

03/06

17 January 2006

## **PRESS NOTICE**

### **DETAILS OF GILT AUCTIONS ON TUESDAY, 24 AND THURSDAY, 26 JANUARY 2006**

#### **TUESDAY, 24 JANUARY 2006**

NOMINAL AMOUNT: £650,000,000

GILT: 1¼% INDEX-LINKED TREASURY GILT 2055

MATURITY DATE: 22 NOVEMBER 2055

INTEREST DATES: 22 MAY / 22 NOVEMBER

AUCTION DATE: 24 JANUARY 2006

SETTLEMENT DATE: 25 JANUARY 2006

#### **THURSDAY, 26 JANUARY 2006**

NOMINAL AMOUNT: £3,000,000,000

GILT: 4¼% TREASURY GILT 2011

MATURITY DATE: 7 MARCH 2011

INTEREST DATES: 7 MARCH / 7 SEPTEMBER

AUCTION DATE: 26 JANUARY 2006

SETTLEMENT DATE: 27 JANUARY 2006

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

- £650 million nominal of 1¼% Index-linked Treasury Gilt 2055, for auction on a uniform price basis on Tuesday, 24 January 2006 and settlement on Wednesday, 25 January 2006.
- £3,000 million nominal of 4¼% Treasury Gilt 2011, for auction on a fully-paid bid price basis on Thursday, 26 January 2006 and settlement on Friday, 27 January 2006.

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



## 1¼% INDEX-LINKED TREASURY GILT 2055

Interest on 1¼% Index-linked Treasury Gilt 2055 is payable half-yearly on 22 May and 22 November. The actual amount payable for this further issue of the Gilt per £100 nominal will be the real clean price multiplied by the Index Ratio for 25 January 2006, the settlement date of this auction, plus £0.427743, the uplifted accrued interest per £100 nominal from 23 September 2005, the first issue date of the Gilt, to 25 January 2006. The Index Ratio for 25 January 2006 is 1.00693. The Gilt being auctioned will, therefore, rank for the full amount of the first interest payment due on 22 May 2006.

The Gilt will be repayable on 22 November 2055. The amount due on repayment, per £100 nominal of the Gilt, will be related, subject to the terms of the prospectus, to the movement during the life of the Gilt of the United Kingdom General Index of Retail Prices ("RPI") published by the Office for National Statistics.

Interest payments on the Gilt are also linked to the movement of the RPI over the relevant period. Interest will ordinarily be paid to holders of the Gilt 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 this further amount of 1¼% Index-linked Treasury Gilt 2055 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Tuesday, 24 January 2006. The SEDOL and ISIN codes to be used for "when-issued" trading are B-0V3-WF6 and GB00B0V3WF60 respectively. The TIDM code "AUC" should be used for trade reporting purposes. The SEDOL and ISIN codes to be used after this date are B-0CN-HZ0 and GB00B0CNHZ09 respectively.

Index-linked gilt-edged market makers ("IG GEMMs") may make either competitive or non-competitive bids. These must be made by telephone to the DMO not later than 10.30 am on Tuesday, 24 January 2006. The DMO will allot the Gilt to individual bidders at its own discretion. In particular, it may decline to allot an amount of the Gilt to an IG GEMM or a client of an IG GEMM if it appears that to do so would be likely to lead to market distortion. Successful bidders should not generally expect to acquire more than 40% of the nominal amount of the Gilt on offer at the auction for their own account. Therefore, by 10:45 am, every IG GEMM will be required to report all its bids irrespective of whether or not they have



subscribed for 40% or more of the Gilt on offer. The DMO expects to announce the auction result by 11.10 am on Tuesday, 24 January 2006.

Should there be the need to scale back any individual IG GEMM's allotment, the DMO will first discard the lowest own-account bid(s) and then repeat this operation up to the relevant cut-off point. A client who bids for more than 40% of the amount of the Gilt on offer may be scaled back using the same method. If bids have been made through more than one IG GEMM, the lowest bids will be scaled back first, and then, where multiple bids are at the same price, on a pro-rata basis per IG GEMM up to the relevant cut-off point.

In accordance with the DMO's Operational Notice, up to 10% of the nominal amount of the Gilt on offer at the auction (ie £65.0 million nominal) will be made available for non-competitive bids from IG GEMMs. Each IG GEMM will be entitled to make a non-competitive bid in proportion to its successful participation at the previous index-linked gilt auctions in December 2005, November 2005 and October 2005.

