



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](http://www.dmo.gov.uk)

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## PRESS NOTICE

### LAUNCH BY SYNDICATED OFFERING OF £5.0 BILLION NOMINAL OF 3½% TREASURY GILT 2068: RESULT

The United Kingdom Debt Management Office (“DMO”) announces that the launch by syndicated offering of £5.0 billion nominal of 3½% Treasury Gilt 2068 has been priced at £96.426 per £100 nominal, equating to a gross redemption yield of 3.651%. This is the longest maturity gilt to be issued by the UK Government since 1937<sup>1</sup>. The offer will settle, and the first tranche of this gilt will be issued, on 26 June 2013. Proceeds from today’s transaction are expected to be approximately £4.8 billion.

The offer was priced at a yield spread of 3.5 basis points (bps)<sup>2</sup> above the yield on 4% Treasury Gilt 2060, 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 97% of the allocation.

This was the first 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.

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

*“I am very pleased with today’s launch of a new 55-year maturity gilt, which has resulted in an eight year extension of the nominal yield curve, in line with the Government’s policy gradually to extend the curve.*

*Today’s transaction has mobilised very strong core domestic investor demand for the first “super-long” gilt. The size and quality of the order book was particularly impressive. It was very pleasing to see this demand materialise despite the current volatile market backdrop. As a consequence of this, we decided to increase the size of the offer to £5 billion, consistent with the greater flexibility*

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<sup>1</sup> £69.8 million (nominal) of 3% Redemption 1986-96 was issued on 17 August 1937.

<sup>2</sup> 0.035%.

*provided in this year's remit regarding the sizing of syndications, subject to the extent and quality of demand at each operation.*

*The smooth execution of today's transaction in the prevailing market circumstances once again reflects very well on the efficiency and depth of the gilt market and the support shown by our investor base and our primary dealers. I look forward to this continuing as we implement the syndication programme in 2013-14, and our financing remit more generally".*

## **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, in due course, be seeking views on the identity of any gilt(s) to be sold via mini-tender in the July-September period (and the timing of any such operation(s)).

## **NOTES TO EDITORS**

The syndicated offering was managed by four Joint Bookrunners: Barclays, Lloyds Bank, Nomura 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 14 June 2013.

The order book managed by the Joint Bookrunners was opened at 9.00am on 25 June 2013 with indicative price guidance for investors at a spread of 3.5bps to 4.5bps above the yield on 4% Treasury Gilt 2060. The value of orders in the book passed £6 billion within 15 minutes. At 9.30am the Joint Bookrunners announced that the value of orders in the book was in excess of £7 billion. At 9.50am the Joint Bookrunners announced that the price guidance had been finalised at a spread of 3.5bps above the reference bond, that the size of the book was in excess of £11 billion and that the book would close at 9.55am. The book closed with 69 orders totalling £12.8 billion.

At 11.06am the Joint Bookrunners announced that the size of the deal was £5.0 billion (nominal). The price was set at 12.29pm. 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 £12.7 billion. Total gilt sales for the financial year are now £39.4 billion (cash), relative to the remit target of £155.7 billion.

## **Syndicated offerings in July-September 2013**

On 31 May 2013 the DMO announced plans to schedule two syndicated offerings, both of index-linked gilts, in the second quarter of 2013-14. Subject to market conditions, the DMO plans to schedule a re-opening of an index-linked gilt in the 25-40 year maturity area in the second half of July and to sell a long-dated index-linked gilt in the second half of September. Further details of these transactions will be announced closer to the time of the operations.

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