

4 January 2011

PRESS NOTICE

AUCTION OF BRITISH GOVERNMENT STOCK

Auction Details

Auction Date	Tuesday, 11 January 2011
Issue and Settlement Date	Wednesday, 12 January 2011
Bidding Convention	Uniform Price (see Note 1)
Index adjusted accrued interest payable with bid	£0.183422 per £100 nominal
Auction Close	10:30am London Time

Details of Security

Title	1¼% Index-linked Treasury Gilt 2032
Amount (nominal) for auction	£900 million (fungible with previous issues) (see Note 5)
Nominal outstanding after auction	£12,978 million (£13,517.2 million Index adjusted)
Maturity Date	22 November 2032
Interest Dates	22 May and 22 November
Parent ISIN Code	GB00B3D4VD98
Parent SEDOL Code	B-3D4-VD9
Reference Index applicable to first issue date	217.13226 (as at 29 October 2008) (see Note 4)
Index Ratio at 12 January 2011	1.04155
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: 4 January 2011
Closes	Close of business: 11 January 2011
“When issued” ISIN Code	GB00B4N37C44
“When issued” SEDOL Code	B-4N3-7C4
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 Tuesday, 11 January 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 £0.625 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 : 4 January 2011	http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp040111.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, 11 January 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, 11 January 2011. The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £124.50 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: 4 January 2011 (£ millions)					
	Conventional Gilts			Index-linked gilts	Total
	Short	Medium	Long		
Total gilt sales to-date	45,337	29,350	34,195	26,078	134,959
Planned sales at auctions	52,700	38,200	24,100	17,000	132,000
1. Sales at auctions*	44,996	29,350	17,580	13,858	105,785
Balance of auction sales to plan	7,130	8,112	6,160	3,007	26,215
Auctions remaining	2	3	3	3	11
Auction evenflow	3,565	2,704	2,053	1,002	
2. Sales by syndication			12,994	9,319	22,314
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	12,160	28,582
Balance to plan			-22	4,640	4,618
4. PAOF proceeds**	341	0	193	59	593
Total planned sales	52,700	38,200	40,500	33,800	165,200
* Including PAOF proceeds to 29 November 2010					
** Since 29 November 2010					

