

1 March 2011

PRESS NOTICE

AUCTION OF BRITISH GOVERNMENT STOCK

Auction Details

Auction Date	Tuesday, 8 March 2011
Issue and Settlement Date	Wednesday, 9 March 2011
Bidding Convention	Uniform Price (see Note 1)
Index adjusted accrued interest payable with bid	£0.198728 per £100 nominal
Auction Close	10:30am London Time

Details of Security

Title	0 ⁵ % Index-linked Treasury Gilt 2042
Amount (nominal) for auction	£800 million (fungible with previous issues) (see Note 5)
Nominal outstanding after auction	£9,326.6 million (£10,032.9 million Index adjusted)
Maturity Date	22 November 2042
Interest Dates	22 May and 22 November
Parent ISIN Code	GB00B3MYD345
Parent SEDOL Code	B-3MY-D34
Reference Index applicable to first issue date	212.46452 (as at 24 July 2009) (see Note 4)
Index Ratio at 9 March 2011	1.07573
Interest Payable	Gross (see Note 2)
Next Interest Date	22 May 2011 (Standard Coupon) (see Note 3)

“When Issued” Trading

under London Stock Exchange Rule 1530

Commences	3:30pm London Time: 1 March 2011
Closes	Close of business: 8 March 2011
“When issued” ISIN Code	GB00B4N20R79
“When issued” SEDOL Code	B-4N2-0R7
TIDM (for trade reporting)	AUCB

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 Tuesday, 8 March 2011.

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 £0.3125 x Index Ratio for 22 May 2011 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 RPI 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.

Note 5: Subject to the provisions of the Information Memorandum, this auction will be eligible for the Post Auction Option Facility of an additional amount of the Gilt equivalent to 10% of the nominal amount of the Gilt allocated at the auction. Details of the Post Auction Option Facility procedures are set out in the Information Memorandum.

Documentation

Prospectus DMO : 1 March 2011	http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp010311.pdf
Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock DMO : May 2009	www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmem220509.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 Tuesday, 8 March 2011. 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, 8 March 2011. The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £113 per £100 nominal of the Gilt.

Remit 2010-11

Gilt sales of £165.2 billion (cash) are planned in 2010-11 and progress against the remit is summarised in the table below (which may not include the amount of gilts issued under the Post Auction Option Facility for the most recent auction, if any).

Gilt sales relative to remit targets: 1 March 2011 (£ millions)					
	Conventional Gilts			Index-linked gilts	Total
	Short	Medium	Long		
Total gilt sales to-date	52,843	35,376	38,646	33,037	159,901
Planned sales at auctions	52,700	38,200	24,100	17,000	132,000
1. Sales at auctions ¹	52,503	34,830	21,660	16,125	125,117
Balance of auction sales to plan		3,370	2,440	875	6,883
Balance assuming PAOF ²		3,124	2,320	830	
Auctions remaining		1	1	1	3
Auction evenflow ³		3,124	2,320	830	
2. Sales by syndication			12,994	13,944	26,938
Planned sales by syndication					26,200
3. Sales by tender			3,428	2,841	6,268
Planned sales by tender					7,000
Total supplementary sales			16,422	16,785	33,207
4. PAOF proceeds ⁴	341	546	563	127	1,578
Total planned sales	52,700	38,200	40,500	33,800	165,200
¹ Including PAOF proceeds to 29 November 2010.					
² These amounts assume that PAOF accrues at each auction between 29 Nov 2010 and end-March 2011 at the same average rate as in the FY to 29 Nov (£287m S, £246m M, £120m L and £45m ILG). In the event that take up differs from these assumptions, the outturn will be reflected in the T-bill stock and/or the DMO's net cash position.					
³ Calculated after assumed PAOF contribution (as above).					
⁴ Since 29 November 2010 - these amounts are included in the total gilt sales to-date line.					

