

19/04

18 May 2004

PRESS NOTICE

DETAILS OF GILT AUCTIONS ON TUESDAY, 25 AND THURSDAY, 27 MAY 2004

TUESDAY, 25 MAY 2004

NOMINAL AMOUNT: £3,000,000,000

STOCK: 4½% TREASURY STOCK 2007

MATURITY DATE: 7 MARCH 2007

INTEREST DATES: 7 MARCH / 7 SEPTEMBER

AUCTION DATE: 25 MAY 2004

SETTLEMENT DATE: 26 MAY 2004

THURSDAY, 27 MAY 2004

NOMINAL AMOUNT: £2,500,000,000

STOCK: 4¾% TREASURY STOCK 2038

MATURITY DATE: 7 DECEMBER 2038

INTEREST DATES: 7 JUNE / 7 DECEMBER

AUCTION DATE: 27 MAY 2004

SETTLEMENT DATE: 28 MAY 2004

The United Kingdom Debt Management Office ("the DMO") announces the further issue by Her Majesty's Treasury of the following gilt-edged stocks:

- £3,000 million nominal of 4½% Treasury Stock 2007, for auction on a fully-paid bid price basis on Tuesday, 25 May 2004 and settlement on Wednesday, 26 May 2004.
- £2,500 million nominal of 4¾% Treasury Stock 2038, for auction on a fully-paid bid price basis on Thursday, 27 May 2004 and settlement on Friday, 28 May 2004.

These further issues will be fungible with the respective stocks already in issue.



4½% TREASURY STOCK 2007

Interest on 4½% Treasury Stock 2007 is payable half-yearly on 7 March and 7 September. The price payable for the stock being auctioned will include an amount equal to the accrued interest from 13 February 2004, the first issue date of the stock, to 26 May 2004, the settlement date of this auction, at the rate of £1.262601 per £100 nominal of stock. This further issue of stock will rank for the interest payment of £2.534341 per £100 nominal due on 7 September 2004. The stock will be repayable at par on 7 March 2007. This stock is strippable in accordance with the terms of the Information Memorandum, published by the DMO, relating to the Issue, Stripping and Reconstitution of British Government Stock dated January 2004 (the "Information Memorandum") except that the minimum stripping unit will be £1 million nominal until the payment of the non-standard first coupon on 7 September 2004, after which the standard minimum stripping unit of £10,000 nominal will apply.

Interest payments will ordinarily be paid to holders of this stock without deduction of United Kingdom income tax. However, holders may elect to have United Kingdom income tax deducted from interest payments, should they so wish, on application to the Bank of England.

Under Rule 7265 of the London Stock Exchange, dealings in the unstripped 4½% Treasury Stock 2007 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Tuesday, 25 May 2004. The SEDOL and ISIN codes to be used for "when-issued" trading are B-00N-Y62 and GB00B00NY621 respectively. In relation to "when-issued" trading, the TIDM code "AUCA" should be used for trade reporting purposes. The SEDOL and ISIN codes to be used after this date are 3-404-074 and GB0034040740 respectively.

A Formal Notice announcing the auction of the further issue of stock will be advertised in the Press. Bids may be made on either a competitive or a non-competitive basis. Details of the bidding procedures are set out in the prospectus and in the Information Memorandum. The prospectus for competitive bids and non-competitive bids can be obtained from the Registrar or the DMO or from the DMO's website at www.dmo.gov.uk/gilts/public/prospectus/prosp180504a.pdf.

Application forms from Approved Group members must be sent to the Bank of England Registrar's Department, New Issues, who are acting on behalf of the DMO, at the following address: Southgate House, Southgate Street, Gloucester, GL1 1UW to arrive not later than



10.00 am on Tuesday, 25 May 2004. They may also be lodged by hand at the DMO, Eastcheap Court, 11 Philpot Lane, London, EC3M 8UD not later than 10.00 am on Tuesday, 25 May 2004.

Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 am on Tuesday, 25 May 2004.

4¾% TREASURY STOCK 2038

Interest on 4¾% Treasury Stock 2038 is payable half-yearly on 7 June and 7 December. The price payable for the stock being auctioned will include an amount equal to the accrued interest from 23 April 2004, the first issue date of the stock, to 28 May 2004, the settlement date of this auction, at the rate of £0.454235 per £100 nominal of stock. This further issue of stock will rank for the interest payment of £2.959016 per £100 nominal due on 7 December 2004. The stock will be repayable at par on 7 December 2038.

Following the issue of this further amount of stock, 4¾% Treasury Stock 2038 may be stripped and holdings of stock reconstituted: the provisions for strips contained in the Information Memorandum will therefore apply. The ISIN and SEDOL codes for the new principal strip and the coupon strips are shown in the Annex attached to this Press Notice. The minimum stripping unit will be £1 million nominal until the payment of the non-standard first coupon on 7 December 2004, after which the standard minimum stripping unit of £10,000 nominal will apply.

Interest payments will ordinarily be paid to holders of this stock without deduction of United Kingdom income tax. However, holders may elect to have United Kingdom income tax deducted from interest payments, should they so wish, on application to the Bank of England.

Under Rule 7265 of the London Stock Exchange, dealings in the unstripped 4¾% Treasury Stock 2038 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Thursday, 27 May 2004. The SEDOL and ISIN codes to be used for "when-issued" trading are B-00N-Y73 and GB00B00NY738 respectively. In relation to "when-issued" trading, the TIDM code "AUCB" should be used for trade reporting purposes. The SEDOL and ISIN codes to be used after this date are B-00N-Y17 and GB00B00NY175 respectively.



