and Barclays Africa. We are facing challenging economic conditions in Western Europe but remain committed to a presence in the region and to converting the investment we have made into sustainable profit. We’ve achieved greater depth through the integration of Standard Life Bank in the UK and Citigroup’s card business in Italy.

I am confident that we are on the right track to meet our objectives and deliver significant value to all our stakeholders.

Antony Jenkins
Chief Executive, Global Retail Banking

Our promises

Global Retail Banking	2013 Targets
Income and profit growth	– Strong compound annual profit growth – Income growth in excess of cost growth
Stable funding ratio	– Deposits and secured funding to keep pace with asset growth
Depth, not breadth	– Existing markets focus and continued product diversification
Strong returns and net equity generation	– c 2% RoRWA – 13-15% RoE – c 20% RoTE

Reinforcing our leading position in technology and innovation

At Barclays, we continue to lead the technological revolution that is sweeping across the banking world. We have pioneered contactless payments in the UK and we will be offering contactless mobile phone payment solution for customers in the summer of 2011. In addition, customers can also use their GPS facility on their mobiles to find the nearest Barclays branch and cash machines.

Recognising that mobile access is fast becoming the new frontier in the banking space, and building upon our achievements with Barclays.mobi in the UK, we recently went live in France and in Portugal, giving customers access to banking at a place and time that suits them. In Kenya and Botswana, registration for our mobile banking service this year increased almost four-fold.

At the same time, we continue to be leaders in bringing contactless technology to the UK, with approximately 90% of contactless transactions from a Barclays-issued card, and transaction volumes more than doubling in the last year.

Our innovative edge will allow us to move one step further in 2011. In the UK, in association with Orange (or Everything Everywhere as they are now known), Barclaycard customers, from the summer of 2011, will be able to use their mobiles for contactless payments of up to £15 for goods and services at retailers – by simply waving their handset against a contactless reader.

"This is the beginning of a revolution in how we pay for things on the high street. It's a cultural shift that is as important as the launch of the personal credit card or ATMs." (Gerry McQuade, Chief Development Officer at Everything Everywhere).

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Supporting financial literacy

Helping people manage their money is at the core of our business, and is an important part of Barclays citizenship strategy. In 2010 we delivered more than 8,500 financial literacy workshops around the world, and through a combination of face-to-face seminars and online content, reached more than half a million people, helping them build the skills and confidence to manage their money effectively, achieve financial independence and build a secure future.

In the UK, Barclays Money Skills is working with key partners to develop a range of projects and tools to help vulnerable young people. For example, we're working in partnership with Action for Children to benefit more than 2,500 of the hardest to reach young people. A case in point is Sean. Sean is 16 years old and lives in Glasgow. He is currently in the process of moving from a care home into supported living accommodation, where he will gradually be assuming responsibility for paying bills, furnishing his flat and providing meals for himself. Sean said: "… because of what I've learnt on the Barclays Money Skills course, I've made a spending plan, so I know what cash I have for food, travel, bills and my social life".

GRB is also delivering financial literacy programmes in a number of other countries including Ghana, Mauritius, Zambia and Egypt. In Botswana, Barclays launched a financial literacy campaign in 2010 with the Baylor's Teen Club. The Club is an organisation that provides life skills training and counselling to HIV positive adolescents. With Barclays support, the Teen Club is now working in six villages across the country and has partnered with Barclays colleagues to deliver training to 280 HIV positive teens.

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Business review
Corporate and Investment Banking

“Our integrated universal banking model allows us to meet the needs of our clients by connecting capabilities from across the Barclays Group”

Our promises

Barclays Capital	2013 Targets
Strong returns	– c 15% RoE on Basel III basis
Income growth	– Additional £2bn in Equities and Investment Banking revenues
Cost management	– 60-65% cost: net income ratio
Barclays Corporate	**2012 Target**
Profitability	– Return to aggregate profitability

Our Corporate and Investment Banking business provides clients with the lending, finance, risk management, advice, and transactional payments support that they need to succeed, whatever the economic environment. The strength of our model ensures that we are able to focus on their needs when they need us most.

Barclays Capital is a premier global investment bank operating at the very top of the investment banking industry. In a challenging year, the business increased profit before tax by 2%, and generated a 17% increase in total income by remaining close to its clients.

Barclays Corporate is strengthening its relationship-led core UK business, where significantly reduced impairment and a focus on clients drove a 16% increase in profit before tax. Overall though, Barclays Corporate recorded a loss and we have taken decisive action in Russia and Spain to either exit or refocus operations that are not generating the returns we expect. Corporate and Investment Banking plays a crucial role in supporting corporate clients to achieve growth and job creation in the real economy; governments to deliver their stability and growth plans; and institutional clients to meet the long-term investment needs of their customers.

The strategic build in key growth areas at Barclays Capital is delivering tangible benefits to clients around the world, alongside the focused execution of robust plans for the future right across the business. Barclays Corporate continues to invest in the people, products and infrastructure to support clients in its core UK market, and strengthen its offering for multi-nationals and large companies in overseas markets.

Our integrated universal banking model allows us to meet the needs of our clients by connecting capabilities from across the Barclays Group, and our focus on bringing clients the best solution continues to underpin our commitment to their success.

Jerry del Missier
Co-Chief Executive,
Corporate and
Investment Banking

Rich Ricci
Co-Chief Executive,
Corporate and
Investment Banking

What is corporate and investment banking?

Corporate and Investment Banking is about helping corporate, government and institutional clients to finance and grow their operations, manage their risks and invest their capital.

Capital raising and financing – We lend money, and enable companies, banks, cities and countries to raise equity capital and issue debt in the capital markets; to provide cashflow and enable investment in the future. The right type of lending is different for every client: from overdraft facilities and asset-based finance, to rights issues and syndicated loans.

Providing opportunities to generate returns – We support clients, like pension managers and investment funds, in making decisions on where to make their investments and in executing those investments. With our support, they can achieve the returns they need to meet their obligations and satisfy their customers.

Risk management – We can help clients manage many of the risks they face, from foreign exchange and interest rate risk, to the varying price of commodities. This reduces uncertainty and allows clients to focus on their core operations.

Strategic and financial advice – We advise clients on how to manage and expand their businesses. That might be through a merger or an acquisition, or it might be through the best way to manage their balance sheet, capital or cash flow.

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Mayfly Containers expands into overseas markets

Established in 1983 Mayfly is a family-run business based in Derbyshire which manufactures containers used for the deep-sea off-shore oil and gas industries. Barclays Corporate has banked the business since 1985.

In 2009, Mayfly identified an opportunity to expand into overseas markets, focusing primarily on China and Brazil. Barclays Corporate was able to assist the company with their expansion strategy by providing foreign exchange expertise, information on rates, and risk management solutions to help protect the business from currency fluctuations.

David Rudge, Finance Director, said: “When we took the decision to expand into overseas markets, Barclays Corporate was able to assist us with our foreign exchange requirements. Our joint venture established in Brazil is proving successful and we continue to expand our operations in the export markets.”

