

PRESS NOTICE

RESULT: RE-OPENING BY SYNDICATED OFFERING OF 4% TREASURY GILT 2060

The United Kingdom Debt Management Office (“DMO”) announces that the re-opening by syndicated offering of £4.5 billion nominal of 4% Treasury Gilt 2060 has been priced at £88.85 per £100 nominal, equating to a gross redemption yield of 4.569%. The offer was priced at a yield spread of 0.5 basis points (bps)¹ above 4¼% Treasury Gilt 2055. The offer will settle, and the further tranche of the gilt be issued, on 24 February 2010, following which the size of 4% Treasury Gilt 2060 will be £11.5 billion (nominal).

The domestic investor base provided the main support for the issue, taking around 97% of the allocation. There was again strong direct interest from end investors, primarily fund managers, pension funds and insurance companies.

This transaction completes the programme of syndicated gilt offerings in 2009-10 which have raised £30.5 billion.

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

Today’s transaction marks the successful completion of the DMO’s syndication programme for 2009-10. The use of the syndication process, for the first time for a re-opening of an existing gilt, has enabled us to build up the UK’s 50-year conventional benchmark issue to £11.5 billion in size after only two transactions, something that would not have been possible by auctions alone. In so doing, we have been able to access directly our core domestic investor base that is seeking to buy long-dated gilts, whilst achieving fair value for the taxpayer.

¹ 0.005%.

Together the six syndications conducted in 2009-10 have raised some £30.5 billion, all through issuance of long conventional and index-linked gilts. These operations have been the cornerstone of our supplementary gilt issuance programme, which has been designed to increase the supply of the types of gilt the UK pension and insurance industries have been seeking. I think the programme has been a real success and one which has demonstrated the strength and resilience of the gilt market”.

NOTES TO EDITORS

The Syndicated Offering was managed by four Joint Bookrunners: Barclays Capital, Deutsche Bank, Royal Bank of Canada and Royal Bank of Scotland. All other panel member Gilt-edged market makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 12 February 2010.

The order book managed by the Joint Bookrunners was opened at 9.00am on 23 February 2010 with indicative price guidance for investors at a spread of flat to +1.5 bps above the yield on 4¼% Treasury Gilt 2055. The value of orders in the book passed £3.0 billion after 30 minutes and passed £4.0 billion after one hour. At 10.30am the Lead Managers announced that the value of orders in the book was in excess of £5 billion and that the book was expected to close at 11.00am. The book closed at 11.00am with bids of £7.3 billion in 66 orders. At 11.30 am the Lead Managers announced final pricing guidance at a spread of +0.5bps over 4¼ Treasury Gilt 2055, that books had closed with orders in the region of £7.5 billion and that the final deal size would be announced after orders were confirmed. It was subsequently decided to size the offer at £4.5 billion.

Gross proceeds from the transaction are expected to be approximately £4.0 billion and will take long conventional gilt sales for the financial year to £48.4 billion. Total gross gilt sales for the financial year to-date are £208.9 billion, relative to the remit target of £225.1 billion. A total of £30.5 billion has been raised from the six syndicated offers held in 2009-10. A planning assumption of sales from syndications of £30.0 billion was announced in the Pre-Budget Report 2009 (as part of a supplementary gilt sales programme of approximately £41.0 billion, comprising syndicated offers and mini-tenders).

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