

22 November 2011

PRESS NOTICE

RESULT: SYNDICATED OFFERING OF £3.5 BILLION 0 $\frac{1}{8}$ % INDEX-LINKED TREASURY GILT 2029

The United Kingdom Debt Management Office (“DMO”) announces that the launch by syndicated offering of £3.5 billion nominal of 0 $\frac{1}{8}$ % Index-linked Treasury Gilt 2029 has been priced at £100.688 per £100 nominal, equating to a gross real redemption yield of 0.085%. The offer was priced at a yield spread of 8.5 basis points (bps)¹ above 1 $\frac{1}{4}$ % Index-linked Treasury Gilt 2027 which was at the tight end of the published price guidance. Proceeds from today’s transaction are expected to be approximately £3.5 billion.

The offer will settle, and the first tranche of the gilt will be issued, on 23 November 2011. The domestic market provided the main support for the issue, taking around 92% of the allocation. This transaction was the sixth of the 2011-12 programme of syndicated gilt offerings, which is planned to raise £32.1 billion (£18.6 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 £24.7 billion.

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

Today’s transaction has once again demonstrated the resilience of the gilt market and its investor base in the midst of what is probably an unprecedented period of global market

¹ 0.085%.

uncertainty. We were able again to mobilise some £10 billion of high quality orders for a new index-linked gilt. The book built very rapidly, setting a new record time for a bookbuild in our syndication programme to-date. In addition to our core domestic investor base I was also pleased to see a good number of overseas orders, including new participants in the book – with allocations accounting for some 8% of the total.

The real yield at issue on today's issue is a record low at any of our syndications, representing good value for the taxpayer.

Once again I would like to express my appreciation for the commitment shown by all those involved in today's transaction both in the efficient execution of the deal and the strong support from our investor base and dealer community. I look forward to seeing their ongoing support for the UK's financing programme as a whole.

NOTES TO EDITORS

The syndicated offering was managed by four Joint Bookrunners: B of A Merrill Lynch, Morgan Stanley, Nomura and RBS. 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 10 November 2011.

The order book managed by the Joint Bookrunners was opened at 8.45am on 22 November 2011 with indicative price guidance for investors at a spread of 8.5bps to 10.5bps above the yield on 1¼% Index-linked Treasury Gilt 2027. The value of orders in the book reached £5.0 billion very rapidly. At 9.35am the Joint Bookrunners announced that the value of orders in the book was in excess of £8 billion, that the price guidance was being tightened to 8.5bps above the reference gilt and that the book would close at 9:45am. At 10:05am the Joint Bookrunners announced that the book had closed with orders of around £10 billion and that the pricing spread had been fixed at 8.5bps above the reference gilt. The book closed with bids totalling £10.0 billion in 97 orders.

At 11.00am the size of the deal was announced to be £3.50 billion (nominal). The price was set at 12.12pm. Proceeds from the transaction are expected to be approximately £3.5 billion and will take index-linked gilt sales for the financial year to-date to £28.5 billion. Total gilt sales for the financial year are now £116.5 billion (cash), relative to the remit target of £167.5 billion.

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

