

58/07

2 October 2007

PRESS NOTICE

AUCTION OF UK GOVERNMENT SECURITY (GILT)

Auction Details

| | |
|--|----------------------------|
| Auction Date | Wednesday, 10 October 2007 |
| Issue and Settlement Date | Thursday, 11 October 2007 |
| Bidding Convention | Uniform Price (see Note 1) |
| Uplifted accrued interest payable with bid | £0.470639 per £100 nominal |
| Auction Close | 10:30am London Time |

Details of Security

| | |
|--|--|
| Title | 1½% Index-linked Treasury Gilt 2022 |
| Amount (nominal) for issue | £1,200 million (fungible with previous issues) |
| Nominal outstanding after issue | £2,400 million (£2,409.7 million uplifted) |
| 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 11 October 2007 | 1.00403 |
| Interest Payable | Gross (see Note 2) |
| Next Interest Date | 22 November 2007 (Short First Coupon) (see Note 3) |

“When Issued” Trading

under London Stock Exchange Rule 7265

| | |
|----------------------------|------------------------------------|
| Commences | 3:30pm London Time: 2 October 2007 |
| Closes | Close of business: 10 October 2007 |
| “When issued” ISIN Code | GB00B24FF436 |
| “When issued” SEDOL Code | B-24F-F43 |
| TIDM (for trade reporting) | AUC |

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, 10 October 2007.



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 $((134/184) \times \text{£}0.9375) \times \text{Index Ratio}$ for 22 November 2007 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.

Documentation

| | |
|---|--|
| Prospectus DMO : 2 October 2007 | www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp021007.pdf |
| Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock DMO : August 2007 | www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmem200807.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, 10 October 2007. 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, 10 October 2007.

The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £109 per £100 nominal of the Gilt.

Remit 2007-08

Gilt sales of £58.4 billion (cash) are planned in 2007-08 and progress against the remit is summarised in the table below.

| Gilt sales v remit at 2 October 2007 (£ millions). | | | | | |
|--|--------------------|------------------|----------------|--------------------|--------|
| | Conventional Gilts | | | Index-linked gilts | Total |
| | Short (1-7 yrs) | Medium (7-15yrs) | Long (15 yrs+) | | |
| Gilt sales to date | 4,969 | 4,918 | 12,736 | 6,976 | 29,599 |
| Total planned sales | 10,000 | 10,000 | 23,400 | 15,000 | 58,400 |
| Sales remaining | 5,031 | 5,082 | 10,664 | 8,024 | 28,801 |
| Auctions remaining | 2 | 2 | 5 | 8 | 17 |

