

Report Prepared On: 02/02/13

## Structured Product Details

**Name** Notes linked to iShares Dow Jones US Real Estate Index Fund

**Issue Size** \$1.50 million  
**Issue Price** \$1,000  
**Term** 15 Months  
**Annualized Coupon** 0.00%

**Pricing Date** July 13, 2012  
**Issue Date** July 18, 2012  
**Valuation Date** October 15, 2013  
**Maturity Date** October 18, 2013

**Issuer** Barclays  
**CDS Rate** 141.95 bps  
**Swap Rate** 0.91%

**Reference Asset** iShares Dow Jones US Real Estate Index Fund  
**Initial Level** \$65.21  
**Dividend Rate** 3.35%  
**Implied Volatility** 21.26%  
**Delta<sup>1</sup>** 0.66

**Fair Price at Issue** \$969.27

**CUSIP** 06741TCS4  
**SEC Link** [www.sec.gov/Archives/edgar/data/312070/000119312512304718/d381704d424b2.htm](http://www.sec.gov/Archives/edgar/data/312070/000119312512304718/d381704d424b2.htm)

## Related Research

**Research Papers:**  
[www.slcg.com/research.php](http://www.slcg.com/research.php)

- "Are Structured Products Suitable for Retail Investors?" December 2006.
- "Structured Products in the Aftermath of Lehman Brothers," November 2009.
- "What TiVo and JP Morgan Teach Us about Reverse Convertibles," June 2010.

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## Notes linked to iShares Dow Jones US Real Estate Index Fund

### Description

Barclays issued \$1.50 million of Notes linked to iShares Dow Jones US Real Estate Index Fund on July 18, 2012 at \$1,000 per note.

These notes are Barclays-branded Buffered PLUS securities that do not pay periodic coupons, but instead pay a single amount at maturity depending on the final level of iShares Dow Jones US Real Estate Index Fund.

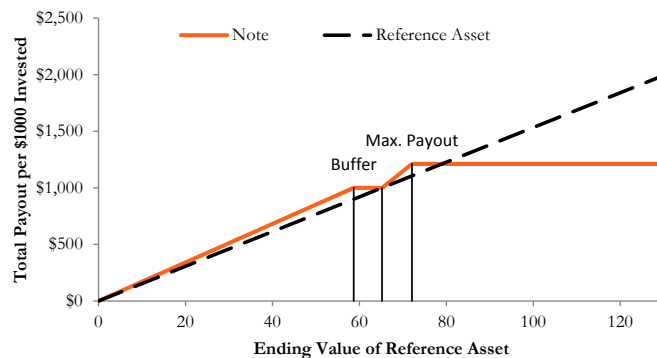
If on October 15, 2013 iShares Dow Jones US Real Estate Index Fund's share price is higher than \$65.21, but lower than \$72.10, the notes pay a return equal to the percentage increase in iShares Dow Jones US Real Estate Index Fund multiplied by 2.0, up to a cap of 21.14%. If on October 15, 2013 the refe is below \$65.21 but not below \$58.69, investors receive \$1,000 face value per note. If iShares Dow Jones US Real Estate Index Fund's share price on October 15, 2013 is lower than \$58.69, investors receive face value per note reduced by 1.11 times the amount the reference asset is below \$58.69 as a percent of the initial level, \$65.21.

### Valuation

This product can be valued as a combination of a note from Barclays, 1.11 short out-of-the-money put options, two long at-the-money call options, and two short out-of-the-money call options. For reasonable valuation inputs this note was worth \$969.27 when it was issued on July 18, 2012 because the value of the options investors gave Barclays plus the interest investors would have received on Barclays's straight debt was worth \$30.73 more than the options investors received from Barclays.

There is no active secondary market for most structured products. Structured products, including this note, therefore are much less liquid than simple stocks, bonds, notes and mutual funds. Investors are likely to receive less than the structured product's estimated market value if they try to sell the structured product prior to maturity. Our valuations do not incorporate this relative lack of liquidity and therefore should be considered an upper bound on the value of the structured product.

