



21 July 2015

PRESS NOTICE

SYNDICATED RE-OPENING OF £4.0 BILLION NOMINAL OF 3½% TREASURY GILT 2068: RESULT

The United Kingdom Debt Management Office (“DMO”) announces that the syndicated re-opening of £4.0 billion nominal of 3½% Treasury Gilt 2068 has been priced at £121.310 per £100 nominal, equating to a gross redemption yield of 2.736%. The offer will settle, and the fifth tranche of this gilt will be issued, on 22 July 2015, taking the nominal amount of 3½% Treasury Gilt 2068 in issue to £19.3 billion. Proceeds from today’s transaction are expected to be approximately £4.8 billion and take syndication sales in the financial year to-date to £8.9 billion.

The offer was priced at a yield spread of 1.5 basis points (bps)¹ above the yield on 4% Treasury Gilt 2060, which was at the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 94% of the allocation.

This was the second transaction of the DMO’s 2015-16 syndication programme, which is planned to raise a minimum of £24.5 billion (£15.2 billion of index-linked gilts and £9.3 billion of long conventional gilts).

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

We have today successfully increased the size of our 2068 conventional gilt, which is also the longest-dated major government benchmark bond in global markets, to over £19 billion. This excellent result represents once again an impressive display of the underlying strength of the gilt market in what remains a challenging environment in international capital markets.

Today’s syndication attracted record demand for an ultra-long gilt sale, with over £15 billion of orders received in an hour’s book building. I was again pleased to see very strong support from our core investor base, as has been the case in our wider issuance programme, and I would like to put on record my appreciation for the support we receive from all our stakeholders. The DMO

¹ 0.015%.

will carry on working closely with market participants to help ensure the continued successful delivery of our remit over the rest of the year.

Syndication and unallocated supplementary issuance programmes

There is no change to the planned minimum level of sales via syndication this financial year, which remains at £24.5 billion. The unallocated portion of the supplementary issuance programme in 2015-16 remains at £2.7 billion.

NOTES TO EDITORS

The syndicated offering was managed by four Joint Bookrunners: Citigroup Global Markets, Lloyds Bank, RBC Europe Limited 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 10 July 2015.

The order book managed by the Joint Bookrunners was opened at 9.00am on 21 July 2015 with indicative price guidance for investors at a spread of 1.5bps to 2.0bps above the yield on 4% Treasury Gilt 2060. The value of orders in the book reached £6 billion in 10 minutes. At 9.30am the Joint Bookrunners announced that the value of orders in the book was in excess of £12 billion, and that the book would close at circa 10.00am. At 9.45am the Joint Bookrunners announced that orders were in excess of £13.5 billion, that price guidance was being fixed at 1.5bps over the reference gilt and that the book would close at 10.00am.

The book closed with 79 orders totaling £15.5 billion. At 10.35am the Joint Bookrunners announced that the size of the deal had been set at £4.0 billion (nominal). The price was set at 12.20pm.

Proceeds from the transaction are expected to be approximately £4.8 billion (cash) and will take long conventional gilt sales for the financial year to-date to £15.3 billion.

Total gilt sales for the financial year are now £44.1 billion (cash), relative to the remit target of £127.4 billion.

3½% Treasury Gilt 2068 has previously been issued three times via syndicated offerings (in June and October 2013, and in October 2014) and once via auction (in March 2015).

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