

PRESS NOTICE

AUCTION OF BRITISH GOVERNMENT STOCK

Auction Details

Auction Date	Thursday, 12 May 2011
Issue and Settlement Date	Friday, 13 May 2011
Bidding Convention	Fully paid Bid Price (see Note 1)
Accrued Interest payable with bid	£1.833104 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	£19,161.2 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: 3 May 2011
Closes	Close of business: 12 May 2011
“When issued” ISIN Code	GB00B3M36768
“When issued” SEDOL Code	B-3M3-676
TIDM (for trade reporting)	AUCB

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, 12 May 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 : 3 May 2011	http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp030511b.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, 12 May 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, 12 May 2011.

The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £109.50 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: 3 May 2011 (£ millions)					
	Conventional Gilts			Index-linked gilts	Total
	Short	Medium	Long		
Auction sales to-date	4,862	3,462	1,975	2,172	12,471
PAOF proceeds to-date	0	304	0	74	377
Syndication sales to-date			0	0	0
Mini-tender sales to date			0	0	0
Total gilt sales to date	4,862	3,766	1,975	2,245	12,849
Auction sales required to meet plans (excludes PAOF proceeds)	52,538	31,238	19,025	16,028	118,829
Number of auctions remaining	11	9	9	13	42
Currently required average auction sizes	4,776	3,471	2,114	1,233	
Syndication sales required to meet plan			13,500	18,100	31,600
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

