

PRESS NOTICE

DETAILS OF GILT AUCTION ON TUESDAY 7 JUNE 2005

AMOUNT: £2,750 million nominal

STOCK: 4³/₄% TREASURY STOCK 2020

MATURITY DATE: 7 MARCH 2020

INTEREST DATES: 7 MARCH / 7 SEPTEMBER

AUCTION DATE: 7 JUNE 2005

SETTLEMENT DATE: 8 JUNE 2005

The United Kingdom Debt Management Office ("the DMO") announces the issue by Her Majesty's Treasury of a further £2,750 million nominal of 4³/₄% Treasury Stock 2020, for auction on a fully-paid bid-price basis on Tuesday, 7 June 2005 and settlement on Wednesday, 8 June 2005. This further issue will be fungible with the stock already in issue.

Interest on 4³/₄% Treasury Stock 2020 is payable half-yearly on 7 March and 7 September. The price payable will include an amount equal to the accrued interest from 29 March 2005, the first issue date of the stock, to 8 June 2005, the settlement date of this auction, at the rate of £0.916440 per £100 nominal of stock. This further issue of stock will rank for the interest payment of £2.091033 per £100 nominal of stock due on 7 September 2005. The stock will be repayable at par on 7 March 2020.

Following the issue of this further amount of stock, 4³/₄% Treasury Stock 2020 may be stripped and holdings of stock reconstituted: the provisions for strips contained in the Information Memorandum, published by the DMO, relating to the Issue, Stripping and Reconstitution of British Government Stock dated December 2004, as amended by the DMO's Notice of 13 May 2005, (the "Information Memorandum") will therefore apply. The SEDOL and ISIN codes for the new principal strip are B-09J-C45 and GB00B09JC451 respectively. The minimum stripping unit will be £1 million nominal until the payment of the non-standard first coupon on

7 September 2005, 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 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 Tuesday, 7 June 2005. The SEDOL and ISIN codes to be used for "when-issued" trading are B-06Y-KB6 and GB00B06YKB60 respectively. In relation to "when-issued" trading, the TIDM code "AUC" should be used for trade reporting purposes. The SEDOL and ISIN codes to be used after this date are B-058-DQ5 and GB00B058DQ55 respectively.

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, the Information Memorandum and the Notice of Amendment can be obtained from the Registrar or the DMO or from the DMO's website at:

www.dmo.gov.uk/gilts/public/prospectus/prosp310505.pdf,
www.dmo.gov.uk/gilts/public/technical/infmem211204.pdf and
www.dmo.gov.uk/gilts/public/technical/infmemadd130505.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 Tuesday, 7 June 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 Tuesday, 7 June 2005.

Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 am on Tuesday, 7 June 2005.

NOTE TO EDITORS

The DMO's remit for 2005-06 was published on 16 March 2005 as part of the Budget 2005 announcements and revised on 20 April following the publication of an outturn CGNCR for 2004-05 which was £4.3 billion lower than forecast at the Budget. Planned gilt sales in 2005-06 were reduced by £2.4 billion to £51.1 billion; conventional gilt sales are now planned to raise £41.1 billion in 15 auctions whilst planned index-linked sales are for £10.0 billion in 10 auctions. Gilt sales in the financial year to date are £10.2 billion (cash) of which index-linked sales account for £2.0 billion (cash).

The auction announced today is the sixth of the 2005-06 remit and the fourth of conventional stock. 4¾% Treasury Stock 2020 was first issued in March 2005 and following the auction on 7 June 2005 the nominal amount outstanding of 4¾% Treasury Stock 2020 will be £5.25 billion. Medium conventional gilt sales of £11.1 billion (cash) are planned in 2004-05.

4¾% Treasury Stock 2020 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 of the stock and the first interest payment date, being less than a full half year. 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 16 March 2005 (www.dmo.gov.uk/gilts/public/technical/yldeqns.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.

