

PRESS NOTICE

ISSUE BY SYNDICATED OFFERING OF 0⁵/₈% INDEX-LINKED TREASURY GILT 2042: APPOINTMENT OF SYNDICATE

The United Kingdom Debt Management Office (“the DMO”) announces the appointment of a syndicate to sell by subscription the new 0⁵/₈% Index-linked Treasury Gilt 2042.

Joint Bookrunners: Barclays Capital, HSBC Bank PLC, JP Morgan Securities Limited and Royal Bank of Scotland.

Co-Lead Managers: All other Gilt-edged Market Makers have been invited to be Co-Lead Managers.

The DMO has appointed a panel comprising exclusively GEMMs from which it intends to appoint syndicate members for the conduct of the programme of syndicated offerings in 2009-10 which are designed to raise £25.0 billion. The DMO will select Lead Managers on a transaction by transaction basis throughout the programme.

The DMO expects the sale of the new gilt to be conducted in the week beginning 20 July, subject to market conditions. Further details about the conduct of the offer will be announced in due course.

The DMO is also announcing today that the coupon on the new index-linked gilt, which will redeem on 22 November 2042, is 0⁵/₈%. The ISIN code for the new gilt is GB00B3MYD345 and the SEDOL code is B3MYD34.

Commenting on today’s appointments, Robert Stheeman, Chief Executive of the DMO said

“The selection of the Lead Managers for this first transaction in our index-linked gilt syndication programme again required difficult choices to be made, reflecting the importance of launching the index-linked programme in as successful a way as we began our conventional programme last month. There are a number of syndicated offerings scheduled for the remainder of the financial year and we will judge future issues and appointments of Lead Managers on a case by case basis. In reaching future decisions on syndicate composition, we will continue to take into account the contributions from all our primary dealers in helping to deliver a successful syndication programme as well as their commitment to help the DMO meet our overall financing remit”.

NOTES TO EDITORS

The DMO financing remit for 2009-10, published alongside Budget 2009 on 22 April, included the provision for a programme of up to 8 syndicated offerings to be held in 2009-10 to raise approximately £25.0 billion (through sales of long-dated and index-linked gilts) as part of an overall gilt sales target of £220.0 billion.

The first syndicated offer in the programme took place on 16 June 2009 when £7.0 billion of a new 4½% Treasury Gilt 2034 was sold. The Lead Managers on that transaction comprised Barclays Capital, Goldman Sachs International Limited, HSBC Bank PLC, and Royal Bank of Scotland.

On 30 June 2009 the DMO announced that the second syndicated offer in the programme would be of a new index-linked gilt maturing on 22 November 2042, and will pay a short first dividend on 22 November 2009.

Gilt sales at auction comprise the vast majority (£183 billion or 83%) of the total planned gilt sales programme of £220 billion, but syndications were introduced as a supplementary issuance method to complement auctions following positive market feedback to a consultation exercise launched in December 2008. The other component of the gilt sales programme is £12 billion of sales through mini-tenders.

On 22 May 2009 the DMO announced plans to hold three syndicated offerings in June-September:

- wc 15 June: a new long conventional gilt with a maturity in the 25 year area.
- Second half of July: a new index-linked gilt with a maturity in the 30-40 year area.
- September: an index-linked gilt.

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

