

24 April 2012

## **PRESS NOTICE**

### **RESULT: RE-OPENING BY SYNDICATED OFFERING OF £4.75 BILLION OF 3¾% TREASURY GILT 2052. FEEDBACK SOUGHT FOR MINI-TENDER IN MAY**

The United Kingdom Debt Management Office ("DMO") announces that the re-opening by syndicated offering of £4.75 billion nominal of 3¾% Treasury Gilt 2052 has been priced at £106.587 per £100 nominal, equating to a gross redemption yield of 3.446%. The offer was priced at a yield spread of 2.5 basis points (bps)<sup>1</sup> above 4¼% Treasury Gilt 2049 which was at the tight end of the published price guidance. Proceeds from today's transaction are expected to be approximately £5.1 billion.

The offer will settle, and the third tranche of this gilt will be issued, on 25 April 2012, after which 3¾% Treasury Gilt 2052 will have £14.1 billion nominal in issue. The UK domestic market provided the main support for the issue, taking around 88% of the allocation.

This transaction was the first of the 2012-13 programme of up to eight syndicated gilt offerings which together are planned to raise £32.5 billion (£19.0 billion of index-linked gilts and £13.5 billion of long conventional gilts).

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

*"Today has seen a very successful launch of the 2012-13 syndication programme. Particularly impressive was the mobilisation of a large and high quality order book in a record time of under 50 minutes. Given the ongoing challenging financial market environment in which we*

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<sup>1</sup> 0.025%.

*find ourselves, I believe this reflects well on the underlying appeal and resilience of the gilt market. Whilst as would be expected with a gilt of this maturity, our core domestic investor base provided the bulk of support for the issue, there was also a welcome and larger than usual contribution from overseas investors, who took almost 12% of the deal.*

*Such was the strength and quality of demand that we decided to set the size of today's deal at £4.75 billion (nominal). To put that in context, £4.25 billion (nominal) would have been sufficient to reach the average required operation size to deliver the planned long conventional gilt syndication sales target.*

*I am grateful for the commitment shown by all those involved in today's transaction and look forward to this support continuing as we implement the syndication programme and the financing remit more generally in 2012-13.*

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

No adjustment is being made to the split between the syndication programme and the mini-tender programme following this transaction. The sales targets remain at £32.5 billion (syndications) and £7.0 billion (mini-tenders). The DMO is also announcing today that it is seeking market feedback on the identity of a gilt to be sold via mini-tender in the week commencing 14 May 2012. The DMO will announce the date of the mini-tender with at least seven working days notice and will announce the choice of the gilt, and the maximum (nominal) size of the sale, five working days before the operation.

### **NOTES TO EDITORS**

The syndicated offering was managed by four Joint Bookrunners: Deutsche Bank, Nomura International plc, RBS 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 April 2012.

The order book managed by the Joint Bookrunners was opened at 9.00am on 24 April 2012 with indicative price guidance for investors at a spread of 2.5bps to 3.0bps above the yield on 4¼% Treasury Gilt 2049. The value of orders in the book passed £5 billion within 10 minutes. At 9.36am the Joint Bookrunners announced that the value of orders in the book was in

excess of £8 billion, that price guidance was being set at 2.5bps over the reference gilt (the tight end of the original range) and that the book was expected to close at short notice. The book closed at 9.48am, with 79 orders totalling £9.8 billion. At 10.35am the size of the deal was announced to be £4.75 billion (nominal).

The price was set at 11.56am. Proceeds from the transaction are expected to be approximately £5.1 billion and will take long-dated conventional gilt sales for the financial year to-date to £7.4 billion. Total gilt sales for the financial year are now £17.6 billion (cash), relative to the revised remit target of £164.4 billion (this target was reduced from £167.7 billion earlier today, with the publication of the outturn for the CGNCR in 2011-12).

The second offering of the 2012-13 syndication programme will be for an index-linked gilt. This sale is scheduled for the second half of May, subject to market conditions.

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