

PRESS NOTICE

AUCTION OF BRITISH GOVERNMENT STOCK

Auction Details

Auction Date	Wednesday, 7 October 2009
Issue and Settlement Date	Thursday, 8 October 2009
Bidding Convention	Uniform Price (see Note 1)
Uplifted accrued interest payable with bid	£0.129782 per £100 nominal
Auction Close	10:30am London Time

Details of Security

Title	0% Index-linked Treasury Gilt 2042
Amount (nominal) for auction	£750 million (fungible with previous issue) (see Note 5)
Nominal outstanding after auction	£5,750 million (£5,781.5 million Index adjusted)
Maturity Date	22 November 2042
Interest Dates	22 May and 22 November
Parent ISIN Code	GB00B3MYD345
Parent SEDOL Code	B-3MY-D34
Reference Index applicable to first issue date	212.46452 (as at 24 July 2009) (see Note 4)
Index Ratio at 8 October 2009	1.00547
Interest Payable	Gross (see Note 2)
Next Interest Date	22 November 2009 (Short First Coupon) (see Note 3)

“When Issued” Trading

under London Stock Exchange Rule 1530

Commences	3:30pm London Time: 29 September 2009
Closes	Close of business: 7 October 2009
“When issued” ISIN Code	GB00B4MPP386
“When issued” SEDOL Code	B-4MP-P38
TIDM (for trade reporting)	AUCC

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 Wednesday, 7 October 2009.

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 will be $((121/184) \times £0.3125) \times \text{Index Ratio}$ for 22 November 2009 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 Retail Price Index 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 : 29 September 2009	http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp290909b.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 Wednesday, 7 October 2009. 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, 7 October 2009. The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £111 per £100 nominal of the Gilt.

Remit 2009-10

Gilt sales of £220.0 billion (cash) are planned in 2009-10 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 29 September 2009 (£ millions)					
	Conventional Gilts			Index-linked gilts	Total
	Short	Medium	Long		
Gilt sales to date	40,633	37,907	24,845	18,453	121,838
1. Planned sales at auctions	74,000	70,000	27,000	12,000	183,000
Sales at auctions to date	40,633	37,907	14,026	7,344	99,910
Sales remaining at auctions	33,367	32,093	12,974	4,656	83,090
Auctions remaining	7	9	6	5	27
2. Sales by syndication	0	0	6,836	9,531	16,366
Syndications to be allocated					8,634
3. Sales by tender	0	0	3,984	1,578	5,562
Tenders to be allocated					6,438
Total planned sales					220,000

