

PRESS NOTICE

AUCTION OF BRITISH GOVERNMENT STOCK

Auction Details

Auction Date	Thursday, 3 February 2011
Issue and Settlement Date	Friday, 4 February 2011
Bidding Convention	Fully paid Bid Price (see Note 1)
Accrued Interest payable with bid	£0.688874 per £100 nominal
Auction Close	10:30am London Time

Details of Security

Title	4¼% Treasury Gilt 2040
Amount (nominal) for auction	£2,000 million (fungible with previous issues) (see Note 3)
Nominal outstanding after auction	£15,000 million
Maturity Date	7 December 2040 at par
Interest Dates	7 June – 7 December
Parent ISIN Code	GB00B6460505
Parent SEDOL Code	B-646-050
Strippable	Yes, since 7 December 2010
Interest Payable	Gross (see Note 2)
Next Interest Date	7 June 2011 (Standard Coupon)

“When Issued” Trading

under London Stock Exchange Rule 1530

Commences	3:30pm London Time: 25 January 2011
Closes	Close of business: 3 February 2011
“When issued” ISIN Code	GB00B58TNL51
“When issued” SEDOL Code	B-58T-NL5
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. 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, 3 February 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: 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 : 25 January 2011	http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp250111b.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 Thursday, 3 February 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 Thursday, 3 February 2011.

The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £104 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: 25 January 2011 (£ millions)					
	Conventional Gilts			Index-linked	Total
	Short	Medium	Long	gilts	
Total gilt sales to-date	45,337	32,387	36,582	27,109	141,415
Planned sales at auctions	52,700	38,200	24,100	17,000	132,000
1. Sales at auctions*	44,996	32,112	19,750	14,890	111,749
Balance of auction sales to plan	7,130	5,596	4,110	2,020	20,251
Auctions remaining	2	2	2	2	8
Auction evenflow	3,565	2,798	2,055	1,010	
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	275	409	59	1,084
Total planned sales	52,700	38,200	40,500	33,800	165,200
<i>* Including PAOF proceeds to 29 November 2010</i>					
<i>** Since 29 November 2010</i>					

