



Comptroller of the Currency
Administrator of National Banks

Licensing Section (Applications)

Western District Office
50 Fremont Street, Suite 3900
San Francisco, California 94105-2292

March 28, 2003

**Conditional Approval 585
April 2003**

Mr. Frank Ryan
Co-Chief Financial Officer
Barclays Global Investors, N.A.
45 Fremont Street
San Francisco, California 94120

**Re: Reduction in Permanent Capital
 Barclays Global Investors, N.A.
 San Francisco, California – Charter Number 22121
 OCC Control Number: 2003-WE-12-0032**

Dear Mr. Ryan

The Comptroller of the Currency (OCC) has approved Barclays Global Investors, N.A.'s, San Francisco, California (the "Bank") proposal to reduce permanent capital in the amount of \$155 million as outlined in your letter of February 14, 2003.

This approval is based on a through review of all information available, including the representations and commitments made in the application and by the Bank's representatives.

This approval is subject to the following conditions which shall be "conditions imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. § 1818, and, as such, are enforceable under 12 U.S.C. § 1818.

1) Capital Requirements

- a) Upon consummation of the Proposed Capital Reduction and thereafter, the Bank shall maintain a minimum of \$215 million in Tier 1 capital.

- b) If the Bank fails to maintain Tier 1 capital in the amount of \$185 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 these special conditions 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 relationship with its subsidiaries or affiliates that could have a material impact on the Bank.
- c) The requirement of prior written notification will expire three years after the effective date of this application as long as the Bank is deemed to be "well capitalized" by the OCC.

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.

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.

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

The 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 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.

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.

If you have any questions, feel free to contact Sherry R. Gorospe, Licensing Analyst at (415) 545-5922.

Sincerely,
/s/ James A. Bundy
James A. Bundy
Licensing Manager

Enclosure