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PRESS NOTICE

RESULT: RE-OPENING BY SYNDICATED OFFERING OF £4.75 BILLION OF 3¾% TREASURY GILT 2052 AND CANCELLATION OF THE GILT MINI-TENDER SCHEDULED FOR THE WEEK COMMENCING 27 FEBRUARY 2012

The United Kingdom Debt Management Office ("DMO") announces that the re-opening by syndicated offering of £4.75 billion nominal of 3¾% Treasury Gilt 2052 has been priced at £112.854 per £100 nominal, equating to a gross redemption yield of 3.183%. 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 £5.4 billion.

The offer will settle, and the second tranche of this gilt will be issued, on 25 January 2012, after which 3¾% Treasury Gilt 2052 will have £9.348 billion nominal in issue. The UK domestic market provided the main support for the issue, taking around 95% of the allocation. This transaction was the seventh of the 2011-12 programme of (eight) syndicated gilt offering. Proceeds from the syndication programme to-date in 2011-12 are £30.0 billion.

As a result of the larger than anticipated size of today's syndication, the DMO is announcing the cancellation of the gilt mini-tender previously scheduled for the week commencing 27 February 2012.

[1] 0.02%.

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

"I am very pleased with the outcome of today's sale. We have been able to more than double the size of this 40-year benchmark gilt in our first syndication of 2012, thereby enhancing its status and liquidity to the broadest array of investors. Particularly impressive was the mobilisation of a very large and high quality order book in a record time of under one hour. Given the current challenging financial market environment, I believe this is testimony once again to the underlying strength and resilience of the gilt market.

Such was the strength and quality of demand that we decided to set the size of today's deal at £4.75 billion (nominal). To put that in context, £4.0 billion (nominal) would have been sufficient to reach the planned long conventional gilt syndication sales target. As a consequence of this, we have cancelled the remaining long conventional mini-tender.

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 an over 30-year conventional gilt via syndication or auction.

I am grateful for the commitment shown by all those involved in today's transaction and by all gilt market participants in the syndication programme so far. We are due to conclude the 2011-12 syndication programme with a re-opening of the new 50-year index-linked gilt next month".

NOTES TO EDITORS

The syndicated offering was managed by four Joint Bookrunners: Barclays Capital, Credit Suisse, HSBC and Morgan Stanley. All other panel member Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 12 January 2012.

The order book managed by the Joint Bookrunners was opened at 9.00am on 24 January 2012 with indicative price guidance for investors at a spread of 2bps to 3bps above the yield on 4¼% Treasury Gilt 2049. The value of orders in the book passed £8 billion within 15 minutes. At 9.30am the Joint Bookrunners announced that the value of orders in the book was in excess of £10 billion, that price guidance was being set at 2bps over the reference gilt (the tight end of the original range) and that the book was expected to close at short notice. The book closed at 9.50 am with orders totalling £12.4 billion.

At 11.15am the size of the deal was announced to be £4.75 billion (nominal) and allocations confirmed. The price was set at 12.22pm. Proceeds from the transaction are expected to be approximately £5.4 billion and will take long-dated conventional gilt sales for the financial year to-date to £35.0 billion. Total gilt sales for the financial year are now £151.8 billion (cash), relative to the remit target of £178.9 billion.

The DMO's decision to cancel the mini-tender scheduled for the week commencing 27 February 2012 is consistent with the use of mini-tenders in the 2011-12 remit primarily to support the syndication programme by providing operational flexibility to accommodate any unanticipated variations in proceeds from the syndication calendar. Going into the syndication a transaction size of £4.0 billion nominal would have been sufficient to reach the planned syndication sales target. By increasing the size of the transaction by £0.75 billion nominal, additional proceeds of some £0.85 billion (cash) were raised. Accordingly £0.85 billion of planned proceeds from the mini-tender programme have been transferred to the syndication programme.

The combined outturn for sales of long conventional gilts via syndications and mini-tenders is £16.8 billion (compared to the remit plan of £16.9 billion published at the Autumn Statement 2011).

The final syndicated offering of the 2011-12 programme will be a re-opening of 0⅜% Index-linked Treasury Gilt 2062. This sale is scheduled for the second half of February, subject to market conditions.

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