



QUARTERLY *Review*

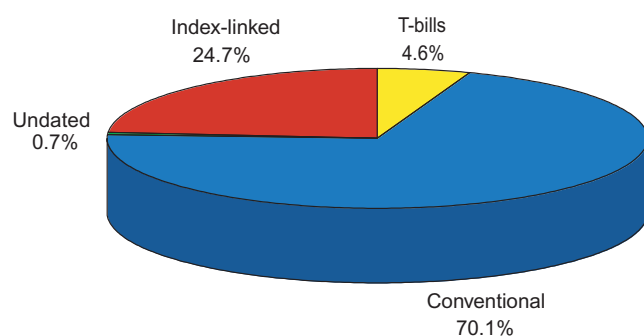
The United Kingdom Debt Management Office is an Executive Agency of HM Treasury

www.dmo.gov.uk

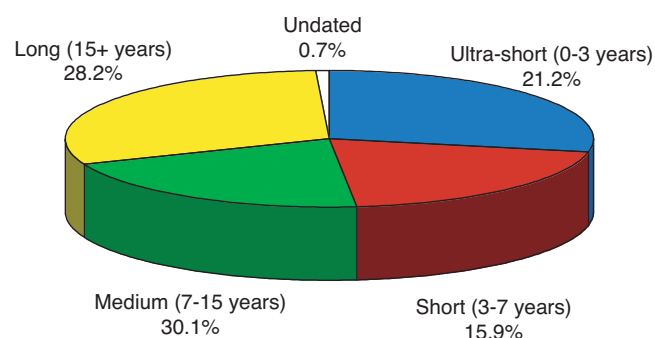
Details of the debt portfolio at 30 June 2006

Gilt portfolio summary statistics	31 March 2006	30 June 2006
Nominal value of the gilt portfolio (including inflation uplift)	£411.57 bn	£428.39 bn
Market value of the gilt portfolio	£456.27 bn	£463.54 bn
Weighted average market yields:		
• Conventional gilts	4.34%	4.62%
• Index-linked gilts	1.40%	1.65%
Portfolio average maturity:	13.09 years	13.18 years
• Conventional gilts	12.77 years	12.93 years
• Index-linked gilts	13.95 years	13.89 years
Average modified duration:		
• Conventional gilts	7.97 years	7.86 years
• Index-linked gilts	11.95 years	11.83 years
Average coupon on conventional gilts (weighted by market value)	5.74%	5.64%
Average nominal amount outstanding of largest 20 gilts (including inflation uplift)	£14.46 bn	£14.48 bn

Composition of debt stock*



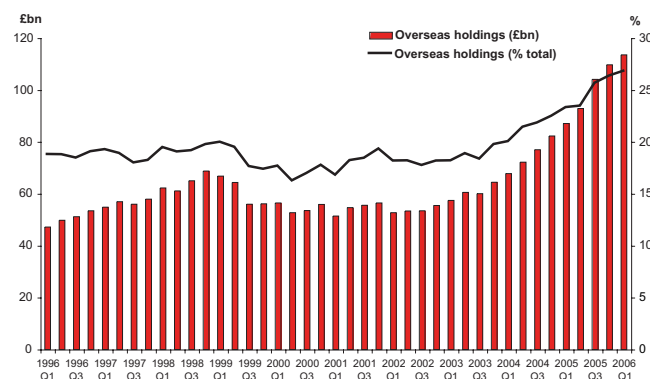
Debt portfolio maturity split*



Distribution of gilt holdings at 31 March 2006

(£ millions)	at end Q4 2005	Q1 2006
Insurance Companies and Pension Funds	239,763	242,307
Overseas	109,769	113,534
Other financial institutions	36,630	39,666
Households	31,478	30,225
Local Authorities and Public Corporations	2,155	2,520
Building Societies	1,315	1,425
Banks**	-4,068	-5,775
TOTAL	417,042	423,902

