

30/02

15 October 2002

PRESS NOTICE

DETAILS OF GILT AUCTIONS ON TUESDAY 22 AND THURSDAY 24 OCTOBER 2002

TUESDAY 22 OCTOBER

NOMINAL AMOUNT: £2,750,000,000

STOCK: 5% TREASURY STOCK 2014

MATURITY DATE: 7 SEPTEMBER 2014

INTEREST DATES: 7 MARCH/7 SEPTEMBER

AUCTION DATE: 22 OCTOBER 2002

SETTLEMENT DATE: 23 OCTOBER 2002

THURSDAY 24 OCTOBER

NOMINAL AMOUNT: £450,000,000

STOCK: 2½% INDEX-LINKED TREASURY STOCK 2013

MATURITY DATE: 16 AUGUST 2013

INTEREST DATES: 16 FEBRUARY/16 AUGUST

AUCTION DATE: 24 OCTOBER 2002

SETTLEMENT DATE: 25 OCTOBER 2002

The United Kingdom Debt Management Office ("the DMO") announces the issue by Her Majesty's Treasury of further amounts of two gilt-edged stocks:

- £2,750 million nominal of 5% Treasury Stock 2014, for auction on a fully-paid bid-price basis on Tuesday, 22 October 2002 for settlement on Wednesday, 23 October 2002.
- £450 million nominal of 2½% Index-linked Treasury Stock 2013, for auction on a uniform price basis on Thursday, 24 October 2002 and settlement on Friday, 25 October 2002.



Both further issues will be fungible with the stock already in issue.

5% TREASURY STOCK 2014

Interest on 5% Treasury Stock 2014 will be payable half-yearly on 7 March and 7 September. The price payable for the stock being auctioned will include an amount equal to the accrued interest from 7 September 2002, the last interest payment date of the stock, to 23 October 2002, the settlement date of this auction, at the rate of £0.635359 per £100 nominal of stock. This further issue of stock will rank for the six months' interest payment due on 7 March 2003. The stock will be repayable at par on 7 September 2014. From 23 October 2002 this Stock will become strippable in accordance with the terms of the Information Memorandum, published by the DMO, relating to the Issue, Stripping and Reconstitution of British Government Stock dated July 2000 as amended by the DMO's notice of 2 July 2002 (the "Information Memorandum"); the SEDOL and ISIN codes for the new principal strip are 3-183-629 and GB0031836298 respectively.

Interest payments will be paid to all 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, on application to the Bank of England.

Under Rule 2.3 of the London Stock Exchange, dealings in 5% Treasury Stock 2014 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Tuesday, 22 October 2002. The SEDOL and ISIN codes to be used for "when-issued" trading are 3-071-187 and GB0032071879 respectively. The TIDM code "AUC" should be used for trade reporting purposes. The SEDOL and ISIN codes to be used after this date are 3-182-950 and GB0031829509 respectively.

Bids may be made on either a competitive or a non-competitive basis. Details of the bidding procedures are set out in the prospectus and in the Information Memorandum.

The prospectus for competitive bids and non-competitive bids will be advertised in the Press. Application forms must be sent to the Bank of England Registrar's Department, New Issues Team, 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, 22 October 2002; or lodged by hand at the DMO, Eastcheap Court, 11 Philpot Lane, London not later than 10.00 am on Tuesday, 22 October 2002.

Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 am on Tuesday, 22 October 2002.

2 ½% INDEX-LINKED TREASURY STOCK 2013

Interest on 2½% Index-Linked Treasury Stock 2013 is payable half-yearly on 16 February and 16 August. The price payable for this further amount of stock will include an amount equal to the accrued interest from 16 August 2002, the last interest payment date of the stock, to 25 October 2002, the settlement date of this further issue, at the rate of £0.939332 per £100 nominal of stock. This further issue of the stock will rank for the full amount of interest due on 16 February 2003, at the rate of £2.4691 per £100 nominal of stock.

The stock will be repayable on 16 August 2013. 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, on application to the Bank of England.

Under Rule 2.3 of the London Stock Exchange, dealings in this further amount of 2½% Index-linked Treasury Stock 2013 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Thursday, 24 October 2002. The SEDOL and ISIN codes to be used for "when-issued" trading are 3-207-198 and GB0032071986 respectively. The TIDM code "AUCA" should be used for trade reporting purposes. The SEDOL and ISIN codes to be used after this date are 0-903-671 and GB0009036715 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 Thursday, 24 October 2002. 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 Thursday, 24 October 2002) 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.

Participants who are not IG GEMMs and who are not making their bids via IG GEMMs may only make non-competitive applications, for between £1,000 and £250,000 nominal of stock, using the application form published with the prospectus. Details of the bidding procedures and other arrangements are set out in the prospectus, the Information Memorandum and the application form. These are available from the DMO and the Bank of England Registrar’s Department. The prospectus and the application form will also be advertised in the press.

Application forms must be sent to the Bank of England Registrar’s Department, New Issues Team, 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 Thursday, 24 October 2002. 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 Thursday, 24 October 2002.

In accordance with the DMO’s Operational Notice, up to 10% of the nominal amount of stock on offer at the auction (ie £45 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 September 2002, July 2002 and April 2002.

NOTE TO EDITORS

The remit to the DMO and the auction calendar for the financial year 2002-03 were set out in the Debt & Reserves Management Report 2002-03, issued by HM Treasury on 14 March 2002. The DMO announced further details of the gilts to be auctioned in the third quarter of 2002-03 on 27 September 2002. Following the Budget on 17 April 2002 the DMO's remit for 2002-03 was revised, with planned long conventional gilt sales being reduced by £0.6 billion (cash), taking total planned gilt sales to £22.4 billion (cash).

The auctions announced today are the seventh and eighth of the 2002-03 remit. To date, outright gilt sales under the current remit are £10.6 billion (cash) relative to the planned total for 2002-03 of £22.4 billion (cash).

The auction of 5% Treasury Stock 2014 is the fourth of conventional stock under the current remit. Medium conventional gilt sales of £5.5 billion (cash) are planned in 2002-03. Sales to date are £2.8 billion (cash). 5% Treasury Stock 2014 was first issued in July 2002.

The auction of 2½% Index-linked Treasury Stock 2013 is the fourth of index-linked stock under the current remit. Index-linked gilt sales of £4.5 billion (cash) are planned in 2002-03. Sales to date are £2.6 billion (cash). 2½% Index-linked Treasury Stock 2013 was first issued in February 1985.

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 prospectuses for the issue of the stocks will be appearing on the DMO's web site at: www.dmo.gov.uk.

