

**Supplement Number 1 dated 12 December 2011
to the Base Prospectus dated 26 August 2011**



BARCLAYS BANK PLC
(incorporated with limited liability in England and Wales)

€35 billion
Global Covered Bond Programme
unconditionally and irrevocably guaranteed as to payments by
Barclays Covered Bonds LLP
(a limited liability partnership incorporated in England and Wales)

This base prospectus supplement (the "**Supplement**") is supplemental to, forms part of and must be read in conjunction with, the base prospectus dated 26 August 2011 (the "**Base Prospectus**") prepared by Barclays Bank PLC (the "**Issuer**") with respect to its €35 billion Global Covered Bond Programme (the "**Programme**") unconditionally and irrevocably guaranteed as to payments by Barclays Covered Bonds LLP (the "**LLP**"). This Supplement constitutes a supplementary prospectus in respect of the Base Prospectus for the Issuer for the purposes of Section 87G of the Financial Services and Markets Act 2000.

Terms defined in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement. This Supplement is supplemental to, and shall be read in conjunction with, the Base Prospectus and other supplements to the Base Prospectus issued by the Issuer.

This Supplement has been approved by the United Kingdom Financial Services Authority (the "**FSA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus supplement issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom.

This Supplement has been prepared in order to (a) make amendments to reflect the registration of certain rating agencies; (b) incorporate by reference the unaudited Interim Management Statement of Barclays PLC in respect of the nine months ended 30 September 2011 and the capitalisation and indebtedness table of the Issuer and its consolidated subsidiaries as at 30 June 2011 in the financial information incorporated by reference; (c) update the risk factors entitled "*Regulatory changes*", "*Changes to rating methodology and rating criteria may adversely affect the then current ratings of the Covered Bonds*" and "*Pensions Act 2004*" in the light of recent developments; (d) add a new risk factor entitled "*Home Owner and Tenant Protection*"; (e) update the disclosure regarding the ratings of the Issuer and the sub-sections entitled "*Acquisitions, Disposals and Recent Developments*", "*Competition and Regulatory Matters*" and "*Directors of the Issuer*" in the section entitled "*The Issuer*" in the light of recent developments; (f) describe certain changes to the Asset Coverage Test in the section entitled "*Summary of the Principal Documents*"; (g) make certain changes to the section entitled "*General Information*" in the light of recent developments; and (h) update the definition of "*Reserve Fund Required Amount*".

The credit ratings in this Supplement have been issued by Moody's Investors Service Ltd., Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Limited, which are established in the European Union and are registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

IMPORTANT NOTICES

The Issuer and the LLP each accept responsibility for the information contained in this Supplement and each declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of the Covered Bonds issued under the Programme has arisen or been noted, as the case may be, since the publication of the Base Prospectus.

If documents which are incorporated by reference into this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference into this Supplement.

Investors should be aware of their rights under Section 87Q(4) of the Financial Services and Markets Act 2000.

The purposes of this Supplement are:

1. **In the section entitled "Rating Agencies" under the heading "CRA Regulation" on the front cover of the Base Prospectus, to replace the words "has applied for registration" with "is registered" in line 3 of the penultimate paragraph and delete the words "Each of the Rating Agencies operated in the European Community before 7 June 2010 and has submitted an application for registration in accordance with the CRA Regulation and such application for registration has not been refused."**
2. **To amend the section entitled "Documents Incorporated by Reference" on page 2 of the Base Prospectus by (i) deleting paragraph (d) in its entirety; and (ii) inserting the following new paragraphs (d) and (e):**
 - "(d) the unaudited Interim Management Statement of Barclays PLC as filed with the SEC on Form 6-K on 31 October 2011 with Film Number 111168098 in respect of the nine months ended 30 September 2011 (the "**Interim Management Statement**");
 - (e) the capitalisation and indebtedness table of the Issuer and its consolidated subsidiaries as at 30 June 2011 as filed with the SEC on Form 6-K on Film Number 111168098 as Exhibit 99.3 on 31 October 2011 (the "**Capitalisation and Indebtedness Table**");"
3. **To amend the section entitled "Documents Incorporated by Reference" by, in the penultimate paragraph on page 2 of the Base Prospectus, deleting the words "(a), (c) and (d)" and replacing them with "(a), (c), (d) and (e)" and by deleting the reference to "(e)" and replacing it with "(f)".**
4. **To delete in its entirety the paragraph under the sub-heading "(a) The Independent Commission on Banking (the "ICB")" in the risk factor entitled "Regulatory changes" on page 35 of the Base Prospectus and replace it with the following:**

