SECURITIES LITIGATION & CONSULTING GROUP

Structured Products Research Report

Report Prepared On: 02/02/13

Structured Product Details

Name	Equity-Linked Notes linked to iShares MSCI EAFE Index Fund
Issue Size	$4.19 million
Issue Price	$10
Term	72 Months
Annualized Coupon	0.00%
Pricing Date	February 28, 2012
Issue Date	March 2, 2012
Valuation Date	February 28, 2018
Maturity Date	March 5, 2018
Issuer	Barclays
CDS Rate	173.42 bps
Swap Rate	1.33%
Reference Asset	iShares MSCI EAFE Index Fund
Initial Level	$55.38
Dividend Rate	3.04%
Implied Volatility	25.55%
Delta[1]	0.24
Fair Price at Issue	$9.36
CUSIP	06741L427
SEC Link	www.sec.gov/Archives/edgar/data/312070/000093041312001270/c68751_424b2.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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Equity-Linked Notes linked to iShares MSCI EAFE Index Fund

Description

Barclays issued $4.19 million of Equity-Linked Notes linked to iShares MSCI EAFE Index Fund on March 2, 2012 at $10 per note.

This Principal Protected Note (PPN) does not pay periodic coupons, but instead pays a single amount at maturity depending on the final level of iShares MSCI EAFE Index Fund. It is called 'principal protected' because the minimum payout of the note at maturity is the initial issue price, so long as Barclays does not default.

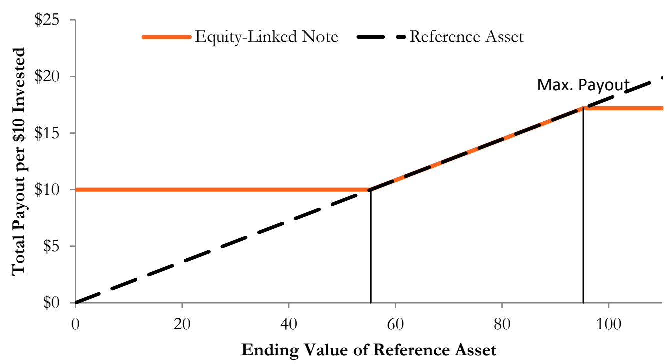
If iShares MSCI EAFE Index Fund on February 28, 2018 is lower than or equal to $55.38, investors receive the principal of the notes, $10. If iShares MSCI EAFE Index Fund on February 28, 2018 is higher than $55.38, in additional to the $10 principal, investors will receive a return equal to the percentage increase, above $55.38, in iShares MSCI EAFE Index Fund, up to a maximum of 72.00%.

Valuation

This PPN linked to iShares MSCI EAFE Index Fund can be valued as a combination of a zero-coupon note from Barclays, one long at-the-money call option on the iShares MSCI EAFE Index Fund, and one short out-of-the-money call option on the iShares MSCI EAFE Index Fund. For reasonable valuation inputs this note was worth $9.36 when it was issued on March 2, 2012, because the value of the options investors gave Barclays plus the interest investors would have received on Barclays's par debt was worth $0.64 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 MSCI EAFE Index Fund's share price (horizontal axis). For comparison, the dashed line shows the payoff if you invested in iShares MSCI EAFE Index Fund directly.

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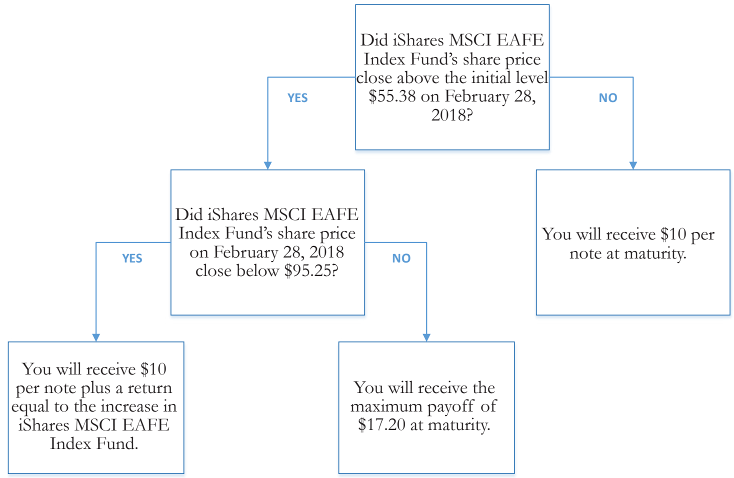
Principal Payback Table

