

14/02

18 June 2002

PRESS NOTICE

DETAILS OF GILT AUCTION ON TUESDAY 25 JUNE 2002

AMOUNT: £3,000 million nominal

STOCK: 5% TREASURY STOCK 2008

MATURITY DATE: 7 MARCH 2008

INTEREST DATES: 7 MARCH/7 SEPTEMBER

AUCTION DATE: 25 JUNE 2002

The United Kingdom Debt Management Office ("the DMO") announces the issue by Her Majesty's Treasury of £3,000 million nominal of 5% Treasury Stock 2008, for auction on a fully-paid bid-price basis on Tuesday, 25 June 2002. In addition, on Wednesday 26 June 2002, Her Majesty's Treasury will create and issue to the Commissioners for the Reduction of the National Debt, for public funds under their management, a further £50 million nominal of this stock.

Furthermore, with a view to building up the amount in issue of this stock, the DMO intends to announce, market circumstances permitting, within the next month, an offer to holders of 9% Treasury Stock 2008 to convert into 5% Treasury Stock 2008. Any announcement will include the details of the terms of the offer including the conversion rate.

Interest on 5% Treasury Stock 2008 will be payable half-yearly on 7 March and 7 September. The first interest payment will be on 7 September 2002 at the rate of £0.991848 per £100 nominal of stock. The stock will be repayable at par on 7 March 2008. It is intended that, once at least £5,000 million nominal of 5% Treasury Stock 2008 has been issued, it will become strippable in accordance with the terms of the Information Memorandum, published by the DMO, relating to the Issue, Stripping and Reconstitution of British Government Stock dated July



2000 (the "Information Memorandum"). The SEDOL and ISIN codes for the new principal strip are 3-173-749 and GB0031737496 respectively.

Interest payments will be paid to all holders of this stock without deduction of United Kingdom income tax. However, holders on the Bank of England Register may elect to have United Kingdom income tax deducted from interest payments, should they so wish, on application to the Bank of England.

Under Rule 2.3 of the London Stock Exchange, dealings in 5% Treasury Stock 2008 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Tuesday, 25 June 2002. The SEDOL and ISIN codes to be used for both "when-issued" and post "when-issued" trading are 3-173-415 and GB0031734154 respectively. The TIDM code "AUC" should be used for trade reporting purposes.

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.

The prospectus for competitive bids and non-competitive bids will be advertised in the Press. Application forms must be sent to the Bank of England Registrar's Department, New Issues Team, who are acting on behalf of the DMO, at the following address; Southgate House, Southgate Street, Gloucester, GL1 1UW to arrive not later than 10.00 am on Tuesday, 25 June 2002; or lodged by hand at the DMO, Eastcheap Court, 11 Philpot Lane, London not later than 10.00 am on Tuesday, 25 June 2002.

Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 am on Tuesday, 25 June 2002.

NOTE TO EDITORS

The remit to the DMO and the auction calendar for the financial year 2002-03 were set out in the Debt & Reserves Management Report 2002-03, issued by HM Treasury on 14 March 2002. The DMO announced further details of the gilts to be auctioned in the first quarter of 2002-03 on 28 March 2002. Following the Budget on 17 April 2002 the DMO's remit for 2002-03 was revised, with planned long conventional gilt sales being reduced by £0.6 billion (cash), taking total planned gilt sales to £22.4 billion (cash).



The auction announced today is the third of the 2002-03 remit and the second of conventional stock. It is the first auction of 5% Treasury Stock 2008. Short conventional gilt sales of £5.50 billion (cash) are planned in 2002-03.

To date, outright gilt sales under the current remit are £3.1 billion (cash).

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 the Bank of England, Registrar's Department, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW (telephone 01452 398080; fax 01452 398020).

This press notice together with the prospectus for the issue of the stock will be appearing on the DMO's web site at: www.dmo.gov.uk.

