

PRESS NOTICE

ALLOCATION OF SUPPLEMENTARY GILT ISSUANCE AND GILT AUCTIONS: OCTOBER-DECEMBER 2006

Supplementary gilt issuance

Supplementary gilt issuance of £2.5 billion (cash) is being allocated to the committed programme of gilt sales in the third quarter of 2006-07 as follows:

- Long conventional gilt sales: £2.5 billion.
- An additional conventional gilt auction is scheduled for Tuesday 7 November.

The committed programme of conventional gilt sales has now increased to £43.25 billion, of which long-dated conventional gilt sales account for £23.25 billion. The committed programme of index-linked gilt sales remains unchanged at £17.25 billion. Committed gilt sales now total £60.5 billion, with £2.5 billion still to be allocated for the final quarter of the financial year.

Commenting on this decision Robert Stheeman, Chief Executive of the DMO said:

“The main objective of the supplementary issuance programme is to enable us to respond as necessary to changing market conditions in the period since the remit was set. The overall shape of the gilt yield curve, however, has not fundamentally changed since the Budget and we believe that overall market conditions remain supportive of a continued bias towards issuance of long maturities. The addition of a long conventional gilt auction on 7 November allows the gap to be bridged between the previously scheduled auctions on 3 October and 23 November and underlines our commitment to regularity in the supply of gilts. This is also reflected in the index-

linked issuance programme, which illustrates our commitment to building up benchmarks at key maturities across the yield curve.

Outright gilt auction calendar October-December

In the third quarter of the 2006-07 financial year, the UK Debt Management Office (“DMO”) plans to hold nine outright auctions of gilts, as set out below.

- Tuesday 3 October 2006 4¼% Treasury Gilt 2027.
- Thursday 12 October 2006 1¼% Index-linked Treasury Gilt 2017.
- Tuesday 24 October 2006 1¼% Index-linked Treasury Gilt 2055.
- Tuesday 7 November 2006 4¼% Treasury Gilt 2046.
- Thursday 23 November 2006* 4% Treasury Gilt 2016.
- Tuesday 28 November 2006* 1¼% Index-linked Treasury Gilt 2027.
- Tuesday 5 December 2006* 4¼% Treasury Gilt 2011.
- Wednesday 6 December 2006* 4¼% Treasury Gilt 2027.
- Thursday 14 December 2006* 2% Index-linked Treasury Stock 2035.

**Subject to confirmation following the Chancellor’s decision on the Budgetary timetable.*

Auction pre-announcements

The nominal amounts to be auctioned outright and the other terms of each auction will be announced at 3.30pm on the following dates:

- Tuesday 26 September 2006 for the auction on 3 October.
- Tuesday 3 October 2006 for the auction on 12 October.
- Tuesday 17 October 2006 for the auction on 24 October.
- Tuesday 31 October 2006 for the auction on 7 November.
- Tuesday 14 November 2006 for the auction on 23 November.
- Tuesday 21 November 2006 for the auction on 28 November.
- Tuesday 28 November 2006 for the auctions on 5 and 6 December.
- Tuesday 5 December 2006 for the auction on 14 December.

NOTES TO EDITORS

Total gilt sales of £63.0 billion (cash) are planned in 2006-07. Sales in the financial year to- date are £24.0 billion, with the splits relative to the new allocated targets shown in the table below.

Gilt sales v remit at 31 August 2006 (£ millions).					
	Conventional Gilts			Index-linked gilts	Total
	Shorts (1-7 yrs)	Mediums (7-15yrs)	Longs (15 yrs+)		
Gilt sales to date	2,442	5,002	9,407	7,172	24,023
Core gilt programme	10,000	10,000	17,000	16,000	53,000
Programme to be allocated in-year					
Allocated in-year to date	0	0	6,250	1,250	7,500
Currently allocated programme	10,000	10,000	23,250	17,250	60,500
Remaining to be allocated					2,500
Total planned sales					63,000
Remaining to meet allocated programme	7,558	4,998	13,843	10,078	36,477
Auctions remaining in current programme	3	2	6	10	21