Resolution acquires AXA’s UK Life business

Barclays Capital played multiple roles across all aspects of Resolution’s £2.75bn acquisition of the AXA UK Life Business last June. The success of the deal, and strength of relationships, led to the firm being appointed Joint Corporate Broker to Resolution in November – the third FTSE client and seventh overall Corporate Broking win last year.

In order to fund the cash component of the acquisition, Resolution announced a fully underwritten rights issue of approximately £2bn, and agreed a fully underwritten bridge facility of £400m.

Financing and executing the deal saw Barclays Capital hold multiple roles, including Joint Underwriter, Joint Bookrunner and Joint Corporate Broker on the rights issue, Joint Lead Arranger on the bridge facility and Joint Financial Adviser to Resolution on both the rights issue and the acquisition. The bridge facility was also jointly underwritten by Barclays Capital.

In the firm’s first lead role in a significant equity capital raising in Europe, and its first advisory role for Resolution, Barclays Capital demonstrated the strength of teamwork across the firm in delivering seamless capital markets, acquisition financing and advisory capabilities.

Business review
Barclays Wealth

“We are transforming Barclays Wealth into a premier global wealth manager”

In 2010, we launched a five-year strategy to transform Barclays Wealth and, in our first year, financial results were strong, with total income up by 18% to £1.56bn and profit before tax up by 14% to £163m. Adding back investment expenditure of £112m, we achieved a 92% increase in underlying profitability.

The early stages of 2010 marked a pivotal point for the wealth management industry. After the disruptive events of the financial crisis, we entered a more benign environment, with global wealth assets returning to pre-crisis levels. At Barclays Wealth, conditions were particularly favourable thanks to the strength of our balance sheet and brand and the successful consolidation of our Americas business – which made us a truly global player for the first time.

In this context we launched the “Gamma” programme in March. Gamma is a five-year project to invest £350m in our people, platforms and processes in order to achieve a step change in client experience and a significant improvement to our productive efficiency. We believe we can set a standard for the industry.

At the end of 2010 we are on or ahead of all our target metrics. Client assets grew by 8% over the year to £164bn, and we showed a net increase in banker headcount. We have seen an 18% improvement in the productivity of our relationship managers and 30% in our core High Net Worth business.

2011 will be a challenging year as we take on the next set of Gamma targets. These include material upgrades to our core platforms, an accelerated on-boarding process for clients and a refresh of our banker training and marketing tools. I remain confident that we can meet all of our commitments to our clients, thereby beginning to redefine the landscape of the wealth management industry.

Thomas Kalaris
Chief Executive, Barclays Wealth

Barclays Wealth enters Japan

In July 2010, Barclays Wealth launched a unique joint venture in Japan with two highly qualified partners. SMBC Barclays Wealth Division brings together the local knowledge and heritage of the Japanese bank Sumitomo Mitsui Banking Corporation (SMBC), with the expert wealth management capabilities of Barclays Wealth, and the platform expertise of Nikko Cordial Securities, a wholly-owned subsidiary of SMBC.

In its first six months, SMBC Barclays Wealth Division is running successfully and has received a very promising response from the market. The need to demonstrate established trust and reputation in Japan has historically been a barrier for foreign firms wanting to enter the market. The success of the Barclays Wealth joint venture is testament to the determination of all three partners in building the right proposition for our Japanese clients.

Business review
Absa

“Aligning Absa more closely with Barclays Africa gives us better opportunities to serve clients across the continent”

As expected, 2010 was another challenging year given a slow, uneven economic recovery both globally and in South Africa. In particular, retail and corporate credit demand and transaction volumes remained muted.

Nonetheless, Absa managed to report 17% higher profit before tax, while continuing to invest significantly in our strategic growth initiatives. Lower interest rates and our enhanced collections capability improved our retail impairments materially. Moreover, our margin hedging strategy protected net interest income as rates fell to 36-year lows.

Our One Absa strategy is on track. It is enhancing business as usual, improving sustainable growth in target areas and strengthening the core fundamentals underlying our operations. While we believe that our operating environment will remain challenging, we also believe that we have the right strategy to grow the business and generate the returns that will keep us competitive.

As you know, Africa presents a significant opportunity for Barclays and the decision to align Absa more closely with Barclays Africa by executing a One Bank in Africa strategy gives us better opportunities to serve clients across the continent, thereby enhancing our joint competitive advantage.

Maria Ramos
Group Chief Executive, Absa Group Limited

Citizenship – Financial Inclusion

A key component of our strategy is to find innovative and cost effective ways to serve Absa’s existing mass segment customers. As such, in 2010 we launched a number of innovative offerings:

- a refocused branch approach called Absa 1234 offering transactional, loan, savings and insurance products;
- a branchless banking approach which includes in-store banking (deposits, withdrawals, balance inquiry, air time purchases) with the merchant providing these services using a point of sale terminal with our In-Store Banking application;
- a remote account opening service for savings and transmission accounts using mobile phone technology; and
- a tap-and-go card product for low value payments.

Risk management review

A benefit of universal banking is that impairment is diversified by product and by geography, and in practice it is also diversified in different phases across time periods. The positioning and diversification of our portfolios have helped us to remain profitable throughout the unprecedented market uncertainty of recent years.

2010 impairment review

There was a general improvement in credit conditions in our main markets during 2010.

In the UK, the economy recovered slightly during 2010 reflecting the lower than expected growth in unemployment rates, the sustained low interest rate environment and moderate GDP growth. However, a slowdown in growth was evident in the fourth quarter which is likely to lead to uncertainty in the near term. In addition, persistent unemployment and inflation, fiscal tightening, the possibility of weakening house prices and possible rising oil prices may have an adverse impact on the strength of the recovery which could increase the risk that a higher proportion of the Group's customers and counterparties may be unable to meet their obligations.

Economic credit conditions have also continued to show signs of improvement in many other key markets, although, in Spain, the housing market remains depressed and, in the US, unemployment rates remain high.

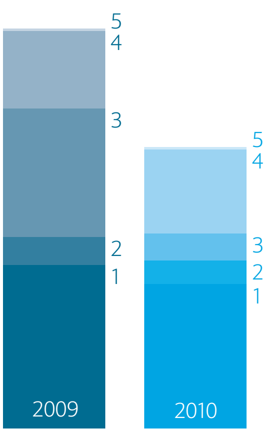
Barclays constantly reviews its credit risk concentration in a number of areas including, for example, portfolio segments, geography, maturity and industry. In particular, in Spain, the Group has experienced elevated impairment across its operations, following a marked reduction in construction activity and shrinking consumer spending.

The Group has reduced its credit risk appetite to the most severely affected segments of the Spanish economy. In particular, new lending to the property and construction sector ceased and workout team resources have been increased significantly. As a result of management actions and economic conditions, impairment has continued to improve across all our businesses with the exception of the corporate portfolio in Spain. Even this portfolio has seen an improving trend in the second half and we expect this to continue in 2011.

