

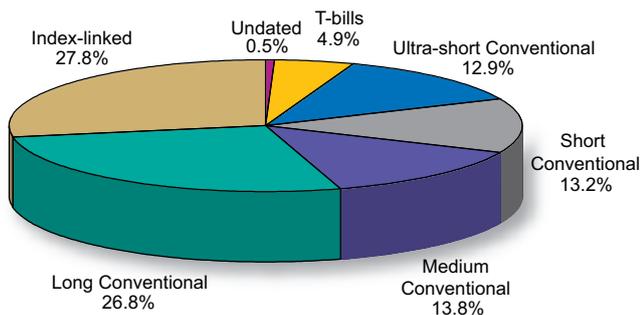


Quarterly REVIEW

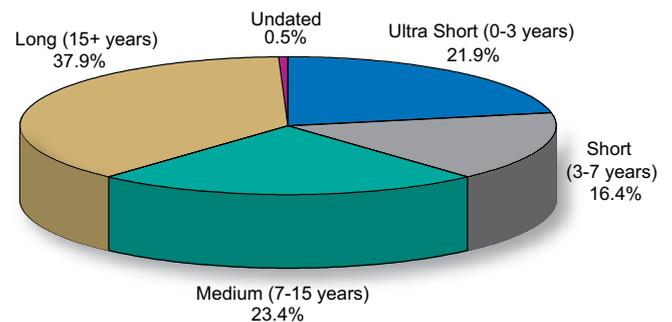
Details of the debt portfolio at 30 September 2008

Gilt portfolio summary statistics	30 June 2008	30 September 2008
Nominal value of the gilt portfolio (including inflation uplift)	£513.28 bn	£536.12 bn
<ul style="list-style-type: none"> Conventional gilts (inc undated gilts) Index-linked gilts 	£360.83 bn	£379.14 bn
Market value of the gilt portfolio	£542.93 bn	£576.41 bn
<ul style="list-style-type: none"> Conventional gilts (inc undated gilts) Index-linked gilts 	£366.19 bn	£397.30 bn
Weighted average market yields:		
<ul style="list-style-type: none"> Conventional gilts (inc undated gilts) Index-linked gilts 	5.03%	4.36%
Portfolio average maturity:	14.63 years	14.54 years
<ul style="list-style-type: none"> Conventional gilts (exc undated gilts) Index-linked gilts 	14.77 years	14.30 years
<ul style="list-style-type: none"> Conventional gilts (inc undated gilts) Index-linked gilts 	14.31 years	15.05 years
Average modified duration:		
<ul style="list-style-type: none"> Conventional gilts (inc undated gilts) Index-linked gilts 	8.71 years	8.68 years
<ul style="list-style-type: none"> Conventional gilts (inc undated gilts) Index-linked gilts 	12.73 years	12.62 years

Composition of debt portfolio*



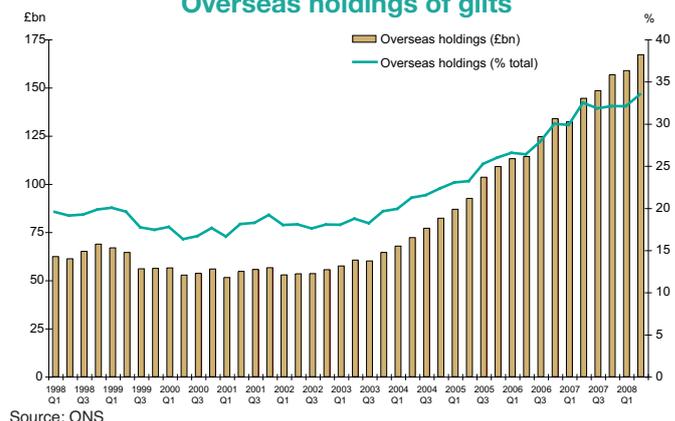
Debt portfolio maturity split*



Distribution of gilt holdings at 30 June 2008

(£millions)	at end	Q1 2008	Q2 2008
Insurance Companies and Pension Funds		239,219	229,859
Overseas		158,869	167,042
Other Financial Institutions and Other		97,847	102,475
Households		2,735	2,933
Building Societies		4,870	4,068
Local Authorities and Public Corporations		860	1,028
Banks**		-7,651	-6,938
TOTAL		496,749	500,467