"The ICB was charged by the UK Government with reviewing the UK banking system and its findings were published on 12 September 2011. The ICB recommended (among other things) that: (i) the UK and EEA retail banking activities of a UK bank or building society should be placed in a legally distinct, operationally separate and economically independent entity (so-called "ring-fencing"); and (ii) the loss-absorbing capacity of ring-fenced banks and UK-headquartered global systemically important banks (such as the Issuer) should be increased to levels higher than the Basel III proposals. Although it was not (as at the date of this Base Prospectus) possible to predict which of the ICB recommendations will be implemented by the UK Government and the manner of their implementation, changes to the structure of UK banks and an increase in the amount of loss-absorbing capital issued by UK banks may have a material impact on the Issuer's and the Barclays Group's results and financial condition."
5. **To amend the final paragraph of the risk factor entitled "Changes to rating methodology and rating criteria may adversely affect the then current ratings of the Covered Bonds" on page 61 of the Base Prospectus by deleting the wording "to, *inter alia*, select a reduced Asset Percentage" and replacing it with "to alter the Asset Percentage".**
6. **To insert the following new risk factor on page 66 of the Base Prospectus before the risk factor entitled "Pensions Act 2004":**

"Home Owner and Tenant Protection

The Home Owner and Debtor Protection (Scotland) Act 2010 (the "**Home Owner and Debtor Protection Act**") came into effect on 30 September 2010 and contains provisions imposing additional procedural requirements on heritable creditors (the Scottish equivalent to mortgagees) in relation to the enforcement of standard securities over residential property in Scotland and additional rights for homeowners and certain other entitled parties such as spouses and civil partners to oppose a repossession application. The Home Owner and Debtor Protection Act amends, *inter alia*, the provisions of the Conveyancing and Feudal Reform (Scotland) Act 1970 and Mortgage Rights (Scotland) Act 2001 which permitted a heritable creditor to proceed to sell a secured property where the notice period specified in a calling up notice or notice of default served in respect of the relevant standard security had expired without challenge (or where a challenge had been made, for example, under the Mortgage Rights (Scotland) Act 2001, but not

upheld). Under the Home Owner and Debtor Protection Act the heritable creditor requires a court order to exercise its power of sale, unless the borrower has surrendered the property voluntarily. The practical effect of the Home Owner and Debtor Protection Act is that the ability of the relevant originator as heritable creditor in respect of any Scottish mortgage to exercise its power of sale may be restricted in circumstances where the Scottish court exercises its discretion to refuse an application for a repossession order on account of non-compliance with the pre-action requirements or if the court determines that it would not be reasonable to allow repossession.

The Mortgage Repossession (Protection of Tenants etc) Act 2010 came into force on 1 October 2010. The Act gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on application by an unauthorised tenant (i.e. a tenant in possession without the lender's consent) as generally exists on application by an authorised tenant. The lender has to serve notice at the property before enforcing a possession order.

These Acts may have adverse effects in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Mortgage Loans may result in lower recoveries and may adversely affect the ability of the LLP to make payments under the Covered Bond Guarantee."

7. **To amend the fourth paragraph of the risk factor entitled "*Pensions Act 2004*" beginning on page 66 of the Base Prospectus by removing the words ", following the decision of the High Court" from the first line and replacing them with the words "the Court of Appeal", removing the words "[2010] EWHC 3010 (Ch), Briggs J" from the second line and replacing them with the words "and *Lomas & Ors v. The Pensions Regulator (Lehman, Re)* [2011] EWCA Civ 1124" and removing the words "as the appeal was heard in the Court of Appeal in late July and judgment is awaited" from the seventh and eighth lines and replacing them with the words "and on 2 November 2011 permission was granted to pursue an appeal to the Supreme Court".**
8. **To amend the third paragraph of the section entitled "*The Issuer*" on page 69 of the Base Prospectus by replacing the rating "A-1+" in the first line before the words "by Standard & Poor's Credit Market Services Europe Limited" with the rating "A-1", replacing the rating "AA-" in the third line before the words "by Standard & Poor's Credit Market Services Europe Limited" with the rating "A+" and inserting the words "(rating watch negative)" before the words "by Fitch Ratings Limited" in the second line and fourth lines of that paragraph.**
9. **To amend the text under the heading "*Acquisitions, Disposals and Recent Developments*" in the section entitled "*The Issuer*" on page 69 of the Base Prospectus by inserting, before the paragraph sub-headed "*Disposal of private equity fund interests to AXA Private Equity*", the following paragraphs:**