The most significant reduction during the year was in Barclays Capital where single name losses were very small and there were lower charges against credit market exposures. In Global Retail Banking there was an overall improvement of 12% across all the portfolios as generally improving economic conditions and management actions led to reduced delinquency and charge-off rates.

Based on current trends we expect moderate improvement in impairment across the Group in 2011.

Impairment improvement



£m	2010	2009
1 GRB	**2,903**	3,288
2 Absa	**480**	567
3 BarCap	**543**	2,591
4 BarCorp	**1,696**	1,558
5 Wealth	**48**	51
Total	**5,672**	8,071

Planning for success by preparing for the worst

Introduction of reverse stress testing in 2010

A fundamental duty of risk management is to ensure that organisations do not neglect to prepare for the worst event as they plan for success. Stress testing helps Barclays to understand how its portfolios would react if business conditions became significantly more challenging. We generate specific forward-looking scenarios and analyse how well our profitability would hold up, whether our levels of capital would be adequate and what managers could do ahead of time to mitigate the risk.

In 2010, Barclays integrated 'reverse' stress testing into the Group-wide stress testing process. Reverse stress testing aims to identify the conditions that would result in the business model being no longer viable, such as extreme macroeconomic downturn scenarios or specific idiosyncratic events. This is being used to help support the on-going risk management of the Group, as well as helping to meet new regulatory requirements in regards to reverse stress testing.

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For more information go to
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Summary remuneration report

“Our aim is to achieve a balance between the need to deliver market competitive remuneration and to optimise future as well as current shareholder returns”

The Board Remuneration Committee provides governance and oversight of executive and all other remuneration.

The Committee has established frameworks for remuneration in each of the businesses and for the Group as a whole. The frameworks are forward looking and are based on financial metrics to assist with the planning and management of remuneration in each of the key businesses. The Committee takes a strong analytical approach to remuneration that includes comparative financial performance analysis, comparative compensation analysis and tracking trends in compensation ratios. The Committee's remuneration decisions are based on a risk-adjusted view of Barclays financial performance. This is a continuous process, with the risk function deeply embedded into the process.

The Committee met 11 times in 2010. Outside of its formal meetings, Committee members also had informal discussions, consulted with the Committee's independent advisor regularly and interacted frequently with management. In addition to the normal cycle of business, in 2010 the Committee also spent a significant amount of its time on considering practice in light of new and emerging regulatory guidelines, reviewing performance award funding proposals, reviewing the structure of 2010 performance awards and reviewing the new remuneration arrangements that are proposed for executive Directors: the Share Value Plan and the Barclays Long Term Incentive Plan.

In making its decisions, the Committee considers Barclays financial performance. The Committee also tracks Barclays performance against a defined group of 12 key competitors' financial performance and compensation ratios throughout the year, both on a Group-wide and business basis.

Our decisions in 2010, as you would expect, are in accordance with regulations that govern financial services remuneration, including the FSA's Remuneration Code and our commitments to the UK Government made under Project Merlin.

The Committee's work in 2010 included reviewing and approving the proposed 2010 performance awards for each of the Group's businesses. Barclays Group 2010 performance awards were down 7% on 2009, with profit before tax up 32%. Barclays Capital 2010 performance awards were down 12% on 2009, despite profit before tax increasing year on year.

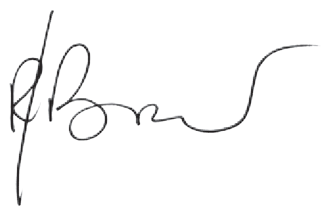
For executive Directors, 60% of annual performance incentives is deferred (72% for Bob Diamond). For Code Staff, up to 60% of annual performance incentives is deferred. For both executive Directors and Code Staff, 50% of non-deferred incentives for 2010 is delivered in Barclays shares subject to a six month holding period (100% of non-deferred incentives for Bob Diamond). Code Staff are the Group's employees whose professional activities could have a material impact on the risk profile of the Group

For executive Directors (subject to shareholder approval), Code Staff and senior management, deferred incentive awards for 2010 are made under the Share Value Plan in the form of Barclays shares and under the Contingent Capital Plan in the form of contingent capital awards. Vesting of contingent capital awards is linked to the Group's core capital position at the time of vesting. Executive Directors and other senior executives will also participate in a new long term incentive plan: the Barclays Long Term Incentive Plan (subject to shareholder approval). Vesting of the proposed 2011 awards is linked to a scorecard of metrics focused closely on the execution of Barclays strategy which gives primacy to return on equity.

The Committee will actively review remuneration throughout the year and will remain focused on internal and external perspectives, including regulatory developments. Remuneration regulation is expected to evolve further in 2011 and we will maintain a close dialogue with our key external stakeholders and our shareholders throughout 2011.

Further details on Barclays remuneration is available in the full Remuneration Report which is in the Annual Report. The Committee unanimously recommends that you vote at the 2011 AGM to approve the Remuneration Report as all Directors will be doing with their own Barclays shares.

On behalf of the Board



Sir Richard Broadbent
Chairman, Board Remuneration Committee

Summary remuneration report
continued

Executive Directors' remuneration	John Varley		Robert E Diamond Jr		Chris Lucas	
	2010 £000	2009 £000	**2010 £000**	2009 £000	**2010 £000**	2009 £000
Base salary	1,100	1,100	250	250	763	650
Annual performance incentive (cash)	550	0	0	0	360	0
Total – cash remuneration related to the year	**1,650**	1,100	**250**	250	**1,123**	650
Annual performance incentive (shares)	550	0	1,800	0	360	0
Deferred incentive award	1,650	0	4,700	0	1,080	1,500
Total – other remuneration related to the year and deferred incentives	**2,200**	0	**6,500**	0	**1,440**	1,500
Total remuneration related to the year and deferred incentives	**3,850**	1,100	**6,750**	250	**2,563**	2,150
Long term incentive award (contingent on future performance)	**0**	0	**2,250**	6,000	**1,333**	1,000

Executive Directors' benefits	**2010 £000**	2009 £000
John Varley	**54**	23
Robert E Diamond Jr	**268**	134
Chris Lucas	**25**	19

