Structured Product Details

Name	Buffered SuperTrack Notes linked to the Dow Jones Industrial Average
Issue Size	$940,000
Issue Price	$1,000
Term	60 Months
Annualized Coupon	0.00%
Pricing Date	June 27, 2011
Issue Date	June 30, 2011
Valuation Date	June 27, 2016
Maturity Date	June 30, 2016
Issuer	Barclays
CDS Rate	145.67 bps
Swap Rate	1.79%
Reference Asset	the Dow Jones Industrial Average Index
Initial Level	12,043.56
Dividend Rate	2.46%
Implied Volatility	19.40%
Delta[1]	0.95
Fair Price at Issue	$920.40
CUSIP	06738KTR2
SEC Link	www.sec.gov/Archives/edgar/data/312070/000119312511177287/d424b2.htm

Related Research

Research Papers:

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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Buffered SuperTrack Notes linked to the Dow Jones Industrial Average

Description

Barclays issued $940,000 of Buffered SuperTrack Notes linked to the Dow Jones Industrial Average on June 30, 2011 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 the Dow Jones Industrial Average Index.
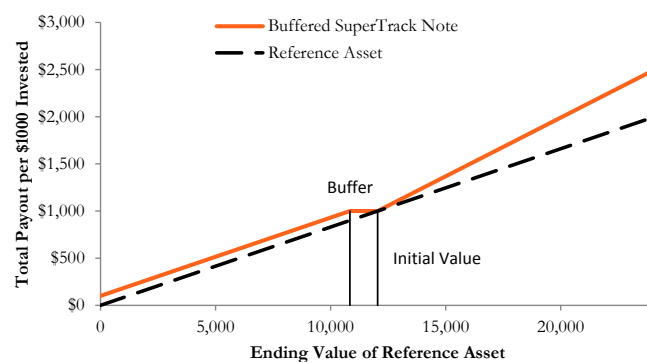
If on June 27, 2016 the Dow Jones Industrial Average Index level is higher than 12,043.56, the notes pay a return equal to the percentage increase in the Dow Jones Industrial Average Index multiplied by 1.5. If on June 27, 2016 the refe is below 12,043.56 but not below 10839.2, investors receive $1,000 face value per note. If the Dow Jones Industrial Average Index level on June 27, 2016 is lower than 10839.2, investors receive face value per note reduced by the amount the reference asset is below 10839.2 as a percent of the initial level, 12,043.56.

Valuation

This product can be valued as a combination of a note from Barclays, one short out-of-the-money put option, and 1.5 long at-the-money call options. For reasonable valuation inputs this note was worth $920.40 when it was issued on June 30, 2011 because the value of the options investors gave Barclays plus the interest investors would have received on Barclays's straight debt was worth $79.60 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.
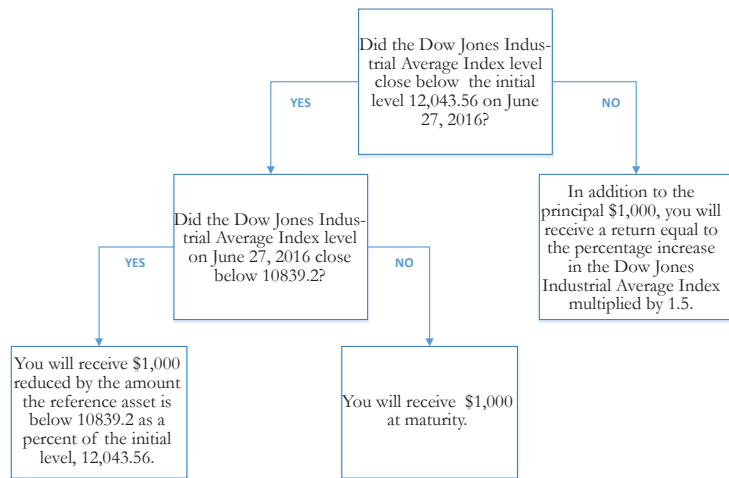
Payoff Curve at Maturity

The payoff diagram shows the final payoff of this note given the Dow Jones Industrial Average Index level (horizontal axis). For comparison, the dashed line shows the payoff if you invested in the Dow Jones Industrial Average Index directly.

