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Unofficial transcript of telephone call on 24 October 2008 between _____ and an individual named Tania from the Federal Reserve Bank of New York. They were linked up by telephone by an unidentified staff member from the Sales Team in NY ("Unknown in Sales Team"). Barclays notes that the following transcript was prepared without the aid of a professional court reporter. However, Barclays believes that the transcript herein is complete and accurate.

_____: [Answers telephone]

Unknown in Sales Team: Hey mate, hold on one sec. _____ are you on the line?

_____: Yeah, I'm on line.

Tania from Fed in NY ("Tania"): Hi, I'm Tania. I'm calling from the NY Fed. How're you doing today?

_____: Yeah. Good thank you.

Tania: I'm seeing if I can get any colour you have on how your dollar is trading, where you expect libor to.

_____: Well, libor's going to come in at....three-month libor is going to come in at 3.53.

Tania: Okay. Which is....yesterday's er?

_____: Yesterday's...it's a touch lower than yesterday's but please don't believe it. It's absolute rubbish. I, I, I'm, putting my libor at 4% and I can tell you I've just gone through three money brokers in London, Prebon, ICAP and Tradition. Prebon have no offers at all in the market.

Tania: In one or three months.

_____: No, in three months, in three months. CAP have no offers. When I said, "Where can I get money if I wanted it?", they said "4.5". Ah, Tradition have got no offers. They did have one offer out of Hong Kong at 4% but he's gone home. So basically.

Tania: Where you seeing offers in one month dollar?

_____: Offers. There's an offer and 3.5 in Switzerland in the one month.

Tania: In one month?

_____: Yeah, and I'm just going.

Tania: Has that improved over the....I realise that liquidity's been absent, um, beyond maybe just a couple of weeks in libor, dollar libor um.

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: Yeah, I think.

Tania: Are you seeing people extending further out.....?.....Maybe....A little bit more.

: No, I think the problem is that the market so desperately wants libors down it's actually putting wrong rates in.

Tania: Uh ha.

: Um, now what we did see, a couple of days ago we got given some money by Chase New York. You know that Chase is lending ones and threes. We got given at three and three quarters. He was lending at 4% yesterday, and in a new development, he then came into the market via the brokers.... and asked where Barclays paid for Euros. So, if he had given us Euros for our Euro bid, we could have swapped them into three-month dollars at 4.53.

Tania: Okay.

: So either he's trying to get himself a better rate on the dollar assets or he's just forcing us to go via Euros and pay up for dollars that way. Whatever way...whichever way you cook it....I mean, I can't blame him for doing it, because he's getting himself an asset far better via Euros than he would via dollars, but that's the skew of the foreign exchange market. But basically what I'm saying is, ah, maybe this market shouldn't be selling libor at 3.5 but at 4.5. Because if money funds aren't coming in, and we did see money funds come in a couple of days ago, and they were buying at 3.75 ah, when libor was fixing at 3.55. Um, but if money funds don't come in..... money funds can't arbitrage so basically they just look for straight dollar bids and, you know, issue levels, and that's fine, but you know for a bank such as Chase that can arbitrage it knows, it knows that it can get paid far more via other currencies. I mean, I can, just to give you a clue I got paid 4.30 in threes by my Tokyo, via the yen.

Tania: You got paid 4.30 for.

: For three-month dollars.

Tania: Three month dollars.

: By my Tokyo.

Tania: Mm mm.

: He's looking for yen. And, and so basically I have to say, dollar libors are incorrect and they're too low.

Tania: Why.

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: Much too low.

Tania: If this is what you're seeing then why are these being set?...I mean I've seen Barclays is on the panel.

: Yeah, I'd love to know. I really would love to know. I mean, I think that.

Tania: Who sets it...I mean, who sends in exactly [dialogue overlaps between Tania and here].

: Well, I, I'd love to know. I mean there are various theories about it. Well one thing is that there is tiering in the market.

Tania: Mm mm.

: So, people like Rabo and Chase will be able to get money cheaper than say Barclays, RBS. I mean, West, Deutsche, Landesbank I don't know where he gets his libor indications from. I can't imagine anyone would want to lend him any money. There have been, recently you've had certain banks who I know have been paying 25 basis points over where they've set their libors...aah just the other day there was one bank who was paying 3.75, he sets his libor at 3.70. Um, it's you know,...why are people doing it? Well, there is tiering so that's one thing. I think people are afraid to be seen as um being ahh having, I mean if they have a high libor the market automatically assumes they're paying too much, but in a perverse kind of way if you put a low libor, it's almost as if the market knows that you're scared to put where you really think it is. I mean, I know that I'm consistently high, but I think I'm consistently correct. Um, and ah.

Tania: Alright, well thank you very much for your time. I appreciate it.

: No problem at all.

Tania: Take care.

: Thanks. Bye.