



26 February 2013

## PRESS NOTICE

### RE-OPENING BY SYNDICATED OFFERING OF £3.75 BILLION 0¼% INDEX-LINKED TREASURY GILT 2052: RESULT

The United Kingdom Debt Management Office (“DMO”) announces that the re-opening by syndicated offering of £3.75 billion nominal of 0¼% Index-linked Treasury Gilt 2052 has been priced at £105.312 per £100 nominal, equating to a gross real redemption yield of 0.111%. The offer was priced at a yield spread of 2½ 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 £4.0 billion.

The offer will settle, and the second tranche of this gilt will be issued, on 27 February 2013, on which date the gilt will have £7.75 billion (nominal) in issue. The UK domestic market again provided the main support for the issue, taking around 94% of the allocation.

This was the eighth and final transaction of the 2012-13 syndication programme. The outturn of sales by syndication in the financial year is £32.81 billion, compared to plans of £32.55 billion. Index-linked sales were £19.67 billion, relative to plans of £19.50 billion. Long conventional sales were £13.14 billion, relative to plans of £13.05 billion.

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

*“I am pleased that today’s well supported re-opening of the 40 year index-linked gilt benchmark has brought the 2012-13 syndication programme to a smooth and successful conclusion. The programme has raised some £32.8 billion through sales of index-linked and long conventional gilts, very much in line with the latest planning assumption published on 29 January 2013 of just under £32.6 billion.*

*Today’s transaction, and indeed the programme as a whole, has enabled the DMO to continue to achieve a good level of placement of sought after longer-maturity bonds directly to our core*

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<sup>1</sup> 0.025%.

*domestic investor base. I also welcome the increased participation we have seen this financial year from overseas investors, who on average have taken 10% of allocations at syndications in 2012-13, almost twice their share in 2011-12.*

*The smooth execution of today's transaction, and the delivery of the eight syndicated offers throughout the financial year, reflects very well on the efficiency and depth of the gilt market and the support shown by our investor base and the GEMMs. I look forward to this continuing."*

### **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 offering. Planned sales via gilt mini-tenders remain at £6.0 billion, with sales to-date of £5.0 billion. The DMO will shortly be seeking views on the identity of a gilt to be sold via a mini-tender in March, and the timing of the sale.

### **NOTES TO EDITORS**

The syndicated offering was managed by four Joint Bookrunners: Goldman Sachs International, Morgan Stanley, RBS 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 15 February 2013.

The order book managed by the Joint Bookrunners was opened at 9.00am on 26 February 2013 with indicative price guidance for investors at a spread of 2½ bps to 3 bps above the yield on 0½% Index-linked Treasury Gilt 2050. The value of orders in the book passed £4 billion within 15 minutes. At 9.30am the Joint Bookrunners announced that the value of orders in the book was in excess of £5.5 billion. At 9.46am the Joint Bookrunners announced that the final price guidance was being tightened to a spread of 2½ bps above the reference bond, that the book would close at 10.00am, and that the size of the book was in excess of £6.5 billion. The book closed with 84 orders totalling £7.8 billion.

At 11.14am the Lead Managers announced that the size of the deal was £3.75 billion (nominal). The price was set at 12.13pm. Proceeds from the transaction are expected to be approximately £4.0 billion and will take index-linked gilt sales for the financial year to-date to £34.8 billion. Total gilt sales for the financial year are now £156.7 billion (cash), relative to the remit target of £164.2 billion.

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