Principal Payback Table

The Dow Jones Industrial Average Index	Note Payoff
0.00	$100.00
1,204.36	$200.00
2,408.71	$300.00
3,613.07	$400.00
4,817.42	$500.00
6,021.78	$600.00
7,226.14	$700.00
8,430.49	$800.00
9,634.85	$900.00
10,839.20	$1,000.00
12,043.56	**$1,000.00**
13,247.92	$1,150.00
14,452.27	$1,300.00
15,656.63	$1,450.00
16,860.98	$1,600.00
18,065.34	$1,750.00

Maturity Payoff Diagram

Did the Dow Jones Industrial Average Index level close below the initial level 12,043.56 on June 27, 2016?

YES → Did the Dow Jones Industrial Average Index level on June 27, 2016 close below 10839.2?

- **YES** → You will receive $1,000 reduced by the amount the reference asset is below 10839.2 as a percent of the initial level, 12,043.56.
- **NO** → You will receive $1,000 at maturity.

NO → In addition to the principal $1,000, you will receive a return equal to the percentage increase in the Dow Jones Industrial Average Index multiplied by 1.5.

*The contingent payoffs of this Buffered SuperTrack Note.*

Analysis

This Buffered SuperTrack Note pays investors the increase in the Dow Jones Industrial Average Index multiplied by 1.5, but if the Dow Jones Industrial Average Index declines over the term of the note, investors will suffer losses equal to the percentage decline in the Dow Jones Industrial Average Index. In addition, investors bear the credit risk of Barclays. Investors purchasing this Buffered SuperTrack Note effectively sell at-the-money put options to Barclays, buy at-the-money call options, and a zero-coupon note from Barclays. This Buffered SuperTrack 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
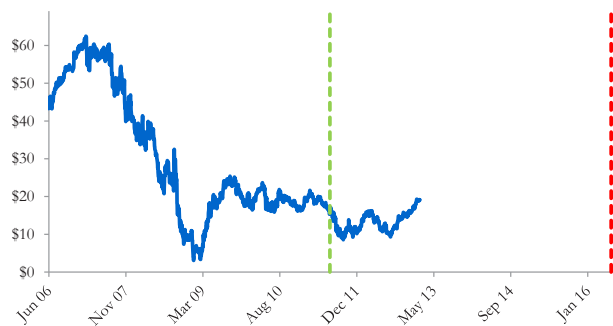
The graph above shows the adjusted closing price of the issuer Barclays for the past several years. The stock price of the issuer is an indication of the financial strength of Barclays. The adjusted price shown above incorporates any stock split, reverse stock split, etc.

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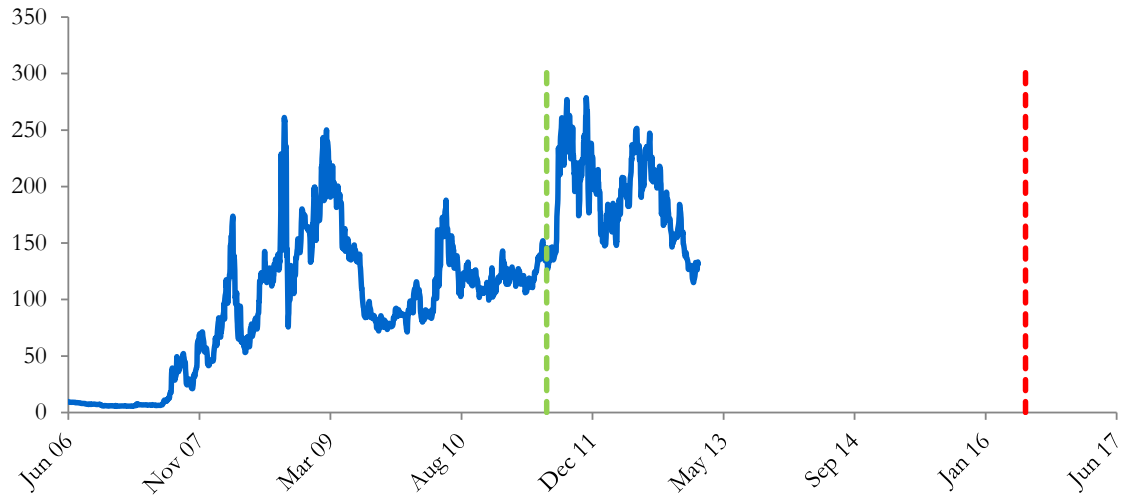
Credit default swap (CDS) rates are the market price that investors require to bear credit risk of an issuer such as Barclays. CDS rates are usually given in basis points (bps). One basis point equals 0.01%. Higher CDS rates reflect higher perceived credit risk, higher required yields, and therefore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