### Payoff Curve at Maturity

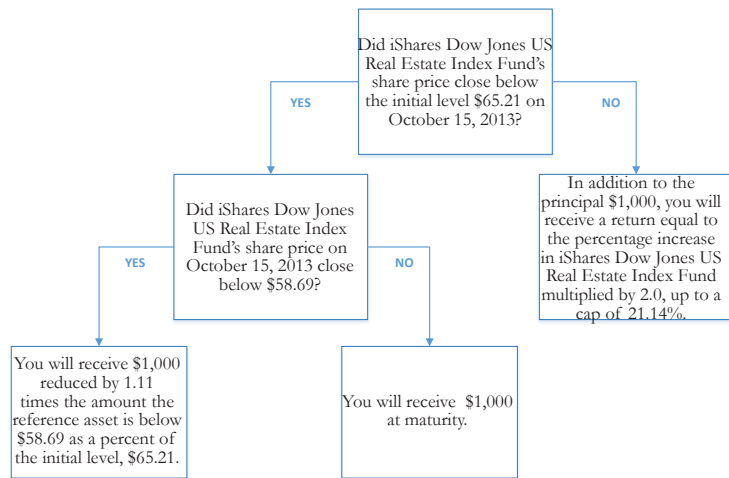


The payoff diagram shows the final payoff of this note given iShares Dow Jones US Real Estate Index Fund's share price (horizontal axis). For comparison, the dashed line shows the payoff if you invested in iShares Dow Jones US Real Estate Index Fund directly.

### Principal Payback Table

iShares Dow Jones US Real Estate Index Fund	Note Payoff
\$0.00	\$0.01
\$6.52	\$111.12
\$13.04	\$222.23
\$19.56	\$333.34
\$26.08	\$444.45
\$32.61	\$555.56
\$39.13	\$666.67
\$45.65	\$777.78
\$52.17	\$888.89
\$58.69	\$1,000.00
<b>\$65.21</b>	<b>\$1,000.00</b>
\$71.73	\$1,200.00
\$78.25	\$1,211.40
\$84.77	\$1,211.40
\$91.29	\$1,211.40
\$97.82	\$1,211.40

### Maturity Payoff Diagram

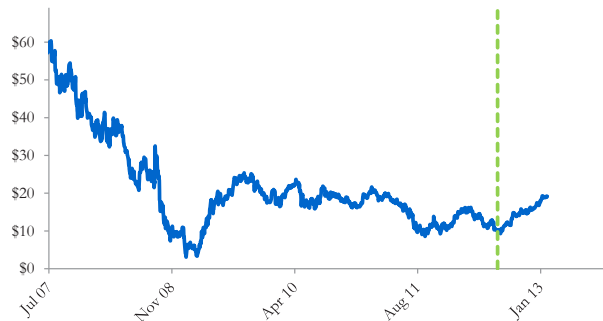


The contingent payoffs of this Note.

### Analysis

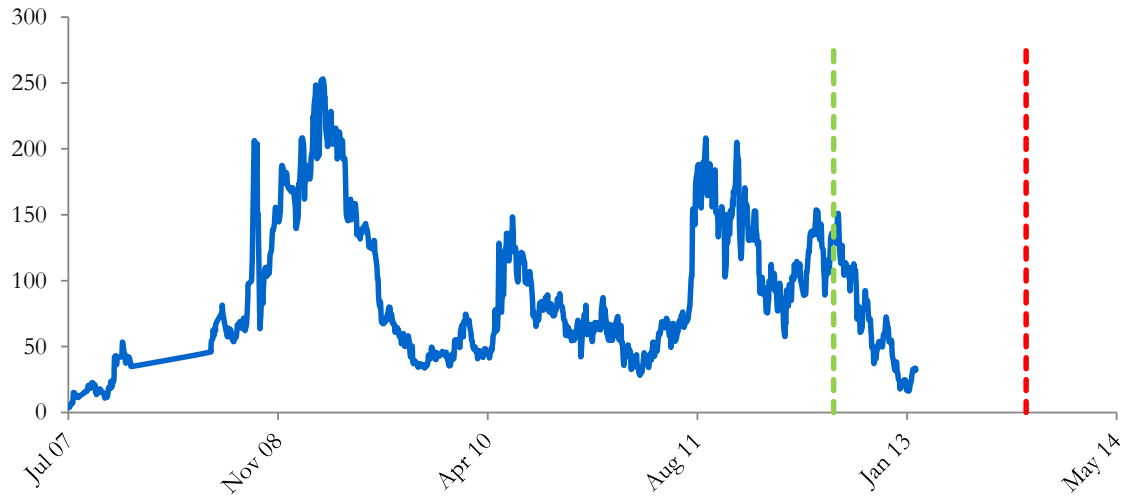
This Note pays investors the increase in iShares Dow Jones US Real Estate Index Fund multiplied by 2.0 capped at 21.14%, but if iShares Dow Jones US Real Estate Index Fund declines over the term of the note, investors will suffer losses equal to the percentage decline in iShares Dow Jones US Real Estate Index Fund. In addition, investors bear the credit risk of Barclays. Investors purchasing this Note effectively sell at-the-money put and out-of-the-money call options to Barclays, buy at-the-money call options, and a zero-coupon note from Barclays. This Note is fairly priced if and only if the market value of the options investors received from Barclays equals the market value of the options investors gave Barclays plus the interest investors would have received on Barclays's straight debt.