Overseas holdings of gilts



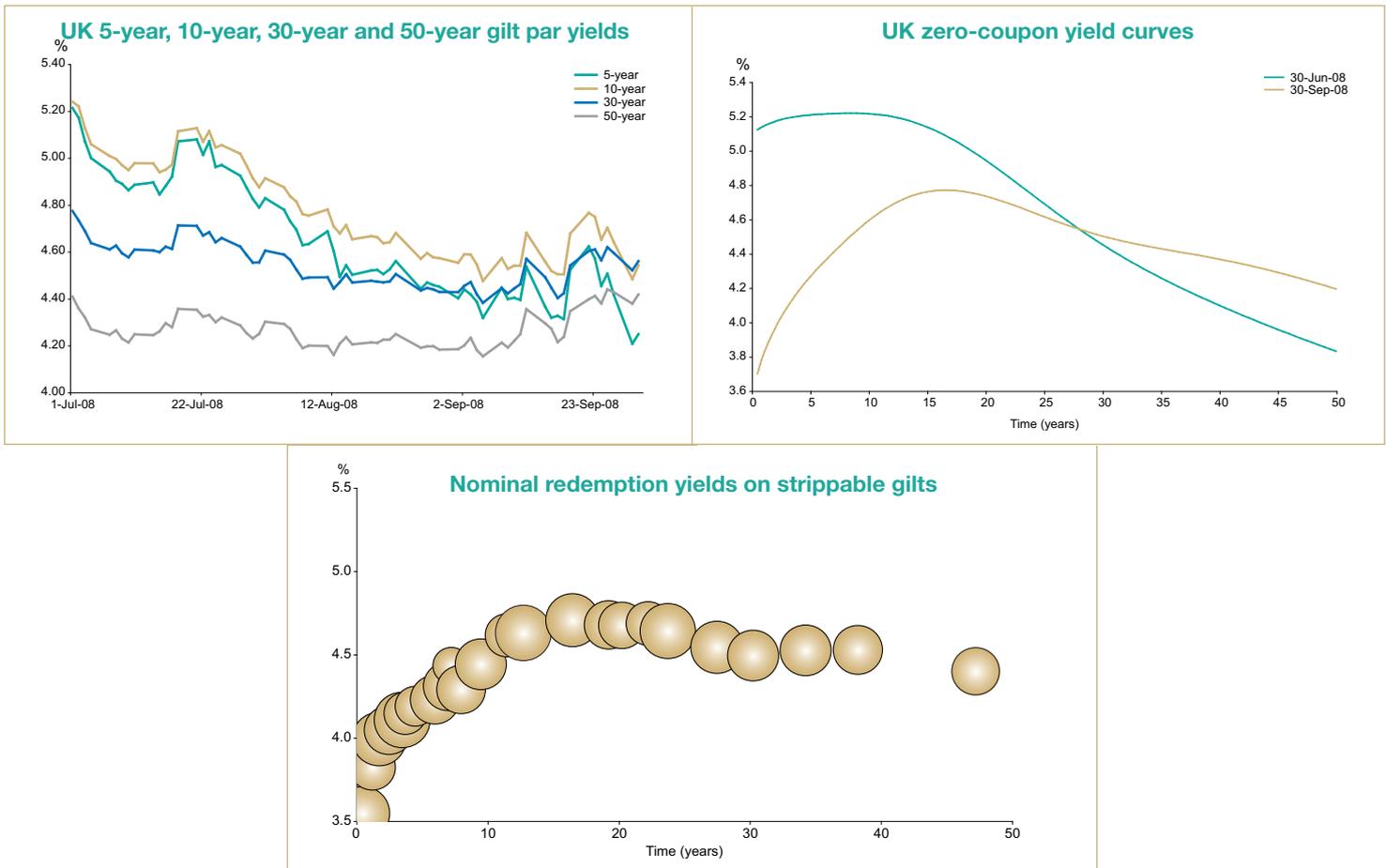
Source: ONS. These figures can be revised retrospectively.

