

PRESS NOTICE

AUCTION OF BRITISH GOVERNMENT STOCK

Auction Details

Auction Date	Thursday, 2 September 2010
Issue and Settlement Date	Friday, 3 September 2010
Bidding Convention	Fully paid Bid Price (see Note 1)
Rebate interest to be deducted from amount payable with bid	£0.054348 per £100 nominal
Auction Close	10:30am London Time

Details of Security

Title	5% Treasury Stock 2014
Amount (nominal) for auction	£3,750 million (fungible with previous issues) (see Note 3)
Nominal outstanding after auction	£36,207 million
Maturity Date	7 September 2014 at par
Interest Dates	7 March – 7 September
Parent ISIN Code	GB0031829509
Parent SEDOL Code	3-182-950
Strippable	Yes, since 23 October 2002
Interest Payable	Gross (see Note 2)
Next Interest Date	7 March 2011 (Standard Coupon)

“When Issued” Trading

under London Stock Exchange Rule 1530

Commences	3:30pm London Time: 24 August 2010
Closes	Close of business: 2 September 2010
“When issued” ISIN Code	GB00B5LF6224
“When issued” SEDOL Code	B-5LF-622
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 Thursday, 2 September 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 Stock equivalent to 10% of the nominal amount of the Stock allocated at the auction. Details of the Post Auction Option Facility procedures are set out in the Information Memorandum.

Documentation

Prospectus DMO : 24 August 2010	http://www.dmo.gov.uk/documentview.aspx?docName=/gilts/public/prospectus/prosp240810.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/yld eqns.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 Thursday, 2 September 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 Thursday, 2 September 2010.

The amount payable on application in the case of a non-competitive bid made by a member of the Approved Group is £115.50 per £100 nominal of the Stock.

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 19 August 2010 (£ millions)					
	Conventional Gilts			Index-linked gilts	Total
	Short	Medium	Long		
Total gilt sales to-date	27,824	19,129	20,232	19,200	86,385
Planned sales at auctions	52,600	38,200	24,200	17,000	132,000
1. Sales at auctions*	27,439	18,491	11,087	8,339	65,356
Balance of auction sales to plan	25,161	18,709	13,113	8,661	66,644
Auctions remaining	6	6	6	8	26
Auction evenflow	4,194	3,118	2,186	1,083	
2. Sales by syndication			7,995	9,319	17,314
Planned sales by syndication					26,000
3. Sales by tender			982	1,400	2,382
Planned sales by tender					7,000
Total supplementary sales			8,977	10,719	19,696
Balance to plan			7,223	6,081	13,304
4. PAOF proceeds**	386	638	168	141	1,334
Total planned sales	52,600	38,200	40,400	33,800	165,000
* including PAOF proceeds to June Budget					
** since June Budget					