A Notice announcing the auction of this further issue of the Gilt 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 relating to the Issue, Stripping and Reconstitution of British Government Stock dated December 2004, as amended by the DMO's Notices dated 13 May 2005 and 13 September 2005, (the "Information Memorandum"). The prospectus for competitive bids and non-competitive bids, the Information Memorandum and the Notices 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/prosp170106a.pdf](http://www.dmo.gov.uk/gilts/public/prospectus/prosp170106a.pdf),  
[www.dmo.gov.uk/gilts/public/technical/infmem211204.pdf](http://www.dmo.gov.uk/gilts/public/technical/infmem211204.pdf),  
[www.dmo.gov.uk/gilts/public/technical/infmemadd130505.pdf](http://www.dmo.gov.uk/gilts/public/technical/infmemadd130505.pdf) and  
[www.dmo.gov.uk/gilts/public/technical/infmemadd130905.pdf](http://www.dmo.gov.uk/gilts/public/technical/infmemadd130905.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, 24 January 2006. 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, 24 January 2006.

IG GEMMs may bid by telephone to the DMO not later than 10.30 am on Tuesday, 24 January 2006.



## **4¼% TREASURY GILT 2011**

Interest on 4¼% Treasury Gilt 2011 will be payable half-yearly on 7 March and 7 September. The price payable will include an amount equal to the accrued interest from 9 November 2005, the first issue date of the Gilt, to 27 January 2006, the settlement date of this auction, at the rate of £0.927486 per £100 nominal of the Gilt. This further issue of the Gilt will rank for the interest payment of £1.385359 per £100 nominal of the Gilt due on 7 March 2006. The Gilt will be repayable at par on 7 March 2011.

Interest payments will ordinarily be paid to holders of this Gilt 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.

Following the issue of this further amount of the Gilt, 4¼% Treasury Gilt 2011 may be stripped and holdings of the Gilt reconstituted: the provisions relating to strips contained in the Information Memorandum will therefore apply. The SEDOL and ISIN codes for the new principal strip are B-0WC-HF7 and GB00B0WCHF77 respectively. The minimum stripping unit will be £1 million nominal until the payment of the non-standard first coupon on 7 March 2006, after which the standard minimum stripping unit of £10,000 nominal will apply.

Under Rule 7265 of the London Stock Exchange, dealings in the unstripped 4¼% Treasury Gilt 2011 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Thursday, 26 January 2006. The SEDOL and ISIN codes to be used for "when-issued" trading are B-0V3-WM3 and GB00B0V3WM38 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 B-0LN-X64 and GB00B0LNX641 respectively.

A Notice announcing the auction of this issue of the Gilt 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 Notices 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/prosp170106b.pdf](http://www.dmo.gov.uk/gilts/public/prospectus/prosp170106b.pdf),

[www.dmo.gov.uk/gilts/public/technical/infmem211204.pdf](http://www.dmo.gov.uk/gilts/public/technical/infmem211204.pdf),



[www.dmo.gov.uk/gilts/public/technical/infmemadd130505.pdf](http://www.dmo.gov.uk/gilts/public/technical/infmemadd130505.pdf) and [www.dmo.gov.uk/gilts/public/technical/infmemadd130905.pdf](http://www.dmo.gov.uk/gilts/public/technical/infmemadd130905.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, 26 January 2006. 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, 26 January 2006.

Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 am on Thursday, 26 January 2006.

## **NOTE TO EDITORS**

Planned gilt sales for 2005-06 were increased from £51.1 billion to £52.3 billion (cash) in the Pre-Budget Report on 5 December 2005. Conventional gilt sales are now planned to raise £41.5 billion in 15 auctions whilst planned index-linked sales are for £10.8 billion in 10 auctions and 1 syndicated offering. Gilt sales in the financial year to date are £40.9 billion (cash) of which index-linked sales account for £8.0 billion (cash).

The auctions announced today are the twentieth and twenty-first of the 2005-06 remit and the eighth auction of index-linked gilts and thirteenth auction of conventional gilts respectively. 1¼% Index-linked Treasury Gilt 2055 was first issued by means of a syndicated offering on 23 September 2005 and following the auction on 24 January 2006 the nominal amount outstanding of 1¼% Index-linked Treasury Gilt 2055 will be £2.613 billion (£2.631 billion after indexation uplift). 4¼% Treasury Gilt 2011 was first issued on 9 November 2005 and following the auction on 26 January 2006 the nominal amount outstanding of 4¼% Treasury Gilt 2011 will be £6.250 billion. Short conventional gilt sales of £12.3 billion (cash) are planned in 2005-06; short conventional gilt sales to date are £9.2 billion (cash).

4¼% Treasury Gilt 2011 will pay its first coupon on 7 March 2006 which will be slightly smaller than the normal semi-annual coupon to account for the reduced period between the first issue date and the first interest payment date. The value of the coupon payable on 7 March 2006 (a "short" first coupon) will be £1.385359 per £100 nominal of the Gilt. 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](http://www.dmo.gov.uk/gilts/public/technical/yldeqns.pdf)).



Copies of the full prospectuses are available on request from the addresses given below and on the DMO website, [www.dmo.gov.uk/gilts/public/prospectus/index.htm](http://www.dmo.gov.uk/gilts/public/prospectus/index.htm). Only gilt 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 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](http://www.dmo.gov.uk/gilts/press/index.htm).