"Devonshire Trust ("Devonshire")

On 13 January 2009, the Issuer commenced an action in the Ontario Superior Court seeking an order that its early terminations earlier that day of two credit default swaps under an ISDA Master Agreement with Devonshire, an asset-backed commercial paper conduit trust, were valid. On the same day, Devonshire purported to terminate the swaps on the ground that the Issuer had failed to provide liquidity support to Devonshire's commercial paper when required to do so. On 7 September 2011, the court ruled that the Issuer's early terminations were invalid, Devonshire's early terminations were valid and, consequently, Devonshire was entitled to receive back from the Issuer cash collateral of approximately C\$533 million together with accrued interest thereon. The Issuer will be appealing the court's decision.

US Federal Housing Finance Agency ("FHFA") and other residential mortgage-backed securities ("RMBS") litigation

The FHFA, acting as conservator for two U.S. government sponsored enterprises, Fannie Mae and Freddie Mac (collectively, the "GSEs"), filed lawsuits against 17 financial institutions in connection with the GSEs' purchases of RMBS. The lawsuits allege, among other things, that offering materials pursuant to which the GSEs purchased the RMBS contained materially false and misleading statements and/or omissions regarding the residential mortgages that funded the

securities. The Issuer and/or certain of its affiliates or former employees are named in two of these lawsuits, relating to sales between 2005 and 2007 of RMBS in which Barclays Capital Inc. ("BCI") was lead or co-lead underwriter. Both complaints demand, among other things, (1) rescission and recovery of the consideration paid for the RMBS and (2) recovery for the GSEs' alleged monetary losses arising out of their ownership of the RMBS. The complaints are similar to other civil actions previously filed against the Issuer and/or certain of its affiliates by other plaintiffs, including the Federal Home Loan Bank of Seattle, Federal Home Loan Bank of Boston, Federal Home Loan Bank of Chicago and Cambridge Place Investment Management, Inc., relating to their purchases of RMBS. The Issuer considers that the claims against it are without merit and intends to defend them vigorously. As at the date of this Base Prospectus, it was not possible to provide a meaningful estimate of the Issuer's possible loss in relation to these matters, including the effect that they might have upon operating results in any particular financial period."

10. **To delete in its entirety the second paragraph under the sub-heading "*Competition and Regulatory Matters -- Regulatory change*" in the section entitled "*The Issuer*" on page 70 of the Base Prospectus and replace it with the following:**

"In the UK, the FSA's current responsibilities are to be reallocated between the Prudential Regulatory Authority (a subsidiary of the Bank of England) and a new Financial Conduct Authority. In addition, the ICB completed its review of the UK banking system and published its final report on 12 September 2011. The ICB recommended (among other things) that: (i) the UK and EEA retail banking activities of a UK bank or building society should be placed in a legally distinct, operationally separate and economically independent entity (so-called "ring-fencing"); and (ii) the loss-absorbing capacity of ring-fenced banks and UK-headquartered global systemically important banks (such as the Issuer) should be increased to levels higher than the Basel III proposals. The UK Government will respond to the ICB proposals by the end of 2011 and has indicated that any changes to the UK banking system will be completed by 1 January 2019."

11. **To remove Sir Richard Broadbent from the table under the heading "*Directors of the Issuer*" in the section entitled "*The Issuer*" on page 71 of the Base Prospectus.**

12. **To delete the footnote to the table under the heading "*Directors of the Issuer*" in the section entitled "*The Issuer*" on page 71 of the Base Prospectus.**

13. **To insert the words "Senior Independent Director and" before the words "Non-Executive Director" in Sir Michael Rake's entry in the table under the heading "*Directors of the Issuer*" in the section entitled "*The Issuer*" beginning on page 71 of the Base Prospectus.**

