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23 February 2016

PRESS NOTICE

SYNDICATED OFFERING OF £2.75 BILLION NOMINAL OF 0 $\frac{1}{8}$ % INDEX-LINKED TREASURY GILT 2065: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated offering of £2.75 billion nominal of 0 $\frac{1}{8}$ % Index-linked Treasury Gilt 2065 has been priced at £163.728 per £100 nominal, equating to a real gross redemption yield of -0.8905%. The bond will settle, and the first tranche of this gilt will be issued, on 24 February 2016. Proceeds from today's transaction amount to £4.50 billion and take the outturn for syndication sales in the financial year to £26.56 billion.

The offer was priced at a yield spread of 0.25 basis points (bps)¹ below the real yield on 0 $\frac{3}{8}$ % Index-linked Treasury Gilt 2062, which was at the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 89% of the allocation.

This was the sixth and final transaction of the DMO's 2015-16 syndication programme, which has raised £17.05 billion via four sales of index-linked gilts and £9.51 billion via two sales of long conventional gilts.

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

"Today has seen a successful conclusion to our syndication programme in 2015-16. We have been able to provide our core domestic investor base with a new 50-year index-linked gilt, supplying additional sought-after duration to the market in a smoothly executed transaction with a rapid book build. I was also pleased to see a significant degree of participation from European pension funds and insurance companies."

¹ 0.0025%.

Today's operation met with very good quality demand from our investor base and we responded to this by drawing down £850 million (cash) from the unallocated pool of supplementary issuance to achieve a nominal size of £2.75 billion on this deal. As always with the syndication programme, we seek to ensure we are able to respond, on the day, to the quality of demand from our key investor base and, taking account of the degree of flexibility available as the year's programme reaches its end, I was pleased to complete this year's programme with this final, well-sized transaction.

Strong demand from our domestic investor base has been an ongoing feature this financial year and consequently, over the course of four index-linked syndications, we have transferred £2.15 billion into this programme, increasing its size to £17.05 billion.

I would like to register my thanks for the support we have seen today from the market for this transaction and indeed for our gilt market operations more generally this financial year, against what has been a difficult backdrop. We look forward to continuing to work with all market participants to ensure the effective delivery of our financing remits going forward".

Syndication and the unallocated supplementary issuance programme

The DMO has decided to allocate £0.85 billion (cash) of the unallocated supplementary issuance programme to the index-linked gilt syndication programme in 2015-16 (increasing the size of that programme to £17.05 billion and the final size of the overall syndication programme to £26.56 billion). The size of the remaining unallocated supplementary programme has accordingly been reduced to £0.63 billion².

NOTES TO EDITORS

The syndicated offering was managed by four Joint Bookrunners: Barclays, Citigroup Global Markets, Goldman Sachs International and RBS. 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 12 February 2016.

The order book managed by the Joint Bookrunners was opened at 9.00am on 23 February 2016 with indicative price guidance for investors at a spread of -0.25ps to +0.5 bps relative to the real yield on 0% Index-linked Treasury Gilt 2062. At 9.30am the Joint Bookrunners announced that the value of orders in the book was in excess of £8.5 billion, and that the book would close at 10.00am. At 9.45am the Joint Bookrunners announced that orders were in excess of £9.0 billion and that price guidance was being fixed at 0.25bps below the real yield on the reference gilt.

The book closed at 10.00am with 89 orders totaling £10.5 billion. At 10.50am the Joint Bookrunners announced that the size of the deal had been set at £2.75 billion (nominal). The price was set at 12.45pm.

² The initial size of the unallocated portion of the supplementary issuance programme was £4.0 billion (cash). £1.0 billion was allocated to the gilt mini-tender of 4¼% 2055 in June 2015, and the remainder has been added to the syndication programme.

Proceeds from the transaction are expected to be approximately £4.50 billion (cash) and will take index-linked gilt sales for the financial year to date to £30.86 billion. Total gilt sales for the financial year are now £119.87 billion (cash), relative to the remit target of £127.40 billion.

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