

PRESS NOTICE

AUCTION OF BRITISH GOVERNMENT STOCK

Auction Details

Auction Date	Thursday, 15 July 2010
Issue and Settlement Date	Friday, 16 July 2010
Bidding Convention	Uniform Price (see Note 1)
Index adjusted accrued interest payable with bid	£0.304115 per £100 nominal
Auction Close	10:30am London Time

Details of Security

Title	1½% Index-linked Treasury Gilt 2022
Amount (nominal) for auction	£1,200 million (fungible with previous issues) (see Note 5)
Nominal outstanding after auction	£12,350 million (£13,403 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 16 July 2010	1.08523
Interest Payable	Gross (see Note 2)
Next Interest Date	22 November 2010 (Standard Coupon) (see Note 3)

“When Issued” Trading

under London Stock Exchange Rule 1530

Commences	3:30pm London Time: 6 July 2010
Closes	Close of business: 15 July 2010
“When issued” ISIN Code	GB00B5VTGP73
“When issued” SEDOL Code	B-5VT-GP7
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, 15 July 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 : 6 July 2010	http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp060710b.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/infmem220509.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, 15 July 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, 15 July 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 £165.0 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 6 July 2010 (£ millions)					
	Conventional Gilts			Index-linked gilts	Total
	Short	Medium	Long		
Total gilt sales to-date	19,517	15,345	15,952	10,923	61,737
Planned sales at auctions	52,600	38,200	24,200	17,000	132,000
1. Sales at auctions*	19,517	15,345	6,975	5,673	47,510
Balance of auction sales to plan	33,083	22,855	17,225	11,327	84,490
Auctions remaining	8	7	8	10	33
Auction evenflow	4,135	3,265	2,153	1,133	
2. Sales by syndication			7,995	3,762	11,757
Planned sales by syndication					26,000
3. Sales by tender			982	1,400	2,382
Planned sales by tender					7,000
Total supplementary sales			8,977	5,162	14,139
Balance to plan			7,223	11,638	18,861
4. PAOF proceeds**				88	88
Total planned sales	52,600	38,200	40,400	33,800	165,000

