

01/07

2 January 2007

## **PRESS NOTICE**

### **AUCTION OF UK GOVERNMENT SECURITY (GILT)**

#### **Auction Details**

|                                   |                                   |
|-----------------------------------|-----------------------------------|
| Auction Date                      | Tuesday, 9 January 2007           |
| Issue and Settlement Date         | Wednesday, 10 January 2007        |
| Bidding Convention                | Fully paid Bid Price (see Note 1) |
| Accrued Interest payable with bid | £0.396978 per £100 nominal        |
| Auction Close                     | 10:30am London Time               |

#### **Details of Security**

|                                 |  |
|---------------------------------|--|
| Title                           | 4¼% Treasury Gilt 2027                         |
| Amount (nominal) for issue      | £2,250 million (fungible with previous issues) |
| Nominal outstanding after issue | £9,000 million                                 |
| Maturity Date                   | 7 December 2027 at par                         |
| Interest Dates                  | 7 June – 7 December                            |
| Parent ISIN Code                | GB00B16NNR78                                   |
| Parent SEDOL Code               | B-16N-NR7                                      |
| Strippable                      | Yes, since 6 December 2006                     |
| Interest Payable                | Gross (see Note 2)                             |
| Next Interest Date              | 7 June 2007 (Standard Coupon)                  |

#### **“When Issued” Trading**

under London Stock Exchange Rule 7265

|                            |                                    |
|----------------------------|------------------------------------|
| Commences                  | 3:30pm : 2 January 2007            |
| Closes                     | Close of business : 9 January 2007 |
| “When issued” ISIN Code    | GB00B1L6VV18                       |
| “When issued” SEDOL Code   | B-1L6-VV1                          |
| 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 (as amended). Gilt-edged Market Makers may bid by telephone to the DMO not later than 10.30 am on Tuesday, 9 January 2007.

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.



## Documentation

|   |  |
|---|--|
| Prospectus<br>DMO : 2 January 2007  | <a href="http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp020107.pdf">www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp020107.pdf</a>                   |
| Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock<br>DMO : December 2004 | <a href="http://www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmem211204.pdf">www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmem211204.pdf</a>       |
| Notice of Amendment<br>DMO : 13 May 2005  | <a href="http://www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmemadd130505.pdf">www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmemadd130505.pdf</a> |
| Notice of Amendment<br>DMO : 13 September 2005  | <a href="http://www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmemadd130905.pdf">www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/infmemadd130905.pdf</a> |
| Formulae for Calculating Gilt Prices from Yields<br>DMO : 16 March 2005   | <a href="http://www.dmo.gov.uk/documentview.aspx?docname=/giltsmarket/formulae/yldeqns.pdf">www.dmo.gov.uk/documentview.aspx?docname=/giltsmarket/formulae/yldeqns.pdf</a>                                 |

## 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 Tuesday, 9 January 2007. 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, 9 January 2007.

The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £103 per £100 nominal of the Gilt.

## Remit 2006-07

Gilt sales of £62.5 billion (cash) are planned in 2006-07, the split is summarised in the table below.

| <b>Gilt sales v remit at 31 December 2006 (£ millions).</b> |                    |                   |                 |                    |               |
|---|--------------------|-------------------|-----------------|--------------------|---------------|
|   | Conventional Gilts |                   |                 | Index-linked gilts | Total         |
|   | Shorts (1-7 yrs)   | Mediums (7-15yrs) | Longs (15 yrs+) |                    |               |
| Gilt sales to date  | 7,322              | 7,389             | 18,548          | 13,283             | 46,543        |
| Core gilt programme   | 10,000             | 10,000            | 17,000          | 16,000             | 53,000        |
| <b>Programme to be allocated in-year</b>                    |                    |                   |                 |                    |               |
| Allocated in-year to date                                   | 0                  | 0                 | 8,250           | 1,250              | 9,500         |
| Currently allocated programme                               | 10,000             | 10,000            | 25,250          | 17,250             | 62,500        |
| Remaining to be allocated                                   |                    |                   |                 |                    | 0             |
| <b>Total planned sales</b>                                  |                    |                   |                 |                    | <b>62,500</b> |
| Remaining to meet allocated programme                       | 2,678              | 2,611             | 6,702           | 3,967              | 15,957        |
| Auctions remaining in current programme                     | 1                  | 1                 | 3               | 4                  | 9             |

