

20/05

5 April 2005

PRESS NOTICE

DETAILS OF GILT AUCTIONS ON TUESDAY, 12 AND THURSDAY, 14 APRIL 2005

TUESDAY, 12 APRIL 2005

NOMINAL AMOUNT: £800,000,000

STOCK: 2% INDEX-LINKED TREASURY STOCK 2035

MATURITY DATE: 26 JANUARY 2035

INTEREST DATES: 26 JANUARY / 26 JULY

AUCTION DATE: 12 APRIL 2005

SETTLEMENT DATE: 13 APRIL 2005

THURSDAY, 14 APRIL 2005

NOMINAL AMOUNT: £2,500,000,000

STOCK: 5% TREASURY STOCK 2025

MATURITY DATE: 7 MARCH 2025

INTEREST DATES: 7 MARCH / 7 SEPTEMBER

AUCTION DATE: 14 APRIL 2005

SETTLEMENT DATE: 15 APRIL 2005

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

- £800 million nominal of 2% Index-linked Treasury Stock 2035, for auction on a uniform price basis on Tuesday, 12 April 2005 and settlement on Wednesday, 13 April 2005.
- £2,500 million nominal of 5% Treasury Stock 2025, for auction on a fully-paid bid price basis on Thursday, 14 April 2005 and settlement on Friday, 15 April 2005.

These further issues will be fungible with the respective stocks already in issue.



2% INDEX-LINKED TREASURY STOCK 2035

Interest on 2% Index-linked Treasury Stock 2035 is payable half-yearly on 26 January and 26 July. The price payable for this further amount of stock will include an amount equal to the accrued interest from 26 January 2005, the most recent interest payment date of the stock, to 13 April 2005, the settlement date of this auction, at the rate of £0.463153 per £100 nominal of stock. This further issue of the stock will rank for the full amount of interest due on 26 July 2005, at the rate of £1.088710 per £100 nominal of stock.

The stock will be repayable on 26 January 2035. 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 ordinarily 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 Registrar, Computershare Investor Services PLC.

Under Rule 7265 of the London Stock Exchange, dealings in this further amount of 2% Index-linked Treasury Stock 2035 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Tuesday, 12 April 2005. The SEDOL and ISIN codes to be used for "when-issued" trading are B-06Y-GC9 and GB00B06YGC99 respectively. The TIDM code "AUC" should be used for trade reporting purposes. The SEDOL and ISIN codes to be used after this date are 3-179-082 and GB0031790826 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 Tuesday, 12 April 2005. 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, by 10:45 am, 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.

In accordance with the DMO's Operational Notice, up to 10% of the nominal amount of stock on offer at the auction (ie £80 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 March 2005, February 2005 and January 2005.

A Formal Notice announcing the auction of this further issue of stock will be advertised in the Press. 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 relating to the Issue, Stripping and Reconstitution of British Government Stock dated December 2004 (the "Information Memorandum"). The prospectus for competitive bids and non-competitive bids and the Information Memorandum can be obtained from the Registrar or the DMO or from the DMO's website at www.dmo.gov.uk/gilts/public/prospectus/prosp050405a.pdf and www.dmo.gov.uk/gilts/public/technical/infmem211204.pdf respectively.

Application forms from Approved Group members 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, Bristol, BS3 9WX to arrive not later than 10.00 am on Tuesday, 12 April 2005. 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 Tuesday, 12 April 2005.

IG GEMMs may bid by telephone to the DMO not later than 10.30 am on Tuesday, 12 April 2005.

5% TREASURY STOCK 2025

Interest on 5% Treasury Stock 2025 is 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 March 2005, the most recent interest payment date of the stock, to 15 April 2005, the settlement date of this auction, at the rate of 0.529891 per £100 nominal of stock. This further



issue of stock will rank for the six months' interest payment due on 7 September 2005. The stock will be repayable at par on 7 March 2025. This stock is strippable in accordance with the terms of the Information Memorandum.

Interest payments will ordinarily 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 Registrar, Computershare Investor Services PLC.

Under Rule 7265 of the London Stock Exchange, dealings in this further amount of 5% Treasury Stock 2025 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Thursday, 14 April 2005. The SEDOL and ISIN codes to be used for "when-issued" trading are B-06Y-GJ6 and GB00B06YGJ68 respectively. The TIDM code "AUCA" should be used for trade reporting purposes. The SEDOL and ISIN codes to be used after this date are 3-088-069 and GB0030880693 respectively.

A Formal Notice announcing the auction of this further issue of stock will be advertised in the Press. 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 the Information Memorandum. The prospectus for competitive bids and non-competitive bids can be obtained from the Registrar or the DMO or from the DMO's website at www.dmo.gov.uk/gilts/public/prospectus/prosp050405b.pdf.

Application forms from Approved Group members 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, Bristol, BS3 9WX to arrive not later than 10.00 am on Thursday, 14 April 2005. 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, 14 April 2005.

Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 am on Thursday, 14 April 2005.

NOTE TO EDITORS

The DMO's remit for 2005-06 was published on 16 March 2005 as part of the Budget 2005 announcements. Gilt sales of £53.5 billion are planned for 2005-06; conventional gilt sales are



planned to raise £42.5 billion in 15 auctions whilst planned index-linked sales are for £11.0 billion in 11 auctions.

The auctions announced today are the first and second of the 2005-06 remit and the first auctions of both index-linked and conventional gilts. 2% Index-linked Treasury Stock 2035 was first issued in July 2002 and following the auction on 12 April 2005 the nominal amount outstanding of the 2% Index-linked Treasury Stock 2035 will be £6.975 billion (£7.529 billion after indexation uplift). 5% Treasury Stock 2025 was first issued in September 2001 and following the auction on 14 April 2005 the nominal amount outstanding of 5% Treasury Stock 2025 will be £15.4 billion. Long conventional gilt sales of £18.5 billion (cash) are planned in 2005-06.

Computershare Investor Services PLC assumed responsibility for the gilt registration service as HM Treasury's designated Registrar in succession to the Bank of England on 20 December 2004.

Copies of the full prospectuses are available on request from the addresses given below and on the DMO website, www.dmo.gov.uk/public/prospectus/index.htm. Only stock applications made on the forms sent out by the Registrar to Approved Group members will be accepted in the auction.

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 will be appearing on the DMO's website at:
www.dmo.gov.uk/gilts/press/index.htm.

