



5 September 2017

PRESS NOTICE

SYNDICATED RE-OPENING OF £4.0 BILLION NOMINAL OF 2½% TREASURY GILT 2065: RESULT

The United Kingdom Debt Management Office (DMO) announces that the syndicated re-opening of £4.0 billion (nominal) of 2½% Treasury Gilt 2065 has been priced at £132.145 per £100 nominal, equating to a gross redemption yield of 1.547%. The transaction will settle, and the fifth tranche of this gilt will be issued, on 6 September 2017, at which date the gilt will have £19.3 billion (nominal) in issue. Proceeds from today's transaction are expected to amount to approximately £5.3 billion (cash¹).

The offering was priced at a yield spread of 0.5 basis points (bps) above the yield on 3½% Treasury Gilt 2068, which represented the tight end of the published price guidance. The UK domestic market provided the predominant support for the issue, taking around 90% of the allocation.

This was the third transaction of the DMO's 2017-18 syndication programme, which was planned to raise a minimum of £22.0 billion (£9.5 billion of long conventional gilts in two transactions and £12.5 billion of index-linked gilts in three transactions).

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

Today's transaction has seen another very successful re-opening of the UK's 2½% 2065 gilt. I continue to value highly the capacity of the gilt market to take down this supply, and it reflects very well on the efficiency and depth of the market.

Once again very strong support was mobilised from our core investor base. Indeed, the impressive quality of demand today was such that we decided to increase the size of the deal by £800 million (cash) relative to our original planning assumption for the transaction. As a result, the outstanding size of the 2½% 2065 gilt now stands at £19.3 billion.

¹ Figures in this Press Notice are in cash terms unless indicated otherwise.

Today's sale has successfully concluded this year's conventional syndication programme, and I look forward to continuing the success of the syndication programme in the index-linked sector. I greatly appreciate the support which our gilt market stakeholders have again shown for our syndications, together with their contributions to the successful delivery of our overall financing remit.

Syndication programme and the unallocated supplementary amount

Given the strength and quality of demand at this transaction, the DMO has decided to move £0.8 billion (cash) from the unallocated supplementary issuance amount to the long conventional syndication programme in 2017-18 (increasing the size of that programme to £10.3 billion and the minimum size of the overall syndication programme to £22.8 billion). The size of the remaining unallocated supplementary amount has accordingly been reduced to £1.7 billion.

NOTES TO EDITORS

The syndicated offer was managed by four Joint Bookrunners: HSBC, Morgan Stanley, NatWest Markets and Scotiabank. All other panel member Gilt-edged Market Makers were Co-Lead Managers. The composition of the syndicate was announced by the DMO on 25 August 2017.

The order book managed by the Joint Bookrunners was opened at 10.00am on 5 September 2017 with indicative price guidance for investors at a spread of 0.5bps to 0.75bps above the yield on 3½% Treasury Gilt 2068. At 10.30am the Joint Bookrunners announced that the value of orders in the book exceeded £21.0 billion, and that the book was expected to close at 11.00am. At 10.45am the Joint Bookrunners announced that orders exceeded £22.0 billion, that price guidance was being fixed at a yield spread of 0.5bps above the reference gilt, and that the book would close at 11.00am.

The book closed with 101 orders totalling £25.2 billion (nominal): this represented the second largest total in nominal terms at any of the previous 51 syndications held by the DMO since June 2009. At 11.32am the Joint Bookrunners announced that the size of the transaction had been set at £4.0 billion (nominal). The price was set at 1.36pm.

Proceeds from the transaction are expected to amount to approximately £5.3 billion and will take long conventional gilt sales for the financial year to-date to £19.7 billion. Total gilt sales for the financial year are now £55.5 billion, relative to the remit target of £114.2 billion.

2½% Treasury Gilt 2065 was launched by a £4.75 billion (nominal) syndication on 20 October 2015.

This press notice will be appearing on the DMO's website at: www.dmo.gov.uk