iShares MSCI EAFE Index Fund	Note Payoff
$0.00	$10.00
$5.54	$10.00
$11.08	$10.00
$16.61	$10.00
$22.15	$10.00
$27.69	$10.00
$33.23	$10.00
$38.77	$10.00
$44.30	$10.00
$49.84	$10.00
$55.38	**$10.00**
$60.92	$11.00
$66.46	$12.00
$71.99	$13.00
$77.53	$14.00
$83.07	$15.00

Maturity Payoff Diagram

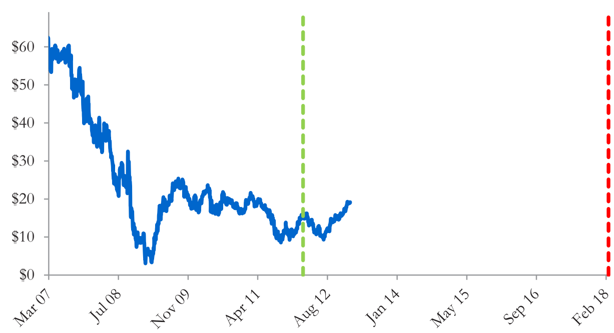


The contingent payoffs of this Equity-Linked Note.

Analysis

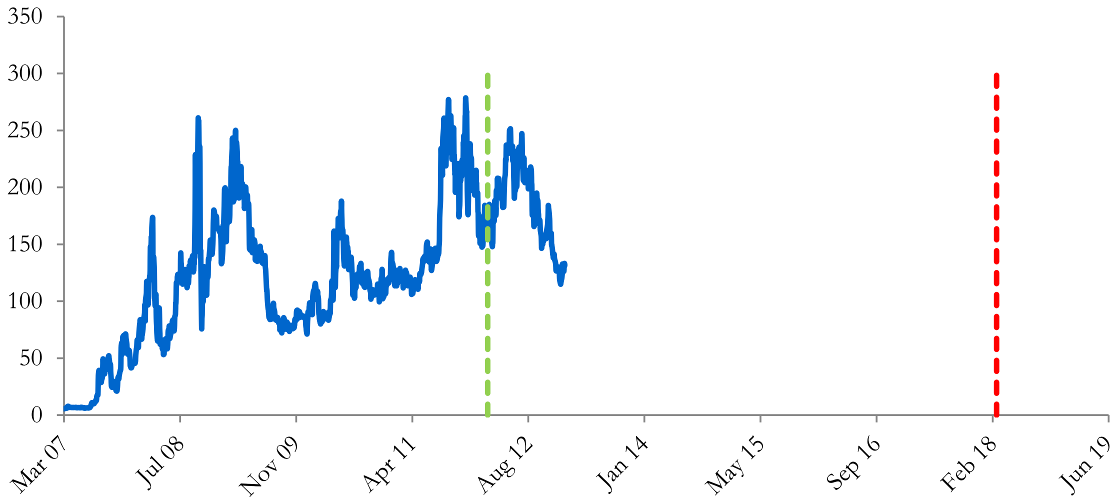
"Principal protected" is a misleading label previously used to refer to structured products that pay at least the note's face value at maturity if the issuer does not default. Investors purchasing these PPN notes effectively purchase zero-coupon notes and at-the-money call options, and sell out-of-the-money call options, posting the note's issue price as collateral. That is, investors in these notes receive the payoffs to call options in lieu of interest coupon payments. This PPN note is fairly priced if and only if the net value of the options investors exchanged with Barclays equals the value of interest Barclays pays on its straight debt.

