

PRESS NOTICE

CANCELLATION OF THE SYNDICATED OFFERING PREVIOUSLY PLANNED FOR SEPTEMBER AND THE SCHEDULING OF A GILT MINI-TENDER FOR THE WEEK COMMENCING 20 SEPTEMBER

The DMO is today announcing that, following discussions at yesterday's consultation meetings, the previously planned syndicated offering for the second half of September is being cancelled. The DMO will next update its plans for the syndication programme in 2010-11 as part of its October-December 2010 gilt operations announcement at 3.30pm on Tuesday 31 August 2010.

The DMO is also announcing today the addition to the schedule of operations in September of a gilt mini-tender to be held in the week commencing 20 September 2010. The choice of the gilt to be sold will be announced by the DMO on Friday 10 September 2010.

Note for Editors

As part of its July-September gilt operations calendar the DMO announced on 31 May 2010 plans to hold a syndicated offer for a long-dated conventional or index-linked gilt in the second half of September.

In the agendas for the 23 August consultation meetings, which were published on 16 August 2010, the DMO noted that, given the proceeds raised in the syndication programme to-date, it now considered it likely that there will be only one remaining syndicated offering of each type of gilt in the remainder of the financial year. In this context, at the consultation meetings views were sought on the demand for a syndicated offering to be held in the second half of September and on whether it would be advisable to divide remaining offerings between the final two quarters of 2010-11. The DMO also sought views on the demand for a gilt mini-tender to be introduced into the Q2 programme in late September in the event that the September syndication was cancelled.

The minutes of the meetings published at 9.00am this morning indicated that a majority of the GEMMs recommended the postponement of the previously planned syndicated offer in September and that there was also a general endorsement of this approach from gilt investors.

The DMO's financing remit for 2010-11 includes planned sales of long-conventional and index-linked gilts by syndication of £26.0 billion (split £12.8 billion long-conventional and £13.2 billion index-linked), as part of an overall supplementary gilt sales programme of £33.0 billion. Sales by syndication to-date are £17.3 billion (£8.0 billion long-conventional and £9.3 billion index-linked).

The DMO's remit allows it to add mini-tenders to the programme with at least four week's notice.

On 31 August 2010 the DMO will publish details of which gilts are to be sold by auction In October-December 2010 along with an update to any planned syndicated offers and gilt mini-tenders in that period.

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