Source: ONS

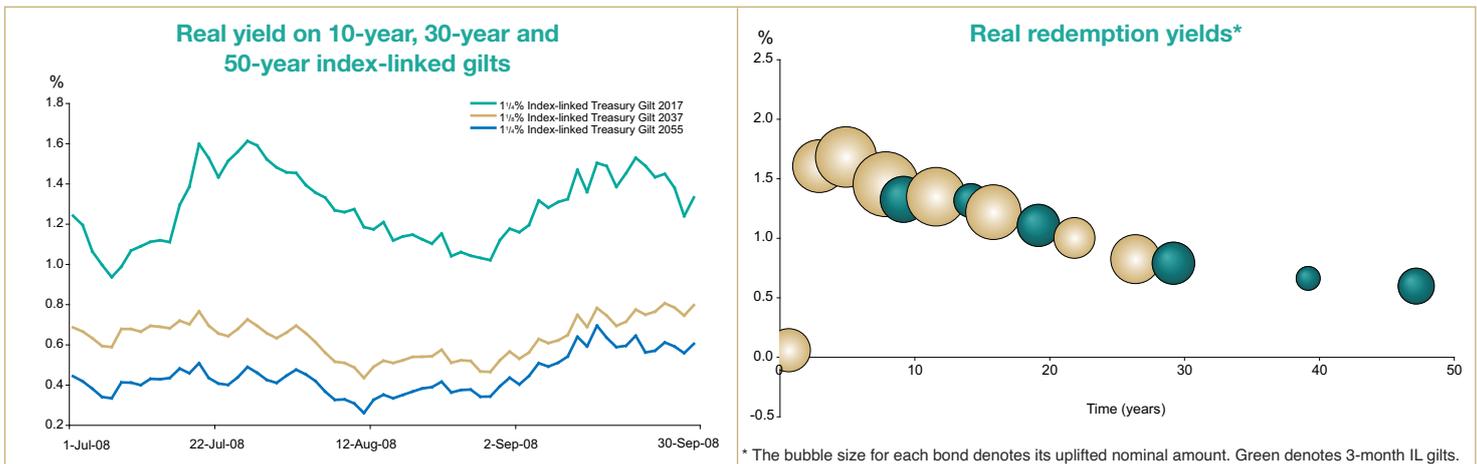
* Figures in the pie charts may not sum due to rounding.

** Repo position.

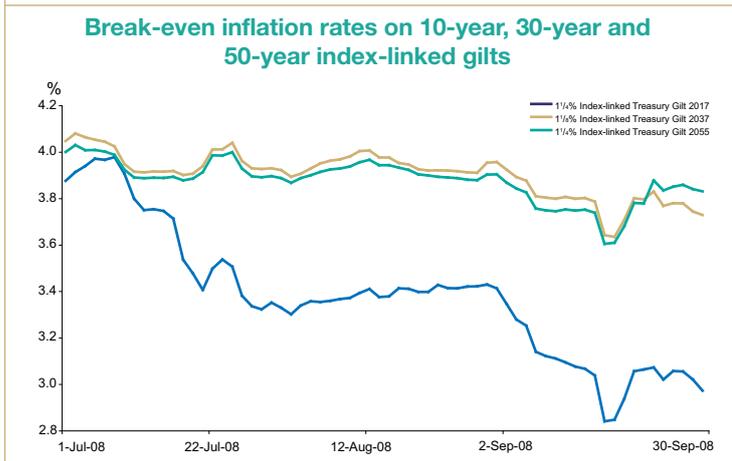
Conventional gilts



Index-linked gilts



* The bubble size for each bond denotes its uplifted nominal amount. Green denotes 3-month IL gilts.



Projected redemption values of index-linked gilts based on average inflation of 2 1/2% and 3% per annum.

£ (per £100 nominal)	at 2.50%	at 3.00%
2 1/2% Index-linked Treasury Stock 2009	276.35	276.46
2 1/2% Index-linked Treasury Stock 2011	308.63	312.15
2 1/2% Index-linked Treasury Stock 2013	270.99	276.77
2 1/2% Index-linked Treasury Stock 2016	318.27	329.70
1 1/4% Index-linked Treasury Gilt 2017	140.24	146.56
2 1/2% Index-linked Treasury Stock 2020	343.50	362.39
1 7/8% Index-linked Treasury Gilt 2022	149.47	160.06
2 1/2% Index-linked Treasury Stock 2024	324.08	349.04
1 1/4% Index-linked Treasury Gilt 2027	179.22	196.65
4 1/8% Index-linked Treasury Stock 2030	271.70	301.30
2% Index-linked Treasury Stock 2035	236.29	267.84
1 1/8% Index-linked Treasury Gilt 2037	220.19	253.66
0% Index-linked Treasury Gilt 2047	274.41	331.89
1 1/4% Index-linked Treasury Gilt 2055	361.47	454.55

