

22 February 2011

PRESS NOTICE

AUCTION OF BRITISH GOVERNMENT STOCK

Auction Details

Auction Date	Tuesday, 1 March 2011
Issue and Settlement Date	Wednesday, 2 March 2011
Bidding Convention	Fully paid Bid Price (see Note 1)
Accrued Interest payable with bid	£0.215470 per £100 nominal
Auction Close	10:30am London Time

Details of Security

Title	2% Treasury Gilt 2016
Amount (nominal) for auction	£4,000 million (fungible with previous issues) (see Note 4)
Nominal outstanding after auction	£16,000 million
Maturity Date	22 January 2016 at par
Interest Dates	22 January – 22 July
Parent ISIN Code	GB00B3QCG246
Parent SEDOL Code	B-3QC-G24
Strippable	No (see Note 2)
Interest Payable	Gross (see Note 3)
Next Interest Date	22 July 2011 (Standard Coupon)

“When Issued” Trading

under London Stock Exchange Rule 1530

Commences	3:30pm London Time: 22 February 2011
Closes	Close of business: 1 March 2011
“When issued” ISIN Code	GB00B4YLBQ99
“When issued” SEDOL Code	B-4YL-BQ9
TIDM (for trade reporting)	AUC

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 Tuesday, 1 March 2011.

Note 2. The Gilt may not be stripped and reconstituted until so specified in a notice issued by the DMO.



Note 3: 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 4: 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 : 22 February 2011	http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp220211a.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, 1 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, 1 March 2011.

The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £98.50 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: 22 February 2011 (£ millions)					
	Conventional Gilts			Index-linked gilts	Total
	Short	Medium	Long		
Total gilt sales to-date	48,965	35,376	38,646	33,037	156,023
Planned sales at auctions	52,700	38,200	24,100	17,000	132,000
1. Sales at auctions ¹	48,624	34,830	21,660	16,125	121,238
Balance of auction sales to plan	4,076	3,370	2,440	875	10,762
Balance assuming PAOF ²	3,789	3,124	2,320	830	
Auctions remaining	1	1	1	1	4
Auction evenflow ³	3,789	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.					

