

31 May 2011

PRESS NOTICE

AUCTION OF BRITISH GOVERNMENT STOCK

Auction Details

Auction Date	Tuesday, 7 June 2011
Issue and Settlement Date	Wednesday, 8 June 2011
Bidding Convention	Uniform Price (see Note 1)
Index-adjusted accrued interest payable with bid	£0.142520 per £100 nominal
Auction Close	10:30am London Time

Details of Security

Title	0%% Index-linked Treasury Gilt 2040
Amount (nominal) for auction	£1,000 million (fungible with previous issues) (see Note 5)
Nominal outstanding after auction	£10,500 million (£11,296.3 million Index adjusted)
Maturity Date	22 March 2040
Interest Dates	22 March and 22 September
Parent ISIN Code	GB00B3LZBF68
Parent SEDOL Code	B-3LZ-BF6
Reference Index applicable to first issue date	216.52258 (as at 28 January 2010) (see Note 4)
Index Ratio at 8 June 2011	1.07584
Interest Payable	Gross (see Note 2)
Next Interest Date	22 September 2011 (Standard Coupon) (see Note 3)

“When Issued” Trading

under London Stock Exchange Rule 1530

Commences	3:30pm London Time: 31 May 2011
Closes	Close of business: 7 June 2011
“When issued” ISIN Code	GB00B5022M60
“When issued” SEDOL Code	B-502-2M6
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, 7 June 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 September 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 Retail Price Index 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 auction. Details of the Post Auction Option Facility procedures are set out in the Information Memorandum.

Documentation

Prospectus DMO : 31 May 2011	http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp310511.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/yld eqns.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, 7 June 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, 7 June 2011. The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £115 per £100 nominal of the Gilt.

Remit 2011-12

Gilt sales of £167.5 billion (cash) are planned in 2011-12 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 plans: 31 May 2011 (£ millions)					
	Conventional Gilts			Index-linked gilts	Total
	Short	Medium	Long		
Auction sales to-date	9,968	7,115	3,989	3,732	24,804
PAOF proceeds to-date	0	304	193	210	707
Syndication sales to-date			0	3,462	3,462
Mini-tender sales to date			0	0	0
Total gilt sales to date	9,968	7,419	4,183	7,405	28,974
Auction sales required to meet plans (excludes PAOF proceeds)	47,432	27,585	17,011	14,468	106,496
Number of auctions remaining	10	8	8	12	38
Currently required average auction sizes	4,743	3,448	2,126	1,206	
Syndication sales required to meet plan			13,500	14,638	28,138
Mini-tender sales required to meet plan			2,900	1,700	4,600
Planned gilt sales at auctions	57,400	34,700	21,000	18,200	131,300
Number of auctions scheduled	12	10	10	15	47
Planned gilt sales by syndication			13,500	18,100	31,600
Planned sales by mini-tender			2,900	1,700	4,600
Total planned supplementary gilt sales			16,400	19,800	36,200
Total planned gilt sales	57,400	34,700	37,400	38,000	167,500