Gilt market flows (£mn)

	Gross gilt issuance (cash)	Redemptions	Coupons*	Net financing from gilts after redemptions and coupons
Jul-07	4,231	-4,269	-1,150	-1,188
Aug-07	2,453	0	-737	1,716
Sep-07	5,468	0	-3,645	1,823
Oct-07	4,471	0	-221	4,250
Nov-07	7,525	0	-444	7,081
Dec-07	3,591	-10,860	-4,426	-11,695
Jan-08	4,321	0	-963	3,268
Feb-08	5,540	0	-753	4,787
Mar-08	5,692	-14,063	-3,857	-12,228
Apr-08	8,027	0	-225	7,802
May-08	3,549	0	-522	3,027
Jun-08	7,522	0	-4,639	2,883
Jul-08	10,596	0	-1,007	9,589
Aug-08	3,371	0	-780	2,591
Sep-08	8,797	-692	-3,930	4,175
Oct-08	N/A	-379	-234	-
Nov-08	N/A	0	-584	-
Dec-08	N/A	0	-4,841	-

Figures may not sum due to rounding

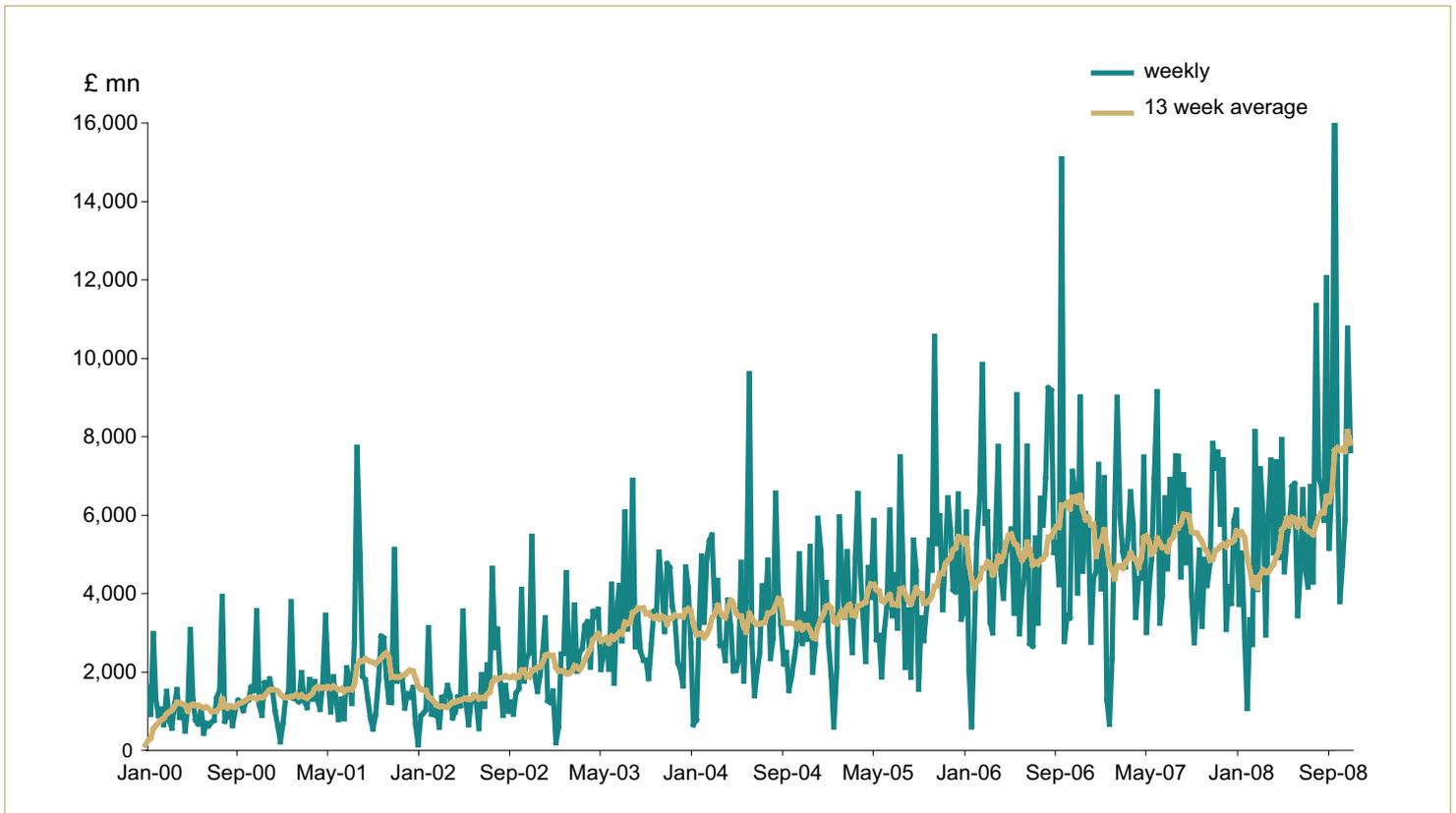
*Coupon flow numbers are for the stock of debt outstanding at end-quarter

