

25 September 2012

**SALE BY SYNDICATED OFFERING OF £4.0 BILLION OF 0¼% INDEX-LINKED  
TREASURY GILT 2052**

**VIEWS SOUGHT ON POSSIBLE GILT MINI-TENDER IN Q3 2012-13**

The United Kingdom Debt Management Office (“DMO”) announces that the sale by syndicated offering of £4.0 billion nominal of 0¼% Index-linked Treasury Gilt 2052 has been priced at £96.062 per £100 nominal, equating to a gross real redemption yield of 0.357%. The offer was priced at a yield spread of 1.5 basis points (bps)<sup>1</sup> above the yield on 0½% Index-linked Treasury Gilt 2050, which was at the tight end of the published price guidance. Proceeds from today’s transaction are expected to be approximately £3.8 billion.

The offer will settle, and the first tranche of this gilt will be issued, on 26 September 2012. The UK domestic market provided the main support for the issue, taking around 94% of the allocation. This transaction was the fourth of the 2012-13 syndication programme comprising up to eight syndicated gilt offerings. Sales by syndication in the financial year to-date are £17.6 billion.

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

*“We have today successfully launched a new index-linked gilt, which we will be building up to become the new 40-year benchmark - this is another welcome demonstration of the capacity of the gilt market and the confidence of our investor base.”*

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<sup>1</sup> 0.015%.

*Once again we have been able to mobilise a large and very high quality book of demand, of £8 billion, within an hour. There was a considerable amount of risk on offer today for the market to take down, and that the bookbuilding proceeded so smoothly is another clear testament of the underlying strength of investor demand for our inflation-linked securities and the resilience of the gilt market more generally.*

## **Syndication and gilt mini-tender programmes**

No change is being made to the split between the syndication programme and the mini-tender programme following today's syndicated offer. Total planned syndication sales are £33.0 billion (of which index-linked gilts comprise £19.5 billion). Planned sales via gilt mini-tenders remain at £6.5 billion. The DMO will shortly be seeking market views on a possible gilt mini-tender in October-December 2012.

## **NOTES TO EDITORS**

The syndicated offering was managed by four Joint Bookrunners: Morgan Stanley, RBS, Société Générale CIB and UBS Investment Bank. All other panel member Index-linked gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 14 September 2012.

The order book managed by the Joint Bookrunners was opened at 9.00am on 25 September 2012 with indicative price guidance for investors at a spread of 1.5bps to 2.5bps above the yield on 0½% Index-linked Treasury Gilt 2050. The value of orders in the book passed £5 billion within 15 minutes. At 9.30am the Joint Bookrunners announced that the value of orders in the book was in excess of £6 billion and that the book would close at short notice. At 9.50am the Joint Bookrunners announced that the price guidance was being tightened to +1.5bps above the reference gilt, and that the book would close at 9.55am. The book closed with 116 orders totalling £8 billion. At 10.32am the size of the deal was announced to be £4.0 billion (nominal).

The price was set at 12.32pm. Proceeds from the transaction are expected to be approximately £3.8 billion and will take index-linked gilt sales for the financial year to-date to £21.1 billion. Total gilt sales for the financial year are now £93.3 billion (cash), relative to the remit target of £164.4 billion.