

26/06

16 May 2006

PRESS NOTICE

AUCTION OF UK GOVERNMENT SECURITY (GILT)

Auction Details

Auction Date	Thursday, 25 May 2006
Issue and Settlement Date	Friday, 26 May 2006
Bidding Convention	Fully paid Bid Price (see Note 1)
Accrued Interest payable with bid	£0.924814 per £100 nominal
Auction Close	10:30am London Time

Details of Security

Title	4% Treasury Gilt 2016
Amount (nominal) for issue	£2,750 million (fungible with previous issue)
Nominal outstanding after issue	£5,750 million
Maturity Date	7 September 2016 at par
Interest Dates	7 March – 7 September
Parent ISIN Code	GB00B0V3WX43
Parent SEDOL Code	B-0V3-WX4
Strippable	From 26 May 2006 (see Note 3)
Interest Payable	Gross (see Note 2)
Next Interest Date	7 September 2006 - £2.055249 per £100 nominal (Long Coupon)

“When Issued” Trading

under London Stock Exchange Rule 7265

Commences	3:30pm : 16 May 2006
Closes	Close of business : 25 May 2006
“When issued” ISIN Code	GB00B128F250
“When issued” SEDOL Code	B-128-F25
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, 25 May 2006.



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: The minimum stripping unit will be £1 million nominal until the payment of the non-standard first coupon on 7 September 2006, after which the standard minimum stripping unit of £10,000 nominal will apply. The SEDOL and ISIN codes for the new Principal Strip will be B-14X-YM1 and GB00B14XYM13 respectively.

Documentation

Prospectus DMO : 16 May 2006	www.dmo.gov.uk/gilts/public/prospectus/prosp160506b.pdf
Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock DMO : December 2004	www.dmo.gov.uk/gilts/public/technical/infmem211204.pdf
Notice of Amendment DMO : 13 May 2005	www.dmo.gov.uk/gilts/public/technical/infmemadd130505.pdf
Notice of Amendment DMO : 13 September 2005	www.dmo.gov.uk/gilts/public/technical/infmemadd130905.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, BS3 9WX to arrive not later than 10.00 am on Thursday, 25 May 2006. 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, 25 May 2006.

Remit 2006-07

Gilt sales of £63.0 billion (cash) are planned in 2006-07, the split is summarised in the table below.

Gilt sales v remit at 15 May 2006 (£ millions).					
	Conventional Gilts			Index-linked gilts	Total
	Shorts (1-7 yrs)	Mediums (7-15yrs)	Longs (15 yrs+)		
Gilt sales to date	0	0	4,377	2,250	6,628
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	2,500	0	2,500
Currently allocated programme	10,000	10,000	19,500	16,000	55,500
Remaining to be allocated					7,500
Total planned sales					63,000
Remaining to meet allocated programme	10,000	10,000	15,123	13,750	48,872
Auctions remaining in current programme	4	4	7	14	29

