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PRESS NOTICE

SYNDICATED RE-OPENING OF £4.0 BILLION NOMINAL OF 2½% TREASURY GILT 2065: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated re-opening of £4.0 billion (nominal) of 2½% Treasury Gilt 2065 has been priced at £130.500 per £100 nominal, equating to a gross redemption yield of 1.597%. The transaction will settle, and the third tranche of this gilt will be issued, on 26 October 2016, at which date the gilt will have £13.602 billion (nominal) in issue. Proceeds from today's transaction are expected to be approximately £5.2 billion (cash¹) and will take total syndication proceeds in the current financial year to £20.0 billion.

The offering was priced flat to the yield on 3½% Treasury Gilt 2068, which represented the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 87% of the total allocation.

This was the fourth transaction of the DMO's 2016-17 syndication programme, which was planned to raise a minimum of £27.0 billion (£17.5 billion of index-linked gilts in four transactions and £9.5 billion of long conventional gilts in two transactions). Today's transaction is the second of the two planned long conventional transactions.

Commenting on the result, Jo Whelan, the Deputy Chief Executive of the DMO, said:

Today has seen another very successful re-opening of the ultra-long 50-year benchmark, and at a record low yield for such a gilt at a syndication. With this third issuance event the gilt's nominal size now stands at a pleasing £13.6 billion. This great result reflects the ongoing strength of demand for UK government securities and demonstrates the gilt market's continued effectiveness at supporting our issuance programme.

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

Once again our core investor base reacted very positively to the sale, which also attracted a good level of participation from overseas institutions giving us a smooth and rapid book building process. The resulting very high quality order book was a key factor behind our decision to issue a size of £4.0 billion nominal today, raising £5.2 billion in cash. As provided for in our remit, we have accommodated this by transferring £750 million from the previously unallocated portion of our plans.

I very much look forward to seeing the support that we have seen today continue across the remainder of our gilt sales programme and ensure the successful delivery of our remit.

The syndication programme and the unallocated supplementary amount

Given the strength and quality of demand at this transaction, the DMO has decided to allocate £0.75 billion of the unallocated supplementary issuance amount to the long conventional gilt syndication programme in 2016-17 (increasing the size of that programme to £10.25 billion and the minimum size of the overall syndication programme to £27.75 billion). The size of the remaining unallocated portion of issuance has accordingly been reduced to £2.47 billion.

NOTES TO EDITORS

The syndicated offer was managed by four Joint Bookrunners: Barclays, Lloyds Bank, Nomura and RBS. All other panel member Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 14 October 2016.

The order book managed by the Joint Bookrunners was opened at 9.00am on 25 October 2016 with indicative price guidance for investors at a spread of flat to 0.25bps above the yield on 3½% Treasury Gilt 2068. At 9.30am the Joint Bookrunners announced that the value of orders in the book was in excess of £15 billion, and that the book was expected to close at 10.00am. At 9.45am, the Joint Bookrunners announced that orders were in excess of £16 billion, that the price guidance was being fixed at flat to the reference gilt, and that the book would close at 10.00am.

The book closed with 81 orders totaling £17.8 billion (nominal). At 10.30am, the Joint Bookrunners announced that the size of the transaction had been set at £4.0 billion (nominal).

Proceeds from the transaction are expected to be approximately £5.2 billion and will take long conventional gilt sales for the financial year to-date to £27.8 billion. Total gilt sales for the financial year to-date are now £83.2 billion, relative to a remit target of £131.5 billion.

2½% Treasury Gilt 2065 was first launched via a £4.75 billion (nominal) syndication on 20 October 2015, and was re-opened via a second £4.75 billion (nominal) syndication on 26 April 2016².

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

² An additional £102 million (nominal) was issued to the DMO on 12 July 2016 for cash management collateral purposes under the terms of the DMO's Exchequer Cash Management mandate.