

14/04

13 April 2004

PRESS NOTICE

DETAILS OF GILT AUCTION ON THURSDAY 22 APRIL 2004

AMOUNT: £2,500 million nominal

STOCK: 4¾% TREASURY STOCK 2038

MATURITY DATE: 7 DECEMBER 2038

INTEREST DATES: 7 JUNE / 7 DECEMBER

AUCTION DATE: 22 APRIL 2004

SETTLEMENT DATE: 23 APRIL 2004

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 2038, for auction on a fully-paid bid-price basis on Thursday, 22 April 2004 and settlement on Friday, 23 April 2004. It is intended that, once at least £5,000 million nominal of 4¾% Treasury Stock 2038 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 January 2004 (the "Information Memorandum"). The DMO will announce when the stock becomes strippable.

Interest on 4¾% Treasury Stock 2038 will be payable half-yearly on 7 June and 7 December. Interest on the stock will accrue from 23 April 2004, the issue date of the stock, and the first interest payment will be due on 7 December 2004 at the rate of £2.959016 per £100 nominal of stock. The stock will be repayable at par on 7 December 2038.

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, 22 April 2004. The SEDOL and ISIN codes to be used for "when-issued" trading and following the stock's issue on 23 April 2004 are B-00N-Y17 and GB00B00NY175 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 can be obtained from the Registrar or the DMO or from the DMO's website at www.dmo.gov.uk/gilts/public/prospectus/prosp130404.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, 22 April 2004; or lodged by hand at the DMO, Eastcheap Court, 11 Philpot Lane, London, EC3M 8UD not later than 10.00 am on Thursday, 22 April 2004.

Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 am on Thursday, 22 April 2004.

NOTE TO EDITORS

The DMO's remit for 2004-05 was published on 17 March 2004 as part of the Budget 2004 announcements. Gilt sales of £48.0 billion are planned for 2004-05; conventional gilt sales are planned to raise £40.0 billion in 15 auctions whilst planned index-linked sales are for £8.0 billion in 10 auctions.

The auction announced today is the first of the 2004-05 remit. It is the first auction of 4¾% Treasury Stock 2038, which will be the longest dated conventional stock currently issued by the DMO. Long conventional gilt sales of £14.5 billion (cash) are planned in 2004-05.

The new gilt 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 the “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/yldegns_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 prospectus 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 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 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.

