

07/03

3 March 2003

PRESS NOTICE

EARLY REDEMPTION OF 3 1/2 PER CENT FUNDING STOCK 1999-2004 ON 6 JUNE 2003

The United Kingdom Debt Management Office ("DMO") has today announced its intention to redeem 3½% Funding Stock 1999-2004 at par on 6 June 2003.

Redemption monies will be payable on that date either to persons registered as holders of the stock on 28 May 2003, or in accordance with instructions received from such holders. The next and final interest payment on the stock of £1.382597 per £100 nominal of stock will also be payable on 6 June 2003.

The DMO will be prepared to bid for or respond to offers of 3½% Funding Stock 1999-2004 from Gilt-edged Market Makers with immediate effect.

NOTES TO EDITORS

3½% Funding Stock 1999-2004 was originally issued in July 1954. There is currently £561 million nominal in issue of this double-dated stock (of which central government holdings were £50 million nominal at the end of January 2003). Double-dated stocks may be redeemed at the option of HM Treasury on or after the first of the specified dates. The prospectus for 3½% Funding Stock 1999-2004 includes the requirement that the holders of the stock must be given not less than three calendar months' notice in the *London Gazette* of the Government's intention to redeem early. Such a notice will appear in tomorrow's edition of the *London Gazette*.

Redemption on 6 June (which fulfils the obligation to give at least 3 months notice in the *London Gazette*) means that the final interest period is shorter than six months; the final interest payment of £1.382597 per £100 nominal reflects interest on the stock from 14 January 2003, the previous interest payment date, to the early redemption date of 6 June 2003.

Redemption amounts and the final interest payments will be paid to persons registered as holders of the stock on 28 May 2003.

The early redemption of this stock will add approximately £0.5 billion to the total of gilt redemptions in the 2003-04 financial year, taking them to £21.1 billion. The redemption total for 2004-05 will fall correspondingly, to approximately £14.6 billion.

This press release will be appearing on the DMO's web site at: www.dmo.gov.uk.