14. **To delete in its entirety item "X" under the heading "*Asset Coverage Test*" in the section entitled "*Summary of the Principal Documents*" on page 96 of the Base Prospectus and replace it with the following:**

"X = zero, if the short-term unsecured debt obligations of the Issuer are rated at least A-2 by S&P and F1 by Fitch and the long-term unsecured debt obligations of the Issuer are rated at least A by Fitch and A3 by Moody's,

provided that:

- (i) if the short-term unsecured debt obligations of the Issuer are not rated at least F1 by Fitch or if the long-term unsecured debt obligations of the Issuer are not rated at least A by Fitch, or at least A3 by Moody's, X shall be 2.6 per cent.; or
- (ii) if the short-term unsecured debt obligations of the Issuer are not rated at least A-2 by S&P, X shall be 4.2 per cent,

(save that if (i) and (ii) above are both true at the same time, X shall be 4.2 per cent.) of the aggregate outstanding principal balance of the Mortgage Accounts, calculated as of the Determination Date immediately preceding the relevant Calculation Date. The percentages set out in (i) and (ii) above shall be reviewed by the Issuer from time to time (and at least on an annual basis) and may be altered by the Issuer subject to Rating Agency Confirmation in respect of such alteration being obtained from S&P, Fitch and

Moody's at such time; however in the event that the Covered Bonds are not rated Aaa by Moody's such percentage may not be reduced below its then current value at such time;"

15. **To delete the last sentence of the second paragraph under the heading "*Lehman Brothers Holdings Inc.*" in the section entitled "*General Information*" on page 202 of the Base Prospectus and replace it with the following:**

"BCI and the Trustee have each filed a notice of appeal from the Court's adverse rulings on the Contract Claims. LBHI and the Committee have withdrawn their notices of appeal from the Court's ruling on the Rule 60 Claims, rendering the Court's Order on the Rule 60 Claims final."

16. **To insert the words "relating to the Contract Claims" after the words "If the final Orders" but before the words "were to be unaffected by future proceedings" in the third paragraph under the heading "*Lehman Brothers Holdings Inc.*" in the section entitled "*General Information*" on page 202 of the Base Prospectus.**

17. **To delete in its entirety the fourth paragraph under the heading "*Lehman Brothers Holdings Inc.*" in the section entitled "*General Information*" on page 203 of the Base Prospectus and replace it with the following:**

"In addition, LBHI has been pursuing a claim for approximately U.S.\$500 million relating to bonuses that BCI was allegedly obligated to pay to former Lehman employees. On 14 September 2011, the Court issued a decision dismissing that claim and entered a final Order to that effect on 21 September 2011. LBHI has stipulated that it will not appeal that decision, rendering the Order dismissing that claim final."

18. **To amend the section entitled "*General Information*" on page 204 of the Base Prospectus by replacing paragraph 11(ii) with the following new paragraph:**

"(ii) the Joint Annual Report, the 2009 Issuer Annual Report, the 2010 Issuer Annual Report, the Interim Results Announcement, the Interim Management Statement and the Capitalisation and Indebtedness Table;"

19. **To delete in its entirety the definition of "*Reserve Fund Required Amount*" in the section entitled "*Glossary*" on page 281 of the Base Prospectus and replace it with the following:**

**""Reserve Fund
Required Amount"**

If:

- (a) the Issuer's short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least A-1+ by S&P, F1+ by Fitch (where the Issuer's long-term unsecured debt obligations are rated at least A by Fitch) and P-1 by Moody's, nil or such other amount as Barclays shall direct the LLP from time to time;
- (b) the Issuer's short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated below A-1+ by S&P, F1+ by Fitch (but not below F1 and where the Issuer's long-term unsecured debt obligations are rated at least A by Fitch) or P-1 by Moody's, an amount equal to the Sterling Equivalent of one month's then scheduled interest due on each Series of Covered Bonds together with an amount equal to one-twelfth of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (ii) to (iii) of the Pre-Acceleration Revenue Priority of Payments plus £600,000; or
- (c) the Issuer's short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated below F1 by Fitch, or if the Issuer's long-term unsecured debt obligations are rated below A by Fitch, an amount equal to the Sterling Equivalent of three month's then

scheduled interest due on each Series of Covered Bonds together with an amount equal to one-quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (ii) to (iii) of the Pre-Acceleration Revenue Priority of Payments plus £600,000;"

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