Non-executive Directors' fees	Chairman £000	Deputy Chairman £000	Board Member £000	Board Audit Committee £000	Board Remuneration Committee £000	Board Corporate Governance and Nominations Committee £000	Board Risk Committee £000	Benefits £000	**Total 2010 £000**	Total 2009 £000
Fees (at 31st Dec 10)										
Full-year fee	750	200	70	–	–	–	–	–	**–**	–
Committee Chair	–	–	–	60	40	–	40	–	**–**	–
Committee Member	–	–	–	25	15	15	15	–	**–**	–
Fees to 31st December 2010										
Group Chairman										
Marcus Agius	Ch.	–	–	–	M.	Ch.	–	1	**751**	751
Non-executive Directors										
David Booth	–	–	M.	–	–	M.	Ch.	–	**125**	85
Sir Richard Broadbent	–	D Ch.	M.	–	Ch.	M.	–	–	**200**	197
Alison Carnwath	–	–	M.	M.	M.	–	–	–	**39**	–
Fulvio Conti	–	–	M.	M.	–	–	–	–	**95**	95
Simon Fraser	–	–	M.	M.	M.	–	–	–	**110**	83
Reuben Jeffery III	–	–	M.	–	–	–	M.	–	**85**	32
Sir Andrew Likierman	–	–	M.	M.	–	–	M.	–	**110**	110
Dambisa Moyo	–	–	M.	–	–	–	M.	–	**50**	–
Sir Michael Rake	–	–	M.	Ch.	–	M.	M.	–	**160**	141
Sir John Sunderland	–	–	M.	–	M.	M.	–	–	**115**	108

As Deputy Chairman, Sir Richard Broadbent receives a fee of £200,000 per annum. He does not receive any additional fees for serving on Board Committees or as Senior Independent Director. Sir John Sunderland is also a member of the Group Brand and Reputation Committee and receives a fee of £15,000 per annum. He was appointed as a member of the Group Brand and Reputation Committee with effect from 1st July 2009 and received fees of £7,500 in 2009. These fees are included in those shown above.

Former non-executive Director fees	**Total 2010 £000**	Total 2009 £000
Leigh Clifford	**103**	123

Mr Clifford is also a member of the Asia Pacific Advisory Committee and received fees of US$60,000 (2009: US$60,000). These fees are included in those shown above.

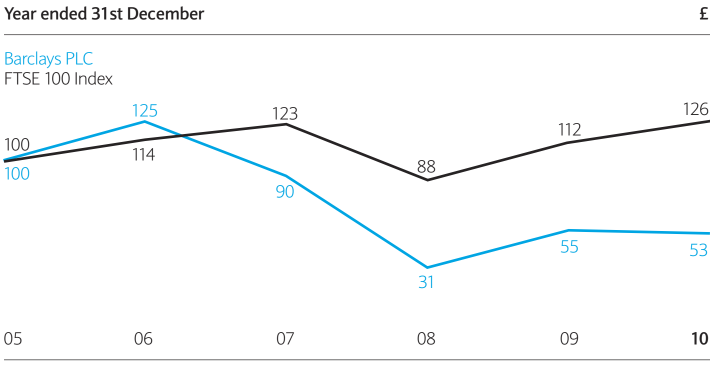
Directors' emoluments and statutory disclosures	**2010 £m**	2009 £m
Aggregate emoluments	**15.8**	8.8
Gains made on the exercise of share options	**–**	8.9
Amounts paid under long-term incentive schemes	**7.0**	–

Actual pension contributions of £13,588 were paid to money purchase schemes on behalf of one Director (2009: £18,786, one Director). Notional pension contributions to money purchase schemes were £nil (2009: £nil). As at 31st December 2010, one Director was accruing retirement benefits under a defined benefit scheme (2009: two Directors).

Total Shareholder Return (TSR)

Figure 1 shows the value, at 31st December 2010, of £100 invested in Barclays on 31st December 2005 compared with the value of £100 invested in the FTSE 100 Index. The other points plotted are the values at intervening financial year ends. The FTSE 100 Index is a widely recognised performance comparison for large UK companies and this is why it has been chosen as a comparator to illustrate Barclays TSR. The graph shows that, at the end of 2010, a hypothetical £100 invested in Barclays on 31st December 2005 would have generated a total loss of £47 compared with a gain of £26 if invested in the FTSE 100 Index.

Fig. 1: Total Shareholder Return



Source: Datastream

Barclays Remuneration Policy

The aims of the Barclays Remuneration Policy are 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 remuneration that is affordable and appropriate in terms of value allocated to shareholders and employees.
5. Encourage behaviour consistent with the following principles that guide Barclays business:

   i) Winning together
   – Doing what is right for Barclays, its teams and colleagues, to achieve collective and individual success

   ii) Best people
   – Developing talented colleagues and differentiating remuneration to reflect performance
   – Doing what is needed to ensure a leading position in the global financial services industry

   iii) Customer and client focus
   – Understanding what customers and clients want and need and then serving them brilliantly

   iv) Pioneering
   – 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

   v) 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

The Committee keeps under review the Remuneration Policy and arrangements as detailed in this report to ensure that Barclays programmes remain competitive and provide appropriate incentive for performance. Our aim is to achieve a balance between the need to deliver market competitive remuneration and to optimise future as well as current shareholder returns.

Remuneration decisions

The Remuneration Policy provides a framework for the Committee in carrying out its work, including remuneration decisions in relation to executive Directors. One of the core elements of Barclays approach is to deliver remuneration that is affordable and appropriate in terms of value allocated to shareholders and employees, with full consideration also being given to other relevant stakeholders such as customers, regulators and governments. A continued focus during 2010 has been to ensure that our approach to discretionary remuneration is structured in accordance with the FSA's Remuneration Code and the Financial Stability Board Implementation Standards. Work has also continued to ensure that aggregate performance award decisions balance a number of factors including the need to continue to strengthen capital ratios, to invest in the business, to grow the dividend and to protect the business franchise.

At an aggregate level, in order to ensure that a link is maintained between pay and performance, performance award decisions are made by reference to a number of quantitative and qualitative measures and are determined at the discretion of the Committee. During 2010 the role of the risk and compliance functions in remuneration governance was enhanced, building on the work done in 2009. A key element of linking pay and performance on an individual basis is the robust performance assessment framework operated across the Group. Employee behaviours are considered in the context of the principles that guide Barclays business, as set out in our Remuneration Policy.

Remuneration Policy governance

To ensure appropriate operation of the Remuneration Policy, the Committee has established frameworks for the governance of remuneration in each of the major businesses and for the Group as a whole. The frameworks are forward looking and are based on financial metrics to assist with the planning and management of remuneration in each of the key businesses. The Committee also approves strategic investment for new hires, and the remuneration arrangements of any employee with annual total remuneration equal to or in excess of a pre-determined threshold as stated in the Committee terms of reference (£750,000 in 2010). In addition, the remuneration of Code Staff is also reviewed by the Committee. For individual remuneration decisions made by the Committee, including those for executive Directors and other key senior management, the Committee reviews each element of remuneration relative to performance and to the practice of other comparable organisations. Remuneration is benchmarked against the markets in which we compete for talent.