Overseas holdings of gilts



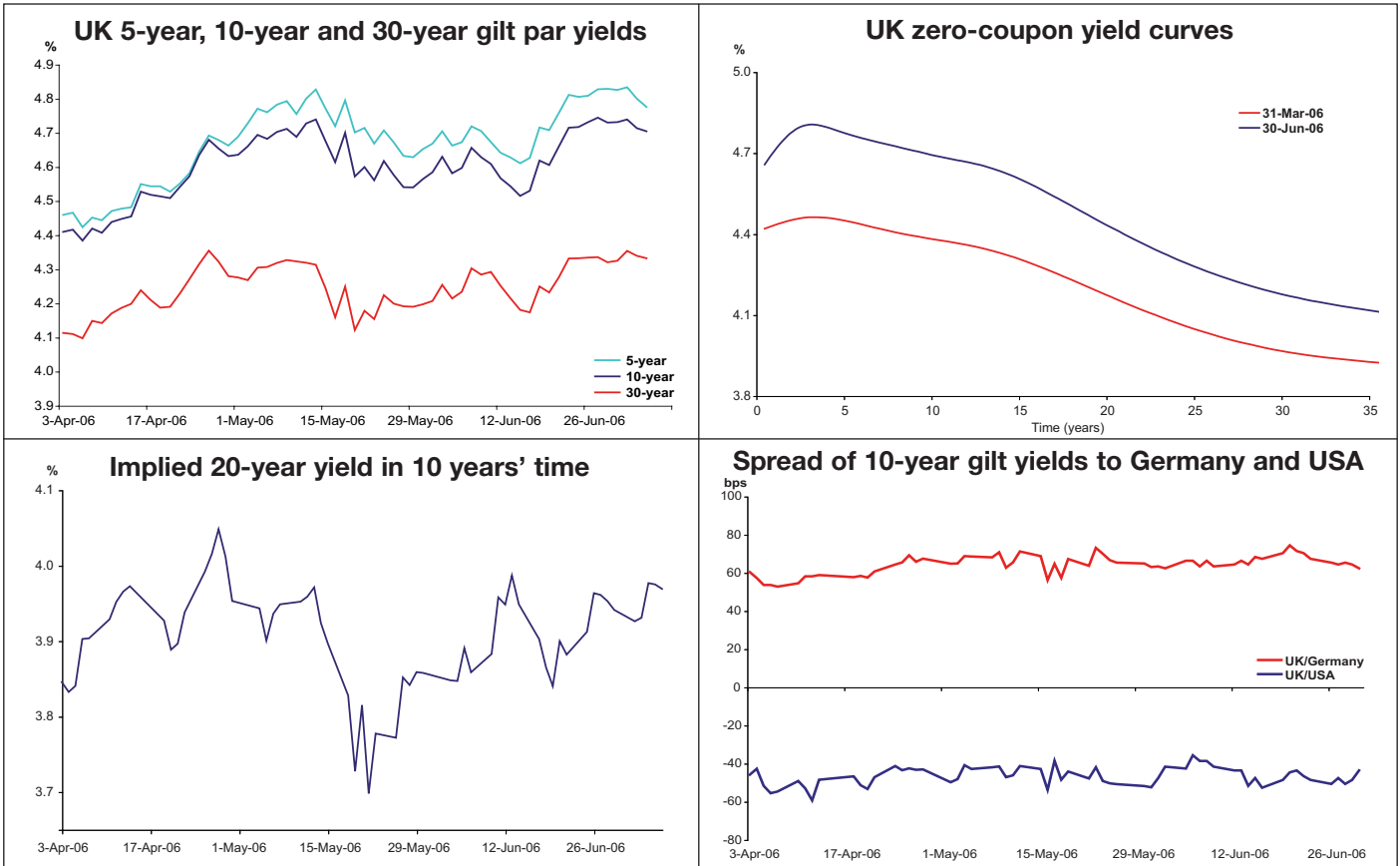
Source: ONS. Note: These figures can be revised retrospectively.

