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## PRESS NOTICE

### **SYNDICATED OFFERING OF £5.0 BILLION NOMINAL OF 0<sup>1</sup>/<sub>8</sub>% INDEX-LINKED TREASURY GILT 2058: RESULT**

The United Kingdom Debt Management Office (“DMO”) announces that the syndicated offering of £5.0 billion nominal of 0<sup>1</sup>/<sub>8</sub>% Index-linked Treasury Gilt 2058 has been priced at £107.861 per £100 nominal, equating to a gross real redemption yield of -0.053%. The offer will settle, and the first tranche of this gilt will be issued, on 30 July 2014. Proceeds from today’s transaction are expected to be approximately £5.4 billion and take syndication sales in the financial year to-date to £10.4 billion.

The offer was priced at a yield spread of 2 basis points (bps)<sup>1</sup> above the yield on 0<sup>3</sup>/<sub>8</sub>% Index-linked Treasury Gilt 2062, which was at the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 96% of the allocation.

This was the second transaction of the DMO’s 2014-15 syndication programme, which had been planned to raise £17.5 billion (£9.0 billion long conventional gilts and £8.5 billion index-linked gilts).

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

*“Today’s sale has been notable for the end investor interest it attracted. Market feedback ahead of the deal had been supportive of a new 2058 maturity and this interest from our core domestic investor base did indeed materialise very strongly this morning. Consequently today’s was the largest index-linked gilt syndication order book yet - over £14 billion - and with this very strong support from the market we are pleased to have been able to launch the new gilt in substantial size and at a negative real yield for the first time in a DMO index-linked gilt syndication.*”

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<sup>1</sup> 0.02%.

*Just as was the case with the launch of the new 2045 maturity conventional gilt in June we took the decision to use the provisions in our remit which allow us some discretion to size operations to take account of demand conditions on the day. We increased the size of the deal above that in our original planning assumption, which had been of some £4 to £4¼ billion.*

*Once again the gilt market has demonstrated its ability to accommodate a very large supply of duration and I appreciate the support that gilt market participants have demonstrated today. I look forward to this continuing through 2014-15 across our gilt sales programme generally”.*

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

Following today's syndicated offering planned index-linked gilt sales via syndication have been increased by £0.5 billion to £9.0 billion (and the total size of the syndication programme increased to £18.0 billion in the current financial year). The planning assumption for sales via mini-tenders is correspondingly being reduced by £0.5 billion to £4.0 billion.

The DMO will shortly be seeking views on the identity of any gilt to be sold via mini-tender in the August-September period (and the timing of any such operation).

## **NOTES TO EDITORS**

The syndicated offering was managed by four Joint Bookrunners: Deutsche Bank, Goldman Sachs International, Morgan Stanley and RBS. 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 18 July 2014.

The order book managed by the Joint Bookrunners was opened at 9.00am on 29 July 2014 with indicative price guidance for investors at a spread of 2bp to 3bps above the yield on 0<sup>3</sup>/<sub>8</sub>% Index-linked Treasury Gilt 2062. The value of orders in the book passed £5 billion within 10 minutes. At 9.30am the Joint Bookrunners announced that the value of orders in the book was in excess of £11 billion.

At 9.45am the Joint Bookrunners announced that orders in the book were in excess of £13 billion and that the price guidance had been tightened to a final spread of 2bps over the reference gilt and that the book would close at 10.00am. The book closed with 107 orders totalling £14.5 billion. At 10.43am the Joint Bookrunners announced that the size of the deal had been set at £5.0 billion (nominal). The price was set at 12.43pm.

Proceeds from the transaction are expected to be approximately £5.4 billion (cash) and will take index-linked gilt sales for the financial year to-date to £13.2 billion. Total gilt sales for the financial year are now £47.8 billion (cash), relative to the remit target of £127.2 billion.

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