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PRESS NOTICE

RESULT: SYNDICATED OFFERING OF 4½% TREASURY GILT 2034

The United Kingdom Debt Management Office ("DMO") announces that the syndicated offering of £7.0 billion nominal of 4½% Treasury Gilt 2034 has been priced at £97.85 per £100 nominal, equating to a nominal gross redemption yield of 4.646%. The offer was priced at a yield spread of 11 basis points (bps) above 4¼% Treasury Gilt 2032. The offer will settle and be issued, on 17 June 2009.

The domestic investor base provided the main support for the issue, taking around 94% of the allocation. The remaining 6% was placed overseas. In terms of investor type, there was very strong direct interest from end investors, reflecting the structural demand for long-dated assets. End investors, primarily including fund managers, pension funds and insurance companies, took 62% of the transaction and 38% was placed within the GEMM community.

Commenting on the result, Robert Stheeman, the Chief Executive of the DMO said,

"*The execution of this transaction has been very orderly and the result is I believe a very good one, both for the UK Government as a Sovereign Issuer and for the market as a whole. It was important that this, the first of our planned series of syndicated gilt offerings went well and we have successfully opened a new long-dated conventional gilt in a size more than twice the size that would have been envisaged by auction, as part of our commitment to seek to supply more of the gilts that are so much in demand by the pension and insurance sectors.*

The syndicate of banks who have delivered this result have assembled a strong order book from a broad range of investors, thereby setting the foundation for an active and efficient market for the new gilt. We decided to respond to the strength and diversity of demand by increasing the size of the offer from our initial target of around £3-5 billion *to £7 billion. The size and tight pricing achieved reflect well on the depth and maturity of the gilt market and the commitment of its participants".*

NOTES TO EDITORS

The Syndicated Offering was managed by four Joint Bookrunners: Barclays Capital, Goldman Sachs International Limited, HSBC Bank plc and Royal Bank of Scotland. All other Gilt-edged market makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 9 June 2009

The order book managed by the Joint Bookrunners was opened at 9.00am on 16 June 2009 with a market guidance size of approximately £3 - £5 billion and with indicative price guidance for investors at a spread of 12bps to 15bps above the yield on 4¼% Treasury Stock 2032. The value of orders in the book reached £7 billion after one hour. Two hours after the book opened revised pricing guidance of a spread of 11bps to 12bps above the yield on 4¼% Treasury Stock 2032 was published and the closure of the book at 11.15am was announced. The book closed with bids of £15.25 billion with 130 orders. Given the quality and strength of the orders in the book, it was decided to increase the size of the offer to £7 billion. The offer was subsequently priced at a yield spread of 11 bps above 4¼% Treasury Stock 2032, i.e. the tight end of the revised spread range.

Gross proceeds from the transaction are expected to be approximately £6.85 billion and will take long conventional gilt sales for the financial year to £15.0 billion. Total gross gilt sales for the financial year to-date are £53.4 billion, relative to the remit target of £220.0 billion. A total of £18.2 billion remains to be raised from the programme of syndicated sales in 2009-10.

The new gilt will pay a short first dividend of £1.002717 per £100 nominal on 7 September 2009 and will become strippable from that date.

This press notice will be appearing on the DMO's website at: www.dmo.gov.uk