Source: ONS

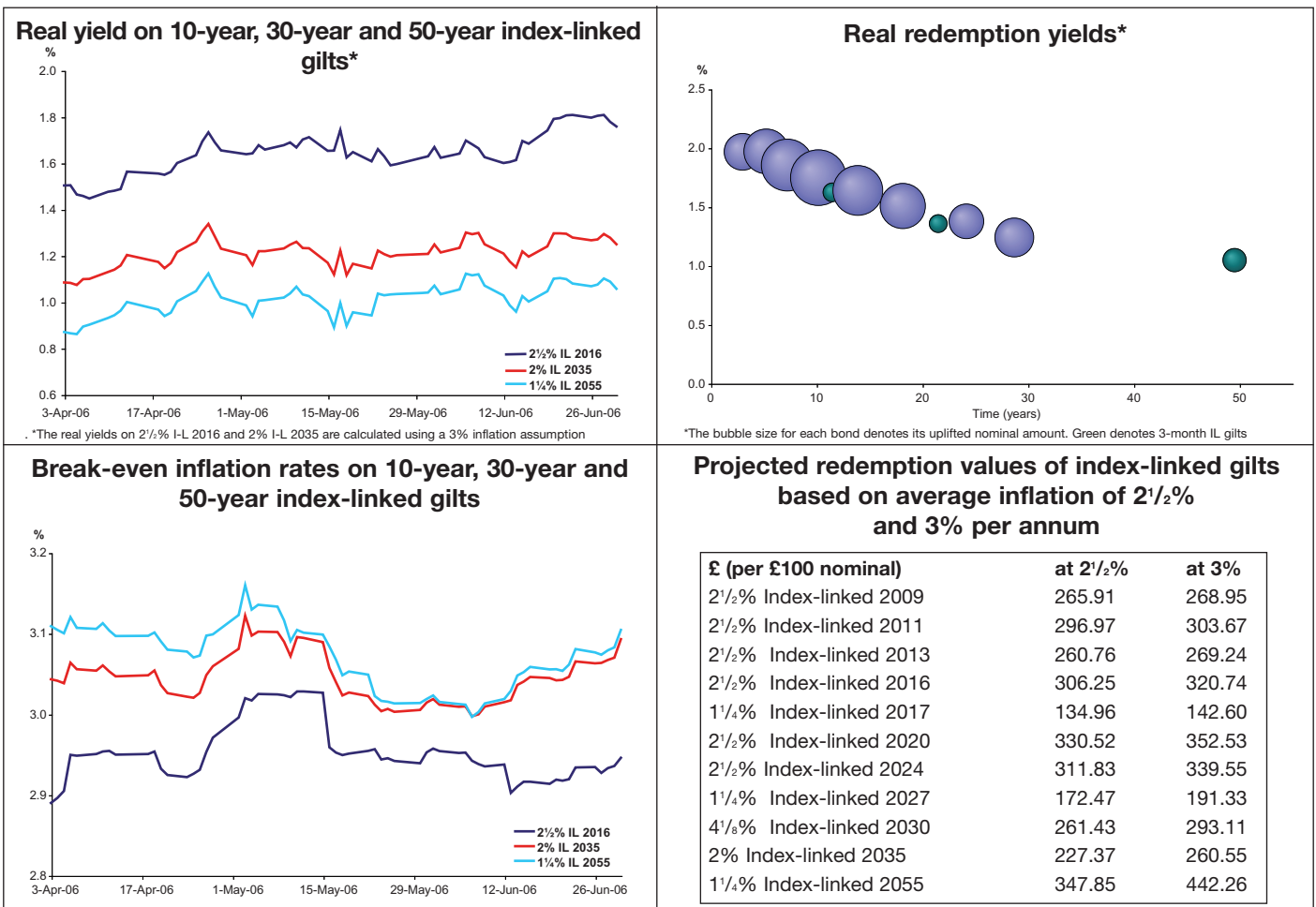
* Figures in the pie charts may not sum due to rounding.

** Repo position.

Conventional gilts



Index-linked gilts



Gilt market flows (£mn)

	Gross gilt issuance (cash)	Redemptions	Coupons*	Net financing from gilts after redemptions and coupons
Jun-05	3,853	0	-3,818	35
Jul-05	3,249	0	-876	2,373
Aug-05	2,967	0	-599	2,368
Sep-05	6,957	-2	-3,722	3,233
Oct-05	3,417	0	-176	3,241
Nov-05	4,410	0	-256	4,154
Dec-05	3,219	-10,176	-4,066	-11,023
Jan-06	6,561	0	-1,154	5,407
Feb-06	3,732	0	-720	3,012
Mar-06	3,824	0	-3,435	389
Apr-06	4,374	0	-215	4,159
May-06**	5,631	0	-294	5,337
Jun-06	6,103	0	-3,924	2,179
July-06	N/A	-3,326	-1,159	-
Aug-06	N/A	0	-722	-
Sep-06	N/A	-3,516	-3,748	-

Figures may not sum due to rounding
**Coupon flow numbers are for the stock of debt outstanding at end-quarter*
***This month's coupon flow includes the coupon payments on the 3-month lag index-linked gilts that were fixed by the DMO on 20 April 2006.*