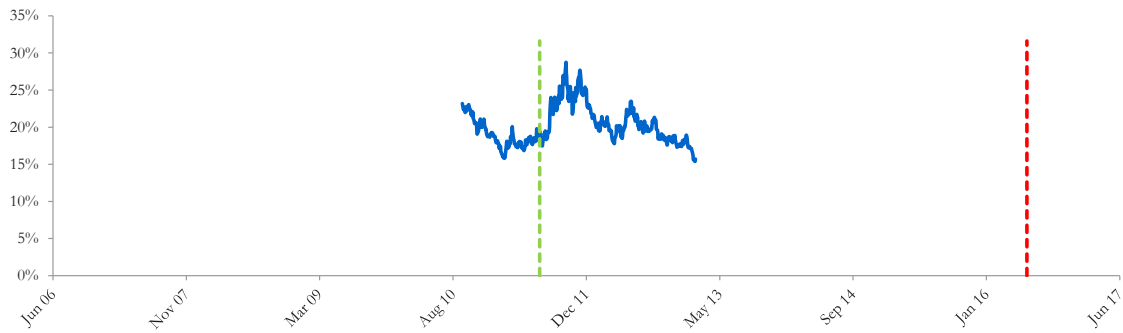## The Dow Jones Industrial Average Index Level
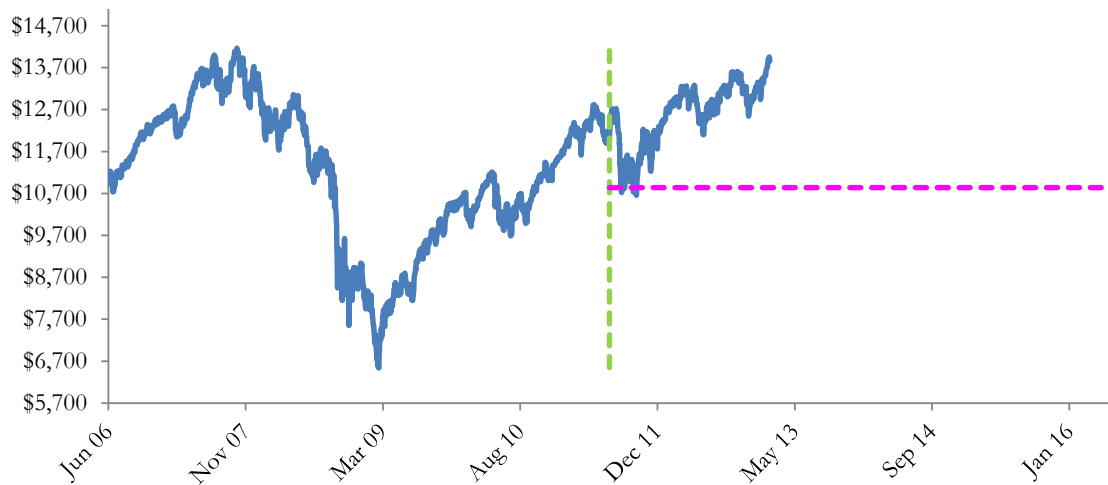
The graph above shows the historical levels of the Dow Jones Industrial Average Index for the past several years. The final payoff of this note is determined by the Dow Jones Industrial Average Index level at maturity. Higher fluctuations in the Dow Jones Industrial Average Index level correspond to a greater uncertainty in the final payout of this Buffered SuperTrack Note.
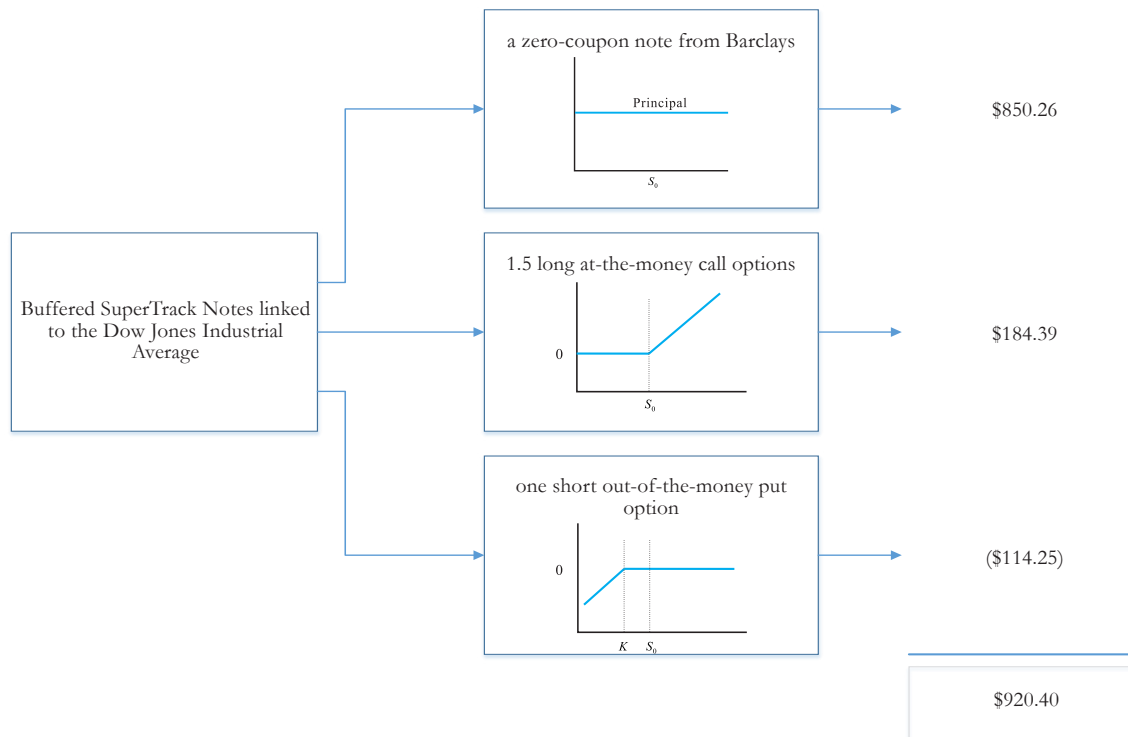
Realized Payoff

This product will mature on June 30, 2016.

Reference Asset The Dow Jones Industrial Average Index's Implied Volatility

The annualized implied volatility of the Dow Jones Industrial Average Index on June 27, 2011 was 19.40%, meaning that options contracts on the Dow Jones Industrial Average Index were trading at prices that reflect an expected annual volatility of 19.40%. The higher the implied volatility, the larger the expected fluctuations of the Dow Jones Industrial Average Index level and of the Note's market value during the life of the Notes.

Decomposition of this Buffered SuperTrack Note

a zero-coupon note from Barclays — $850.26

1.5 long at-the-money call options — $184.39

one short out-of-the-money put option — ($114.25)

$920.40

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 Buffered SuperTrack Note.

1. Delta measures the sensitivity of the price of the note to the the Dow Jones Industrial Average Index level on June 27, 2011.
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 the Dow Jones Industrial Average Index on June 27, 2011.
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.