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## PRESS NOTICE

### SYNDICATED LAUNCH OF £4.5 BILLION NOMINAL OF 1¾% TREASURY GILT 2057: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated launch of £4.5 billion (nominal) of 1¾% Treasury Gilt 2057 has been priced at £96.686 per £100 nominal, equating to a gross redemption yield of 1.867%. The transaction will settle, and the first tranche of this gilt will be issued, on 25 January 2017. Proceeds from today's transaction are expected to be approximately £4.3 billion (cash<sup>1</sup>) and will take total syndication proceeds in the current financial year to £28.5 billion.

The offering was priced at a spread of 2.5bps over 4% Treasury Gilt 2060, which represented the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 89.7% of the total allocation.

This was the sixth transaction of the DMO's 2016-17 syndication programme (and the third and final conventional syndication).

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

*I am very pleased with today's successful launch of a new 40-year conventional gilt. The book building at today's syndication was very strong, with a record of almost £24 billion of orders received within an hour's book building. 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 bond also provides much sought after duration and a current coupon in a maturity area which is in demand by not only our core domestic investor base but overseas investors also; the latter were allocated just over 10% of the deal.*

*Today's sale has concluded the conventional part of this year's syndication programme on a very positive note. I very much appreciate the support that our stakeholders have demonstrated both today and in the delivery of our overall financing remit more generally.*

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<sup>1</sup> Figures in this Press Notice are in cash terms unless indicated otherwise.

## **The syndication programme and the unallocated supplementary amount**

Given the strength and quality of demand at this transaction, the DMO has decided to allocate £0.3 billion of the unallocated supplementary issuance amount to the conventional gilt syndication programme in 2016-17 (increasing the size of that programme to £14.6 billion and the minimum size of the overall syndication programme to £32.4 billion). The size of the remaining unallocated supplementary amount has accordingly been reduced to £1.3 billion.

## **NOTES TO EDITORS**

The syndicated offer was managed by four Joint Bookrunners: Citigroup Global Markets, HSBC, J.P Morgan and Santander GBM. All other panel member Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 13 January 2017.

The order book managed by the Joint Bookrunners opened at 10.00am on 24 January 2017 with indicative price guidance for investors at a spread of 2.50 - 3.00bps above the yield on 4% Treasury Gilt 2060. At 10.30am the Joint Bookrunners announced that the value of orders in the book was in excess of £18 billion, and that the book was expected to close at 11.00am. At 10.45am, the Joint Bookrunners announced that orders were in excess of £22.0 billion and that the price guidance was being fixed at +2.50bps to the reference gilt, and that the book would close at 11.00am.

The book closed with 87 orders totaling £23.5 billion (nominal). At 11.30am the Joint Bookrunners announced that the size of the transaction had been set at £4.5 billion (nominal).

Proceeds from the transaction are expected to be approximately £4.3 billion and will take long conventional gilt sales for the financial year to-date to £39.0 billion. Total gilt sales for the financial year to-date are now £120.0 billion, relative to the revised remit target of £146.5 billion.

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