



16 May 2017

## PRESS NOTICE

### SYNDICATED RE-OPENING OF £5.0 BILLION NOMINAL OF 1¾% TREASURY GILT 2057: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated re-opening of £5.0 billion (nominal) of 1¾% Treasury Gilt 2057 has been priced at £101.744 per £100 nominal, equating to a gross redemption yield of 1.690%. The transaction will settle, and the second tranche of this gilt will be issued, on 17 May 2017, at which date the gilt will have £9.5 billion (nominal) in issue. Proceeds from today's transaction are expected to amount to approximately £5.1 billion (cash<sup>1</sup>).

The offering was priced at a yield spread of 2.5 basis points (bps) above the yield on 4% Treasury Gilt 2060, which represented the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 87% of the allocation.

This was the first transaction of the DMO's 2017-18 syndication programme, which was planned to raise a minimum of £21.0 billion (£9.0 billion of long conventional gilts in two transactions and £12.0 billion of index-linked gilts in three transactions).

Commenting on the result, Jo Whelan, the Deputy Chief Executive of the DMO, said:

*Today's transaction represents a very pleasing launch for our syndication programme for 2017-18 and achieved a very strong result. On a day of plentiful international bond issuance, it was gratifying that this (our 50<sup>th</sup> syndication since the programme began in 2009) ran extremely smoothly.*

*The market response to the deal was very encouraging. The order book was of impressive quality as well as the largest (in both nominal and cash terms) so far in the history of the DMO's syndications. Through today's deal, we have been able to increase substantially the size of the 40-year benchmark gilt. The bond was originally launched in January 2017 and now stands at £9.5 billion.*

---

<sup>1</sup> Figures in this Press Notice are in cash terms unless indicated otherwise.

*The transaction demonstrates clearly the strength of demand from our core investor base. In addition, the well-tested capacity of the gilt market to help us to deliver the syndication programme and our financing remit more generally was once again strongly in evidence.*

*I very much welcome the support we have seen today and look forward to it continuing across the remainder of our gilt sales programme this financial year.*

### **Syndication programme and the unallocated supplementary amount**

Given the strength and quality of demand at this transaction, the DMO has decided to move £0.5 billion (cash) from the unallocated supplementary issuance amount to the long conventional syndication programme in 2017-18 (increasing the size of that programme to £9.5 billion and the minimum size of the overall syndication programme to £21.5 billion). The size of the remaining unallocated supplementary amount has accordingly been reduced to £6.0 billion.

### **NOTES TO EDITORS**

The syndicated offer was managed by four Joint Bookrunners: BofA Merrill Lynch, Barclays, Deutsche Bank and RBC Europe Limited. All other panel member Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 5 May 2017.

The order book managed by the Joint Bookrunners was opened at 10.00am on 16 May 2017 with indicative price guidance for investors at a spread of 2.5bps to 2.75bps above the yield on 4% Treasury Gilt 2060. At 10.30am the Joint Bookrunners announced that the value of orders in the book exceeded £24.0 billion, and that the book was expected to close at 11.00am. At 10.45am the Joint Bookrunners announced that orders exceeded £25.0 billion, that price guidance was being fixed at a yield spread of 2.5bps above the reference gilt, and that the book would close at 11.00am.

The book closed with 96 orders totaling £26.4 billion (nominal): this was a record total in nominal terms at any of the 50 syndications held by the DMO since June 2009. At 11.40am the Joint Bookrunners announced that the size of the transaction had been set at £5.0 billion (nominal). The price was set at 1.24pm.

Proceeds from the transaction are expected to be approximately £5.1 billion and will take long conventional gilt sales for the financial year to-date to £9.7 billion. Total gilt sales for the financial year are now £17.2 billion, relative to the remit target of £114.2 billion.

1¾% Treasury Gilt 2057 was launched by a £4.50 billion (nominal) syndication on 24 January 2017.

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