

BARCLAYS PLC  
Form 6-K  
November 16, 2007

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

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**FORM 6-K**

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**REPORT OF FOREIGN PRIVATE ISSUER**  
**PURSUANT TO RULE 13A-16 OR 15D-16**  
**UNDER THE SECURITIES EXCHANGE ACT OF 1934**

15 November 2007

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**Barclays PLC and**  
**Barclays Bank PLC**

(Names of Registrants)

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1 Churchill Place

London E14 5HP

England

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

## Edgar Filing: BARCLAYS PLC - Form 6-K

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENTS ON FORM F-3 (NOS. 333-145845) AND FORM S-8 (NOS. 333-112796, 333-112797) OF BARCLAYS BANK PLC AND THE REGISTRATION STATEMENT ON FORM S-8 (NO. 333-12818) OF BARCLAYS PLC AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED

This Report is a joint Report on Form 6-K filed by Barclays PLC and Barclays Bank PLC. All of the issued ordinary share capital of Barclays Bank PLC is owned by Barclays PLC.

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15th November 2007

**BARCLAYS PLC**

**OCTOBER YEAR TO DATE TRADING PERFORMANCE**

**AT BARCLAYS CAPITAL AHEAD OF RECORD PRIOR YEAR PERIOD**

*This announcement briefs stakeholders on the performance of Barclays Capital during the first ten months of the year. It continues a pattern of performance commentary that we have given during the last three months. Today's extensive disclosure demonstrates the strength and resilience of our performance during the year and in particular during the turbulent month of October.*

**John Varley, Group Chief Executive**

Barclays today issues the following update on its capital markets trading performance and exposures:

Net income and profit before tax for the ten months to 31<sup>st</sup> October 2007 ahead of record prior year period

Strength and diversity of income generation enabling absorption of write downs

Significant reduction in exposures through proactive risk management

*The diversity of our business, our strong risk management and our focus on execution and clients has allowed Barclays Capital to deliver year to date performance in 2007 ahead of last year's record October year to date profits.*

**Robert E Diamond Jr, President**

**Barclays Capital October 2007 year to date**

Barclays Capital's net income and profit before tax for the ten months ended 31 October 2007 exceeded the record net income and profits of the equivalent prior year period. Profit before tax of £1.9bn for the period was after booking credit, mortgage and leveraged finance related charges and write downs of £0.5bn net of hedging in the third quarter (reflected in our previous statements to the market); and an additional £0.8bn net charges and write downs in October. The charges and write downs are stated net of a gain of £0.2bn in each of the third quarter and October arising from the fair valuation of notes issued by Barclays Capital. The October charges and write downs reflected the impact of rating agency downgrades on a broad range of CDOs and the subsequent market downturn.

The overall performance reflected the benefit of proactive risk management throughout 2007 and Barclays Capital's diverse revenue base, with strong growth across commodity, equity, currency and interest rate products; and excellent contributions from continental Europe and Asia and good results in the UK markets.

**Sub Prime ABS Positions**

Barclays Capital's involvement in the US sub-prime sector comprises liquidity facilities to CDOs and other structures, now held as ABS CDO Super Senior exposure; and other exposures consisting of warehouse lines provided to third-party originators, whole loan purchases, and ABS and CDO trading positions.

ABS CDO Super Senior Exposure

Liquidity facilities to CDOs and other structures primarily held on our banking book were principally in support of CDO high grade and mezzanine structures originated by Barclays Capital. The liquidity facilities have now been drawn and Barclays Capital consequently holds ABS CDO super senior exposure. The CDO structures were originated between 2005 and the first half of 2007, with the older structures benefiting from better performing collateral. Over half of the collateral underlying these structures was 2005 or earlier vintages and more than three quarters was originated prior to the second half of 2006.

Prior to October, we used cash flow analysis to estimate impairment for the originated high grade and mezzanine ABS CDO positions in the banking book. To do this, we considered observable data for relevant benchmark instruments, implied cumulative losses in mortgage pools and the likelihood of events of default in underlying ABS CDO collateral. For the trading book, we assessed fair value with reference to observable market benchmarks, including the ABX indices.

In October, further to the rating agency downgrades and subsequent market downturns, we valued the following collateral underlying our ABS CDO super senior exposures as follows:

all RMBS backed CDO collateral written down to zero, only retaining valuation in expected interest payments where appropriate

all second lien collateral written down to zero.

In October, we also assessed additional impairment on mezzanine transactions in the banking book using projected cash flows, as calculated for the trading book and the potential for these structures to hit default triggers by the end of 2008.

Write downs, charges, hedges and subordination provide protection against loss levels of 65% of sub prime collateral across both high grade and mezzanine transactions.

At 31<sup>st</sup> October 2007, Barclays Capital's high grade exposure net of hedges and subordination was £3.8bn (30<sup>th</sup> June 2007: £5.8bn) after charges and write downs net of hedges in the third quarter of £0.3bn and a further £0.4bn in October 2007. At 31<sup>st</sup> October 2007, Barclays Capital's mezzanine exposure net of hedges and subordination was £1.2bn (30<sup>th</sup> June 2007: £1.6bn) after charges and write downs net of hedges in the third quarter of £0.1bn and a further £0.3bn in October 2007.

Other US Sub Prime Exposure

Barclays Capital provided secured financing lines to third-party mortgage originators in advance of securitisations, and also purchased pools of mortgages ( whole loans ) for Barclays Capital's own account in anticipation of its own securitisations. At the end of March 2007, we acquired EquiFirst, a mortgage originator, who, from that point, originated the large majority of the whole loans we have acquired. Excluding the whole loans we originated through EquiFirst, at the beginning of January 2007 our warehouse and whole loan positions totalled £4.3bn and we had reduced these positions to £0.8bn by 30<sup>th</sup> June 2007 and £0.4bn at 31<sup>st</sup> October 2007.

