

PRESS NOTICE

RESULT: SYNDICATED OFFERING OF 4% TREASURY GILT 2060

The United Kingdom Debt Management Office (“DMO”) announces that the syndicated offering of £7.0 billion nominal of 4% Treasury Gilt 2060 has been priced at £96.258 per £100 nominal, equating to a gross real redemption yield of 4.179%. The offer was priced at a yield spread of 2 basis points (bps) below 4¼% Treasury Gilt 2055. The offer will settle, and the new gilt will be issued, on 22 October 2009.

The domestic investor base provided the main support for the issue, taking around 95% of the allocation. In terms of investor type, there was extremely strong interest from end-investors both in the run up to and in the deal itself – primarily fund managers, pension funds and insurance companies, reflecting their structural demand for long-dated conventional gilts.

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

“This is the fourth syndication in our programme, and the second conventional transaction. It has seen the successful launch, in record size, of a new ultra-long 50-year benchmark gilt. Once again, the use of this issuance technique has enabled us to provide our core domestic investor base, including the UK pension and insurance sectors, with access to supply of the type of long-dated gilt that they particularly seek and in larger size than would otherwise be possible. The book showed very strong and high quality demand today and we were pleased to be able to respond to that by issuing £7.0 billion. The deal establishes a new benchmark bond in the ultra-long sector. I believe the pricing achieved on this deal at the tightest end of the range represents good value for the taxpayer.”

NOTES TO EDITORS

The Syndicated Offering was managed by four Joint Bookrunners: BofA Merrill Lynch, Goldman Sachs International, Royal Bank of Canada Europe Limited and Royal Bank of Scotland PLC. All other Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 9 October 2009.

The order book managed by the Joint Bookrunners was opened at 9.45am on 21 October 2009 with indicative price guidance for investors at a spread of 1bp over to 2bps below the yield on 4¼% Treasury Gilt 2055. The value of orders in the book reached £5 billion after 15 minutes and the Lead Managers announced that the value of orders had reached approximately £8 billion after one hour. Revised pricing guidance at a spread of 2bps below the yield on 4¼% Treasury Gilt 2055 was published at 11.15am and the closure of the book at 11.30am was announced. The book closed with bids at re-offer of £9.1 billion (66 orders); total book size was £10.3 billion. Given the quality and strength of the orders in the book, it was decided to size the offer at £7.0 billion. The offer was subsequently priced at a yield spread of 2 bps below the yield on 4¼% Treasury Gilt 2055, i.e. at the tight end of the spread range.

Gross proceeds from the transaction are expected to be approximately £6.7 billion and will take long conventional gilt sales for the financial year to £34.3 billion. Total gross gilt sales for the financial year to-date are £142.8 billion, relative to the remit target of £220.0 billion. A total of £23.1 billion has now been raised from the four syndicated offers held to date, as part of a £37.0 billion supplementary issuance programme with a planning assumption that £19.0 billion should be raised via long conventional and £18.0 billion via index-linked gilts sales.

The new gilt will pay a short first dividend of £1.000000 per £100 nominal on 22 January 2010.

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