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

Barclays financial strength

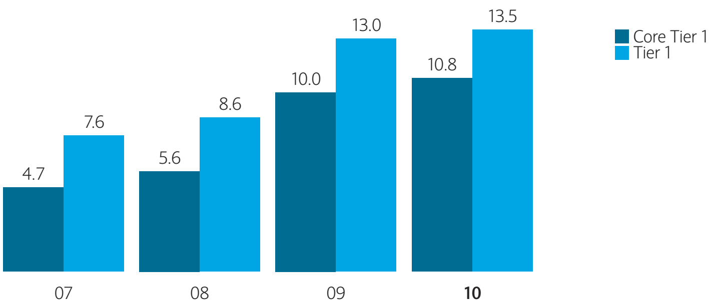
Barclays overall financial strength remains of central importance to the Group. Following the financial crisis we took an early decision to get ahead of regulatory change and manage our business to higher standards than those required by current regulation. We did this because we recognised the importance of providing stability at a time of extreme uncertainty.

Capital Management

At 31st December 2010, on a Basel II basis, the Group's Core Tier 1 ratio was 10.8% (2009: 10.0%) and the Tier 1 ratio was 13.5% (2009: 13.0%), representing a strengthening of our capital ratios ahead of the effects of expected regulatory capital changes. Retained profit contributed approximately 70bps to the increase in the Core Tier 1 ratio from 10.0% to 10.8%. Other movements in Core Tier 1 included the exercise of warrants in February and October 2010, which generated shareholders' equity of £1.5bn, contributing approximately 40bps to the Core Tier 1 ratio. The movement in the fair value of the Group's holding in BlackRock, Inc. resulted in an adverse impact of approximately 20bps on the Core Tier 1 ratio over the year.

Capital Strength

% Regulatory capital ratios



Adjusted Gross Leverage

Barclays continues to operate within limits and targets for balance sheet usage as part of its balance sheet management activities. The adjusted gross leverage was 20x as at 31st December 2010 (2009: 20x) principally as a result of a £3.9bn increase in Tier 1 Capital to £53.5bn offset by the impact of a £84.6bn increase in adjusted total tangible assets. At month ends during 2010 the ratio moved within a range from 20x to 24x, with fluctuations arising as a result of normal trading activities, primarily due to increases in reverse repurchase trading and changes in holdings of trading portfolio assets.

The Basel Committee of Banking Supervisors (BCBS) issued final guidelines for "Basel III: a global regulatory framework for more resilient banks and banking systems" in December 2010. The guidelines include a proposed leverage metric, to be implemented by national supervisors in parallel run from 1st January 2013 (migrating to a Pillar 1 measure by 2018). Based on our interpretation of the current BCBS proposals the Group's Basel III leverage ratio as at 31st December 2010 would be within the proposed limit of 33x.

Liquidity and Funding

Liquidity Pool

The Group liquidity pool as at 31st December 2010 was £154bn gross (2009: £127bn) and comprised the following cash and unencumbered assets (of which £140bn are FSA eligible). The Group maintains additional liquid assets to support ongoing business requirements such as payment services. The cost of the Group liquidity pool for 2010 is approximately £900m, an increase on the previous year. This cost has been allocated on the basis of the projected stress outflows arising in each relevant business.

	Cash and deposits with central banks £bn	Government guaranteed bonds £bn	Governments and supranational bonds £bn	Other available liquidity £bn	Total £bn
As at 31.12.10	**96**	**1**	**46**	**11**	**154**
As at 31.12.09	81	3	31	12	127

Share capital and other information

As at 31st December 2010, the Company's issued ordinary share capital totalled 12,181,940,871, which represented 100% of the total issued share capital. The Company's Articles of Association provide for Sterling, Dollar, Euro and Yen preference shares (preference shares). No preference shares have been issued to date. The rights attaching to shares, including any restrictions on transfer and any limitations on the holding of securities and requirements to obtain approvals for a transfer of securities, are set out in the Company's Articles of Association.

On a show of hands and on a poll at a general meeting, every holder of ordinary shares 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.

Employee Benefit Trusts (EBTs) operate in connection with certain of the Group's Employee Share Plans (Plans). The trustees of 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 Global and UK Sharepurchase EBTs may vote in respect of Barclays shares held in the Sharepurchase EBT, but only as instructed in those Plans in respect of their Partnership shares and (when vested) Matching and Dividend shares. The trustees will not otherwise vote in respect of shares held in the Sharepurchase EBT.

Substantial shareholders do not have different voting rights from those of other shareholders. As at 4th March 2011 (the latest practicable date for inclusion in this document), in accordance with the Disclosure and Transparency Rules, Barclays had been notified of the following holdings of voting rights in its issued ordinary share capital:

- BlackRock, Inc. 7.06%
- Qatar Holding LLC 9.91%
- Nexus Capital Investing Ltd 6.30%
- Legal & General Group Plc 3.99%

On 31st October 2008, Barclays PLC issued, in conjunction with a simultaneous issue 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. As at 31st December 2010, there were unexercised warrants to subscribe for 379.2 million ordinary shares. These warrants may be exercised at any time up to close of business on 31st October 2013.

Funding Structure
Since June 2010, the Group has reported its liquidity position against backstop Individual Liquidity Guidance (ILG) provided by the FSA. Calibration of the Group's Liquidity Framework anticipated final FSA rules and is therefore broadly consistent with current FSA standards.

The Basel Committee of Banking Supervisors (BCBS) issued its final guidelines for liquidity risk management, standards and monitoring in December 2010. These guidelines include a short term liquidity stress metric (the Liquidity Coverage Ratio (LCR)) and a longer term liquidity metric (the Net Stable Funding Ratio (NSFR)). The BCBS guidelines have yet to be implemented into European and UK law and therefore remain subject to refinement and change.

However, the Group monitors compliance against these BCBS metrics and the FSA is expected to bring its ILG metrics into line with the Basel LCR over time. Applying the expected BCBS guidelines to the Group's liquidity position as at 31st December 2010, the relevant ratios were estimated at 80% of the LCR requirement and 94% of the NSFR requirement.

Term Financing
The Group continues to attract deposits in unsecured money markets and to raise additional secured and unsecured term funding in a variety of markets. As at 31st December 2009, the Group had £15bn of publicly issued term debt maturing during 2010. The corresponding figure for 2011 is £25bn. During 2010, the Group issued approximately £35bn of term funding, comprising:

- £8bn equivalent of public senior unsecured term funding
- £4bn equivalent of public covered bonds/ABS
- £2bn equivalent of public subordinated debt
- £21bn equivalent of structured notes

This £35bn of term funding refinanced the 2010 requirement, both maturities and early repayments, as well as pre-financed some of the 2011 and 2012 maturities. Additional term funding raised in 2011 will support balance sheet growth, further extension of liability maturities and strengthening of our liquidity position.

The Group liquidity pool is sufficient to cover more than one year of wholesale maturities.

Credit Ratings
In addition to monitoring and managing key metrics related to the financial strength of Barclays, we also subscribe to independent credit rating agency reviews by Standard & Poor's, Moody's Fitch and DBRS. These ratings assess the credit worthiness of Barclays and are based on reviews of a broad range of business and financial attributes including; risk management processes and procedures; capital strength, earnings, funding, liquidity, accounting, and governance.

