

15/00

16 May 2000

PRESS NOTICE

DETAILS OF GILT AUCTION ON WEDNESDAY 24 MAY

AMOUNT: £2,500 million nominal
STOCK: 4¼% TREASURY STOCK 2032
MATURITY DATE: 7 JUNE 2032
INTEREST DATES: 7 JUNE/7 DECEMBER
AUCTION DATE: 24 MAY 2000

The United Kingdom Debt Management Office ("the DMO") announces the issue by Her Majesty's Treasury of £2,500 million nominal of 4¼% Treasury Stock 2032, for auction on a fully-paid bid-price basis on Wednesday, 24 May 2000. It is intended that, once at least £5,000 million nominal of 4¼% Treasury Stock 2032 has been issued, it will become strippable in accordance with the terms of the Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock published by the DMO on 12 November 1999 ("the Information Memorandum").

Interest on 4¼% Treasury Stock 2032 will be payable half-yearly on 7 June and 7 December. Interest on the stock will accrue from 25 May 2000, the issue date of the stock, and the first interest payment will be due on 7 December 2000 at the rate of £2.275956 per £100 nominal of stock¹. The stock will be repayable at par on 7 June 2032. Interest payments will be paid to all holders of this stock without deduction of United Kingdom income tax. However, holders on the Bank of England Register may elect to have United Kingdom income tax deducted from interest payments, should they so wish, on application to the Bank of England.

¹ Please note that, if the stock becomes strippable before the first dividend date, the minimum unit for stripping and reconstituting the stock will be £1,000,000 until the ex-dividend date of the 7 December 2000 interest payment (see paragraph 46 on page 12 of the Bank of England's paper on the Official Gilt Strips Facility issued in October 1997).



Under Rule 2.3 of the London Stock Exchange, dealings in the unstripped 4¼% Treasury Stock 2032 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Wednesday, 24 May 2000. The SEDOL and ISIN codes to be used for "when-issued" trading and following the stock's issue on Thursday, 25 May 2000 are 0-489-308 and GB0004893086 respectively. The TIDM code "AUC" should be used for trade reporting purposes in the "when-issued" period. Trading in the principal and coupon strips of 4¼% Treasury Stock 2032, "when-issued" or otherwise, may not be conducted until an announcement has been made indicating that such trading may be undertaken.

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 will be advertised in the Press. Application forms must be sent to the Bank of England's Registrar's Department, New Issues Team, who are acting on behalf of the DMO, at the following address; PO Box 444, Gloucester, GL1 1NP to arrive not later than 10.30 am on Wednesday, 24 May 2000; or lodged by hand at the DMO, Cheapside House, 138 Cheapside, London not later than 10.30 am on Wednesday, 24 May 2000.

Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 am on Wednesday, 24 May 2000.

NOTE TO EDITORS

The remit to the DMO and the auction calendar for the financial year 2000-01 were set out in the Debt Management Report issued by HM Treasury on 21 March 2000. The DMO announced further details of the gilts to be auctioned in the first quarter of the 2000-01 financial year on 31 March 2000.

The auction announced today is the second of the 2000-01 financial year and the first of a conventional stock. Gilt sales of £12.2 billion (cash) are planned under the current remit.

The £2,500 million nominal issue of 4¼% Treasury Stock 2032 will, on issue, be the first new gilt created in the 2000-01 financial year. It is also the first new long-dated conventional gilt to be issued since 6% Treasury Stock 2028 in January 1998. A switch auction from 8% Treasury



Stock 2015 in to the new 4¼% Treasury Stock 2032 is scheduled to be held on Thursday 22 June.

The gilt will not pay a coupon on 7 June 2000 but will pay a first coupon on 7 December 2000, which will be slightly larger than the normal semi-annual coupon to account for the additional interest from 25 May 2000 to 7 June 2000. The value of the coupon payable on 7 December (a “long” coupon) will be £2.275956 per £100 nominal.

The formula for the calculation of accrued interest during a long first coupon was set out in Appendix III of ‘Changes to Gilt Market Trading Conventions’ (March 1998). Further details and examples are set out in ‘Accrued Interest Calculations on 4¼% Treasury Stock 2032 until 7 December 2000’, an Operational Circular issued by the DMO today and available on its website.

Copies of the Information Memorandum are available from the DMO, Cheapside House, 138 Cheapside, London, EC2V 6BB (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 398080; fax 01452 398020).

This press notice together with the prospectus for the issue of the stock will be appearing on the DMO’s website at: www.dmo.gov.uk.