2007-08 and 2008-09 financing requirements**

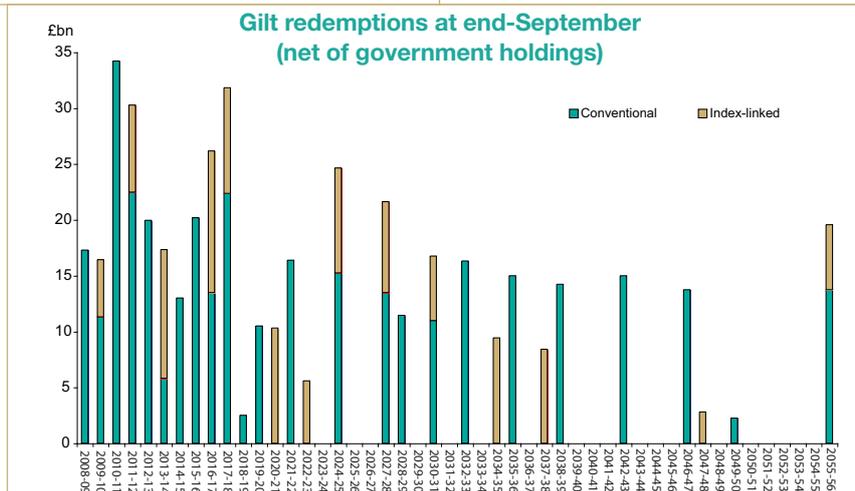
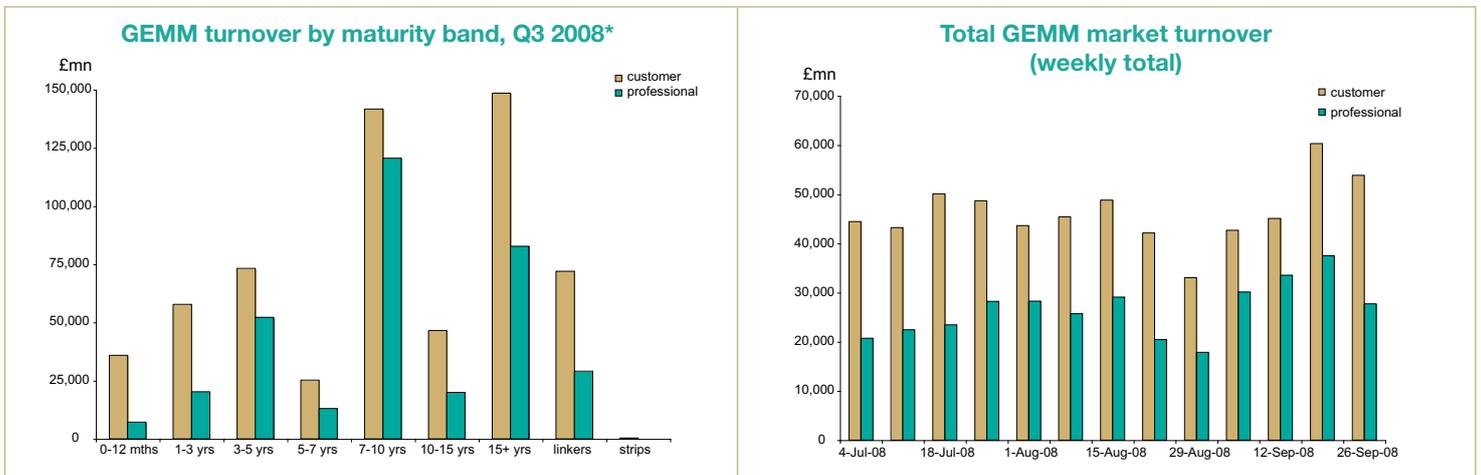
(£ bn)	2007-08 (Budget 2008)	2007-08 (outturn)	2008-09 (Budget 2008)	2008-09 (April 2008)
CGNCR forecast	37.7	32.6	59.3	59.3
Redemptions	29.2	29.2	17.3	17.3
Financing for the Official Reserves	0.0	0.0	2.0	2.0
Debt buy-backs	0.1	0.1	0.0	0.0
Planned short-term financing adjustment	-4.1	-4.1	4.2	-2.5
Gross financing requirement	62.9	57.8	82.8	76.1
Less				
National Savings & Investments' contribution	5.6	5.8	4.0	4.0
Net financing requirement	57.3	52.0	78.8	72.1
Gilt sales planned during the year	58.5	58.5	80.0	80.0
Change in planned Treasury bill stock	0.6	2.0	5.8	-0.9
Change in Ways and Means	-6.0	-6.0	-7.0	-7.0
DMO net cash position at end of financial year	-3.7	3.0	0.5	0.5

