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PRESS NOTICE

SYNDICATED RE-OPENING OF £3.0 BILLION NOMINAL OF 0 $\frac{1}{8}$ % INDEX-LINKED TREASURY GILT 2058: RESULT

The United Kingdom Debt Management Office (“DMO”) announces that the syndicated re-opening of £3.0 billion nominal of 0 $\frac{1}{8}$ % Index-linked Treasury Gilt 2058 has been priced at £153.889 per £100 nominal, equating to a gross real redemption yield of -0.8955%. The offer will settle, and the second tranche of this gilt will be issued, on 29 January 2015, taking the nominal amount of 0 $\frac{1}{8}$ % Index-linked Treasury Gilt 2058 in issue to £8.0 billion.

This was the fourth and final transaction of the DMO’s 2014-15 syndication programme. Proceeds from today’s transaction are expected to be approximately £4.6 billion (cash) and will take the outturn for gilt sales by syndication in the current financial year to £19.6 billion.

The offer was priced at a yield spread of 1.75 basis points (bps)¹ above the yield on 0 $\frac{3}{8}$ % Index-linked Treasury Gilt 2062, which was at the tight end of the initial published price guidance. The UK domestic market provided the predominant support for the issue, taking around 86% of the allocation.

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

Today has seen a very successful conclusion to our syndication programme for 2014-15. We have sold a further significant tranche of a long-dated index-linked gilt against a very volatile global market backdrop and have done so at a record low negative real yield - representing a very good deal for the taxpayer.

Once again we have seen strong demand for index-linked gilts from our core domestic investor base which manifested itself in a large and high quality order book. I am pleased also to note a good level of participation from overseas investors. These factors enabled us to use the flexibility in the remit to increase the size of the deal, by switching planned funding from the mini-tender

¹ 0.0175%.

programme into the index-linked syndication programme, thereby fully meeting our supplementary gilt sales target for 2014-15.

I am very appreciative of the strength of support that gilt market participants have shown for our syndication programme, both today and throughout the financial year as a whole. Going forward, we will continue to work with our stakeholders in the market to seek to ensure this support continues across our entire gilt sales programme into the next financial year and beyond.

Syndication and gilt mini-tender programmes

Given the strength and quality of demand at this transaction, and in order to achieve a viable sized final transaction of the programme, the DMO decided to re-allocate the remaining £1.0 billion (cash) of planned sales via mini-tenders to the index-linked syndication programme. As a result, the size of the index-linked syndication programme has been increased to £10.0 billion. The size of the mini-tender programme has accordingly been reduced to £1.2 billion and has now been completed².

NOTES TO EDITORS

The syndicated offering was managed by four Joint Bookrunners: Citigroup Global Markets, J.P. Morgan, Nomura and UBS Investment Bank. All other panel member Index-linked Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 16 January 2015.

The order book managed by the Joint Bookrunners was opened at 9.00am on 28 January 2015 with indicative price guidance for investors at a spread of 1.75 bps to 2.25 bps above the yield on the reference gilt 0 $\frac{3}{8}$ % Index-linked Treasury Gilt 2062.

The value of orders in the book reached £4 billion within 5 minutes and £7 billion within 10 minutes. At 9.30am the Joint Bookrunners announced that the value of orders in the book was in excess of £9 billion, that the price guidance had been fixed at a final spread of 1.75bps over the reference gilt and that the book would close no later than 10.00am. At 9.45am the Joint Bookrunners announced that the value of orders in the book was in excess of £10 billion and that the book would close at 10.00am.

The final book comprised 118 orders totalling £10.9 billion. At 10.38am the Joint Bookrunners announced that the size of the deal had been set at £3.0 billion (nominal). The price was set at 12.17pm.

Proceeds from the transaction are expected to be approximately £4.6 billion (cash) and will take index-linked gilt sales for the financial year to-date to £29.2 billion. Total gilt sales for the financial year to-date are £112.4 billion (cash), relative to the annual remit target of £125.9 billion.

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

² The proceeds from the only mini-tender to be held in 2014-15 (of 4 $\frac{1}{4}$ % Treasury Gilt 2027 on 30 September 2014) were £1.2 billion.