Since acquiring EquiFirst, we have progressively tightened underwriting criteria, and our EquiFirst mortgage origination has been at an average LTV of 82%, with only 4% of origination above a 95% LTV. In addition, 99% of the exposure was first lien. Whole loan inventory is held in a trading book at fair value determined with reference to current market parameters for the underlying mortgage pools.

ABS and CDO positions held on the trading book were acquired for market-making, ABS and CDO structuring purposes. These positions, which include ABS bonds, CDOs and sub prime residuals, are valued by reference to observable transactions including the level of the ABX indices and on a pool-by-pool basis, implied cumulative loss projections. RMBS backed CDOs have been valued consistently to the ABS CDO super senior exposure as noted above.

Whole loan and trading book valuations gave rise to a £0.2bn write down net of hedges in the third quarter and a further £0.2bn write down net of hedges in the month of October. At 31<sup>st</sup> October 2007, Barclays Capital's whole loan and trading book net exposure was £5.4bn (30<sup>th</sup> June 2007: £6.0bn).

#### **SIVs and SIV-lites**

Our trading book inventory at 31<sup>st</sup> October 2007 included £0.2bn of assets from the drawdown of SIV-lite liquidity facilities (30<sup>th</sup> June 2007: £0.7bn). Our exposure to SIVs was £0.7bn comprising derivative exposures, undrawn CP backstop facilities and bonds held in our trading book (30<sup>th</sup> June 2007: £0.9bn). We have no further undrawn backup liquidity facilities for SIVs or SIV-lites. Cumulative write downs on SIVs and SIV-lites to 31<sup>st</sup> October 2007 were £70m.

#### **Leveraged Finance and Own Credit**

October year to date income was also impacted by reduced demand for leveraged finance. At 31<sup>st</sup> October 2007, Barclays Capital had £7.3bn in exposure from unsold underwriting positions down from a peak exposure of £9.0bn during September (30<sup>th</sup> June 2007: £7.3bn), and less than £20m exposure to equity bridges (30<sup>th</sup> June 2007: £82m). We have performed a detailed analysis of the unsold underwriting positions in the portfolio with reference to both credit quality and observable market transactions. As a result of this exercise, we have written down the carrying value of the exposures by £190m, which after fees of £130m produced a provision of £60m.

The general widening of credit spreads that contributed to the leveraged finance write-downs also reduced the carrying value of the £55bn traded debt held on Barclays Capital's balance sheet. We have therefore recognised gains of £0.2bn in each of the third quarter and October 2007.

#### **Other capital markets business**

Barclays other business with significant capital markets presence is Barclays Global Investors, which has continued to perform well in the third quarter and in October.

#### **Liquidity and Funding**

Barclays liquidity position remains very strong both for its own paper and paper issued by its sponsored conduits. We have benefited from significant inflows of deposits, increased credit lines from counterparties, increased client flows across many businesses and continued full funding of our conduits.

Barclays exposure to its own conduits through undrawn backstop liquidity facilities was £19.0bn as at 31<sup>st</sup> October 2007 (30<sup>th</sup> June 2007: £21.7bn). The Barclays-sponsored vehicles are long established and are fully funded through CP issuance. All are fully consolidated on the Barclays balance sheet on an available-for-sale basis at fair value.

**Barclays will provide its normal scheduled trading update on 27<sup>th</sup> November 2007.**

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**Summary of Barclays Capital net charges and write downs**

£bn	Net charges and write downs		Comments
	Q3 2007	Oct 2007	
<b>ABS CDO Super Senior</b>			
High Grade	(0.3)	(0.4)	All RMBS CDO principal valued at zero  All second lien collateral valued at zero  Sub Prime collateral marked down 50%
Mezzanine	(0.1)	(0.3)	As above  Used fair value with impairment horizon to 2008
<b>Other US Subprime</b>			
Whole loans and trading book positions	(0.2)	(0.2)	Trading book assessed at fair value based on current market parameters
SIVs/SIV-lites	(0.1)	0.0	Minimal sub prime exposure in SIVs  No undrawn SIV-lite facilities
<b>Leveraged Finance / Own Credit</b>	<b>0.2</b>	<b>0.1</b>	
<b>Net Charges and Write Downs in the period</b>	<b>(0.5)</b>	<b>(0.8)</b>	

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**Barclays Capital Trading Update conference call and webcast details**

The briefing will be available as a live conference call at 08.30 (GMT) on Thursday, 15th November 2007. The telephone number for UK callers is 0845 301 4070 (+44 (0) 20 8322 2723 for all other locations), with the access code Barclays Update . The briefing will also be available as a live audio webcast on the Investor Relations website at: [www.investorrelations.barclays.com](http://www.investorrelations.barclays.com) and a recording will be posted on the website later.

**For further information please contact**

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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. 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 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, impairment charges, business strategy, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, the further development of standards and interpretations under 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, as well as UK domestic and global economic and business conditions, market related risks such as changes in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, progress in the integration of Absa into the Group's business and the achievement of synergy targets related to Absa, the outcome of pending and future litigation, 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 by or on behalf of Barclays speak only as of the date they are made. Barclays does not undertake to update forward-looking statements to reflect any changes in Barclays expectations with regard thereto or any changes 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 SEC.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

BARCLAYS PLC  
(Registrant)

Date: November 15, 2007

By: /s/ Patrick Gonsalves  
Name: Patrick Gonsalves  
Title: Deputy Secretary

BARCLAYS BANK PLC  
(Registrant)

Date: November 15, 2007

By: /s/ Patrick Gonsalves  
Name: Patrick Gonsalves  
Title: Joint Secretary