Results of gilt auctions						
Auction date	Gilt	Issue amount (nominal)	Cover	Yield tail (basis points)	Average accepted price	Yield at average accepted price
04-Apr-06	4 ¹ / ₄ % 2055	£2,000mn	1.72	0	£106.19	3.96%
11-Apr-06	1 ¹ / ₄ % IL 2017	£1,200mn	1.72	N/A ^a	£98.17 ^b	1.42%
25-Apr-06	1 ¹ / ₄ % IL 2027	£1,100mn	1.32	N/A ^a	£97.51 ^b	1.38%
11-May-06	4 ¹ / ₄ % 2046	£2,250mn	1.94	0	£100.16	4.24%
23-May-06	1 ¹ / ₄ % IL 2055	£700mn	1.16	N/A ^a	£106.00 ^b	1.09%
25-May-06	4% 2016	£2,750mn	2.08	1	£95.48	4.55%
07-Jun-06	4 ¹ / ₄ % 2046	£2,750mn	1.37	2	£100.92	4.20%
22-Jun-06	4 ¹ / ₄ % 2011	£2,500mn	2.24	0	£97.72	4.80%
27-Jun-06	1 ¹ / ₄ % IL 2027	£900mn	2.29	N/A ^a	£97.20 ^b	1.40%

^a Index-linked gilts are issued through a uniform price format. ^bThis is the real clean price.

Outturn against the 2006-07 financing remit at 30 June 2006

(£ mn cash)	Conventional gilts			Index-linked gilts	Total
	Short (0-7 years)	Medium (7-15 years)	Long (>15 years)		
Outright sales	2,443	2,626	7,153	3,887	16,109
Core gilt programme	10,000	10,000	17,000	16,000	53,000
Allocated in-year to date	0	0	3,750	1,250	5,000
Currently allocated programme	10,000	10,000	20,750	17,250	58,000

2005-06 and 2006-07 financing requirements

	2005-06 (Budget 06)	2005-06 (Outturn 24 April 06)	2006-07 (Budget 06 as revised on 24 April 06)
<i>Figures may not sum due to rounding</i>			
(£ bn)			
CGNCR forecast	40.6	40.8	41.2
Redemptions	14.6	13.9	29.9
Financing for the Official Reserves	0.0	0.0	0.0
Debt buy-backs	0.1	0.1	0.0
Planned short-term financing adjustment	-2.5	-2.5	-3.6
Gross financing requirement	52.8	52.3	67.5
Less			
National Savings & Investments' contribution	4.8	4.8	3.0
Net financing requirement	48.0	47.5	64.5
Gilt sales planned during the year	52.3	52.3	63.0
Change in planned Treasury bill stock	-1.2	-1.2	1.5
Change in Ways and Means	0.0	0.0	0.0
DMO net cash position at end of financial year	3.3	3.8	0.2

Details of market activity

Top twenty gilts traded (by market value) in the thirteen weeks to 30 June 2006

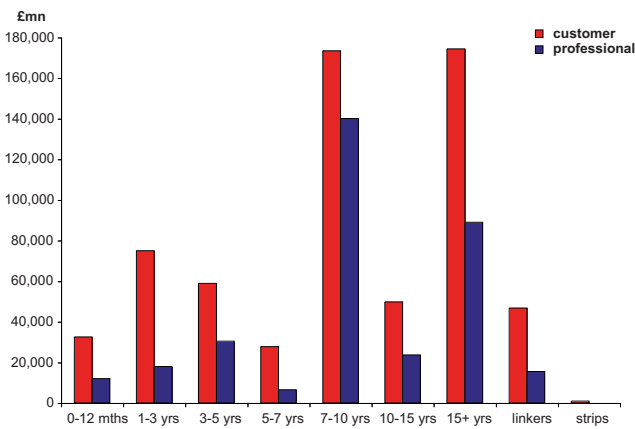
Gilt	Market value of trades (£mn)	% of value of all gilt trades	Turnover Ratio ^a	Number of bargains ('000s)	Average bargain size (£mn)
4¾% Treasury Stock 2015	228,297	24%	16	18	13
4¼% Treasury Stock 2036	72,885	8%	5	8	9
8% Treasury Stock 2015	59,780	6%	6	2	24
4% Treasury Stock 2009	41,396	4%	2	6	7
5% Treasury Stock 2008	40,465	4%	3	6	7
4¾% Treasury Stock 2010	39,112	4%	3	5	8
5% Treasury Stock 2025	37,851	4%	2	6	7
8% Treasury Stock 2021	34,812	4%	1	4	9
5% Treasury Stock 2012	32,893	3%	2	9	4
4¼% Treasury Stock 2032	28,489	3%	2	5	5
5% Treasury Stock 2014	25,964	3%	2	7	4
6% Treasury Stock 2028	24,843	3%	2	4	7
4¾% Treasury Stock 2038	24,410	3%	2	3	7
4¾% Treasury Stock 2020	23,966	3%	2	6	4
4% Treasury Gilt 2016	22,507	2%	4	2	9
4½% Treasury Stock 2007	21,316	2%	2	2	9
4¼% Treasury Gilt 2011	19,639	2%	2	3	8
7½% Treasury Stock 2006	19,316	2%	2	2	8
4¼% Treasury Gilt 2055	16,113	2%	1	4	4
5¾% Treasury Stock 2009	14,965	2%	1	5	3

The top twenty gilts accounted for 88% of total market turnover.

