



24 June 2014

## PRESS NOTICE

### SYNDICATED OFFERING OF £5.0 BILLION NOMINAL OF 3½% TREASURY GILT 2045: RESULT

The United Kingdom Debt Management Office (“DMO”) announces that the syndicated offering of £5.0 billion nominal of 3½% Treasury Gilt 2045 has been priced at £100.673 per £100 nominal, equating to a gross redemption yield of 3.464%. The offer will settle, and the first tranche of this gilt will be issued, on 25 June 2014. Proceeds from today’s transaction are expected to be approximately £5.0 billion.

The offer was priced at a yield spread of 1 basis point (bp)<sup>1</sup> above the yield on 3¼% Treasury Gilt 2044, which was at the tight end of the published price guidance. The UK domestic market again provided the main support for the issue, taking around 87% of the allocation.

This was the first transaction of the DMO’s 2014-15 syndication programme, which is currently planned to raise £17.5 billion (£9.0 billion long conventional gilts and £8.5 billion index-linked gilts).

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

*“I am delighted with today’s very successful start to our syndication programme in 2014-15. We have been able to launch a new conventional gilt, at the key 30-year maturity point, in substantial size. It is a testament to the efficiency of the gilt market and the capability of its participants that such transactions can be executed so smoothly.*

*The new gilt was very much in demand with meaningful participation from both our core investor base and overseas investors, the latter were allocated around 13% of the deal. In total the value of the 112 orders in the book was in excess of £16 billion - a record total at any of the 33 syndications held since June 2009.*

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<sup>1</sup> 0.001%.

*Such was the size and quality of demand mobilised today that we took advantage of the provisions in our remit, which provide us with a degree of flexibility on syndication sizing, to take account of demand conditions on the day and increased the size of the deal above an initial planning assumption of £4.25 billion.*

*I am grateful for the ongoing support that gilt market participants have again shown for our syndication programme today. I look forward to this continuing through 2014-15 including across our gilt sales programme more generally”.*

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

Following today's syndicated offering planned long conventional gilt sales via syndication have been increased by £0.5 billion to £9.0 billion (and the total size of the syndication programme increased to £17.5 billion in the current financial year). The planning assumption for sales via mini-tenders is correspondingly being reduced by £0.5 billion to £4.5 billion.

The DMO will, in due course, be seeking views on the identity of any gilt to be sold via mini-tender in the July-September period (and the timing of any such operation).

### **NOTES TO EDITORS**

The syndicated offering was managed by four Joint Bookrunners: Barclays, J.P. Morgan, Lloyds Bank and RBC Europe Limited. All other panel member Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 13 June 2014.

The order book managed by the Joint Bookrunners was opened at 9.00am on 24 June 2014 with indicative price guidance for investors at a spread of 1bp to 2bps above the yield on 3¼% Treasury Gilt 2044. The value of orders in the book passed £5 billion within 10 minutes. At 9.30am the Joint Bookrunners announced that the value of orders in the book was in excess of £10 billion.

At 9.45am the Joint Bookrunners announced that orders in the book were in excess of £14 billion and that the price guidance had been tightened to a final spread of 1bp over the reference gilt. At 9.55am the Joint Bookrunners announced that the value of orders in the book was in excess of £15 billion, and that the book would close at 10.00am. The book closed with 112 orders totalling £16.5 billion. At 10.23am the Joint Bookrunners announced that the size of the deal had been set at £5.0 billion (nominal). The price was set at 12.49pm.

Proceeds from the transaction are expected to be approximately £5.0 billion (cash) and will take long conventional gilt sales for the financial year to-date to £10.2 billion. Total gilt sales for the financial year are now £30.9 billion (cash), relative to the remit target of £127.2 billion.

This press notice will be appearing on the DMO's website at: [www.dmo.gov.uk](http://www.dmo.gov.uk)