

24 July 2012

**SALE BY SYNDICATED OFFERING OF £4.0 BILLION OF 0½% INDEX-LINKED  
TREASURY GILT 2044**

**VIEWS SOUGHT ON POSSIBLE GILT MINI-TENDER IN AUGUST-SEPTEMBER**

The United Kingdom Debt Management Office (“DMO”) announces that the sale by syndicated offering of £4.0 billion nominal of 0½% Index-linked Treasury Gilt 2044 has been priced at £100.311 per £100 nominal, equating to a gross real redemption yield of 0.115%. The offer was priced at a yield spread of 3 basis points (bps)<sup>1</sup> above the yield on 0½% Index-linked Treasury Gilt 2042, which was at the tight end of the published price guidance. Proceeds from today’s transaction are expected to be approximately £4.0 billion.

The offer will settle, and the first tranche of this gilt will be issued, on 25 July 2012. The UK domestic market again provided the main support for the issue, taking around 90% of the allocation.

This transaction was the third of the 2012-13 syndication programme comprising up to eight syndicated gilt offerings. Sales by syndication in the financial year to-date are £13.8 billion.

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

*“Today’s successful launch of a new long-dated index-linked gilt, which will become in due course the 30-year benchmark, is another notable milestone for the UK government bond*

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<sup>1</sup> 0.03%.

*market. Despite challenging conditions in global financial markets I am again impressed with the gilt market's capacity to mobilise a very large and high quality book of demand, of £10 billion, in an hour. I believe this demonstrates ongoing investor confidence in the United Kingdom's inflation-linked gilt market.*

*I was also pleased to see a good level of participation at today's syndication by overseas based investors, including a number of new accounts.*

*I appreciate the support for our syndication programme shown by all those involved in today's transaction and by all gilt market participants in our gilt sales programme more generally".*

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

No change is being made to the split between the syndication programme and the mini-tender programme following today's syndicated offer. Total planned syndication sales are £33.0 billion of which index-linked gilts comprise £19.5 billion. Planned sales via gilt mini-tenders remain at £6.5 billion. The DMO will shortly be seeking market views on a possible gilt mini-tender in August-September 2012.

### **NOTES TO EDITORS**

The syndicated offering was managed by four Joint Bookrunners: BofA Merrill Lynch, Deutsche Bank, Goldman Sachs International and Nomura. 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 11 July 2012.

The order book managed by the Joint Bookrunners was opened at 9.00am on 24 July 2012 with indicative price guidance for investors at a spread of 3bps to 4bps above the yield on 0½% Index-linked Treasury Gilt 2042. The value of orders in the book passed £5 billion within 15 minutes. At 9.25am the Joint Bookrunners announced that the value of orders in the book was in excess of £7 billion. At 9.49am the Joint Bookrunners announced that the book would close at 10.00am. The book closed with 115 orders totalling £10.1 billion. At 10.30am the Lead Managers announced that the size of the deal was £4.0 billion (nominal) and that the final price guidance was being tightened to a spread of 3bps above the reference bond.



The price was set at 1.16pm. Proceeds from the transaction are expected to be approximately £4.0 billion and will take index-linked gilt sales for the financial year to-date to £14.4 billion. Total gilt sales for the financial year are now £66.8 billion (cash), relative to the remit target of £164.4 billion.

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