### Barclays's Stock Price



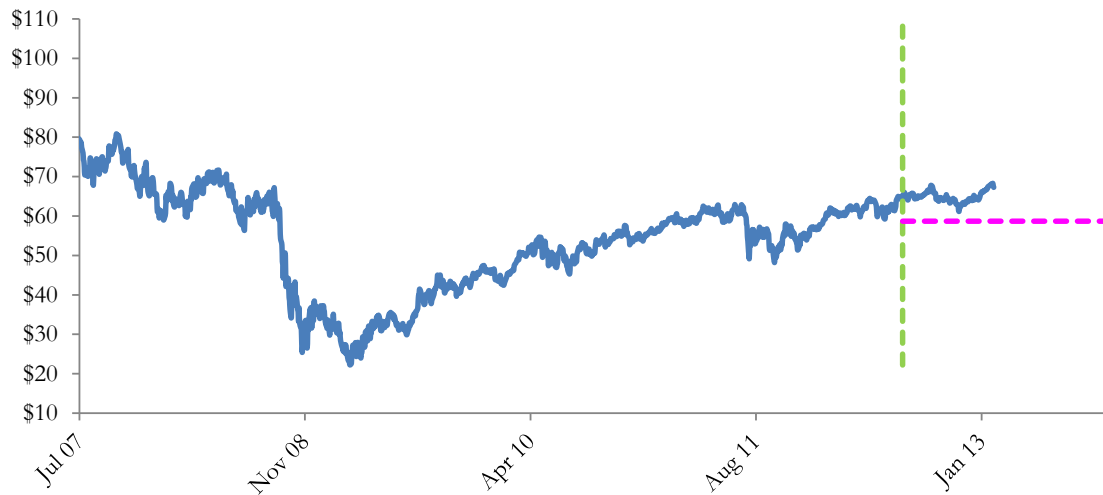
The graph above shows the adjusted closing price of the issuer Barclays for the past several years. The stock price of the issuer is an indication of the financial strength of Barclays. The adjusted price shown above incorporates any stock split, reverse stock split, etc.

### Barclays's CDS Rate



Credit default swap (CDS) rates are the market price that investors require to bear credit risk of an issuer such as Barclays. CDS rates are usually given in basis points (bps). One basis point equals 0.01%. Higher CDS rates reflect higher perceived credit risk, higher required yields, and therefore lower market value of Barclays's debt, including outstanding Note. Fluctuations in Barclays's CDS rate impact the market value of the notes in the secondary market.

### iShares Dow Jones US Real Estate Index Fund's Share Price

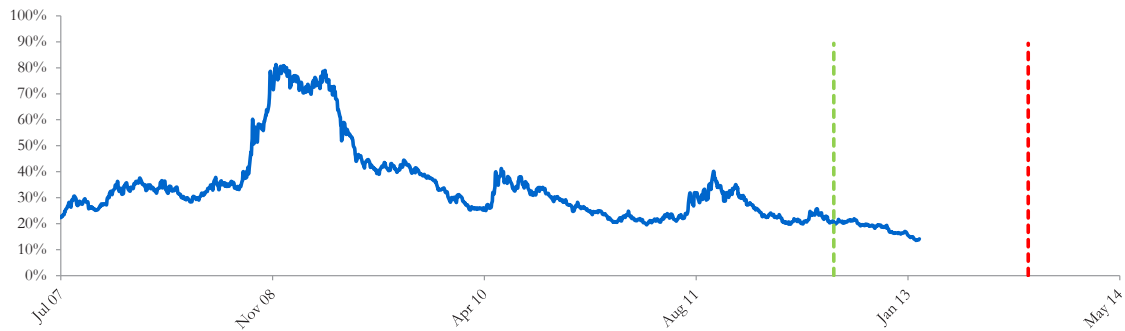


The graph above shows the historical levels of iShares Dow Jones US Real Estate Index Fund for the past several years. The final payoff of this note is determined by iShares Dow Jones US Real Estate Index Fund's share price at maturity. Higher fluctuations in iShares Dow Jones US Real Estate Index Fund's share price correspond to a greater uncertainty in the final payoff of this Note.

