

PRESS NOTICE

AUCTION OF BRITISH GOVERNMENT STOCK

Auction Details

| | |
|-----------------------------------|-----------------------------------|
| Auction Date | Wednesday, 11 January 2012 |
| Issue and Settlement Date | Thursday, 12 January 2012 |
| Bidding Convention | Fully paid Bid Price (see Note 1) |
| Accrued Interest payable with bid | £1.308379 per £100 nominal |
| Auction Close | 10:30am London Time |

Details of Security

| | |
|-----------------------------------|---|
| Title | 3¾% Treasury Gilt 2021 |
| Amount (nominal) for auction | £3,000 million (fungible with previous issues) (see Note 3) |
| Nominal outstanding after auction | £27,047.2 million |
| Maturity Date | 7 September 2021 at par |
| Interest Dates | 7 March – 7 September |
| Parent ISIN Code | GB00B4RMG977 |
| Parent SEDOL Code | B-4RM-G97 |
| Strippable | Yes, since 6 April 2011 |
| Interest Payable | Gross (see Note 2) |
| Next Interest Date | 7 March 2012 (Standard Coupon) |

“When Issued” Trading

under London Stock Exchange Rule 1530

| | |
|----------------------------|------------------------------------|
| Commences | 3:30pm London Time: 3 January 2012 |
| Closes | Close of business: 11 January 2012 |
| “When issued” ISIN Code | GB00B7F9SF19 |
| “When issued” SEDOL Code | B-7F9-SF1 |
| 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 Wednesday, 11 January 2012.

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 January 2012 | http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp030112b.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/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 Wednesday, 11 January 2012. 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 Wednesday, 11 January 2012.

The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £120 per £100 nominal of the Gilt.

Remit 2011-12

Gilt sales of £178.9 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 at 3 January (£ millions) | | | | | |
|--|--------------------|---------------|---------------|---------------|----------------|
| | Conventional Gilts | | | Index-linked | Total |
| | Short | Medium | Long | gilts | |
| Auction sales in the financial year to-date | 42,684 | 27,812 | 17,160 | 13,338 | 100,994 |
| PAOF sales in the financial year to-date | 864 | 1,791 | 1,038 | 632 | 4,325 |
| Auction and PAOF sales in the financial year to date | 43,548 | 29,603 | 18,198 | 13,970 | 105,319 |
| <i>PAOF sales since the Autumn Statement</i> | <i>0</i> | <i>683</i> | <i>206</i> | <i>71</i> | <i>960</i> |
| Syndication sales in the financial year to-date | | | 9,319 | 15,375 | 24,694 |
| Mini-tender sales in the financial year to-date | | | 2,091 | 494 | 2,585 |
| Total gilt sales in the financial year to-date | 43,548 | 29,603 | 29,608 | 29,838 | 132,597 |
| Required auction sales to meet plans | | | | | |
| Sales required | 17,052 | 10,880 | 4,608 | 5,001 | 37,541 |
| Less assumed PAOF proceeds to end-financial year | 464 | 890 | 348 | 276 | 1,979 |
| Auction sales currently required to meet plans | 16,588 | 9,989 | 4,260 | 4,725 | 35,562 |
| Number of auctions remaining | 4 | 3 | 2 | 4 | 13 |
| Currently required average auction sizes | 4,147 | 3,330 | 2,130 | 1,181 | |
| Syndication sales required to meet plan | | | 4,481 | 3,525 | 8,006 |
| Mini-tender sales required to meet plan | | | 1,009 | 706 | 1,715 |
| 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 |

