

## **PRESS NOTICE**

### **RESULT: RE-OPENING BY SYNDICATED OFFERING OF £6.0 BILLION NOMINAL OF 0<sup>5</sup>/<sub>8</sub>% INDEX-LINKED TREASURY GILT 2040**

The United Kingdom Debt Management Office (“DMO”) announces that the re-opening by syndicated offering of £6.0 billion nominal of 0<sup>5</sup>/<sub>8</sub>% Index-linked Treasury Gilt 2040 has been priced at £89.914 per £100 nominal, equating to a gross real redemption yield of 1.020%. The offer was priced at a yield spread of flat to 1<sup>1</sup>/<sub>8</sub>% Index-linked Treasury Gilt 2037. The offer will settle, and the further tranche of the gilt be issued, on 28 July 2010, following which the size of 0<sup>5</sup>/<sub>8</sub>% Index-linked Treasury Gilt 2040 will be £9.5 billion (nominal).

The domestic investor base provided the main support for the issue, taking around 99% of the allocation. There was again strong direct interest from end investors, primarily fund managers, pension funds and insurance companies.

This is the third transaction in the programme of syndicated gilt offerings in 2010-11 which have raised £17.3 billion (relative to the target of £26.0 billion). Proceeds from today’s transaction are expected to be approximately £5.6 billion.

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

*“I am very pleased with today’s result, which has again seen the successful mobilisation of high quality demand from our core investor base and in record size for an index-linked transaction. Again the syndication process has worked well and smoothly, and this reflects well on the commitment of all parties in the gilt market as well as the ongoing robustness of the market itself. As a consequence of today’s sale we have now established a 30-year index-linked gilt of benchmark size, with £9.5 billion in issue after only two operations, while achieving fair value for the taxpayer”.*

## NOTES TO EDITORS

The syndicated offering was managed by four Joint Bookrunners: Deutsche Bank, Goldman Sachs International, HSBC Bank plc and the Royal Bank of Scotland. 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 8 July 2010.

The order book managed by the Joint Bookrunners opened at 8:45am on 27 July 2010 with indicative price guidance for investors at a spread of flat to +2.0 bps above the yield on 1½% Index-linked Treasury Gilt 2037. At 9.15am the Lead Managers announced that the value of orders in the book was in excess of £5.0 billion. In a further update at 9.50am it was announced that orders were in excess of £7.0 billion, that the price guidance was being tightened to flat to 1½% Index-linked Treasury Gilt 2037 and that the book was expected to close at 10.30am. The book closed with bids of £9.8 billion in 64 orders. The Lead Managers confirmed pricing at flat to 1½% Index-linked Treasury Gilt 2037 (i.e. at the tight end of the initial price guidance) and a deal size of £6.0 billion. This is the largest syndicated offering of an index-linked gilt to-date.

Proceeds from the transaction are expected to be approximately £5.6 billion and will take index-linked gilt sales for the financial year to £18.0 billion. Total gross gilt sales for the financial year to-date are £75.6 billion, relative to the remit target of £165.0 billion. A total of £17.3 billion has been raised from the three syndicated offers held to-date in 2010-11. A planning assumption of sales from syndications of £26.0 billion was announced in the remit revision published on 22 June 2010 alongside the Budget (as part of a supplementary gilt sales programme of approximately £33.0 billion, comprising syndicated offers and mini-tenders).

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