### Realized Payoff

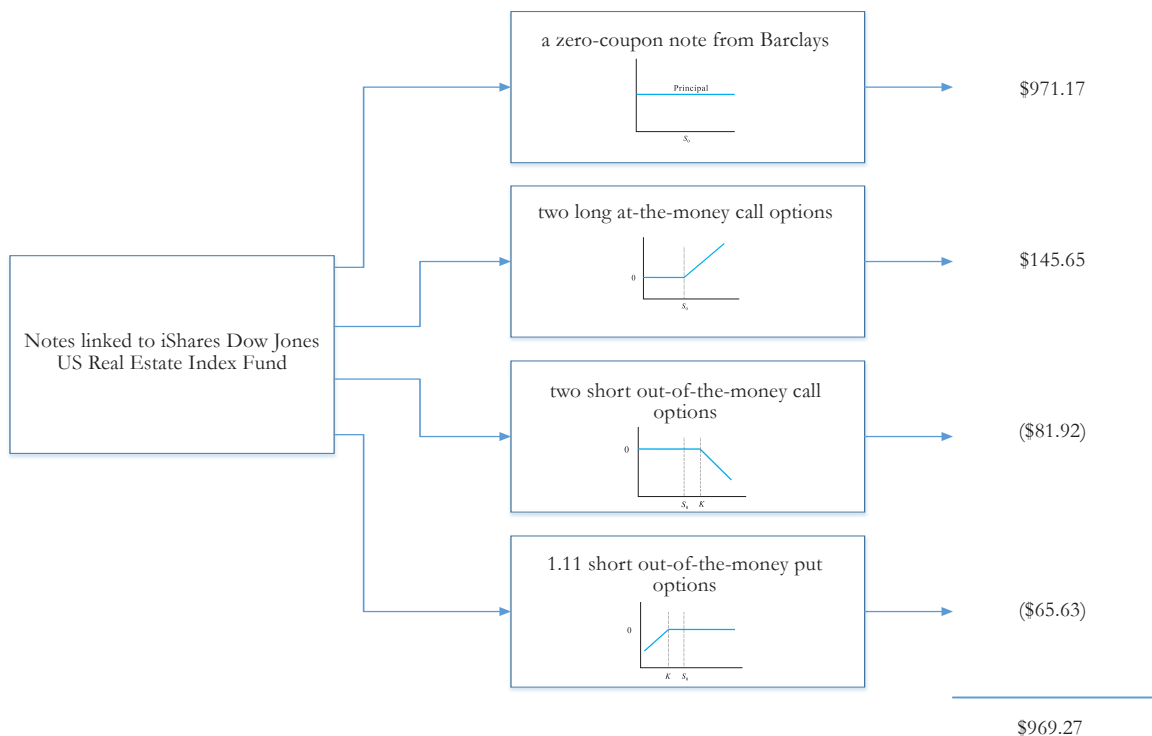
This product will mature on October 18, 2013.

## Reference Asset iShares Dow Jones US Real Estate Index Fund's Implied Volatility



The annualized implied volatility of iShares Dow Jones US Real Estate Index Fund on July 13, 2012 was 21.26%, meaning that options contracts on iShares Dow Jones US Real Estate Index Fund were trading at prices that reflect an expected annual volatility of 21.26%. The higher the implied volatility, the larger the expected fluctuations of iShares Dow Jones US Real Estate Index Fund's share price and of the Note's market value during the life of the Notes.

## Decomposition of this Note



This note can be decomposed into different components, and each component can be valued separately. The chart above shows the value of each component of this Note.

1. Delta measures the sensitivity of the price of the note to the iShares Dow Jones US Real Estate Index Fund's share price on July 13, 2012.
2. CDS rates can be considered a measure of the probability that an issuer will default over a certain period of time and the likely loss given a default. The lower the CDS rate, the lower the default probability. CDS rate is given in basis points (1 basis point equals 0.01%), and is considered as a market premium, on top of the risk-free rate, that investors require to insure against a potential default.
3. Fair price evaluation is based on the Black-Scholes model of the iShares Dow Jones US Real Estate Index Fund on July 13, 2012.
4. Calculated payout at maturity is only an approximation, and may differ from actual payouts at maturity.
5. Our evaluation does not include any transaction fees, broker commissions, or liquidity discounts on the notes.