**See page 7 for October remit revision announcement

Index-linked gilt market turnover

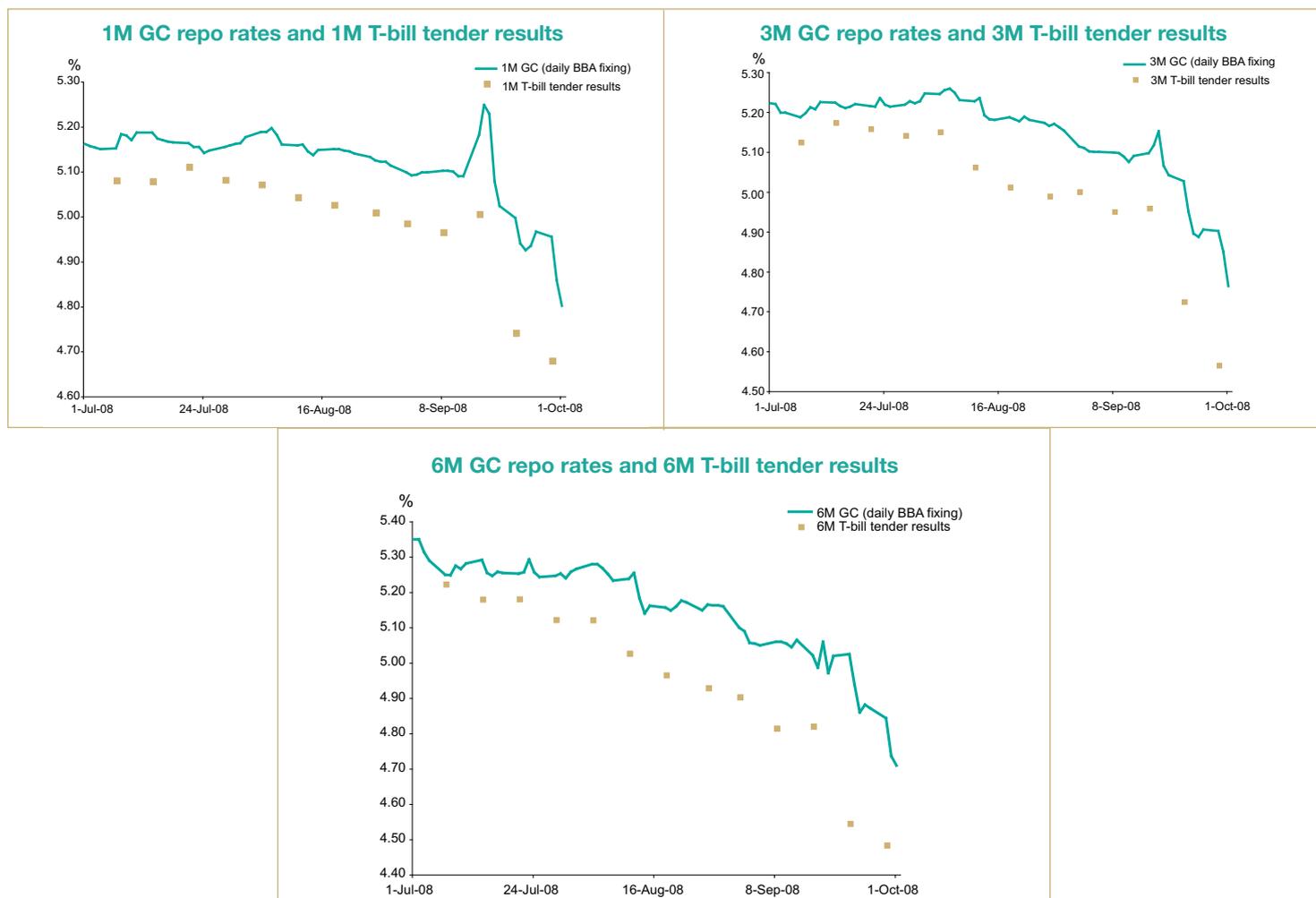


Index-linked gilts



*Professional Turnover is defined as turnover with counterparties who are Broker Dealers (BDLs), other Gilt-edged Market Makers (GEMMs), DMO or Bank of England. Customers are all others (including businesses with related entities).

Money market operations



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DMO Website: Useful Website Links

What's New

http://www.dmo.gov.uk/ceLogon.aspx?page=Press_New&rptcode=D8D

Events calendar

http://www.dmo.gov.uk/ceLogon.aspx?page=Events_Calendar&rptCode=D5J

Gilt market

Gilt prices page

www.dmo.gov.uk/index.aspx?page=Gilts/Daily_Prices

Gilts in issue

http://www.dmo.gov.uk/index.aspx?page=Gilts/Gilts_In_Issue

Summary of results from all DMO gilt operations

http://www.dmo.gov.uk/ceLogon.aspx?page=Summary_of_results&rptCode=D2.1prof7

Cash sales versus the remit (updated after each auction)

http://www.dmo.gov.uk/ceLogon.aspx?page=Current_Remmit&rptCode=D4E

Gilt issuance history

http://www.dmo.gov.uk/index.aspx?page=Gilts/Gilts_In_Issue

Overseas holdings data

http://www.dmo.gov.uk/ceLogon.aspx?page=Gilts/Overseas_Holdings&rptCode=D5N

Index-linked gilts

Published cash flows

http://www.dmo.gov.uk/ceLogon.aspx?page=Nominal_IL&rptCode=D5I

Daily index ratios

<http://www.dmo.gov.uk/ceLogon.aspx?page=D10C&rptcode=D10C>