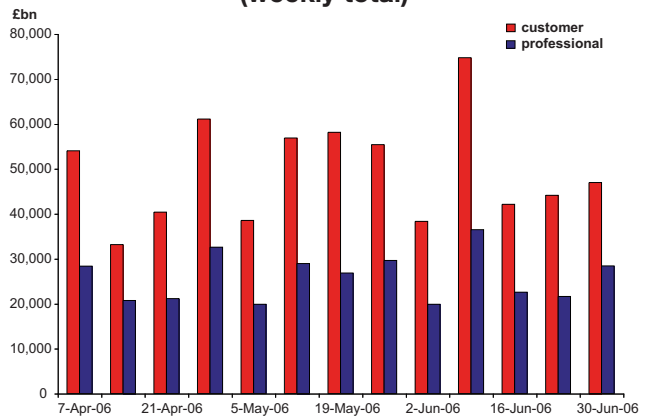
The information is based on provisional information provided by the London Stock Exchange and should only be treated as indicative.

^a The total market value of the gilt traded over the quarter relative to the market value of the outstanding gilt at the end of the quarter.

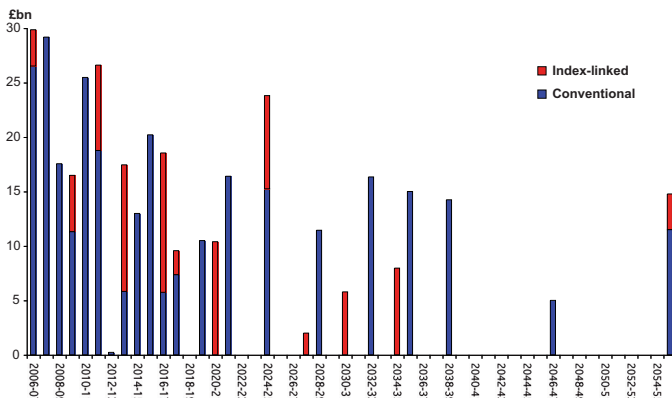
GEMM turnover by maturity band, Q2 2006



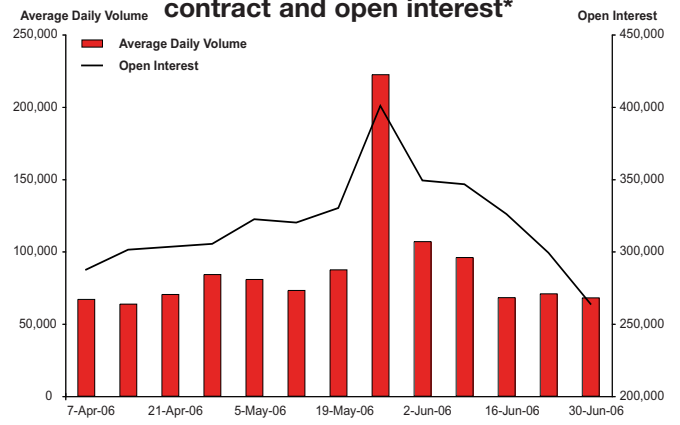
Total GEMM market turnover (weekly total)



Gilt redemptions (net of government holdings)



Average daily volume of the long gilt futures contract and open interest*



* Weekly average of the daily volume and end-week level of open interest.

Source: LIFFE

Gilts in issue at 30 June 2006 (£mn nominal)

