

14/05

15 March 2005

PRESS NOTICE

DETAILS OF GILT AUCTION ON THURSDAY 24 MARCH 2005

AMOUNT: £2,500 million nominal

STOCK: 4¾% TREASURY STOCK 2020

MATURITY DATE: 7 MARCH 2020

INTEREST DATES: 7 MARCH/7 SEPTEMBER

AUCTION DATE: 24 MARCH 2005

SETTLEMENT DATE: 29 MARCH 2005

The United Kingdom Debt Management Office ("the DMO") announces the issue by Her Majesty's Treasury of £2,500 million nominal of 4¾% Treasury Stock 2020, for auction on a fully-paid bid-price basis on Thursday, 24 March 2005 and settlement on Tuesday, 29 March 2005. It is intended that, once at least £5,000 million nominal of 4¾% Treasury Stock 2020 has been issued, it will become 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 December 2004 (the "Information Memorandum"). The DMO will announce when the stock becomes strippable.

Interest on 4¾% Treasury Stock 2020 will be payable half-yearly on 7 March and 7 September. Interest on the stock will accrue from 29 March 2005, the issue date of the stock, and the first interest payment will be due on 7 September 2005 at the rate of £2.091033 per £100 nominal of stock. The stock will be repayable at par on 7 March 2020.

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 Registrar, Computershare Investor Services PLC.



Under Rule 7265 of the London Stock Exchange, dealings in the unstripped 4¾% Treasury Stock 2020 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Thursday, 24 March 2005. The SEDOL and ISIN codes to be used for "when-issued" trading and following the stock's issue on 29 March 2005 are B-058-DQ5 and GB00B058DQ55 respectively. In relation to "when-issued" trading, the TIDM code "AUC" should be used for trade reporting purposes.

A Formal Notice announcing the auction of this 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 and the Information Memorandum can be obtained from the Registrar or the DMO or from the DMO's website at:

www.dmo.gov.uk/gilts/public/prospectus/prosp150305.pdf and

www.dmo.gov.uk/gilts/public/technical/infmem211204.pdf respectively.

Application forms from Approved Group members must be sent to Computershare Investor Services PLC, who are acting on behalf of the DMO, at the following address: PO Box 2411, The Pavilions, Bristol, BS3 9WX to arrive not later than 10.00 am on Thursday, 24 March 2005. 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 Thursday, 24 March 2005.

Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 am on Thursday, 24 March 2005.

NOTE TO EDITORS

Planned gilt sales in 2004-05 were increased from £47.1 billion to £50.3 billion (cash) in the Pre-Budget Report on 2 December 2004. Conventional gilt sales are now planned to raise £42.3 billion in 16 auctions and planned index-linked sales are now for £8.0 billion in 10 auctions. To date, outright gilt sales under the remit are £47.6 billion (cash) relative to the target of £50.3 billion (cash). Details of the DMO's remit for 2005-06 will be announced following tomorrow's Budget statement by the Chancellor of the Exchequer.

The auction announced today is the twenty-sixth, and last, of the 2004-05 remit and the sixteenth of conventional stock. It is the first auction of 4¾% Treasury Stock 2020, which is the first new medium maturity gilt to be issued since 4¾% Treasury Stock 2015 in September 2003.



Medium conventional gilt sales of £10.2 billion (cash) are planned in 2004-05; medium conventional gilt sales to date are £7.6 billion (cash).

The new gilt will pay its first coupon on 7 September 2005 which will be slightly smaller than the normal semi-annual coupon to account for the reduced period between the issue date and the first interest payment date. The value of the coupon payable on 7 September 2005 (a "short" first coupon) will be £2.091033 per £100 nominal of stock. The formula for calculating accrued interest during the "short" 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).

Computershare Investor Services PLC assumed responsibility for the gilt registration service as HM Treasury's designated Registrar in succession to the Bank of England on 20 December 2004.

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

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 Computershare Investor Services PLC, PO Box 2411, The Pavilions, Bristol, BS3 9WX (telephone 0870 703 0143).

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

