



United Kingdom
Debt Management
Office

Eastcheap Court
11 Philpot Lane
London
EC3M 8UD

T 020 7862 6500
F 020 7862 6509

www.dmo.gov.uk

14 May 2019

PRESS NOTICE

SYNDICATED LAUNCH OF £4.75 BILLION NOMINAL OF 1⁵/₈% TREASURY GILT 2054: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £4.75 billion (nominal) of 1⁵/₈% Treasury Gilt 2054 has been priced at £100.607 per £100 nominal, equating to a gross redemption yield of 1.6025%. The transaction will settle, and the first tranche of this gilt will be issued, on 15 May 2019.

Proceeds from today's transaction are expected to amount to approximately £4.8 billion (cash¹). This represents the first transaction of the DMO's 2019-20 syndication programme, which was planned to raise £21.0 billion (£13.0 billion of long conventional gilts in three transactions and £8.0 billion of index-linked gilts in two transactions).

The offering was priced at a yield spread of 0.25 basis points (bps) below the yield on 3³/₄% Treasury Gilt 2052, which represented the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 86% of the allocation.

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

I am pleased that we have seen such an encouragingly robust start to our 2019-20 syndication programme today. The launch of our new 2054 maturity was well received by the market and attracted a strong order book.

This transaction demonstrates the high and ongoing level of support for our issuance programme by the gilt market investor base and market participants more generally, which I greatly welcome. It was also a well-executed and smoothly managed sale which reflects well on the effectiveness and efficiency of the gilt market and the lead manager community.

¹ Figures in this Press Notice are in cash terms unless indicated otherwise.

I look forward to seeing the support we have seen in today's transaction continuing across the remainder of our syndication programme and our financing remit in 2019-20 more generally.

NOTES TO EDITORS

The syndicated offer was managed by four Joint Bookrunners: Citi, HSBC, NatWest Markets and Santander. All other panel member Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 3 May 2019.

The order book for the transaction was opened at 9.00am on 14 May 2019 with indicative price guidance for investors at a spread of flat to 0.25bps below the yield on 3¾% Treasury Gilt 2052 (the reference gilt). At 9.30am the Joint Bookrunners announced that the value of orders exceeded £23 billion, and that the book was expected to close at 10.00am. At 9.45am the Joint Bookrunners announced that orders exceeded £28.5 billion, that price guidance was being fixed at a yield spread of 0.25bps below the reference gilt, and that the book would close at 10.00am.

The book closed at 10.00am with 106 orders totalling £32.0 billion (nominal). At 10.51am the Joint Bookrunners announced that the size of the transaction had been set at £4.75 billion (nominal). The price was set at 12.45pm.

Proceeds from the transaction amount to approximately £4.8 billion and will take long conventional gilt sales for the financial year to date to £7.1 billion. Total gilt sales for the financial year to date now amount to £17.3 billion, relative to the overall remit target of £117.8 billion.

£0.4 billion has been transferred today from the unallocated portion of gilt issuance to the long conventional syndication programme, increasing the size of that programme to £13.4 billion. The size of the remaining unallocated amount has accordingly been reduced to £6.6 billion.

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