A Formal Notice announcing the auction of the further issue of stock will be advertised in the Press. Bids may be made on either a competitive or a non-competitive basis. Details of the bidding procedures are set out in the prospectus and in the Information Memorandum. The prospectus for competitive bids and non-competitive bids can be obtained from the Registrar or the DMO or from the DMO's website at www.dmo.gov.uk/gilts/public/prospectus/prosp180504b.pdf.

Application forms from Approved Group members must be sent to the Bank of England Registrar's Department, New Issues, who are acting on behalf of the DMO, at the following address; Southgate House, Southgate Street, Gloucester, GL1 1UW to arrive not later than 10.00 am on Thursday, 27 May 2004; or lodged by hand at the DMO, Eastcheap Court, 11 Philpot Lane, London, EC3M 8UD not later than 10.00 am on Thursday, 27 May 2004.

Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 am on Thursday, 27 May 2004.

NOTE TO EDITORS

The Treasury published the DMO's remit for 2004-05 on 17 March 2004 as part of the Budget 2004 announcements. Following the Treasury's announcement on 22 April 2004 that the outturn CGNCR for 2003-04 was £2.9 billion below the forecast in the Budget the DMO's remit was adjusted, with total planned gilt sales falling by £0.9 billion to £47.1 billion. Conventional gilt sales are planned to raise £39.3 billion in 15 auctions whilst planned index-linked sales are for £7.8 billion in 10 auctions. To date, outright gilt sales under the remit are £3.1 billion (cash) relative to the target of £47.1 billion.

The auctions announced today are the fourth and fifth respectively of the 2004-05 remit and the second and third of conventional stock. 4½% Treasury Stock 2007 was first issued in February 2004 and following the auction on 25 May 2004 the nominal amount outstanding of 4½% Treasury Stock 2007 will be £8.75 billion; short conventional gilt sales of £14.8 billion (cash) are planned in 2004-05. 4¾% Treasury Stock 2038 was first issued in April 2004 and following the auction on 27 May 2004 the nominal amount outstanding of 4¾% Treasury Stock 2038 will be £5.0 billion. Long conventional gilt sales of £14.3 billion (cash) are planned in 2004-05; long conventional gilt sales to date are £2.5 billion (cash).



4½% Treasury Stock 2007 did not pay a coupon on 7 March 2004 but will pay a first coupon on 7 September 2004, which will be slightly larger than the normal semi-annual coupon to account for the additional interest from 13 February 2004 to 7 March 2004. The value of the coupon payable on 7 September 2004 (a “long” first coupon) will be £2.534341 per £100 nominal of stock.

4¾% Treasury Stock 2038 will not pay a coupon on 7 June 2004 but will pay a first coupon on 7 December 2004, which will be slightly larger than the normal semi-annual coupon to account for the additional interest from 23 April 2004 to 7 June 2004. The value of the coupon payable on 7 December 2004 (a “long” first coupon) will be £2.959016 per £100 nominal of stock.

The formula for calculating accrued interest during each “long” first coupon period can be found in Section Two of the DMO’s paper “Formulae for Calculating Gilt Prices from Yields”, updated on 15 January 2002 (www.dmo.gov.uk/gilts/public/technical/yldeqns_v2.pdf). Examples for the calculation of accrued interest during a “long” first coupon can be found in the DMO’s Operational Circular “Accrued Interest Calculations on 4¼% Treasury Stock 2032 until 7 December 2000” issued on 16 May 2000 (www.dmo.gov.uk/gilts/public/technical/opcirc1605.pdf).

Copies of the full prospectuses are available on request from the addresses given below and on the DMO website, www.dmo.gov.uk. Only stock applications made on the forms sent out by the Registrar to Approved Group members will be accepted in the auctions.

Copies of the Information Memorandum are available from the DMO, Eastcheap Court, 11 Philpot Lane, London, EC3M 8UD (telephone 020 7862 6500; fax 020 7862 6509) and the Bank of England, Registrar’s Department, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW (telephone 01452 398100; fax 01452 398020).

This press notice together with the prospectuses and the Information Memorandum will be appearing on the DMO’s website at: www.dmo.gov.uk.



SEDOL and ISIN Codes for the Principal and Coupon Strips to be used for “when-issued” trading and following the further issue of 4¾% Treasury Stock 2038 on 28 May 2004.

	<i>SEDOL Code</i>	<i>ISIN Code</i>
UK Treasury Strip 7 Dec 2032 Coupon	B-012-5K9	GB00B0125K93
UK Treasury Strip 7 Jun 2033 Coupon	B-012-5L0	GB00B0125L01
UK Treasury Strip 7 Dec 2033 Coupon	B-012-5M1	GB00B0125M18
UK Treasury Strip 7 Jun 2034 Coupon	B-012-5P4	GB00B0125P49
UK Treasury Strip 7 Dec 2034 Coupon	B-012-628	GB00B0126284
UK Treasury Strip 7 Jun 2035 Coupon	B-012-6K6	GB00B0126K68
UK Treasury Strip 7 Dec 2035 Coupon	B-012-792	GB00B0127928
UK Treasury Strip 7 Jun 2036 Coupon	B-012-7B4	GB00B0127B43
UK Treasury Strip 7 Dec 2036 Coupon	B-012-6S4	GB00B0126S45
UK Treasury Strip 7 Jun 2037 Coupon	B-012-7L4	GB00B0127L41
UK Treasury Strip 7 Dec 2037 Coupon	B-012-7N6	GB00B0127N64
UK Treasury Strip 7 Jun 2038 Coupon	B-012-7Q9	GB00B0127Q95
UK Treasury Strip 7 Dec 2038 Coupon	B-012-7W5	GB00B0127W55
UK 4¾% Treasury Strip 7 Dec 2038 Principal	B-012-5J8	GB00B0125J88

