

PRESS NOTICE

CANCELLATION OF DMO HOLDINGS OF “RUMP” GILTS AND ADDITION OF TWO NEW GILTS TO THE “RUMP” LIST.

The UK Debt Management Office (DMO) announces today the cancellation on Monday 13 March 2006 of some £64.5 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 DMO is also cancelling its current holdings in 5½% Treasury Stock 2008-2012 and 7¾% Treasury Stock 2012-2015, totalling approximately £500 million (nominal) on the same date.

The DMO also announces that it is amending the size criterion for “rump” gilts to include all gilts whose nominal amount in issue has been reduced to less than £850 million (nominal), and as a consequence of the above cancellations, 5½% Treasury Stock 2008-2012 and 7¾% Treasury Stock 2012-2015 will be added to the list of “rump” gilts with effect from the start of business on 13 March 2006.

The table in Notes for Editors below lists the amount of each gilt to be cancelled and the residual amounts in issue for all “rump” gilts, as of 13 March 2006.

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

NOTES FOR EDITORS

The DMO last announced the cancellation of its holdings of “rump” gilts on 22 March 2005 and stated then that it expected to execute similar cancellations on an annual basis.

The DMO’s current holdings of “rump” gilts have been accumulated over the past year (since the last cancellations in March 2005) as a result of its role as “buyer of last resort” in these gilts. The holdings of 5½% Treasury Stock 2008-2012 and 7¾% Treasury Stock 2012-2015 have been acquired over several preceding years.

The cancellations announced today, of approximately £564.5 million (nominal), account for some 14.5% of the current amount of “rump” and double-dated gilts in issue. Following the cancellations, the (nominal) amount of “rump” gilts in issue will be approximately £3.34 billion, some 0.8% of the total gilt portfolio¹.

"Rump" Gilts at 13 March 2006	Redemption date	Dividend dates	Amount to be cancelled (£mn nom)	Amount in issue at 13 Mar 2006 (£mn nom)
9 3/4% Conversion 2006	15-Nov-06	15 May/Nov	0.0	0.8
5 1/2% Treasury 2008-2012	10-Sep-08	10 Mar/Sep	182.7	843.3
9% Treasury 2008	13-Oct-08	13 Apr /Oct	14.0	514.2
8% Treasury 2009	25-Sep-09	25 Mar/Sep	14.5	241.4
7 3/4% Treasury 2012-2015	26-Jan-12	26 Jan/Jul	317.1	487.1
9% Treasury 2012	6-Aug-12	6 Feb/Aug	17.9	226.6
12% Exchequer 2013-2017	12-Dec-13	12 Jun/Dec	0.6	18.1
2 3/4% Annuities	Undated	5 Jan/Apr/Jul/Oct	0.0	0.7
2 1/2% Annuities	Undated	5 Jan/Apr/Jul/Oct	0.6	1.8
3 1/2% Conversion*	Undated	1 Apr/Oct	0.2	18.9
3% Treasury	Undated	5 Apr/Oct	0.4	44.4
2 1/2% Consolidated	Undated	5 Jan/Apr/Jul/Oct	4.5	200.2
4% Consolidated	Undated	1 Feb/Aug	1.9	285.1
2 1/2% Treasury	Undated	1 Apr/Oct	10.2	457.8
<i>*Sinking fund cancellation</i>			564.5	3,340.5

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

¹ Including index-linked uplift.