

43/05

13 September 2005

PRESS NOTICE

INDEX-LINKED GILT ISSUE

STOCK: 1¼% INDEX-LINKED TREASURY GILT 2055

MATURITY DATE: 22 NOVEMBER 2055

INTEREST DATES: 22 MAY AND 22 NOVEMBER

1ST INTEREST PAYMENT DATE: 22 MAY 2006

ISSUE DATE: to be confirmed

The United Kingdom Debt Management Office ("the DMO") announces the issue by subscription of 1¼% Index-linked Treasury Gilt 2055. The DMO currently expects the transaction to raise approximately £1 billion (cash). The Gilt will be issued through a syndicate comprising the following institutions:

Joint Bookrunners: Barclays Capital, Morgan Stanley & Co International Limited, Royal Bank of Scotland and UBS Limited.

Co-Lead Managers: CS First Boston Limited, Deutsche Bank (AG) London Branch, Dresdner Bank (AG) London Branch, Goldman Sachs International Limited, HSBC Bank PLC, JP Morgan Securities Limited, Lehman Brothers International (Europe), Merrill Lynch International, Royal Bank of Canada Europe Limited and Winterflood Securities Limited.

Any further announcements relating to the development of the syndicated offer will be made on behalf of the Syndicate by Morgan Stanley & Co International Limited.

Interest on 1¼% Index-linked Treasury Gilt 2055 is payable half-yearly on 22 May and 22 November. Each half-yearly interest payment will be made at a rate, per £100 nominal of the Gilt, of £0.625 multiplied by the Index Ratio applicable to the day on which the payment falls due. Interest on the Gilt will accrue from the first issue date of the Gilt, and the first interest payment will be due on 22 May 2006. The first interest payment per £100 nominal of the Gilt will be equal to $(a/184+1)$ multiplied by £0.625, multiplied by the Index Ratio applicable to 22



May 2006 and expressed in pounds sterling to six places of decimals and rounded to the nearest figure. In the formula above 'a' is the number of calendar days from the issue date (exclusive) to 22 November 2005 (inclusive) and will be determined once the issue date is fixed.

The Gilt will be repayable on 22 November 2055. The amount due on repayment, per £100 nominal of the Gilt, will be £100 multiplied by the Index Ratio applicable to 22 November 2055.

The SEDOL and ISIN codes to be used for this Gilt are B-0CN-HZ0 and GB00B0CNHZ09 respectively.

Non-competitive applications, for between £1,000 and £250,000 nominal, may be made by members of the DMO's Approved Group of Investors using the relevant application form available from Computershare Investor Services PLC. Details of the application procedures and other arrangements are set out in the preliminary offering circular, the Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock dated September 2005 and the application form. These are available from the DMO.

Application forms must be sent to Computershare Investor Services PLC, who are acting on behalf of the DMO, at the following address: PO Box 2411, The Pavilions, Bridgwater Road, Bristol, BS3 9WX, to arrive not later than 20 September 2005.

NOTES TO EDITORS

The remit to the DMO and the auction calendar for the financial year 2005-06 were set out in the Debt & Reserves Management Report 2005-06, issued by HM Treasury on 16 March 2005 and were revised on 20 April 2005. Index-linked gilt sales of £10.0 billion (cash) are planned for 2005-06; sales in the financial year to-date are £3.97 billion (cash).

The DMO announced on 31 August 2005 that the index-linked gilt auction scheduled for 22 September 2005 was cancelled, and replaced by a syndicated issue of the new index-linked gilt maturing on 22 November 2055. As set out in its debt financing remit for 2005-06, the DMO will be reverting to the use of auctions for subsequent issuance of ultra-long gilts. Other than the cancellation of the auction scheduled for 22 September, the gilt auction calendar for 2005-06 is unaffected.

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



Computershare Investor Services PLC, PO Box 2411, The Pavilions, Bristol, BS3 9WX (telephone 0870 703 0143).

This press notice together with the Preliminary Offering Circular for the issue of the Gilt will be appearing on the DMO's web site at: www.dmo.gov.uk