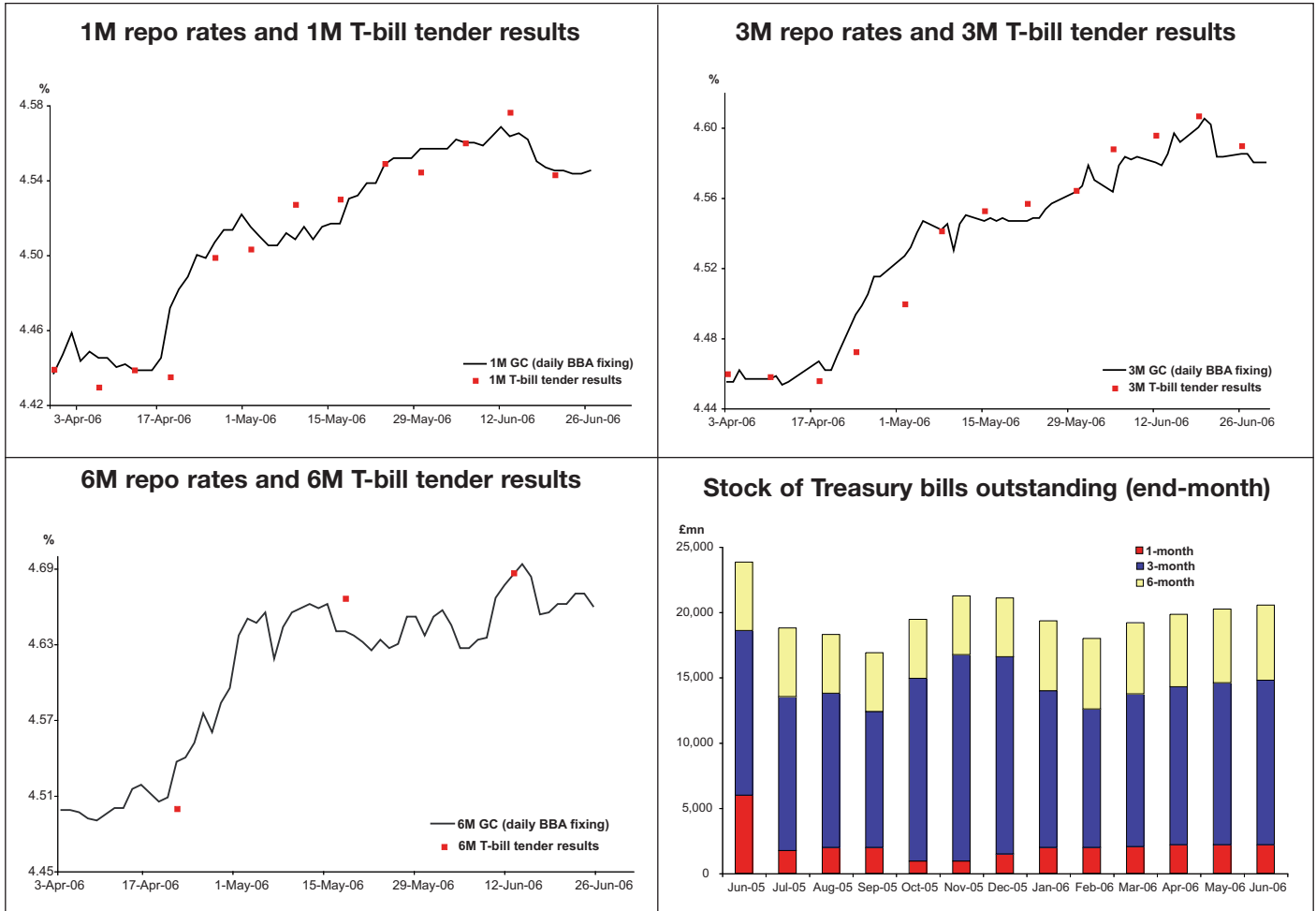
Conventional gilts	Redemption date	Amount in issue	Amount held in stripped form	DMO/CRND* Holdings
7¾% Treasury Stock 2006	08-Sep-06	4,064	-	628
7½% Treasury Stock 2006	07-Dec-06	12,394	212	1,175
4½% Treasury Stock 2007	07-Mar-07	12,071	11	596
8½% Treasury Loan 2007	16-Jul-07	4,869	-	601
7¼% Treasury Stock 2007	07-Dec-07	11,655	98	795
5% Treasury Stock 2008	07-Mar-08	14,928	11	873
4% Treasury Stock 2009	07-Mar-09	16,974	9	754
5¾% Treasury Stock 2009	07-Dec-09	12,006	94	927
4¾% Treasury Stock 2010	07-Jun-10	12,774	6	539
6¼% Treasury Stock 2010	25-Nov-10	5,205	-	724
4¼% Treasury Gilt 2011	07-Mar-11	8,750	0	1
9% Conversion Loan 2011	12-Jul-11	5,664	-	473
5% Treasury Stock 2012	07-Mar-12	14,009	121	898
8% Treasury Stock 2013	27-Sep-13	6,489	-	694
5% Treasury Stock 2014	07-Sep-14	13,699	5	706
4¾% Treasury Stock 2015	07-Sep-15	13,647	70	655
8% Treasury Stock 2015	07-Dec-15	7,744	181	539
4% Treasury Gilt 2016	07-Sep-16	5,750	0	2
8¾% Treasury Stock 2017	25-Aug-17	8,136	-	765
4¾% Treasury Stock 2020	07-Mar-20	10,743	68	248
8% Treasury Stock 2021	07-Jun-21	17,573	292	1,178
5% Treasury Stock 2025	07-Mar-25	16,188	142	945
6% Treasury Stock 2028	07-Dec-28	12,340	217	893
4¼% Treasury Stock 2032	07-Jun-32	17,326	468	998
4¼% Treasury Stock 2036	07-Mar-36	15,668	338	671
4¾% Treasury Stock 2038	07-Dec-38	14,958	143	716
4¼% Treasury Gilt 2046	07-Dec-46	5,000	0	1
4¼% Treasury Gilt 2055	07-Dec-55	11,602	0	104
3½% War Loan	Undated	1,939	-	31
Index-linked gilts	Redemption date	Amount in issue	Nominal including inflation uplift	DMO/CRND* Holdings
2% I-L Treasury Stock 2006	19-Jul-06	2,109	5,877**	156
2½% I-L Treasury Stock 2009	20-May-09	3,304	8,109	280
2½% I-L Treasury Stock 2011	23-Aug-11	4,631	12,008	359
2½% I-L Treasury Stock 2013	16-Aug-13	7,347	15,921	530
2½% I-L Treasury Stock 2016	26-Jul-16	7,696	18,227	636
1¼% I-L Treasury Gilt 2017	22-Nov-17	2,200	2,232	0
2½% I-L Treasury Stock 2020	16-Apr-20	6,350	14,795	451
2½% I-L Treasury Stock 2024	17-Jul-24	6,133	12,138	493
1¼% I-L Treasury Gilt 2027	22-Nov-27	2,000	2,026	0
4⅞% I-L Treasury Stock 2030	22-Jul-30	5,021	7,184	347
2% I-L Treasury Stock 2035	26-Jan-35	8,064	8,979	466
1¼% I-L Treasury Gilt 2055	22-Nov-55	3,313	3,388	39
Rump gilts	Redemption date	Amount in issue		DMO/CRND* Holdings
9¾% Conversion Stock 2006	15-Nov-06	1		0
5½% Treasury Stock 2008-2012	10-Sep-08	843		66
9% Treasury Loan 2008	13-Oct-08	514		2
8% Treasury Stock 2009	25-Sep-09	241		4
7¾% Treasury Loan 2012-2015	26-Jan-12	487		24
9% Treasury Stock 2012	06-Aug-12	227		0
12% Exchequer Stock 2013-2017	12-Dec-13	18		0
2½% Treasury Stock	Undated	458		1
4% Consolidated Loan	Undated	285		0
2½% Consolidated Stock	Undated	200		1
3% Treasury Stock	Undated	44		0
3½% Conversion Loan	Undated	19		6
2½% Annuities	Undated	2		0
2¾% Annuities	Undated	1		0

