

22/03

17 June 2003

## **PRESS NOTICE**

### **DETAILS OF GILT AUCTIONS ON TUESDAY 24, AND THURSDAY, 26 JUNE 2003**

#### **TUESDAY, 24 JUNE 2003**

NOMINAL AMOUNT: £350,000,000

STOCK: 2½% INDEX-LINKED TREASURY STOCK 2024

MATURITY DATE: 17 JULY 2024

INTEREST DATES: 17 JANUARY / 17 JULY

AUCTION DATE: 24 JUNE 2003

SETTLEMENT DATE: 25 JUNE 2003

#### **THURSDAY, 26 JUNE 2003**

NOMINAL AMOUNT: £3,250,000,000

STOCK: 4% TREASURY STOCK 2009

MATURITY DATE: 7 MARCH 2009

INTEREST DATES: 7 MARCH / 7 SEPTEMBER

AUCTION DATE: 26 JUNE 2003

SETTLEMENT DATE: 27 JUNE 2003

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

- £350 million nominal of 2½% Index-linked Treasury Stock 2024, for auction on a fully-paid uniform price basis on Tuesday, 24 June 2003 and settlement on Wednesday, 25 June 2003.
- £3,250 million nominal of 4% Treasury Stock 2009, for auction on a fully-paid bid-price basis on Thursday, 26 June 2003 and settlement on Friday, 27 June 2003.



Both further issues will be fungible with the stock already in issue.

## **2 ½% INDEX-LINKED TREASURY STOCK 2024**

Interest on 2½% Index-Linked Treasury Stock 2024 is payable half-yearly on 17 January and 17 July. The price payable for this further amount of stock will include an amount equal to the accrued interest from 17 January 2003, the most recent interest payment date of the stock, to 25 June 2003, the settlement date of this further issue, at the rate of £2.003400 per £100 nominal of stock. This further issue of the stock will rank for the full amount of interest due on 17 July 2003, at the rate of £2.2806 per £100 nominal of stock.

The stock will be repayable on 17 July 2024. 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 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 2½% Index-linked Treasury Stock 2024 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Tuesday, 24 June 2003. The SEDOL and ISIN codes to be used for "when-issued" trading are 3-278-860 and GB0032788605 respectively. The TIDM code "AUC" should be used for trade reporting purposes. The SEDOL and ISIN codes to be used after this date are 0-898-302 and GB0008983024 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 June 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,



24 June 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.

Participants who are not IG GEMMs and who are not making their bids via IG GEMMs may only make non-competitive applications, for between £1,000 and £250,000 nominal of stock, using the application form published with the prospectus. Details of the bidding procedures and other arrangements are set out in the prospectus, the Information Memorandum, published by the DMO, relating to the Issue, Stripping and Reconstitution of British Government Stock dated July 2000 as amended by the DMO's notice of 2 July 2002 (the "Information Memorandum") and the application form. These are available from the DMO and the Bank of England Registrar's Department. The prospectus and the application form will also be advertised in the press.

Application forms must be sent to the Bank of England Registrar's Department, New Issues Team, 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, 24 June 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, 24 June 2003.

In accordance with the DMO's Operational Notice, up to 10% of the nominal amount of stock on offer at the auction (ie £35 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 April 2003, January 2003 and October 2002.

#### **4% TREASURY STOCK 2009**

Interest on 4% Treasury Stock 2009 is payable half-yearly on 7 March and 7 September. The price payable for the stock being auctioned will include an amount equal to the accrued interest from 14 May 2003, the first issue date of the stock, to 27 June 2003, the settlement date of this auction, at the rate of £0.478261 per £100 nominal of stock. This further issue of stock will rank



for the interest payment of £1.260870 per £100 nominal due on 7 September 2003. The stock will be repayable at par on 7 March 2009. From 27 June 2003 this Stock will become strippable in accordance with the terms of the Information Memorandum. The SEDOL and ISIN codes for the new principal strip during the "when-issued" period are 3-302-093 and GB0033020933 respectively. The SEDOL and ISIN codes to be used thereafter are 3-302-082 and GB0033020826 respectively. The minimum stripping unit will be £1 million nominal until the payment of the non-standard first coupon on 7 September 2003, after which the standard minimum stripping unit of £10,000 nominal will apply.

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 4% Treasury Stock 2009 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Thursday, 26 June 2003. The SEDOL and ISIN codes to be used for "when-issued" trading are 3-278-871 and GB0032788712 respectively. The TIDM code "AUCA" should be used for trade reporting purposes. The SEDOL and ISIN codes to be used after this date are 3-278-592 and GB0032785924 respectively.

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 Registrar's Department, New Issues Team, 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, 26 June 2003; or lodged by hand at the DMO, Eastcheap Court, 11 Philpot Lane, London, EC3M 8UD not later than 10.00 am on Thursday, 26 June 2003.

Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 am on Thursday, 26 June 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 sixth and seventh of the 2003-04 remit. To date, outright gilt sales under the current remit are £12.0 billion (cash) relative to the planned total for 2003-04 of £47.4 billion (cash).

The auction of 2½% Index-linked Treasury Stock 2024 is the second of index-linked stock under the current remit. Index-linked gilt sales of £6.5 billion (cash) are planned in 2003-04. Sales to date are £1.0 billion (cash). 2½% Index-linked Treasury Stock 2024 was first issued in December 1986.

The auction of 4% Treasury Stock 2009 is the fifth of conventional stock under the current remit. Short conventional gilt sales of £16.4 billion (cash) are planned in 2003-04. Sales to date are £3.5 billion (cash). 4% Treasury Stock 2009 was first issued in May 2003.

The new gilt will pay a coupon on 7 September 2003 which will be slightly smaller than the normal semi-annual coupon to account for the shortened interest period from 14 May 2003 to 7 September 2003. The value of the coupon payable on 7 September 2003 (a "short" coupon) will be £1.260870 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 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 prospectuses for the issue of the stocks will be appearing on the DMO's website at: [www.dmo.gov.uk](http://www.dmo.gov.uk).

