

PRESS NOTICE

AUCTION OF BRITISH GOVERNMENT STOCK

Auction Details

Auction Date	Thursday, 13 May 2010
Issue and Settlement Date	Friday, 14 May 2010
Bidding Convention	Uniform Price (see Note 1)
Index adjusted rebate interest to be deducted from amount payable with bid	£0.044292 per £100 nominal
Auction Close	10:30am London Time

Details of Security

Title	1½% Index-linked Treasury Gilt 2022
Amount (nominal) for auction	£1,100 million (fungible with previous issues) (see Note 5)
Nominal outstanding after auction	£11,104 million (£11,869.2 million Index adjusted)
Maturity Date	22 November 2022
Interest Dates	22 May and 22 November
Parent ISIN Code	GB00B1Z5HQ14
Parent SEDOL Code	B-1Z5-HQ1
Reference Index applicable to first issue date	205.65806 (as at 11 July 2007) (see Note 4)
Index Ratio at 14 May 2010	1.06891
Interest Payable	Gross (see Note 2)
Next Receivable Interest Payment Date	22 November 2010 (Standard Coupon) (see Note 3)

“When Issued” Trading

under London Stock Exchange Rule 1530

Commences	3:30pm London Time: 4 May 2010
Closes	Close of business: 13 May 2010
“When issued” ISIN Code	GB00B55NCQ82
“When issued” SEDOL Code	B-55N-CQ8
TIDM (for trade reporting)	AUCA

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. Index-linked Gilt-edged Market Makers may bid by means of the Bloomberg Bond Auction System to the DMO not later than 10.30 am on Thursday, 13 May 2010.

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: Actual amount of interest per £100 nominal is £0.9375 x Index Ratio for 22 November 2010 and expressed as a percentage in pounds sterling to six places of decimals and rounded to the nearest figure.

Note 4: The Reference Index for the first calendar day of any calendar month shall be the RPI figure for the calendar month falling three calendar months earlier. The Reference Index for any other day in the month shall be calculated by linear interpolation between the Reference Index applicable to the first calendar day of the month in which the day falls and the Reference Index applicable to the first calendar day of the month immediately following. Interpolated values for the Reference Index for any date should be rounded to the nearest 5th decimal place.

Note 5: Subject to the provisions of the Information Memorandum, this auction will be eligible for the Post Auction Option Facility of an additional amount of the Gilt equivalent to 10% of the nominal amount of the Gilt allocated at the auction. Details of the Post Auction Option Facility procedures are set out in the Information Memorandum.

Documentation

Prospectus DMO : 4 May 2010	http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp040510b.pdf
Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock DMO : May 2009	www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infm220509.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, BS99 6WX to arrive not later than 10.00 am on Thursday, 13 May 2010. 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 Thursday, 13 May 2010. The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £126.50 per £100 nominal of the Gilt.

Remit 2010-11

Gilt sales of £185.2 billion (cash) are planned in 2010-11 and progress against the remit is summarised in the table below (which may not include the amount of gilts issued under the Post Auction Option Facility for the most recent auction, if any).

Gilt sales v remit 4 May 2010 (£ millions)					
	Conventional Gilts			Index-linked gilts	Total
	Short	Medium	Long		
Total gilt sales to-date	9,830	4,346	2,336	2,815	19,327
Planned sales at auctions	59,000	42,900	26,700	17,400	146,000
1. Sales at auctions	9,743	3,951	2,123	1,980	17,797
Balance of auction sales to plan	49,257	38,949	24,577	15,420	128,203
Auctions remaining	11	11	11	13	46
Auction evenflow	4,478	3,541	2,234	1,186	
2. Sales by syndication	0	0	0	0	0
Planned sales by syndication					29,200
3. Sales by tender	0	0	0	728	728
Planned sales by tender					10,000
Total supplementary sales			0	728	728
Balance to plan			18,600	19,872	38,472
4. PAOF proceeds	87	395	212	107	802
Total planned sales	59,000	42,900	45,300	38,000	185,200

