

39/03

16 September 2003

## **PRESS NOTICE**

### **DETAILS OF GILT AUCTIONS ON TUESDAY, 23 AND THURSDAY, 25 SEPTEMBER 2003**

#### **TUESDAY, 23 SEPTEMBER 2003**

NOMINAL AMOUNT: £650,000,000

STOCK: 2% INDEX-LINKED TREASURY STOCK 2035

MATURITY DATE: 26 JANUARY 2035

INTEREST DATES: 26 JANUARY / 26 JULY

AUCTION DATE: 23 SEPTEMBER 2003

SETTLEMENT DATE: 24 SEPTEMBER 2003

#### **THURSDAY, 25 SEPTEMBER 2003**

NOMINAL AMOUNT: £2,750,000,000

STOCK: 4¾% TREASURY STOCK 2015

MATURITY DATE: 7 SEPTEMBER 2015

INTEREST DATES: 7 MARCH / 7 SEPTEMBER

AUCTION DATE: 25 SEPTEMBER 2003

SETTLEMENT DATE: 26 SEPTEMBER 2003

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

- £650 million nominal of 2% Index-linked Treasury Stock 2035, for auction on a fully-paid uniform price basis on Tuesday, 23 September 2003 and settlement on Wednesday, 24 September 2003. This further issue will be fungible with the stock already in issue.
- £2,750 million nominal of 4¾% Treasury Stock 2015, for auction on a fully-paid bid-price basis on Thursday, 25 September 2003 and settlement on Friday, 26 September 2003.



## 2% INDEX-LINKED TREASURY STOCK 2035

Interest on 2% Index-linked Treasury Stock 2035 is payable half-yearly on 26 January and 26 July. The price payable for this further amount of stock will include an amount equal to the accrued interest from 26 July 2003, the most recent interest payment date of the stock, to 24 September 2003, the settlement date of this auction, at the rate of £0.340926 per £100 nominal of stock. This further issue of the stock will rank for the full amount of interest due on 26 January 2004, at the rate of £ 1.045507 per £100 nominal of stock.

The stock will be repayable on 26 January 2035. The amount due on repayment, per £100 nominal of stock, will be related, subject to the terms of the prospectus, to the movement during the life of the stock of the United Kingdom General Index of Retail Prices ("RPI") published by the Office for National Statistics.

Interest payments on this stock are also linked to the movement of the RPI over the relevant period. Interest will be paid to all 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 this further amount of 2% Index-linked Treasury Stock 2035 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Tuesday, 23 September 2003. The SEDOL and ISIN codes to be used for "when-issued" trading are 3-328-022 and GB0033280222 respectively. The TIDM code "AUC" should be used for trade reporting purposes. The SEDOL and ISIN codes to be used after this date are 3-179-082 and GB0031790826 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, 23 September 2003. The DMO will allot stock to individual bidders at its own discretion. In particular, it may decline to allot stock 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 stock on offer at the auction for their own account. Therefore, in the period between the close of the offer and the announcement of the auction results (expected to be around 11.10 am on Tuesday, 23 September 2003) IG GEMMs will be required to report all bids. This will apply to all IG GEMMs irrespective of whether or not they have subscribed for 40% or more of the stock on offer.



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 stock 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.

A Formal Notice announcing the auction of this further issue of stock will be advertised in the Press. Details of the bidding procedures and other arrangements are set out in the prospectus and the Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock dated September 2003 (the "Information Memorandum") which are available from the DMO or the Bank of England Registrar's Department or from the DMO's website at [www.dmo.gov.uk/gilts/public/prospectus160903a.pdf](http://www.dmo.gov.uk/gilts/public/prospectus160903a.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 Tuesday, 23 September 2003. 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, 23 September 2003.

In accordance with the DMO's Operational Notice, up to 10% of the nominal amount of stock on offer at the auction (ie £65 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 July 2003, June 2003 and April 2003.

#### **4¾% TREASURY STOCK 2015**

Interest on 4¾% Treasury Stock 2015 will be payable half-yearly on 7 March and 7 September. Interest on the stock will accrue from 26 September 2003, the issue date of the stock, and the first interest payment will be due on 7 March 2004 at the rate of £2.127060 per £100 nominal of stock. The stock will be repayable at par on 7 September 2015. It is intended that, once at least £5,000 million nominal of 4¾% Treasury Stock 2015 has been issued, it will become strippable in accordance with the terms of the Information Memorandum. The DMO will announce when the stock becomes strippable.



Interest payments will be paid to all 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 2015 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Thursday, 25 September 2003. The SEDOL and ISIN codes to be used for "when-issued" trading and following the stock's issue on 26 September 2003 are 3-328-033 and GB0033280339 respectively. In relation to "when-issued" trading, the TIDM code "AUCA" should be used for trade reporting purposes.

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.

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 and other arrangements 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/prospectus160903b.pdf](http://www.dmo.gov.uk/gilts/public/prospectus160903b.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, 25 September 2003; or lodged by hand at the DMO, Eastcheap Court, 11 Philpot Lane, London, EC3M 8UD not later than 10.00 am on Thursday, 25 September 2003.

Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 am on Thursday, 25 September 2003.



## NOTE TO EDITORS

HM Treasury announced the Provisional Remit to the DMO and the provisional auction calendar for the financial year 2003-04 on 20 March 2003. Following the Budget on 9 April 2003 the DMO's remit for 2003-04 was revised, with total planned gilt sales increasing from £40.0 billion to £47.4 billion. Conventional gilt sales are planned to raise £40.9 billion in 15 auctions and index-linked sales £6.5 billion in 8 auctions.

The auctions announced today are the thirteenth and fourteenth respectively of the 2003-04 remit and the fourth of index-linked stock and the tenth respectively of conventional stock. It is the third auction of 2% Index-linked Treasury Stock 2035, which was first issued in July 2002. Following this auction the nominal amount outstanding of 2% Index-linked Treasury Stock 2035 will be £2.5 billion. Index-linked gilt sales to date are £2.6 billion (cash) of the £6.5 billion indicated in the remit. Medium conventional gilt sales of £13.2 billion (cash) are planned in 2003-04; medium conventional gilt sales to date are £7.9 billion (cash).

To date, outright gilt sales under the remit are £27.0 billion (cash) relative to the target of £47.4 billion.

The new conventional gilt will pay a coupon on 7 March 2004 which will be slightly smaller than the normal semi-annual coupon to account for the shortened interest period from 26 September 2003 to 7 March 2004. The amount of the shorter coupon payable on 7 March 2004 will be £2.127060 per £100 nominal of stock. The formula for calculating accrued interest during the first "short" 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](http://www.dmo.gov.uk/gilts/public/technical/yldeqns_v2.pdf)).

Copies of the full prospectuses are available on request from the addresses given below and on the DMO website, [www.dmo.gov.uk](http://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 auctions.

Copies of the Information Memorandum and the prospectuses 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 398100; fax 01452 398020).



This press notice together with the prospectuses and the Information Memorandum will be appearing on the DMO's website at: [www.dmo.gov.uk](http://www.dmo.gov.uk).

