

PRESS NOTICE

AUCTION OF BRITISH GOVERNMENT STOCK

Auction Details

Auction Date	Tuesday, 6 December 2011
Issue and Settlement Date	Wednesday, 7 December 2011
Bidding Convention	Fully paid Bid Price (see Note 1)
Accrued Interest payable with bid	Nil
Auction Close	10:30am London Time

Details of Security

Title	4¼% Treasury Gilt 2040
Amount (nominal) for auction	£1,750 million (fungible with previous issues) (see Note 3)
Nominal outstanding after auction	£23,749.7 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 2012 (Standard Coupon)

“When Issued” Trading

under London Stock Exchange Rule 1530

Commences	3:30pm London Time: 29 November 2011
Closes	Close of business: 6 December 2011
“When issued” ISIN Code	GB00B68HS556
“When issued” SEDOL Code	B-68H-S55
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. 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, 6 December 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 : 29 November 2011	http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp291111a.pdf
Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock DMO : August 2011	http://www.dmo.gov.uk/documentview.aspx?docName=/publications/operationalrules/infmemadd150811.pdf
Formulae for Calculating Gilt Prices from Yields DMO : 16 March 2005	www.dmo.gov.uk/documentview.aspx?docname=/giltsmarket/formulae/yldequns.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, 6 December 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, 6 December 2011.

The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £130.50 per £100 nominal of the Gilt.

Remit 2011-12

Following today's statement by the Chancellor of the Exchequer, the DMO's financing remit for 2011-12 has been revised and total planned gilt sales have been increased by £11.4bn to £178.9bn. Progress against the revised remit is summarised in the table below.

Gilt sales relative to remit plans at 29 November (£ millions)					
	Conventional Gilts			Index-linked gilts	Total
	Short	Medium	Long		
Auction sales to-date	38,561	20,969	15,097	12,095	86,723
PAOF proceeds to-date	864	1,108	832	560	3,364
Auction + PAOF sales to date	39,425	22,078	15,929	12,655	90,087
PAOF sales since the AF	0	0	0	0	0
Syndication sales to-date			9,319	15,375	24,694
Mini-tender sales to-date			1,185	494	1,679
Total gilt sales to date	39,425	22,078	26,433	28,524	116,460
Required auction sales to meet plans,					
Sales required	21,175	17,722	6,671	6,245	51,813
Less assumed PAOF proceeds to end-FY	464	890	348	276	1,979
Auction sales currently required to meet plans	20,711	16,832	6,323	5,968	49,834
Number of auctions remaining	5	5	3	5	18
Currently required average auction sizes	4,142	3,366	2,108	1,194	
Syndication sales required to meet plan			4,481	3,525	8,006
Mini-tender sales required to meet plan			1,915	706	2,621
Planned gilt sales at auctions	60,600	39,800	22,600	18,900	141,900
Number of auctions scheduled	13	11	10	15	49
Planned gilt sales by syndication			13,800	18,900	32,700
Planned sales by mini-tender			3,100	1,200	4,300
Planned supplementary gilt sales			16,900	20,100	37,000
Total planned gilt sales	60,600	39,800	39,500	39,000	178,900