Money Markets

Treasury bill prices

http://www.dmo.gov.uk/ceLogon.aspx?page=tbills/Daily_Prices_Yields&rptCode=D3A

Summary of T-bill tender results

www.dmo.gov.uk/index.aspx?page=tbills/tbill_tenders

Treasury bill issuance history

http://www.dmo.gov.uk/ceLogon.aspx?page=tbills/Portfolio_Composition&rptcode=D2.2G

Credit Guarantee Scheme (CGS)

<http://www.dmo.gov.uk/index.aspx?page=CGS/CGSIntro>

Key Documents

Historical copies of the Quarterly Review

www.dmo.gov.uk/index.aspx?page=publications/Quarterly_Reviews

Historical copies of the Annual Review

http://www.dmo.gov.uk/index.aspx?page=publications/Annual_Reviews

Operational Notice – Gilt market

www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/opnot180507.pdf&page=operational_rules/Document

Operational Notice – Cash market

www.dmo.gov.uk/documentview.aspx?docname=publications/moneymarkets/cmopnot110903.pdf&page=money_markets/publication

Guidebook – GEMMs

www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/guidebook180507.pdf&page=operational_rules/Document

Debt & Reserves Management Report 2008-09

www.dmo.gov.uk/documentview.aspx?docname=remit/drmr0809.pdf&page=Remit/full_details

Gilt prospectuses

<http://www.dmo.gov.uk/ceLogon.aspx?page=Prospectuses&rptcode=D8E>

The Official Gilt Strip Facility: A paper by the Bank of England

www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/stripfalic.pdf&page=operational_rules/Document

