



United Kingdom
Debt Management
Office

Eastcheap Court
11 Philpot Lane
London
EC3M 8UD

T 020 7862 6500
F 020 7862 6509

www.dmo.gov.uk

27 March 2015

PRESS NOTICE

REDEMPTION OF 2¾% ANNUITIES, 2½% ANNUITIES, 2½% CONSOLIDATED STOCK AND 2½% TREASURY STOCK

The government is announcing today that 2¾% Annuities, 2½% Annuities, 2½% Consolidated Stock and 2½% Treasury Stock will be redeemed in their entirety at par on 5 July 2015. These redemptions will complete the removal of all undated gilts from the gilt portfolio.

2¾% Annuities, 2½% Annuities and 2½% Consolidated Stock are being redeemed in accordance with powers conferred by virtue of the Finance Act 2015. Under the terms of its prospectus dated 25 October 1946, 2½% Treasury Stock can be redeemed in whole or in part, at par, on or any time after 1 April 1975, subject to three calendar months' notice being given in the London Gazette.

Notices of redemption for these four gilts will be appearing in the London Gazette on Thursday 2 April 2015.

For registered holders of all four gilts, redemption monies will be payable on 5 July 2015 to, or in accordance with the instructions of, the persons registered as holders on 25 June 2015. The latest date on which postal transfers will be accepted for registration is 22 June 2015.

For bearer holders of 2¾% Annuities and 2½% Consolidated Stock, redemption monies will be payable on 5 July 2015 (or if later, on the date of presentation of such bearer bond) against presentation and surrender of such bearer bond (together with all coupons bearing dates subsequent to 5 July 2015).

The final interest dividend payments (per £100 nominal) and the current amounts in issue (nominal) for the four gilts are shown in the table below.

Gilt	Final interest payment (£ per £100 nominal)	Nominal amount in issue (£mn)
2¾% Annuities	0.6875	0.7
2½% Annuities	0.625	0.9
2½% Consolidated Stock	0.625	161.2
2½% Treasury Stock	0.650685 (non-standard)	218.7

NOTES TO EDITORS

The government has previously announced the redemption of four undated gilts; two of these redemptions have now been completed and a third will occur next week. The details are in the table below.

Gilt	£mn (nominal)	Date redemption announced	Redemption date
4% Consolidated Loan	£218.4	31 October 2014	1 February 2015
3½% War Loan	£1,938.6	3 December 2014	9 March 2015
3½% Conversion Loan	£15.6	17 December 2014	1 April 2015
3% Treasury Stock	£34.6	6 February 2015	8 May 2015

The Government announced on 3 December 2014 that it would adopt a strategy to remove the then remaining undated gilts from the portfolio where it was deemed value for money to do so. This strategy also took into account the government's intention to reflect in the gilt portfolio those aspects of major sovereign bond markets of most importance to global investors; importantly including a continued focus on a benchmark issuance strategy to create large liquid stocks (thereby facilitating investor access to the market).

The Chancellor of the Exchequer announced the government's intention to redeem the remaining undated gilts in his Budget 2015 speech on 18 March 2015. Primary legislation was required to update the processes for the redemption of 2¾% Annuities, 2½% Annuities and 2½% Consolidated Stock and appropriate powers were included in the Finance Act 2015, which received Royal Assent on 26 March 2015.

In calculating any final non-standard interest payments associated with the redemption of existing undated gilts, the government will pay all investors the higher of actual/actual and actual/365. Accordingly, the final non-standard interest payment on 2½% Treasury Stock of £0.650685 per £100 nominal has been calculated using the actual/365 daycount convention (which was the market convention prior to November 1998) rather than the current market convention of actual/actual.

This press notice will be appearing on the DMO's website at: www.dmo.gov.uk