

15/06

6 March 2007

## **PRESS NOTICE**

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

#### **Auction Details**

Auction Date	Thursday, 15 March 2007
Issue and Settlement Date	Friday, 16 March 2007
Bidding Convention	Fully paid Bid Price (see Note 1)
Auction Close	10:30am London Time

#### **Details of Security**

Title	5¼% Treasury Gilt 2012 (see Note 2)
Amount (nominal) for issue	£2,750 million
Nominal outstanding after issue	£2,750 million
Maturity Date	7 June 2012 at par
Interest Dates	7 June – 7 December
Parent ISIN Code	GB00B1L6WG32
Parent SEDOL Code	B-1L6-WG3
Strippable	No (see Note 3)
Interest Payable	Gross (see Note 4)
Next Interest Date	7 June 2007 - £1.197115 per £100 nominal (Short Coupon)

#### **“When Issued” Trading**

under London Stock Exchange Rule 7265

Commences	3:30pm London Time: 6 March 2007
Closes	Close of business : 15 March 2007
“When issued” ISIN Code	GB00B1L6WG32
“When issued” SEDOL Code	B-1L6-WG3
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 (as amended). Gilt-edged Market Makers may bid by telephone to the DMO not later than 10.30 am on Thursday, 15 March 2007.



Note 2: The terms of the DMO's financing remit set by HM Treasury state that the coupon for a new gilt will be set as far as possible to price it close to par at the time of issue. For new conventional gilts, coupons are set in multiples of ¼%. On the basis of current yields, the multiple of ¼% that would most precisely meet this criterion is 5%. However, setting the coupon at this level would result in two bonds maturing in the same year with the same coupon (5% Treasury Stock 2012 matures on 7 March 2012). In order to avoid any potential market confusion between the two bonds, the DMO has decided to set the coupon at the multiple of ¼% that is next closest to prevailing market yields, i.e. 5¼%. The DMO will be gathering views in the forthcoming year regarding options for handling any similar situation in the future.

Note 3. The Gilt may not be stripped and reconstituted until so specified in a notice issued by the DMO.

Note 4: 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.

## Documentation

Prospectus DMO : 6 March 2007	<a href="http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp060307.pdf">www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp060307.pdf</a>
Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock DMO : December 2004	<a href="http://www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmem211204.pdf">www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmem211204.pdf</a>
Notice of Amendment DMO : 13 May 2005	<a href="http://www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmemadd130505.pdf">www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmemadd130505.pdf</a>
Notice of Amendment DMO : 13 September 2005	<a href="http://www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmemadd130905.pdf">www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmemadd130905.pdf</a>
Formulae for Calculating Gilt Prices from Yields DMO : 16 March 2005	<a href="http://www.dmo.gov.uk/documentview.aspx?docname=/giltsmarket/formulae/yldeqns.pdf">www.dmo.gov.uk/documentview.aspx?docname=/giltsmarket/formulae/yldeqns.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, BS3 9WX to arrive not later than 10.00 am on Thursday, 15 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 Thursday, 15 March 2007.

The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £103 per £100 nominal of the Gilt.



## Remit 2006-07

Gilt sales of £62.5 billion (cash) are planned in 2006-07, the split is summarised in the table below.

<b>Gilt sales v remit at 7 March 2007 (£ millions).</b>					
	Conventional Gilts			Index-linked gilts	Total
	Short (1-7 yrs)	Medium (7-15yrs)	Long (15 yrs+)		
Gilt sales to date	7,322	9,948	25,226	16,243	58,740
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	2,678	52	24	1,007	3,760
Auctions remaining in programme	1	0	0	1	2

