

PRESS NOTICE

CANCELLATION OF DMO HOLDINGS OF “RUMP” GILTS

The UK Debt Management Office (DMO) announces today the cancellation on Monday 15 March 2010 of approximately £78.9 million (nominal) of its current holdings in those gilts that have been designated as “rump” gilts. “Rump” gilts are those with amounts in issue deemed by the DMO to be too small to expect a reasonably liquid two-way market to exist in them.

The table in Notes for Editors below lists the nominal amount of each gilt being cancelled and the residual amounts in issue for all “rump” gilts, as of 15 March 2010¹.

The DMO will continue to bid prices, upon request from Gilt-edged Market Makers, in all “rump” gilts, and expects to execute similar cancellations in future years, on an annual basis. Any such cancellations will be announced.

NOTES FOR EDITORS

Since March 2006, gilts which have been reduced in size to less than £850 million (nominal) in issue have been designated as “rump” gilts.

The DMO last cancelled its holdings of “rump” gilts on 16 March 2009 when it stated that it expected to execute similar cancellations on an annual basis. The DMO’s current holdings of “rump” gilts have been accumulated since the last cancellations in March 2009 as a result of its role as “buyer of last resort” in these gilts.

The cancellations announced today, of approximately £78.9 million (nominal), account for some 5.1% of the current amount of “rump” gilts currently in issue. Following the

¹ Both amounts rounded to the nearest £0.1 million.

cancellations, the (nominal) amount of “rump” gilts in issue will be approximately £1.5 billion, some 0.2% of the total gilt portfolio².

The required Sinking Fund cancellation of 3½% Conversion will take place towards the end of the financial year.

"Rump" Gilts at 15 March 2010	Redemption date	Amount being cancelled (£mn nom)	Amount in issue at 15 March 2010 (£mn nom)
7¾% Treasury 2012-2015*	26-Jan-12	19.6	388.1
9% Treasury 2012	6-Aug-12	7.2	197.3
12% Exchequer 2013-2017*	12-Dec-13	0.8	16.1
2½% Treasury	Undated	32.6	390.4
4% Consolidated	Undated	12.4	257.4
2½% Consolidated	Undated	4.3	176.8
3% Treasury	Undated	2.0	38.5
3½% Conversion	Undated	0.0	17.3
2½% Annuities	Undated	0.0	1.1
2¾% Annuities	Undated	0.0	0.7
		78.9	1,483.7
<i>* Assuming the gilts continues to trade above par</i>			

This Press Release will be appearing on the DMO website at: www.dmo.gov.uk

² Including index-linked uplift.