It is assumed that double-dated issues (which have not been called) currently trading above par will be redeemed at the first maturity date.

** Includes holdings by the Commissioners for the Reduction of the National Debt (CRND) and the DMO, but excludes holdings by local authorities, public corporations and the Bank of England.*

*** Calculated using the November 2005 RPI.*

Treasury bill operations



Treasury bill tender results Q2 2006

Tender date	Tender amount (£mn)	Average yield (%)	Average price (£)	Cover	Yield tail (bp)
1-month T-bills					
7-Apr-06	550	4.4295	99.6614	6.58	1
13-Apr-06	550	4.4387	99.6727	5.48	0
21-Apr-06	550	4.4350	99.6609	6.28	0
28-Apr-06	550	4.4988	99.6561	5.25	0
5-May-06	550	4.5032	99.6557	7.19	3
12-May-06	550	4.5271	99.6539	5.05	0
19-May-06	550	4.5299	99.6537	5.05	0
26-May-06	550	4.5490	99.6646	5.65	0
2-Jun-06	550	4.5444	99.6526	6.99	1
9-Jun-06	550	4.5599	99.6514	5.24	0
16-Jun-06	550	4.5763	99.6502	3.51	0
23-Jun-06	550	4.5429	99.6527	8.34	1
30-Jun-06	550	4.5400	99.6529	7.98	0
3-month T-bills					
7-Apr-06	1,000	4.4581	98.9007	5.97	0
13-Apr-06	1,000	4.4558	98.9132	6.71	0
21-Apr-06	1,000	4.4723	98.8973	5.72	1
28-Apr-06	1,000	4.4996	98.9027	5.52	0
5-May-06	950	4.5412	98.8805	6.03	0
12-May-06	950	4.5527	98.8777	5.59	0
19-May-06	950	4.5568	98.8767	5.21	0
26-May-06	950	4.5643	98.8749	5.51	1
2-Jun-06	950	4.5880	98.8691	4.90	1
9-Jun-06	950	4.5957	98.8672	4.31	1
16-Jun-06	950	4.6067	98.8645	4.43	1
23-Jun-06	950	4.5897	98.8687	5.46	2
30-Jun-06	950	4.5870	98.8693	3.41	1
6-month T-bills					
21-Apr-06	850	4.4498	97.8055	6.39	2
19-May-06	850	4.6665	97.7261	5.47	1
16-Jun-06	850	4.6866	97.7165	4.29	1