As at 31.12.10	Barclays PLC	Barclays Bank PLC
Standard & Poor's		
Long Term	A+	AA-
Short Term	A- 1	A- 1+
Moody's		
Long Term	A1	Aa3
Short Term	P-1	P-1
BFSR	n/a	C(Stable)
Fitch		
Long Term	AA-	AA-
Short Term	F1+	F1+
DBRS		
Long Term		AA (High)
Short Term		R-1 (High)

Other Information
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 Company's Articles of Association may only be amended by a Special Resolution at a general meeting.

The Directors may, if authorised by the shareholders in general meeting, allot Barclays shares and may buy back Barclays shares. As at 4th March 2011, the Company had an unexpired authority to repurchase shares up to a maximum of 1,203,988,028 ordinary shares.

If there is a change of control of Barclays PLC following a takeover bid, Barclays PLC must (so far as legally possible) use all reasonable endeavours to cause the corporation which then controls Barclays PLC to execute a deed poll providing that the holders of the warrants shall have the right (during the period in which the warrants are exercisable) to exercise the warrants into the class and amount of shares and other securities and property receivable upon such a takeover by the holders of the number of ordinary shares as would have been issued on exercise of the warrants had such warrants been exercised immediately prior to the completion of such takeover.

Citizenship

"Our role is to help improve the lives of our customers. We must provide mortgages, allow businesses to invest and create jobs, protect savings, pay tax, be a good neighbour in the community while also generating positive economic returns for our investors"

Bob Diamond, Chief Executive

Our key areas of focus are contributing to growth and supporting our communities. Underpinning these is a foundation of sound business principles and practice that ensures integrity in the way we do business.

Our Group Executive Committee is responsible for our overall citizenship strategy, and supports the Chief Executive in its implementation. This Committee, along with the Board, uses a robust reporting framework to review progress.

Contributing to growth

We employ nearly 150,000 people around the world. In 2010, 2,000 new jobs were created and 1,200 graduates were hired in the UK, bringing the total UK employee number to 65,000. Our global tax contributions amounted to £6.1bn, including £2.8bn paid in the UK. In addition, we paid more than £8.7bn to suppliers in 37 countries.

In 2010, Barclays provided £43bn of gross new lending in the UK including £7.5bn from the acquisition of Standard Life Bank and assisted more than 106,000 business start-ups, an increase of 12% over 2009. In South Africa, Absa's Enterprise Development Centres helped almost 5,000 new businesses to start up in 2010.

In 2010, four out of five Barclays UK business lending applications were approved

We're helping our customers, clients and other stakeholders invest in ways that contribute to growth tomorrow. We are providing financing solutions to private and public sector clients, facilitating investment in infrastructure, development and the low carbon economy.

Supporting our communities

In 2010, we committed over £55m to community programmes across 37 countries. Our programmes are driven by the passion and energy of 62,118 colleagues around the world, who volunteered their time or took part in fundraising and regular giving. These efforts benefitted 1.5 million people and supported more than 8,000 organisations.

In the last five years, Barclays employees have volunteered over one million hours in their local communities and raised more than £75m through our matched fundraising scheme

Barclays Climate Action Programme 2011-2015 is our direct response to issues concerning the environment and climate change. We are focusing on the areas where we have the greatest potential to make a difference, including:

- Managing our carbon footprint – including a commitment to reduce absolute carbon emissions by 4% by 2013 and creating an African Carbon Fund to supply seed capital to carbon mitigation projects in Africa
- Developing products and services to help enable the transition to a low-carbon economy – including financing and risk-management solutions to enable capital to flow to lower carbon opportunities
- Managing climate change risks – including collaborating with other stakeholders to manage the risks of climate change to our operations, our clients and to society at large.

Citizenship	
Contributing to growth	**Supporting our communities**
– Direct contribution, employment and economic value added – Supporting growth today: customers and clients – Investing in tomorrow	– Supporting social infrastructure – Increasing access to financial services – Investing in the community – Building a diverse workforce – Managing our environmental footprint
The way we do business	

Go online
Further information on our citizenship approach can be found online at *www.barclays.com/citizenship*

- £43bn gross new lending to UK households and businesses
- 106,000 business start-ups supported in the UK

Supporting UK SMEs

Barclays Business Support Team identifies and works with customers who are experiencing financial difficulty.

In 2010, 80% of the small and medium sized business customers with whom we agreed turnaround strategies were successfully restored to financial health.

The Business Support Team engages with a number of businesses at the earliest signs of difficulty, facilitating financial and operational advice and creating lending arrangements more suited to the long term needs of the business involved. The credit team undertakes proactive identification of financially stressed customers, with reactive engagement carried out by the Business Support Team working alongside the customer's relationship manager. This maintains close links and consistency throughout the relationship.

- £55.3m invested in our communities in 2010
- 62,000 colleagues engaged in our community programme

Investing in our communities

Barclays Spaces for Sports is a global programme that recognises the power of sport to deliver social change.

Since 2004, Barclays has committed £37m towards bringing sustainable sports sites and projects to disadvantaged communities. After launching 200 community sports sites in the UK, the programme was extended globally in 2008.

In 2010, we offered young people excluded from mainstream education across England the chance to join FairPlay, a rugby-based education programme in partnership with the children's charity Wooden Spoon, the Rugby Football Union and the Education Enterprise Trust. The initiative provides training schemes for more than 2,400 young people in pupil referral units. The scheme also includes classroom sessions where young people are taught how to manage their finances through the Barclays Money Skills programme.

- Involved in £7bn worth of total transactions in the clean energy and cleantech sector in 2010
- 5.37bn tonnes of carbon traded to date, with a notional value of £72bn

Financing a low carbon economy

Barclays assists renewable energy firms to access finance from the capital markets and offers advisory services across the sector.

The transition to a low carbon economy requires a range of solutions including new clean forms of generating energy, clean technologies and infrastructure improvements. Barclays published the *Carbon Capital* report to provide analysis of this opportunity over the next ten years.

In Ireland, Barclays has supported the expansion of the onshore wind sector and played a strategic financing role in vital energy infrastructure projects. An example of this is our central role in financing EirGrid's East West Interconnector project. This will allow Ireland to integrate more closely with Western European energy markets and release pressure on the domestic grid while still growing its low carbon generation base.

