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23 July 2013

PRESS NOTICE

RE-OPENING BY SYNDICATED OFFERING OF £4.0 BILLION NOMINAL OF 0 $\frac{1}{8}$ % INDEX-LINKED TREASURY GILT 2044: RESULT

The United Kingdom Debt Management Office (“DMO”) announces that the re-opening by syndicated offering of £4.0 billion nominal of 0 $\frac{1}{8}$ % Index-linked Treasury Gilt 2044 has been priced at £100.922 per £100 nominal, equating to a gross real redemption yield of 0.0945%. The offer will settle, and the further tranche of this gilt will be issued, on 24 July 2013, at which date the gilt will have £13.4 billion (nominal) in issue. Proceeds from today’s transaction are expected to be approximately £4.2 billion.

The offer was priced at a yield spread of 5.75 basis points (bps)¹ above the yield on 0 $\frac{5}{8}$ % Index-linked Treasury Gilt 2042, 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 93% of the allocation.

This was the second transaction of the 2013-14 syndication programme, which is planned to raise £21.0 billion (cash) - split £12.5 billion of index-linked gilts and £8.5 billion of long conventional gilts. Proceeds from the programme to-date are approximately £9.0 billion.

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

“Today has seen another smoothly executed transaction, which has enabled us to build up further our 30-year benchmark index-linked gilt and once again access directly our core investor base.

The seamless delivery of today’s transaction should not disguise the fact that we have today been asking investors to take down a considerable amount of risk in what is a relatively quiet summer market. The fact that the market responded so positively and absorbed this supply in such an orderly way is another testament to the efficiency of the market and the support we receive from our investors and primary dealers, which is greatly appreciated. I very much hope this continues.

¹ 0.0575%.

For our part, the DMO will continue to work closely with our market counterparties to ensure the continued successful delivery of both the syndication programme and our financing remit more widely.”

Syndication and gilt mini-tender programmes

No change is being made to the current planned split between the syndication programme and the mini-tender programme following today's syndicated offering. Planned sales via gilt mini-tenders remain at £10.0 billion, with sales to-date of £2.6 billion. The DMO will shortly be seeking views on the identity of any gilt(s) to be sold via mini-tender in the August-September period (and the timing of any such operation(s)).

NOTES TO EDITORS

The syndicated offering was managed by four Joint Bookrunners: BofA Merrill Lynch, Citigroup Global Markets, Goldman Sachs International, and Société Générale CIB. 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 July 2013.

The order book managed by the Joint Bookrunners was opened at 9.00am on 23 July 2013 with indicative price guidance for investors at a spread of 5.75bps to 6.25bps above the yield on 0½% Index-linked Treasury Gilt 2042. The value of orders in the book passed £3.5 billion within 10 minutes. At 9.30am the Joint Bookrunners announced that the value of orders in the book totalled £7 billion. At 9.45am the Joint Bookrunners announced that the value of the orders in the book was in excess of £8 billion, that price guidance had been finalised at a spread of 5.75bps above the reference bond, and that the book would close at 10.00am. The book closed with 78 orders totalling £8.8 billion.

At 10.30am the Joint Bookrunners announced that the size of the deal was £4.0 billion (nominal). The price was set at 12.19pm. Proceeds from the transaction are expected to be approximately £4.2 billion (cash) and will take index-linked gilt sales for the financial year to-date to £13.2 billion. Total gilt sales for the financial year are now £51.3 billion (cash), relative to the remit target of £155.7 billion.

The next syndicated gilt offering, of a long-dated index-linked gilt, is scheduled to take place in the second half of September, subject to market conditions. Further details of this transaction will be announced closer to the time of the operation.

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