Calendar for Q3 2006

Treasury bill tenders usually take place every Friday

July	
4	Auction of 4¼% Treasury Gilt 2046. Announcement of the size of the auction on 11 July of 1¼% Index-linked Treasury Gilt 2017.
11	Auction of 1¼% Index-linked Treasury Gilt 2017.
18	Announcement of the size of the auction on 25 July of 2½% Index-linked Treasury Stock 2024. Publication of the June RPI by ONS. Dividend fixings for 2½% Index-linked Treasury Stock 2011 and 2½% Index-linked Treasury Stock 2013.
19	Redemption of 2% Index-linked Treasury Stock 2006 (Uplifted nominal in issue: £5,877 million).
25	Auction of 2½% Index-linked Treasury Stock 2024. Announcement of the size of the auction on 1 August of 4% Treasury Gilt 2016.

August	
1	Auction of 4% Treasury Gilt 2016.
15	Announcement of the size of the auction on 23 August of 1¼% Index-linked Treasury Gilt 2027. Publication of the July RPI by ONS.
21	Quarterly consultation meetings with Investors (3.30pm) and GEMMs (5.00pm).
22	Publication at 9am of the minutes of the consultation meetings on 21 August.
23	Auction of 1¼% Index-linked Treasury Gilt 2027.
29	Announcement of the size of the auction on 5 September of a new current coupon conventional Treasury Gilt maturing on 7 December 2027. The coupon on the new gilt will also be announced on this date.
31	Announcement of the allocation of the supplementary gilt issuance for Q3 and the gilt auction calendar for October-December 2006.

September	
5	Auction of the new conventional Treasury gilt maturing on 7 December 2027.
8	Redemption of 7¾% Treasury Stock 2006 (Nominal in issue: £4,064 million).
12	Announcement of the size of the auction on 19 September of 1¼% Index-linked Treasury Gilt 2017 and of the auction on 21 September of 4¼% Treasury Gilt 2011. Publication of the August RPI by ONS. Dividend fixing for 2½% Index-linked Treasury Stock 2020.
19	Auction of 1¼% Index-linked Treasury Gilt 2017. Announcement of the size of the auction on 27 September of 2% Index-linked Treasury Stock 2035.
21	Auction of 4¼% Treasury Gilt 2011.
26	Announcement of the size of the gilt auction scheduled for 3 October.
27	Auction of 2% Index-linked Treasury Stock 2035.
29	Publication of the Treasury bill calendar for October-December 2006.

DMO wire service pages

Information	Reuters	Bridge	Moneyline Telerate	Topic	Bloomberg
Index	DMO/INDEX	K:2366	21290	44799	DMO<GO>
Announcements	DMO/GILTS1 to 9	K:3327-K:3335	22550 to 22556	44700 to 44712	DMO1<GO>
Shop window general information	DMO/GILTS10	K:3336	6517	44717	DMO3<GO>
Shop window 1	DMO/GILTS11	K:3337	6518	44718	DMO3<GO>
Benchmark prices	DMO/BENCH1	K:3338	22557	44720 to 44721	DMO2<GO>
GEMMA ref prices (Conventionals)	GEMMA01 to 04	K:3358-K:3361	47216 to 47219	44800 to 44802	DMO5<GO>
GEMMA ref prices (I-L)	GEMMA07 to 08	K:3365	47223	44805	DMO5<GO>
GEMMA ref prices (Strips)	GEMMA13 to 22	K:3370-K:3379	21291 to 21300	44850 to 44864	DMO6<GO>
Cash announcements	DMO/CASH01	K:2367	15700 to 15709	44660 to 44669	DMO8<GO>
T-bill tender information	DMO/CASH11	K:2377	15710 to 15711	44670 to 44671	DMO9<GO>
Ad-hoc tender information	DMO/CASH16	K:2382	15715 to 15716	44675 to 44676	DMO10<GO>
T-bill reference prices	DMO/TBILLS01	K:2387	15720 to 15724	44900 to 44909	DMO11<GO>

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