Barclays's Stock Price



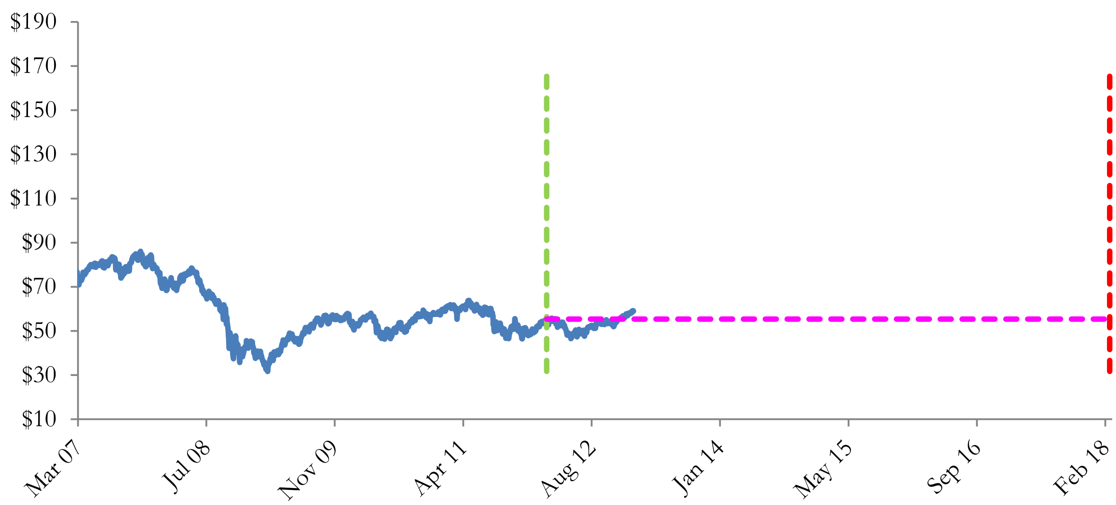
The graph above shows the adjusted closing price of the issuer Barclays for the past several years. The stock price of the issuer is an indication of the financial strength of Barclays. The adjusted price shown above incorporates any stock split, reverse stock split, etc.

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 Equity-Linked Note. Fluctuations in Barclays's CDS rate impact the market value of the notes in the secondary market.

iShares MSCI EAFE Index Fund's Share Price

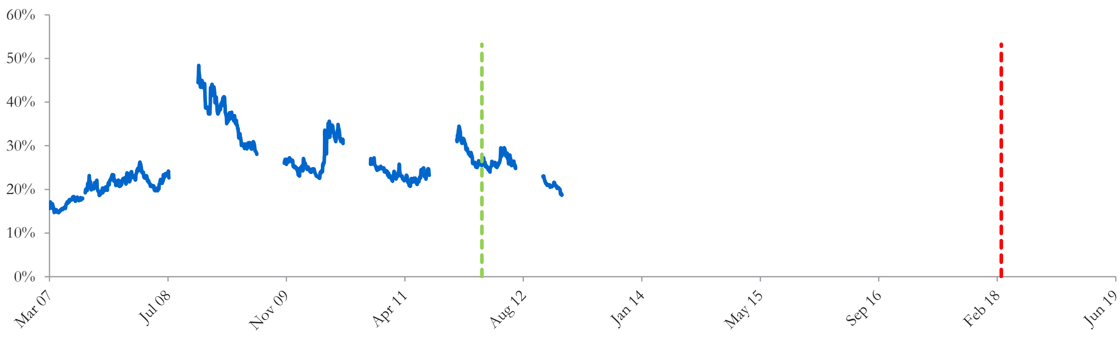


The graph above shows the historical levels of iShares MSCI EAFE Index Fund for the past several years. The final payoff of this note is determined by iShares MSCI EAFE Index Fund's share price at maturity. Higher fluctuations in iShares MSCI EAFE Index Fund's share price correspond to a greater uncertainty in the final payout of this Equity-Linked Note.

