

17/07

20 March 2007

PRESS NOTICE

AUCTION OF UK GOVERNMENT SECURITY (GILT)

Auction Details

Auction Date	Tuesday, 27 March 2007
Issue and Settlement Date	Wednesday, 28 March 2007
Bidding Convention	Uniform Price (see Note 1)
Uplifted accrued interest payable with bid	£0.452290 per £100 nominal
Auction Close	10:30am London Time

Details of Security

Title	1¼% Index-linked Treasury Gilt 2027
Amount (nominal) for issue	£950 million (fungible with previous issues)
Nominal outstanding after issue	£4,950 million (£5,145.8 million uplifted)
Maturity Date	22 November 2027
Interest Dates	22 May and 22 November
Parent ISIN Code	GB00B128DH60
Parent SEDOL Code	B-128-DH6
Reference Index applicable to first issue date	194.06667 (as at 26 April 2006) (see Note 4)
Index Ratio at 28 March 2007	1.03955
Interest Payable	Gross (see Note 2)
Next Interest Date	22 May 2007 (Standard Coupon)(see Note 3)

“When Issued” Trading

under London Stock Exchange Rule 7265

Commences	3:30pm London Time: 20 March 2007
Closes	Close of business : 27 March 2007
“When issued” ISIN Code	GB00B1L6WL84
“When issued” SEDOL Code	B-1L6-WL8
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 (as amended). Index-linked Gilt-edged Market Makers may bid by telephone to the DMO not later than 10.30 am on Tuesday, 27 March 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 is £0.625 x Index Ratio for 22 May 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 : 20 March 2007	www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp200307.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 Tuesday, 27 March 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 Tuesday, 27 March 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 2006-07

Gilt sales of £62.5 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 16 March 2007 (£ millions).					
	Conventional Gilts			Index-linked gilts	Total
	Short (1-7 yrs)	Medium (7-15yrs)	Long (15 yrs+)		
Gilt sales to date	10,103	9,948	25,226	16,243	61,521
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	8,250	1,250	9,500
Currently allocated programme	10,000	10,000	25,250	17,250	62,500
Remaining to be allocated					0
Total planned sales					62,500
Remaining to meet allocated programme	-103	52	24	1,007	979
Auctions remaining in programme	0	0	0	1	1