Summary financial statement
Summary consolidated income statement

For the year ended 31st December	2010 £m	2009 £m
Continuing operations		
Net interest income	**12,523**	11,918
Net fee and commission income	**8,871**	8,418
Net trading income	**8,078**	7,001
Net investment income	**1,477**	56
Net premiums from insurance contracts	**1,137**	1,172
Gains on debt buy-backs and extinguishments	**–**	1,249
Other income	**118**	140
Total income	**32,204**	29,954
Net claims and benefits incurred on insurance contracts	**(764)**	(831)
Total income net of insurance claims	**31,440**	29,123
Impairment charges and other credit provisions	**(5,672)**	(8,071)
Net income	**25,768**	21,052
Operating expenses	**(19,971)**	(16,715)
Share of post-tax results of associates and joint ventures	**58**	34
Profit on disposal of subsidiaries, associates and joint ventures	**81**	188
Gains on acquisitions	**129**	26
Profit before tax from continuing operations	**6,065**	4,585
Tax on continuing operations	**(1,516)**	(1,074)
Profit after tax from continuing operations	**4,549**	3,511
Profit after tax from discontinued operations including gain on disposal	**–**	6,777
Profit after tax	**4,549**	10,288
Profit attributable to equity holders of the parent from:		
continuing operations	**3,564**	2,628
Discontinued operations including gain on disposal	**–**	6,765
Total	**3,564**	9,393
Profit attributable to non-controlling interests	**985**	895
Earnings per share from continuing operations		
Basic earnings per ordinary share	**30.4p**	24.1p
Diluted earnings per ordinary share	**28.5p**	22.7p

Independent auditors' statement to the members of Barclays PLC

Independent auditors' statement to the members of Barclays PLC
We have examined the Summary financial statement which comprises the Summary consolidated income statement, Summary consolidated balance sheet and the Summary remuneration report set out on pages 19, 20 and 21.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the Annual Review in accordance with applicable 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 Directors' Remuneration Report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the Annual Review and consider the implications for our statement 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 428 of the Companies Act 2006 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our work in accordance with Bulletin 2008/3 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, the Directors' report and the Directors' Remuneration Report.

Summary financial statement
Summary consolidated balance sheet

The Summary consolidated income statement and the Summary consolidated balance sheet were approved by the Board of Directors on 10th March 2011 and signed on its behalf by the Group Chairman.

For the year ended 31st December	2010 £m	2009 £m
Assets		
Cash and balances at central banks	**97,630**	81,483
Items in the course of collection from other banks	**1,384**	1,593
Trading portfolio assets	**168,867**	151,344
Financial assets designated at fair value	**41,485**	42,568
Derivative financial instruments	**420,319**	416,815
Loans and advances to banks	**37,799**	41,135
Loans and advances to customers	**427,942**	420,224
Reverse repurchase agreements and other similar secured lending	**205,772**	143,431
Available for sale financial investments	**65,110**	56,483
Current and deferred tax assets	**2,713**	2,652
Prepayments, accrued income and other assets	**5,269**	6,358
Investments in associates and joint ventures	**518**	422
Goodwill and intangible assets	**8,697**	8,795
Property, plant and equipment	**6,140**	5,626
Total assets	**1,489,645**	1,378,929
Liabilities		
Deposits from banks	**77,975**	76,446
Items in the course of collection due to other banks	**1,321**	1,466
Customer accounts	**345,788**	322,429
Repurchase agreements and other similar secured borrowing	**225,534**	198,781
Trading portfolio liabilities	**72,693**	51,252
Financial liabilities designated at fair value	**97,729**	87,881
Derivative financial instruments	**405,516**	403,416
Debt securities in issue	**156,623**	135,902
Accruals, deferred income and other liabilities	**13,233**	14,241
Current and deferred tax liabilities	**1,160**	1,462
Subordinated liabilities	**28,499**	25,816
Provisions	**947**	590
Retirement benefit liabilities	**365**	769
Total liabilities	**1,427,383**	1,320,451
Shareholders' Equity		
Shareholders' equity excluding non-controlling interests	**50,858**	47,277
Non-controlling interests	**11,404**	11,201
Total shareholders' equity	**62,262**	58,478
Total liabilities and shareholders' equity	**1,489,645**	1,378,929

Opinion

In our opinion the Summary financial statement is consistent with the full annual financial statements and the Directors' Remuneration Report of Barclays PLC for the year ended 31 December 2010 and complies with the applicable requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
10th March 2011

Governance and accountability

In 2010, the world economy began to recover from the most significant shock it has experienced in generations. This gradual recovery has allowed the Board to shift its focus from dealing with the immediacy of events to formulating and developing a long-term strategy for the post-crisis world. A particular focus has been to ensure that the Group can earn a return on equity in excess of its cost of equity.

Our agenda in 2010 was shaped by the uncertain regulatory environment, the strategic challenges and opportunities that regulatory developments may present for our business model, and how we should respond. Our strategy discussions culminated at our dedicated strategy meeting in November, at which we reviewed each business portfolio with a view to assessing which businesses are producing, or are capable of producing, returns over the cost of equity. 2010 also saw significant debate and regulatory action with respect to remuneration in the banking sector and Sir Richard Broadbent, Chairman of the Board Remuneration Committee, reports to you on page 19 on the work of the Committee in 2010.

Another focus in 2010 was Board composition, including the appointment of Bob Diamond as Chief Executive, which I discuss in more detail opposite. The succession process was critical in ensuring that we have the right leadership in place to deliver our strategy in the new regulatory environment.

There has been much recent debate around Board diversity, in particular, the representation of women on the boards of companies. We recognise the importance of diversity on boards and support the recommendation of the UK Corporate Governance Code that UK boards should have regard to diversity, including gender, when making board appointments. We believe, however, that diversity is about more than gender; it is about ensuring that there is an appropriate range and balance of skills, experience and background on the Board. As a global banking group, we believe it is important to maintain a majority of independent non-executive Directors on the Board, with approximately 50% having banking or financial experience. We were fortunate to be joined this year by Dambisa Moyo and Alison Carnwath: they both bring relevant, financial and other experience to the Board and these appointments have widened the range of perspectives brought to our Board deliberations.

2010 again saw us hold a number of additional Board and Board Committee meetings over and above our regular, scheduled meetings. Non-executive Directors have continued to make themselves available, often at short notice, and each of them has been unstinting in the time they are prepared to commit to Barclays. Our Charter of Expectations, which is available on our website, sets out the expectations that the Board of Barclays demands of its Directors. This includes a detailed role profile and key performance indicators for each of the key positions on the Board.

On joining the Board, each non-executive Director is provided with a bespoke induction which involves meetings with each executive Director, members of the Group Executive Committee, and key senior executives responsible for business areas and functions. The meetings focus on the challenges, opportunities and risks facing Barclays. On appointment to a Board committee, non-executive Directors are provided with a further Committee specific induction. We believe that induction and professional development are critical to ensure that Directors can perform effectively and seek to make sure that all Directors have appropriate knowledge of the company and access to its operations and staff by arranging regular briefing sessions for our non-executive Directors. In 2010 non-executive Directors attended briefings on 'Treating Customers Fairly', Barclays Capital, Derivatives and Risk Based Pricing.

After careful consideration, and in light of the recommendations of the UK Corporate Governance Code, the Board has agreed that each of the Directors will submit themselves for re-election at the Company's AGM to be held on Wednesday 27th April 2011.

