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Comptroller of the Currency  
Administrator of National Banks

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Western District Office  
1225 17<sup>th</sup> Street, Suite 300  
Denver, Colorado 80202  
720-475-7650; Fax: 301-333-7010

**Conditional Approval #839**  
**March 2008**

February 27, 2008

Frank Ryan  
Chief Financial Officer  
Barclays Global Investors, National Association  
45 Fremont Street  
P.O. Box 7101  
San Francisco, California 94120-7101

Re: Reduction in Permanent Capital  
Barclays Global Investors, National Association  
OCC Control No.: 2008-WE-12-0048

Dear Mr. Ryan:

I conditionally approve Barclays Global Investors, National Association, (Bank) reducing its permanent capital by \$270 million by means of a reduction in the capital surplus account of the bank, as outlined in your letter dated February 19, 2008. This conditional approval is granted based on a thorough review of all information available, including the representations and commitments made in the application and by the bank's representatives. The proposal meets the requirements of 12 C.F.R. 5.46 and is consistent with related laws and the policies of the Office of the Comptroller of the Currency (OCC).

This approval is subject to the following conditions:

- 1) Capital Requirements:
  - a) Upon consummation of the proposed capital reduction and thereafter, the Bank shall maintain a minimum of \$325 million in Tier 1 capital.
  - b) If the Bank fails to maintain Tier 1 capital in the amount of \$300 million, the Bank shall be deemed to be "undercapitalized" for purposes of 12 U.S.C. 1831o and 12 C.F.R. Part 6 and the OCC shall have the authority to take any action authorized under all the provisions of 12 U.S.C. 1831o and 12 C.F.R. Part 6 applicable to an undercapitalized national bank. For purposes of section 1831o(e)(5), an action "necessary to carry out the purpose of this section" shall

include restoration of the Bank's capital so that it is not "undercapitalized," and any other action deemed advisable by the OCC to address the Bank's capital deficiency or the safety and soundness of its operations.

## 2. Significant Change in Business

- a) The Bank shall provide prompt written notification to the OCC Supervisory Office of any proposed significant change to its existing operations. The notification should be made as soon as possible, and not less than sixty (60) days prior to the change. When the change is not anticipated or known sixty (60) days in advance, notification shall be provided as soon as possible.
- b) A significant change for the purposes of this condition is defined as "a material variance from the Bank's current operations." Significant changes may include, but are not limited to: changes in the Bank's strategy or philosophy; scope of activities; lines of business; funding sources; markets; delivery systems; outsourcing activities; senior management or director positions; employee stock ownership or compensation plans; or relationships with its subsidiaries or affiliates that could have a material impact on the bank.

## 3. Access to Information

- a) In response to an OCC request, when the OCC deems it necessary to its supervision of the Bank, including determining and enforcing compliance with the National Banking Act, the International Banking Act, and other applicable federal law, and to the extent not otherwise prohibited under local law, the Bank will provide to the OCC information that relates to the condition of the Bank's subsidiaries and affiliates. This may include access to, and where requested, copies of, books and records, including audit and regulatory reports, and other information as the OCC may request without regard to the location of the information.
  - i) To the extent that the provision of such information to the OCC may be prohibited by local law, the Bank will as necessary advise any regulator or authority that the Bank has no objection to such regulator or authority communicating with the OCC, or sharing information with the OCC (including examination reports and reports filed by such subsidiary with any such regulator) and the Bank will otherwise cooperate with the OCC to obtain any necessary consents or waivers that might be required from third parties for disclosure of such information.
  - ii) To the extent that information requested by the OCC on a Bank subsidiary or affiliate is not in the possession, custody, or control of the Bank, the Bank shall make its best efforts to obtain such information, and to obtain

waivers of confidentiality and consents that would permit OCC access to the information.

- b) This condition does not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any action affecting the Bank pursuant to federal law, including pursuant to 12 U.S.C. § 161 and 12 U.S.C. § 481.

The conditions of this approval are conditions “imposed in writing by the agency in connection with the granting of any application or other request” within the meaning of 12 USC 1818(b)(1). As such, the conditions are enforceable under 12 USC 1818.

On March 28, 2003 and February 2, 2006, the OCC conditionally approved separate requests for the Bank to reduce its capital surplus. The conditions listed above replace the conditions of our prior approvals.

Pursuant to 12 USC 59, a reduction in capital stock requires approval by shareholders owning at least two-thirds of the bank’s capital stock and, if necessary, amendments to the Articles of Association. Also, following the completion of the transaction, the bank must advise the OCC of the effective date of the decrease.

The change in capital should be completed within one year of the date of this letter.

This conditional approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States (U.S.), any agency or entity of the U.S., or any officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

Please direct any questions concerning this approval to Licensing Specialist Lois Archuletta at (720) 475-7650.

A separate letter is enclosed requesting your feedback on how we handled your application. We would appreciate your response so we may improve our service.

Sincerely,

*signed*

Ellen Tanner Shepherd  
Director for District Licensing