Realized Payoff

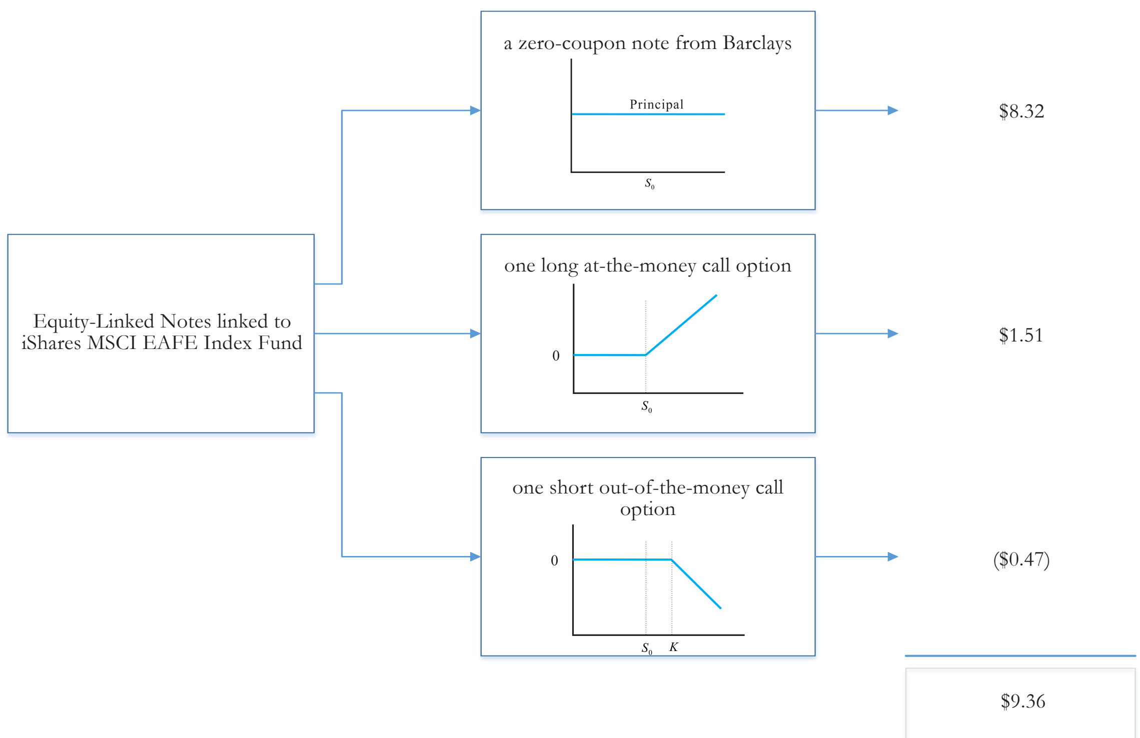
This product will mature on March 5, 2018.

Reference Asset iShares MSCI EAFE Index Fund's Implied Volatility



The annualized implied volatility of iShares MSCI EAFE Index Fund on February 28, 2012 was 25.55%, meaning that options contracts on iShares MSCI EAFE Index Fund were trading at prices that reflect an expected annual volatility of 25.55%. The higher the implied volatility, the larger the expected fluctuations of iShares MSCI EAFE Index Fund's share price and of the Note's market value during the life of the Notes.

Decomposition of this Equity-Linked 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 Equity-Linked Note.

1. Delta measures the sensitivity of the price of the note to the iShares MSCI EAFE Index Fund's share price on February 28, 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 MSCI EAFE Index Fund on February 28, 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.