

ANNOUNCEMENT OF SPECIAL REPO FACILITY IN 5% TREASURY STOCK 2014 AND 1¼% INDEX-LINKED TREASURY GILT 2032

In the light of frequent recent triggers of the DMO's standing repo facility, and to help maintain the orderly functioning of the gilt market, the UK Debt Management Office (DMO) today announces the implementation of a Special Repo Facility in two nominated gilt issues, effective from Tuesday 26 May 2009.

Gilt-Edged Market Makers (GEMMs) that have signed the relevant documentation with the DMO may request the creation of 5% Treasury Stock 2014 and/or 1¼% Index-linked Treasury Gilt 2032 for repo purposes, on a weekly, rather than overnight, basis.

Gilts will be made available for terms of one week at a time, at a rate of 15 basis points (0.15%), and operations will normally involve a back-to-back, cash-neutral reverse repo of GC collateral at the prevailing Bank Rate.

The minimum amount of such a request will be £5 million (nominal). Normally there will be no maximum on the amount of an individual request, although the total call on the Facility in one or both stocks by an individual GEMM may be limited at the DMO's discretion.

All such operations may, at the DMO's discretion, be subject to 'haircut' and margining arrangements.

Other operational aspects of this Facility shall be similar to those for the DMO's existing standing repo facility, but more detailed terms and conditions are being published this afternoon on the DMO website at www.dmo.gov.uk.

This Special Repo Facility will be kept under review by the DMO and may be withdrawn at the DMO's discretion. The DMO also reserves the right to add/withdraw gilts to/from this list at its discretion, but will announce any such changes.

The existing Standing Repo Facility remains available in these and all other eligible gilts.

22 May 2009