



United Kingdom
Debt Management
Office

Eastcheap Court
11 Philpot Lane
London
EC3M 8UD

T 020 7862 6500
F 020 7862 6509

www.dmo.gov.uk

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PRESS NOTICE

SYNDICATED LAUNCH OF A NEW INDEX-LINKED GILT MATURING ON 10 AUGUST 2041 IN THE WEEK COMMENCING 9 JULY 2018: APPOINTMENT OF SYNDICATE AND ANNOUNCEMENT OF COUPON

The United Kingdom Debt Management Office (DMO) announces the appointment of a syndicate to sell by subscription the forthcoming launch of a new index-linked gilt maturing on 10 August 2041. The offering is expected to take place in the week commencing 9 July 2018, subject to market and demand conditions.

Joint Bookrunners: Citigroup Global Markets, HSBC, Morgan Stanley and UBS Investment Bank.

Co-Lead Managers: All other panel member Index-linked Gilt-edged Market Makers (IL GEMMs) have been invited to be Co-Lead Managers.

The DMO has appointed a panel comprising exclusively wholesale GEMM firms from which it will choose syndicate members for the conduct of the programme of syndications in the financial year 2018-19. The programme is currently planned to raise a minimum of £19.0 billion via four transactions (two each of long conventional and index-linked gilts).

The new gilt will pay a coupon of 0 $\frac{1}{8}$ % (payable in two semi-annual instalments) and a long first coupon on 10 February 2019. The ISIN code is GB00BGDYHF49 and the SEDOL code is B-GDY-HF4.

Notes for editors

The DMO's financing remit for 2018-19, published alongside the Spring Statement on 13 March 2018, included the provision for a programme of syndicated offerings to

be held in 2018-19 aiming to raise a minimum of £17.0 billion¹ (split £9.0 billion of long conventional gilts and £8.0 billion of index-linked gilts). The DMO also announced that it envisaged holding four syndicated offerings (two each of long conventional gilts and index-linked gilts) in 2018-19.

At the remit revision announced alongside the publication of the 2017-18 CGNCR (ex NRAM, B&B and NR)² outturn on 24 April 2018, the minimum size of the syndication programme in 2018-19 was increased by £1.0 billion to £18.0 billion with the increase split equally between the long conventional and index-linked gilt programmes, taking the minimum sizes of those programmes to £9.5 billion and £8.5 billion respectively.

The remit for 2018-19 also included an initially unallocated portion of gilt issuance of £6.6 billion, which was increased to £6.7 billion at the remit revision on 24 April 2018. The remit provides that this portion can be used to issue any type or maturity of gilt via any issuance method. It is expected, however, that the unallocated portion will primarily be used to increase the size of syndicated offerings (where warranted by the size and quality of demand), and/or to increase average sizes of gilt auctions (for example, if they are reduced by the take-up of the Post Auction Option Facility (PAOF)). The unallocated portion can also be used to schedule gilt tenders.

£1.0 billion of the unallocated portion of issuance was transferred to the long conventional syndication programme on 15 May 2018 as a consequence of the sizing decision at the first syndication of the 2018-19 programme, the result of which is summarised in the table below.

| Date | Gilt | Size (£mn nom) | Issue Price (£) | Issue Yield (%) | Proceeds (£mn cash) |
|-------------|------------------------|----------------|-----------------|-----------------|---------------------|
| 15 May 2018 | 1½% Treasury Gilt 2071 | 6,000 | 97.615 | 1.693 | 5,843 |

As a result of the transfer, the minimum size of the long conventional syndication programme was increased to £10.5 billion and the size of the remaining unallocated portion of issuance fell to £5.7 billion.

On 31 May 2018 the DMO announced plans to sell a new index-linked gilt maturing in the 20- to 25-year area by syndication in the first half of July 2018.

On 26 June 2018 the DMO announced plans to launch a new index-linked gilt maturing on 10 August 2041 via syndication in the week commencing 9 July 2018.

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

¹ Figures in this Press Notice are in cash terms unless stated otherwise.

² Central Government Net Cash Requirement (excluding Northern Rock Asset Management (NRAM), Bradford and Bingley (B&B) and Network Rail (NR)).