

34/05

5 July 2005

PRESS NOTICE

DETAILS OF GILT AUCTION ON THURSDAY 14 JULY 2005

AMOUNT: £2,250 million nominal

STOCK: 4¼% TREASURY GILT 2055

MATURITY DATE: 7 DECEMBER 2055

INTEREST DATES: 7 JUNE / 7 DECEMBER

AUCTION DATE: 14 JULY 2005

SETTLEMENT DATE: 15 JULY 2005

The United Kingdom Debt Management Office ("the DMO") announces the issue by Her Majesty's Treasury of a further £2,250 million nominal of 4¼% Treasury Gilt 2055, for auction on a fully-paid bid-price basis on Thursday, 14 July 2005 and settlement on Friday, 15 July 2005. This further issue will be fungible with the amount of the gilt already in issue.

Interest on 4¼% Treasury Gilt 2055 is payable half-yearly on 7 June and 7 December. The price payable will include an amount equal to the accrued interest from 27 May 2005, the first issue date of the gilt, to 15 July 2005, the settlement date of this auction, at the rate of £0.569691 per £100 nominal of stock. This further issue of the gilt will rank for the interest payment of £2.253434 per £100 nominal of the gilt due on 7 December 2005. The gilt will be repayable at par on 7 December 2055.

It is intended that, once at least £5,000 million nominal of 4¼% Treasury Gilt 2055 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 December 2004, as amended by the DMO's Notice dated 13 May 2005 (the "Information Memorandum"). The DMO will announce when the gilt becomes strippable.



Interest payments will ordinarily be paid to holders of this gilt 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 Registrar, Computershare Investor Services PLC.

Under Rule 7265 of the London Stock Exchange, dealings in the unstripped 4¼% Treasury Gilt 2055 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Thursday, 14 July 2005. The SEDOL and ISIN codes to be used for "when-issued" trading are B-0CN-9D2 and GB00B0CN9D25 respectively. In relation to "when-issued" trading, the TIDM code "AUC" should be used for trade reporting purposes. The SEDOL and ISIN codes to be used after this date are B-06Y-GN0 and GB00B06YGN05 respectively.

A Notice announcing the auction of this issue of the gilt will be advertised in the Press. 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, the Information Memorandum and the Notice of Amendment can be obtained from the Registrar or the DMO or from the DMO's website at:

www.dmo.gov.uk/gilts/public/prospectus/prosp050705.pdf,
www.dmo.gov.uk/gilts/public/technical/infmem211204.pdf and
www.dmo.gov.uk/gilts/public/technical/infmemadd130505.pdf respectively.

Application forms from Approved Group members must be sent to Computershare Investor Services PLC, who are acting on behalf of the DMO, at the following address: PO Box 2411, The Pavilions, Bristol, BS3 9WX to arrive not later than 10.00 am on Thursday, 14 July 2005. They may also be lodged by hand at the DMO, Eastcheap Court, 11 Philpot Lane, London, EC3M 8UD not later than 10.00 am on Thursday, 14 July 2005.

Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 am on Thursday, 14 July 2005.

NOTE TO EDITORS

The DMO's remit for 2005-06 was published on 16 March 2005 as part of the Budget 2005 announcements and revised on 20 April 2005 following the publication of an outturn CGNCR for 2004-05 which was £4.3 billion lower than forecast at the Budget. Planned gilt sales in 2005-06 were reduced by £2.4 billion to £51.1 billion; conventional gilt sales are now planned to raise



£41.1 billion in 15 auctions whilst planned index-linked sales are for £10.0 billion in 10 auctions. Gilt sales in the financial year to date are £14.0 billion (cash).

The auction announced today is the eighth of the 2005-06 remit and the fifth of a conventional stock. It represents a second tranche of 4¼% Treasury Gilt 2055 first issued on 27 May 2005. Following this auction the nominal amount outstanding of 4¼% Treasury Gilt 2055 will be £4.75 billion. Long conventional gilt sales of £17.9 billion (cash) are planned in 2005-06; long conventional gilt sales to date are £5.1 billion (cash).

4¼% Treasury Gilt 2055 did not pay a coupon on 7 June 2005 but will pay a first coupon on 7 December 2005, which will be slightly larger than the normal semi-annual coupon to account for the additional interest from 27 May 2005 to 7 June 2005. The value of the coupon payable on 7 December 2005 (a “long” first coupon) will be £2.253434 per £100 nominal of the gilt.

The formula for calculating accrued interest during the “long” first coupon period can be found in Section Three of the DMO’s paper “Formulae for Calculating Gilt Prices from Yields”, updated on 16 March 2005 (www.dmo.gov.uk/gilts/public/technical/yldegns.pdf). Examples for the calculation of accrued interest during a “long” first coupon can be found in the DMO’s Operational Circular “Accrued Interest Calculations on 4¼% Treasury Stock 2032 until 7 December 2000” issued on 16 May 2000 (www.dmo.gov.uk/gilts/public/technical/opcirc1605.pdf).

Computershare Investor Services PLC assumed responsibility for the gilt registration service as HM Treasury’s designated Registrar in succession to the Bank of England on 20 December 2004.

Copies of the full prospectus are available on request from the addresses given below and on the DMO website, www.dmo.gov.uk. Only gilt applications made on the forms sent out by the Registrar to Approved Group members will be accepted in the auction.

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 Computershare Investor Services PLC, PO Box 2411, The Pavilions, Bristol, BS3 9WX (telephone 0870 703 0143).

This press notice together with the prospectus for the further issue of the gilt will be appearing on the DMO’s website at: www.dmo.gov.uk.

