

PRESS NOTICE

INDEX-LINKED GILT AUCTION

NOMINAL AMOUNT: £350,000,000

STOCK: 4½% INDEX-LINKED TREASURY STOCK 2030

MATURITY DATE: 22 JULY 2030

INTEREST DATES: 22 JANUARY / 22 JULY

AUCTION DATE: 28 SEPTEMBER 2004

SETTLEMENT DATE: 29 SEPTEMBER 2004

The United Kingdom Debt Management Office ("the DMO") announces the issue by Her Majesty's Treasury of a further £350 million nominal of 4½% Index-linked Treasury Stock 2030, for auction on a uniform price basis on Tuesday, 28 September 2004 and settlement on Wednesday, 29 September 2004. This further issue will be fungible with the stock already in issue.

Interest on 4½% Index-linked Treasury Stock 2030 is payable half-yearly on 22 January and 22 July. The price payable for this further amount of stock will include an amount equal to the accrued interest from 22 July 2004, the most recent interest payment date of the stock, to 29 September 2004, the settlement date of this further issue, at the rate of £1.067663 per £100 nominal of stock. This further issue of the stock will rank for the full amount of interest due on 22 January 2005, at the rate of £2.8471 per £100 nominal of stock.

The stock will be repayable on 22 July 2030. 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 by making an application to the Bank of England.

Under Rule 7265 of the London Stock Exchange, dealings in this further amount of 4 $\frac{1}{8}$ % Index-linked Treasury Stock 2030 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Tuesday, 28 September 2004. The SEDOL and ISIN codes to be used for "when-issued" trading are B-01R-SK5 and GB00B01RSK57 respectively. The TIDM code "AUC" should be used for trade reporting purposes. The SEDOL and ISIN codes to be used after this date are 0-893-266 and GB0008932666 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, 28 September 2004. 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, 28 September 2004) 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.

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 July 2004, June 2004 and May 2004.



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 January 2004 (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/prospectus/prosp210904.pdf
www.dmo.gov.uk/gilts/public/technical/infmem160104.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, 28 September 2004. 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, 28 September 2004.

IG GEMMs may bid by telephone to the DMO no later than 10:30 am on Tuesday, 28 September 2004.

NOTES TO EDITORS

The Treasury published the DMO's remit for 2004-05 on 17 March 2004 as part of the Budget 2004 announcements. Following the Treasury's announcement on 22 April 2004 of the outturn CGNCR for 2003-04, the figure for total planned gilt sales was revised from £48.0 billion to £47.1 billion. Conventional gilt sales are planned to raise £39.3 billion in 15 auctions whilst planned index-linked sales are for £7.8 billion in 10 auctions. Gilt sales in the financial year to date are £23.8 billion (cash) of which index-linked sales account for £3.3 billion (cash).

The auction announced today is the thirteenth of the 2004-05 remit and the fifth of index-linked stock. It represents a further tranche of 4 $\frac{1}{8}$ % Index-linked Treasury Stock 2030 first issued in June 1992; 4 $\frac{1}{8}$ % Index-linked Treasury Stock 2030 was last auctioned in January 2002. After this further issue the nominal amount outstanding of the 4 $\frac{1}{8}$ % Index-linked Treasury Stock 2030 will be £3,521 million (£4,772 million after indexation uplift).

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 further issue of the stock will be appearing on the DMO's website at: www.dmo.gov.uk.

