

50/06

19 September 2006

PRESS NOTICE

AUCTION OF UK GOVERNMENT SECURITY (GILT)

Auction Details

Auction Date	Wednesday, 27 September 2006
Issue and Settlement Date	Thursday, 28 September 2006
Bidding Convention	Uniform Price (see Note 1)
Accrued interest payable with bid	£0.396113 per £100 nominal
Auction Close	10:30am London Time

Details of Security

Title	2% Index-linked Treasury Stock 2035
Amount (nominal) for issue	£675 million (fungible with previous issues)
Nominal outstanding after issue	£8,739 million (£9,735.7 million uplifted)
Maturity Date	26 January 2035
Interest Dates	26 January and 26 July
Parent ISIN Code	GB0031790826
Parent SEDOL Code	3-179-082
Retail Price Index applicable to first issue date	173.6 (January 1987 = 100) (see Note 3)
Retail Price Index applicable to September 2006	193.4 (January 1987 = 100) (see Note 4)
Interest Payable	Gross (see Note 2)
Next Interest Date	26 January 2007: £1.138825 per £100 nominal

“When Issued” Trading

under London Stock Exchange Rule 7265

Commences	3:30pm London Time: 19 September 2006
Closes	Close of business : 27 September 2006
“When issued” ISIN Code	GB00B16NN117
“When issued” SEDOL Code	B-16N-N11
TIDM (for trade reporting)	AUCB

Note 1: Bids may be made on either a competitive or a non-competitive basis. Details of the bidding procedures are set out in the prospectus and in the Information Memorandum (as amended). Index-linked Gilt-edged Market Makers may bid by telephone to the DMO not later than 10.30 am on Wednesday, 27 September 2006.



Note 2: Holders may elect to have United Kingdom income tax deducted from interest payments, should they so wish, on application to the Registrar, Computershare Investor Services PLC.

Note 3. The RPI figure applicable to any month will be the RPI figure issued seven months prior to the relevant month and relating to the month before that prior month.

Note 4. The Index Ratio applicable to any month will be equal to the RPI applicable to that month (see Note 3 above) divided by the RPI figure applicable to July 2002 (2% Index-linked Treasury Stock 2035 was first issued on 11 July 2002).

Documentation

Prospectus DMO : 19 September 2006	www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp190906.pdf
Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock DMO : December 2004	www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmem211204.pdf
Notice of Amendment DMO : 13 May 2005	www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmemadd130505.pdf
Notice of Amendment DMO : 13 September 2005	www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmemadd130905.pdf
Formulae for Calculating Gilt Prices from Yields DMO : 16 March 2005	www.dmo.gov.uk/documentview.aspx?docname=/giltsmarket/formulae/yldeqns.pdf

Applications from Members of the Approved Group of Investors

Application forms from Approved Group members must be sent to Computershare Investor Services PLC, who are acting on behalf of the DMO, at the following address: PO Box 2411, The Pavilions, Bristol, BS3 9WX to arrive not later than 10.00 am on Wednesday, 27 September 2006. They may also be lodged by hand at the DMO, Eastcheap Court, 11 Philpot Lane, London, EC3M 8UD not later than 10.00 am on Wednesday, 27 September 2006.

The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £147.50 per £100 nominal of the Stock.

Remit 2006-07

Gilt sales of £63.0 billion (cash) are planned in 2006-07, the split and progress against the remit is summarised in the table below.

Gilt sales v remit at 20 September 2006 (£ millions).					
	Conventional Gilts			Index-linked gilts	Total
	Shorts (1-7 yrs)	Mediums (7-15yrs)	Longs (15 yrs+)		
Gilt sales to date	2,442	5,002	11,636	8,364	27,444
Core gilt programme	10,000	10,000	17,000	16,000	53,000
Programme to be allocated in-year					
Allocated in-year to date	0	0	6,250	1,250	7,500
Currently allocated programme	10,000	10,000	23,250	17,250	60,500
Remaining to be allocated					2,500
Total planned sales					63,000
Remaining to meet allocated programme	7,558	4,998	11,614	8,886	
Auctions remaining in current programme	3	2	5	9	19

