

27 September 2011

PRESS NOTICE

RESULT: SYNDICATED OFFERING OF £4.5 BILLION OF 3¾% TREASURY GILT 2052

The United Kingdom Debt Management Office ("DMO") announces that the launch by syndicated offering of £4.5 billion nominal of 3¾% Treasury Gilt 2052 has been priced at £99.838 per £100 nominal, equating to a gross redemption yield of 3.758%. The offer was priced at a yield spread of 2.0 basis points (bps)¹ above 4¼% Treasury Gilt 2049 which was at the tight end of the published price guidance. Proceeds from today's transaction are expected to be approximately £4.5 billion.

The offer will settle, and the first tranche of the gilt will be issued, on 28 September 2011. The domestic market provided the main support for the issue, taking around 87% of the allocation. This transaction was the fourth of the 2011-12 programme of syndicated gilt offerings, which is planned to raise £31.6 billion (£18.1 billion sales of index-linked gilts and £13.5 billion sales of long-dated conventional gilts). Proceeds from the syndication programme to-date in 2011-12 are £16.9 billion.

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

The ability quickly to build a robust order book of £8.5 billion in a new 40-year maturity gilt, at a time of ongoing heightened global market volatility, reflects well on the underlying resilience of the gilt market. We also saw a good level of interest from overseas investors, which is particularly encouraging, given the maturity of the gilt being sold.

¹ 0.02%.

The deal also represents good value for the taxpayer, with the yield at the sale being the lowest at which the DMO has ever sold a long-dated conventional gilt.

I am grateful for the commitment shown by all those involved in today's transaction. I look forward to continued support for the remainder of the syndication programme in 2011-12, particularly with two index-linked offers coming in the next two months, as well as for our wider financing remit.

NOTES TO EDITORS

The syndicated offering was managed by four Joint Bookrunners: Barclays Capital, Morgan Stanley, RBS and UBS. All other panel member Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 16 September 2011.

The order book managed by the Joint Bookrunners was opened at 9.00am on 27 September 2011 with indicative price guidance for investors at a spread of +2bps to +3bps relative to the yield on 4¼% Treasury Gilt 2049. The value of orders in the book passed £3 billion within 10 minutes. At 9.35am the Joint Bookrunners announced that the value of orders in the book was in excess of £6 billion, and that the book was expected to close at short notice. At 9.55am the Joint Bookrunners announced that orders in the book were in excess of £7.5 billion, that price guidance was being revised to +2bps (at the tight end of the original range) and that the book would close at 10:15am. The book closed with bids totalling £8.5 billion in 72 orders.

At 11.50am the size of the deal was announced to be £4.5 billion (nominal) and allocations confirmed. The price was set at 12.50pm. Proceeds from the transaction are expected to be approximately £4.5 billion and will take long-dated conventional gilt sales for the financial year to-date to £21.6 billion. Total gilt sales for the financial year are now £87.5 billion (cash), relative to the remit target of £167.5 billion. 3¾% Treasury Gilt 2052 will have £4.5 billion (nominal) in issue following settlement of the transaction tomorrow.

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