

PRESS NOTICE

CANCELLATION OF DMO HOLDINGS OF “RUMP” GILTS

The UK Debt Management Office (DMO) announces today the cancellation on Monday 16 March 2009 of approximately £65.7 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 table in Notes for Editors below lists the nominal amount of each gilt being cancelled and the residual amounts in issue for all “rump” gilts, as of 16 March 2009¹.

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

NOTES FOR EDITORS

Since March 2006, gilts which have been reduced in size to less than £850 million (nominal) in issue have been designated as “rump” gilts.

The DMO last cancelled its holdings of “rump” gilts on 3 March 2008 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 since the last cancellations in March 2008 as a result of its role as “buyer of last resort” in these gilts.

The cancellations announced today, of approximately £65.7 million (nominal), account for some 3.6% of the current amount of “rump” gilts in issue. Following the

¹ Both amounts rounded to the nearest £0.1 million.

cancellations, the (nominal) amount of “rump” gilts in issue will be approximately £1.77 billion, some 0.3% of the total gilt portfolio².

"Rump" Gilts at 13 March 2009	Redemption date	Amount being cancelled (£mn nom)	Amount in issue at 16 March 2009 (£mn nom)
8% Treasury 2009	25-Sep-09	14.5	208.1
7¾% Treasury 2012-2015*	26-Jan-12	33.4	407.8
9% Treasury 2012	6-Aug-12	6.7	204.5
12% Exchequer 2013-2017*	12-Dec-13	0.3	16.9
2½% Treasury	Undated	2.5	423.0
4% Consolidated	Undated	2.8	269.8
2½% Consolidated	Undated	4.5	181.1
3% Treasury	Undated	0.8	40.5
3½% Conversion**	Undated	0.2	17.5
2½% Annuities	Undated	0.0	1.1
2¾% Annuities	Undated	0.0	0.7
		65.7	1771.0
* Assuming the gilt continues to trade above par (7t 2012-15 includes a bequest cancellation).			
**Sinking fund cancellation on 5 March 2009			

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

² Including index-linked uplift.