

15/03

6 May 2003

## **PRESS NOTICE**

### **DETAILS OF GILT AUCTION ON TUESDAY 13 MAY 2003**

AMOUNT: £3,500 million nominal

STOCK: 4% TREASURY STOCK 2009

MATURITY DATE: 7 MARCH 2009

INTEREST DATES: 7 MARCH / 7 SEPTEMBER

AUCTION DATE: 13 MAY 2003

SETTLEMENT DATE: 14 MAY 2003

The United Kingdom Debt Management Office ("the DMO") announces the issue by Her Majesty's Treasury of £3,500 million nominal of 4% Treasury Stock 2009, for auction on a fully-paid bid-price basis on Tuesday, 13 May 2003 for settlement on Wednesday, 14 May 2003. It is intended that, once at least £5,000 million nominal of 4% Treasury Stock 2009 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, as amended by the DMO's notice of 2 July 2002, (the "Information Memorandum"). The DMO will announce when the stock becomes strippable.

Interest on 4% Treasury Stock 2009 will be payable half-yearly on 7 March and 7 September. Interest on the stock will accrue from 14 May 2003, the issue date of the stock, and the first interest payment will be due on 7 September 2003 at the rate of £1.260870 per £100 nominal of stock. The stock will be repayable at par on 7 March 2009.

Interest payments will be paid to all holders of this stock without deduction of United Kingdom income tax. However, holders 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 7265 of the London Stock Exchange, dealings in the unstripped 4% Treasury Stock 2009 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Tuesday, 13 May 2003. The SEDOL and ISIN codes to be used for "when-issued" trading and following the stock's issue on 14 May 2003 are 3-278-592 and GB0032785924 respectively. In relation to "when-issued" trading, 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, 13 May 2003; or lodged by hand at the DMO, Eastcheap Court, 11 Philpot Lane, London, EC3M 8UD not later than 10.00 am on Tuesday, 13 May 2003.

Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 am on Tuesday, 13 May 2003.

## **NOTE TO EDITORS**

HM Treasury announced the Provisional Remit to the DMO and the provisional auction calendar for the financial year 2003-04 on 20 March 2003. Following the Budget on 9 April 2003 the DMO's remit for 2003-04 was revised, and planned gilt sales were increased to £47.4 billion. Conventional gilt sales are planned to raise £40.9 billion in 15 auctions and index-linked sales £6.5 billion in 8 auctions.

The auction announced today is the third of the 2003-04 remit and the second of a conventional stock. It is the first auction of 4% Treasury Stock 2009, which is the first new short-dated conventional gilt to be issued since 5% Treasury Stock 2008 in June 2002. Short conventional gilt sales of £16.4 billion (cash) are planned in 2003-04.

To date, outright gilt sales under the remit are £3.6 billion (cash) relative to the target of £47.4 billion.



The new gilt will pay a coupon on 7 September 2003 which will be slightly smaller than the normal semi-annual coupon to account for the shortened interest period from 14 May 2003 to 7 September 2003. The value of the coupon payable on 7 September 2003 (a “short” coupon) will be £1.260870 per £100 nominal of stock. The formula for calculating accrued interest during the first “short” coupon period can be found in Section Two of the DMO’s paper “Formulae for Calculating Gilt Prices from Yields”, updated on 15 January 2002 ([www.dmo.gov.uk/gilts/public/technical/yldeqns\\_v2.pdf](http://www.dmo.gov.uk/gilts/public/technical/yldeqns_v2.pdf)).

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 website at: [www.dmo.gov.uk](http://www.dmo.gov.uk).