WRITTEN MINISTERIAL STATEMENT

REVISIONS TO THE 2008-2009 DEBT MANAGEMENT REMIT TO FACILITATE BANK RECAPITALISATION

The Economic Secretary to the Treasury (Mr Ian Pearson): I am today revising the Debt Management Office's (DMO) 2008-09 financing remit to raise £37 billion to facilitate bank recapitalisation. The £37 billion will be raised through:

- £30.0 billion in additional gilt sales (taking total gilt sales to £110.0 billion in 2008-09); and
- £7.0 billion in additional Treasury bill sales, (taking the contribution to financing of Treasury bills in 2008-09 to +£6.1 billion and the planned Treasury bill stock at end-March 2009 to £23.7 billion).

The planned increase in gilt sales will be split by maturity/type as follows:

- £21.0 billion of additional short-dated conventional gilts (taking total issuance to £46.0 billion) including the launch on 13 November 2008 of a new, current coupon, gilt maturing on 7 December 2011 (with a long first dividend period);
- £7.0 billion of additional medium-dated conventional gilts (taking total issuance to £19.8 billion);
- £1.0 billion of additional long-dated conventional gilts (taking total issuance to £25.2 billion); and
- £1.0 billion of additional index-linked gilts (taking total issuance to £19.0 billion).

Seven additional gilt auctions will be scheduled, five of short-dated and two of medium-dated conventional gilts. The DMO has committed not to add any further gilt auctions in the third quarter of this financial year in the event of a further remit revision in the 2008-09 Pre-Budget Report.

The maximum size of conventional gilt auctions will be increased from £4.0 billion to £5.0 billion (cash). The revised gilt auction calendar to the end of 2008 is shown below.

The DMO also plans to supplement sales at auctions with a number of sales of gilts by mini-tenders, which are operations conducted directly with Gilt-Edged Market Makers by the DMO's dealing desk.

The first such operation in this programme is being announced today to take place on Monday 20 October 2008, for £1.0 billion (nominal) of 4% Treasury Stock 2009, for settlement on Tuesday 21 October 2008.

Other mini-tender operations are planned for 4 $\frac{1}{4}$ % Treasury Gilt 2055 in the week commencing 17 November, and for 1 $\frac{1}{4}$ % Index-Linked Treasury Gilt 2055 in the weeks commencing 3 November and 1 December 2008.

Gilt auction calendar to the end of 2008

Gilt auctions to end - 2008 (£nom)			
		Currently scheduled	Additional
Thu	16 Oct	4 ¹ / ₂ % 2013 (£3.75bn)	4 ¹ / ₄ % 2011 (£4.75bn) 5% 2018 (£3.0bn)
Tue	21 Oct		
Thu	23 Oct	New IL 2032	4% 2016
Tue	28 Oct		
Thu	30 Oct		
Tue	4 Nov	4 ³ / ₄ % 2030	4 ³ / ₄ % 2015
Tue	11 Nov		
Thu	13 Nov	4 ¹ / ₂ % 2019	New December 2011
Thu	20 Nov		
Tue	25 Nov	0 ³ / ₄ % IL 2047	5% 2012
Thu	27 Nov		
Tue	02 Dec	4 ¹ / ₄ % 2049	New December 2011
Tue	09 Dec		
Thu	11 Dec	4 ¹ / ₂ % 2013	New December 2011
Thu	18 Dec		

This revision to the DMO's remit does not take account of any other changes to the Government's forecasts of the public finances. These forecasts will be updated in the Pre-Budget Report. An updated remit, incorporating the changes announced today, will be published, as usual, after the Chancellor's statement.

This revision to the DMO's financing remit is being made in accordance with paragraph 5.18 of the published remit which provides that

"Any aspect of this remit may be revised during the year, in light of exceptional circumstances and/or substantial changes in the following:

- the Government's forecast for the gilt sales requirement;
- the level and shape of the yield curve;
- market expectations of future interest and inflation rates; and market volatility."

Under the terms of its Operational Notice, the DMO is not obliged to give more than one hour's notice of mini-tenders, but in this case it is pre-committing to the week(s) in which the intended operations will take place, and also commits to give a minimum of 24 hours notice of the actual size and timing of the planned tenders at the relevant time. Such decisions will be taken in the light of market feedback and conditions at the time.