

11 July 2012

PRESS NOTICE

APPOINTMENT OF A SYNDICATE FOR THE SALE OF A NEW INDEX-LINKED GILT MATURING IN MARCH 2044 IN THE WEEK COMMENCING 23 JULY 2012

The United Kingdom Debt Management Office (“the DMO”) announces the appointment of a syndicate to sell by subscription the forthcoming syndicated offering of a new index-linked gilt maturing on 22 March 2044.

Joint Bookrunners: BofA Merrill Lynch, Deutsche Bank, Goldman Sachs International and Nomura.

Co-Lead Managers: All other panel member Index-linked Gilt-edged Market Makers (“IL GEMMs”) have been invited to be Co-Lead Managers.

The DMO has appointed a panel comprising exclusively wholesale GEMM firms from which it will choose syndicate members for the conduct of the programme of syndicated offerings in 2012-13. The current planning assumption is that eight syndicated offerings will raise approximately £33.0 billion in 2012-13. Proceeds from the programme in the financial year to-date, from two syndicated offerings, are £9.8 billion.

Subject to market conditions, it is expected that the offer will take place in the week commencing 23 July 2012. Further information about the conduct of the offer, including the coupon on the new gilt, will be announced in due course.

NOTES TO EDITORS

The DMO financing remit for 2012-13, published alongside the Budget on 21 March 2012, included the provision for a programme of up to eight syndicated offerings to be held in 2012-13 aiming to raise £33.5 billion. The planning assumption is that two syndicated offerings will be held in each quarter of the financial year.

The DMO also announced on 21 March 2012 that it intended to implement the syndication programme on a broadly evenflow basis throughout the year, in a similar way to 2011-12. The DMO may, however, continue to vary the size of each syndicated offering to take account of market and demand conditions at the time of each transaction - such discretion will be limited to around £1.0 billion (cash) above or below the prevailing required average operation size.

The size of the syndication programme was reduced to £32.5 billion at the financing remit revision which coincided with the publication of then outturn of the Central Government Net Cash Requirement in 2011-12 on 24 April 2012. However, following the larger than anticipated syndicated offer of 0 $\frac{3}{8}$ % Index-linked Treasury Gilt 2062 on 29 May 2012, the size of the programme was increased by £0.5 billion to £33.0 billion (and the size of the mini-tender programme was reduced by the same amount to £6.5 billion).

The results of the syndicated offerings held in the financial year to-date are summarised in the table below.

Date	Gilt	Size (£mn)	Issue Price (£)	Issue Yield (%)	Proceeds (£mn cash)
24 Apr 2012	3 $\frac{3}{4}$ % Treasury Gilt 2052	4,750	106.587	3.446	5,053
29 May 2012	0 $\frac{3}{8}$ % Index-linked Treasury Gilt 2062	4,000	116.520	0.040	4,750
					9,803

On 31 May 2012 the DMO announced that, subject to market conditions it expected to hold two syndicated offerings of index-linked gilts in the second quarter of the financial year, as follows:

- second half of July: a new index-linked gilt maturing in the 30-year area; and
- second half of September: an index-linked gilt.

On 6 July 2012, the DMO announced that the gilt to be sold at the syndicated offering in July would be a new index-linked gilt maturing on 22 March 2044.

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

