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Debt
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29 January 2013

PRESS NOTICE

RESULT: RE-OPENING BY SYNDICATED OFFERING OF £4.0 BILLION NOMINAL OF 3¼% TREASURY GILT 2044

£0.3 BILLION (CASH) ADDED TO THE LONG CONVENTIONAL SYNDICATION PROGRAMME AND PLANNED MINI-TENDER SALES REDUCED ACCORDINGLY

The United Kingdom Debt Management Office ("DMO") announces that the re-opening by syndicated offering of £4.0 billion nominal of 3¼% Treasury Gilt 2044 has been priced at £96.795 per £100 nominal, equating to a gross redemption yield of 3.4185%. The offer was priced at a yield spread of 9¼ basis points (bps)[1] above 4½% Treasury Gilt 2042, which was at the tight end of the published price guidance. Proceeds from today's transaction are expected to be approximately £3.9 billion.

The offer will settle, and the second tranche of this gilt will be issued, on 30 January 2013, at which date, 3¼% Treasury Gilt 2044 will have £8.25 billion nominal in issue. The UK domestic market provided the main support for the issue, taking around 85% of the allocation.

This transaction was the seventh of the 2012-13 syndication programme, which is now planned to raise £32.6 billion. Sales by syndication in the financial year to-date are £28.8 billion. The final syndicated offering of the current programme, of an index-linked gilt, is scheduled for the second half of February 2013, subject to market conditions.

[1] 0.0925%.

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

"Today's syndication has brought this year's long conventional syndication programme of £13.1 billion to a successful conclusion. I am very pleased with how the transaction went, both in terms of the strength and diversity of demand revealed as well as the efficiency of execution. Through this reopening we have been able swiftly to build up the bond that we are establishing as the new 30-year benchmark.

We saw a rapid mobilisation of a high level of demand during the book building process, once again showing the strong support enjoyed by UK government paper. We were able to respond to the benign demand conditions on the day by issuing £4 billion, which was just slightly ahead of our 'even flow' target. Accordingly and as provided for in the remit, we have reduced the size of the mini-tender programme to reflect this.

As one would expect, given the maturity of the bond on offer, our core domestic investor base took the great majority of the allocations, but I was also pleased to see overseas participation at 15%, the second highest such allocation in our syndication programme to-date.

I would like to stress how much I value the ongoing support from all gilt market participants, both domestically and abroad, for our financing programme that has been reflected in today's result. I look forward to this degree of support continuing as we move toward the end of the current remit and the launch of a new one".

SYNDICATION AND MINI-TENDER PROGRAMME ADJUSTMENT

As a result of the strong and high quality demand at today's syndication, the size of the offer was increased above that required to reach the long conventional sales target. Consequently, and as provided for in the remit, the split between the syndication programme and the mini-tender programme is being adjusted. £0.3 billion (cash) will be added to the planned total of long conventional sales via syndication, taking that total to £13.1 billion, and the overall planned syndication programme to £32.6 billion. £0.3 billion (cash) will be deducted from the mini-tender programme, reducing that programme to £6.0 billion, and the required balance of sales via mini-tender to £1.0 billion (cash). The DMO will, in due course, be seeking market views on the scheduling of a mini-tender in the remainder of the final quarter of the financial year.

NOTES TO EDITORS

The syndicated offering was managed by four Joint Bookrunners: HSBC, J.P. Morgan, Morgan Stanley and RBC Europe Limited. All other panel member Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 18 January 2013.

The order book managed by the Joint Bookrunners opened at 9.00am on 29 January 2013 with indicative price guidance for investors at a spread of 9¼ bps to 9¾ bps above the yield on 4½% Treasury Gilt 2042. The value of orders in the book passed £3.5 billion within 10 minutes. At 9.30am 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 9.45am the Joint Bookrunners announced that the value of orders in the book was in excess of £9 billion, that the price guidance was therefore being tightened to 9¼ bps over the reference bond and that the book would close at 10.00am. The book closed with 97 orders totalling £9.7 billion. At 10.18am the size of the deal was announced to be £4.0 billion (nominal).

The price was set at 12.23pm. Proceeds from the transaction are expected to be approximately £3.9 billion and will take long-dated conventional gilt sales for the financial year to-date to £35.9 billion. Total gilt sales for the financial year are now £144.6 billion (cash), relative to the remit target of £164.2 billion.

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