

## **PRESS NOTICE**

### **AUCTION OF UK GOVERNMENT SECURITY (GILT)**

#### **Auction Details**

|  |                            |
|--|----------------------------|
| Auction Date                               | Thursday, 22 May 2008      |
| Issue and Settlement Date                  | Friday, 23 May 2008        |
| Bidding Convention                         | Uniform Price (see Note 1) |
| Uplifted accrued interest payable with bid | £0.003203 per £100 nominal |
| Auction Close                              | 10:30am London Time        |

#### **Details of Security**

|  |   |
|--|---|
| Title  | 1½% Index-linked Treasury Gilt 2037             |
| Amount (nominal) for issue                     | £900 million (fungible with previous issues)    |
| Nominal outstanding after issue                | £6,752 million (£7,074.3 million uplifted)      |
| Maturity Date                                  | 22 November 2037                                |
| Interest Dates                                 | 22 May and 22 November                          |
| Parent ISIN Code                               | GB00B1L6W962                                    |
| Parent SEDOL Code                              | B-1L6-W96                                       |
| Reference Index applicable to first issue date | 202.24286 (as at 21 February 2007) (see Note 4) |
| Index Ratio at 23 May 2008                     | 1.04773   |
| Interest Payable                               | Gross (see Note 2)                              |
| Next Interest Date                             | 22 November 2008 (Standard Coupon) (see Note 3) |

#### **“When Issued” Trading**

under London Stock Exchange Rule 1530

|                            |                                 |
|----------------------------|---------------------------------|
| Commences                  | 3:30pm London Time: 13 May 2008 |
| Closes                     | Close of business: 22 May 2008  |
| “When issued” ISIN Code    | GB00B2QRGR73                    |
| “When issued” SEDOL Code   | B-2QR-GR7                       |
| 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, 22 May 2008.

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 £0.5625 x Index Ratio for 22 November 2008 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 5<sup>th</sup> decimal place.

## Documentation

|   |  |
|---|--|
| Prospectus<br>DMO : 13 May 2008   | <a href="http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp130508.pdf">www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp130508.pdf</a>             |
| Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock<br>DMO : August 2007 | <a href="http://www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmem200807.pdf">www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmem200807.pdf</a> |
| Formulae for Calculating Gilt Prices from Yields<br>DMO : 16 March 2005   | <a href="http://www.dmo.gov.uk/documentview.aspx?docname=/giltsmarket/formulae/yldecons.pdf">www.dmo.gov.uk/documentview.aspx?docname=/giltsmarket/formulae/yldecons.pdf</a>                         |

## 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, 22 May 2008. 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, 22 May 2008.

The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £124 per £100 nominal of the Gilt.

## Remit 2008-09

Gilt sales of £80.0 billion (cash) are planned in 2008-09 and progress against the remit is summarised in the table below.

| <b>Gilt sales v remit at 13 May 2008 (£ millions)</b> |                    |               |               |                    |               |
|---|--------------------|---------------|---------------|--------------------|---------------|
|   | Conventional Gilts |               |               | Index-linked gilts | Total         |
|   | Short              | Medium        | Long          |                    |               |
| <b>Gilt sales to date</b>                             | <b>3,802</b>       | <b>0</b>      | <b>2,223</b>  | <b>2,001</b>       | <b>8,027</b>  |
| <b>Total planned sales</b>                            | <b>25,000</b>      | <b>12,800</b> | <b>24,200</b> | <b>18,000</b>      | <b>80,000</b> |
| <b>Sales remaining</b>                                | <b>21,198</b>      | <b>12,800</b> | <b>21,977</b> | <b>15,999</b>      | <b>71,973</b> |
| <b>Auctions remaining</b>                             | <b>6</b>           | <b>5</b>      | <b>10</b>     | <b>16</b>          | <b>37</b>     |