Marcus Agius

Marcus Agius
Group Chairman

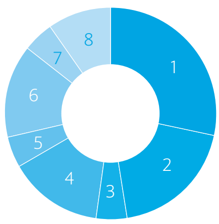
10th March 2011

Appointing a new Chief Executive

We began our search for a successor to John Varley by drawing up the role requirements for the Chief Executive position, covering both the general background/experience required and the desired attributes across a range of key competencies. Essential, of course, was that the next Chief Executive should have financial services experience and, given the size of our investment banking business following the Lehmans acquisition, we felt that knowledge and experience of investment banking would be essential. The attributes we sought included a proven track record in strategic thinking, in business leadership and execution of strategy, in leading and developing people and building capability. We also sought candidates who could lead and manage change, who could work with and influence multiple stakeholders and who had a strong awareness of and commitment to risk management, control and governance.

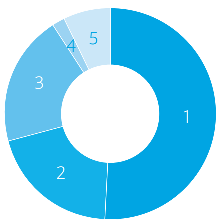
It was evident to us from an early stage that Bob Diamond was a strong internal candidate to succeed John. Nonetheless, it was important that we tested the market and we conducted a benchmarking exercise against potential external candidates, who were identified with the assistance of a search consultant, before coming to a recommendation. We also felt that, if possible, the exercise should be carried out discreetly in order to minimise any risk of disruption to the business. Having fully tested the market and assessed all candidates against the role requirements, we agreed to recommend to the Board the appointment of Bob Diamond. The recommendation followed meetings between Bob and all the non-executive Directors in order that he could set out his vision and strategic priorities for the Group and respond to questions and challenge. We announced on 7th September 2010 that Bob would succeed John on 1st April 2011 following a transition and handover period. I am pleased to say that the transition period went smoothly and we were able to bring forward the handover date to 1st January 2011, which we announced on 17th December 2010.

Industry/background experience[a]



	2010
1 Financial services	6
2 Accountancy/financial background	4
3 Retail/marketing	1
4 Government experience	3
5 Business School	1
6 Corporate Finance	3
7 International (Europe)	1
8 International (US)	2

Board allocation of time



	2010 %	2009 %
1 Strategy Formulation and Implementation Monitoring	51	22
2 Finance (including capital and liquidity)	20	25
3 Governance and Risk (including regulatory issues)	20	13
4 Corporate Finance	2	33
5 Other (including compensation)	7	7

Note
a Individual Directors may fall into one or more categories.

Shareholder information
Your Barclays shareholding

Barclays e-view

You do not have to receive paper shareholder documentation from us. 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 shareholding and Barclays.

Our new look Barclays e-view is an easy and convenient way to:

– access your Barclays shareholding details and check share sales, purchases or transfers;

– receive important shareholder information directly to your inbox;

– view dividend information, including electronic tax vouchers;

– change your address and bank details online;

– see shareholder documents such as the Annual Review, Annual Report or Results Announcements online; and

– register your voting instructions for General Meetings.

Why not log on to Barclays e-view and see the benefits for yourself in 3 easy steps?

3 step guide to Barclays e-view

Step 1
Go to *www.eviewsignup.co.uk*

Step 2
Register for electronic communications by following the instructions onscreen

Step 3
You will be sent a secure access number in the post the next working day

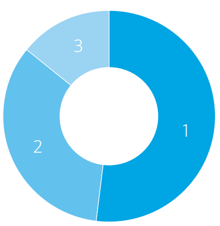
Your dividends

It is our policy to pay cash dividends on a quarterly basis. There will be three equal quarterly payments in June, September and December and a final variable payment in March each year.

Receiving your dividends

A majority of shareholders mandate their dividends to their bank or building society accounts. It is safer, quicker and easier for your dividends to be paid directly to you. You may be charged if you lose your dividend cheque and we have to reissue it to you. If you haven't already arranged to mandate your dividend and you hold 1,500 shares or less, phone the Barclays Shareholder Helpline. For your security, if you hold more than 1,500 shares, you will need to write to The Registrar or you can download a form online at *www.barclays.com/investorrelations*

How Barclays shareholders receive their dividends



1	Bank mandate	52%
2	Cheque	34%
3	Dividend Reinvestment Plan (DRIP)	14%

Key dates

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

18th March 2011
2010 Final dividend payment date

27th April 2011
Barclays 2011 Annual General Meeting

10th June 2011
2011 First interim dividend payment date

9th September 2011
2011 Second interim dividend payment date

9th December 2011
2011 Third interim dividend payment date

Alternative formats

Shareholder documentation can be provided in large print, audio or Braille free of charge by calling the Barclays Shareholder Helpline.
0871 384 2055* (in the UK)
+44 121 415 7004 (from overseas)

Audio versions of the Annual Review will also be available at the AGM.

Contact information

The Registrar to Barclays

If you have any questions about your Barclays shares, please contact The Registrar to Barclays.

Phone
Barclays Shareholder Helpline
0871 384 2055* (from the UK)
+44 121 415 7004 (outside the UK)

Email
questions@share-registers.co.uk

Barclays e-view FAQs
www.eviewsignup.co.uk

Post
The Registrar to Barclays
Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA
United Kingdom

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

Share price

Information on the Barclays share price is available at *www.barclays.com/investorrelations.*

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 300 4161 (in the UK)**
+44 141 352 3909 (outside the UK)

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*
or alternatively write to:
Shareholder Relations
Barclays PLC
1 Churchill Place, London E14 5HP

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)20 7930 3737.

*Calls to this number are charged at 8p per minute if using a BT landline. Call charges may vary if using other telephone providers. Lines are open from 8.30am to 5.30pm Monday to Friday.

**Calls to 0845 numbers from a BT residential line will cost no more than 4p per minute, plus 10.9p call set-up fee (correct as at October 2010). The price on non-BT phones may be different; please check with your service provider. Calls may be recorded to monitor the quality of our service, to check instructions and for security purposes.

Full Annual Report

The Annual Review and Summary Financial Statement is only a summary of information in the Barclays PLC Annual Report 2010.

Please note that this Annual Review, Summary Financial Statement and Summary remuneration report does not contain sufficient information to allow a full understanding of the results of the Group and the state of affairs of the Company or of the Group. For further information consult the Annual Report 2010. You can obtain a copy of the Annual Report 2010 and may also elect to receive all future Annual Reports, free of charge, by telephoning our Registrar on 0871 384 2055* or you can view a copy at: *www.barclays.com/annualreport10*

The Annual Report 2010 contains the Directors' report, the Remuneration report, the Auditors' report and the Financial Statements.

The Auditors' report on the full accounts for the year ended 31st December 2010 was unqualified and did not include a statement under sections 498(2) (accounting records or returns inadequate or accounts not agreeing with records and returns) or 498(3) (failure to obtain necessary information and explanations) of the Companies Act 2006.The statement under section 496 (whether Directors' report is consistent with accounts) was unqualified.

Go online
For more information on our Annual Report go to *www.barclays.com/annualreport10*

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

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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', 'expect', '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 continued 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, 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).