

PRESS NOTICE

AUCTION OF BRITISH GOVERNMENT STOCK

Auction Details

Auction Date	Tuesday, 2 November 2010
Issue and Settlement Date	Wednesday, 3 November 2010
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	2% Treasury Gilt 2016
Amount (nominal) for auction	£4,000 million (see Note 4)
Nominal outstanding after auction	£4,000 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 January 2011 - £0.434783 per £100 nominal (Short First Coupon)

“When Issued” Trading

under London Stock Exchange Rule 1530

Commences	3:30pm London Time: 26 October 2010
Closes	Close of business: 2 November 2010
“When issued” ISIN Code	GB00B3QCG246
“When issued” SEDOL Code	B-3QC-G24
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, 2 November 2010.

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 : 26 October 2010	http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp261010.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, 2 November 2010. 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, 2 November 2010.

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 2010-11

Gilt sales of £165.0 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 v remit 26 October 2010 (£ millions)					
	Conventional Gilts			Index-linked gilts	Total
	Short	Medium	Long		
Total gilt sales to-date	37,184	26,021	24,897	23,306	111,408
Planned sales at auctions	52,600	38,200	24,200	17,000	132,000
1. Sales at auctions*	35,973	24,801	13,307	11,665	85,745
Balance of auction sales to plan	16,627	13,399	10,893	5,335	46,255
Auctions remaining	4	4	5	5	18
Auction evenflow	4,157	3,350	2,179	1,067	
2. Sales by syndication			7,995	9,319	17,314
Planned sales by syndication					26,000
3. Sales by tender			3,428	2,093	5,521
Planned sales by tender					7,000
Total supplementary sales			11,422	11,413	22,835
Balance to plan			4,778	5,387	10,165
4. PAOF proceeds**	1,211	1,220	168	229	2,828
Total planned sales	52,600	38,200	40,400	33,800	165,000
<i>* including PAOF proceeds to June Budget</i>					
<i>** since June Budget</i>					

