

PRESS NOTICE

AUCTION OF BRITISH GOVERNMENT STOCK

Auction Details

| | |
|-----------------------------------|-----------------------------------|
| Auction Date | Tuesday, 7 December 2010 |
| Issue and Settlement Date | Wednesday, 8 December 2010 |
| Bidding Convention | Fully paid Bid Price (see Note 1) |
| Accrued Interest payable with bid | £0.011676 per £100 nominal |
| Auction Close | 10:30am London Time |

Details of Security

| | |
|-----------------------------------|---|
| Title | 4¼% Treasury Gilt 2049 |
| Amount (nominal) for auction | £2,000 million (fungible with previous issues) (see Note 3) |
| Nominal outstanding after auction | £18,436 million |
| Maturity Date | 7 December 2049 at par |
| Interest Dates | 7 June – 7 December |
| Parent ISIN Code | GB00B39R3707 |
| Parent SEDOL Code | B-39R-370 |
| Strippable | Yes, since 3 December 2008 |
| 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: 30 November 2010 |
| Closes | Close of business: 7 December 2010 |
| “When issued” ISIN Code | GB00B692F362 |
| “When issued” SEDOL Code | B-692-F36 |
| 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, 7 December 2010.

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 : 30 November 2010 | http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp301110.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, 7 December 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, 7 December 2010.

The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £107.50 per £100 nominal of the Gilt.

Remit 2010-11

Following yesterday's statement by the Chancellor of the Exchequer, the DMO's financing remit for 2010-11 has been revised and total planned gilt sales have been increased by £0.2bn to £165.2bn. Progress against the revised remit is summarised in the table below.

| Gilt sales v remit 30 November 2010 (£ millions) | | | | | |
|--|--------------------|---------------|---------------|---------------|----------------|
| | Conventional Gilts | | | Index-linked | Total |
| | Short | Medium | Long | gilts | |
| Total gilt sales to-date | 41,590 | 29,350 | 32,051 | 25,177 | 128,169 |
| Planned sales at auctions | 52,700 | 38,200 | 24,100 | 17,000 | 132,000 |
| 1. Sales at auctions* | 41,590 | 29,350 | 15,629 | 13,017 | 99,587 |
| Balance of auction sales to plan | 10,249 | 8,112 | 7,991 | 3,803 | 32,413 |
| Auctions remaining | 3 | 3 | 4 | 4 | 14 |
| Auction evenflow | 3,416 | 2,704 | 1,998 | 951 | |
| 2. Sales by syndication | | | 12,994 | 9,319 | 22,314 |
| Planned sales by syndication | | | | | 26,200 |
| 3. Sales by tender | | | 3,428 | 2,841 | 6,268 |
| Planned sales by tender | | | | | 7,000 |
| Total supplementary sales | | | 16,422 | 12,160 | 28,582 |
| Balance to plan | | | -22 | 4,640 | 4,418 |
| 4. PAOF proceeds** | 0 | 0 | 0 | 0 | 0 |
| Total planned sales | 52,700 | 38,200 | 40,500 | 33,800 | 165,200 |
| * including PAOF proceeds in FY to-date | | | | | |
| ** since Autumn Forecast | | | | | |

