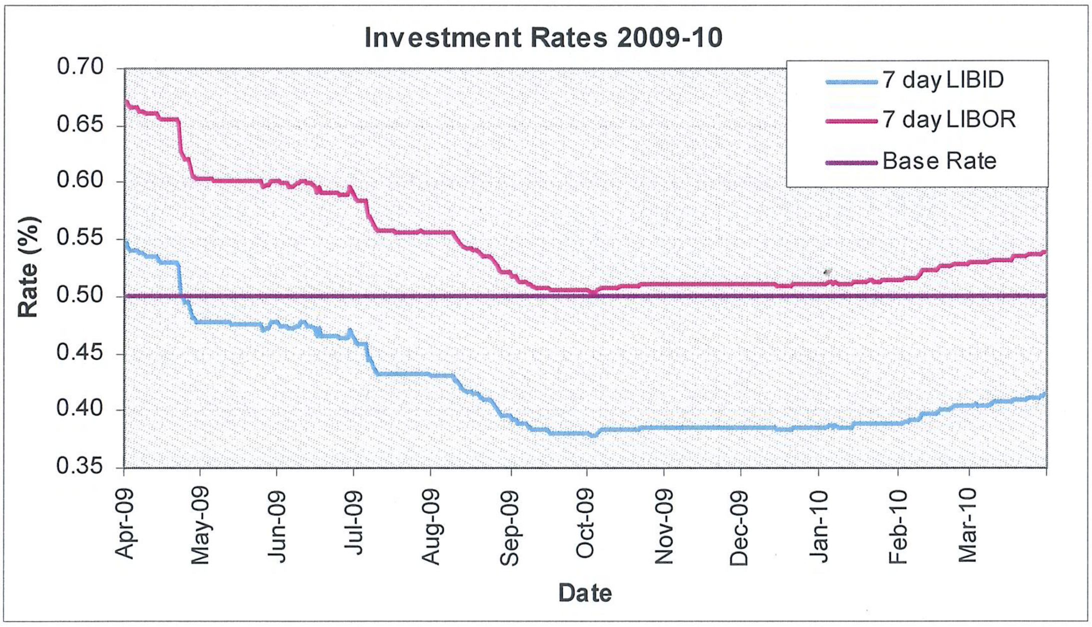
ANNEX A

Interest Rate Movements 2009-10

Definitions of key terms used are set out below.

Bank of England Base Rate	The interest rate at which the Bank of England lends to financial institutions. This affects interest rates set by commercial banks, building societies and other institutions. Changing interest rates affects spending in the economy. A reduction in interest rates makes saving less attractive and borrowing more attractive, stimulating spending. The opposite occurs when interest rates are increased.
Libor Rate	The London Interbank *Offered* Rate is based on the average rate at which banks offer to *lend* to other banks.
Libid Rate	The London Interbank *Bid* Rate is the rate bid by banks on Eurocurrency deposits, i.e., the rate at which a bank is willing to *borrow* from other banks.

Interest rates were closely monitored during the course of the year. The bank base rate remained at 0.5% throughout 2009-10. The average 7 day London Interbank Bid Rate (LIBID), and average 7 day London Interbank Offered Rate (LIBOR) fell sharply in the first six months of 2009-10, then started to increase again during the second half of the year. This is illustrated in the graph below.



Rates for money market investments fell in line with the LIBID in the first half of the year, reaching a low point in September 2009 before slowly beginning to rise again in the final six months of 2009-10.