



QUARTERLY *Review*

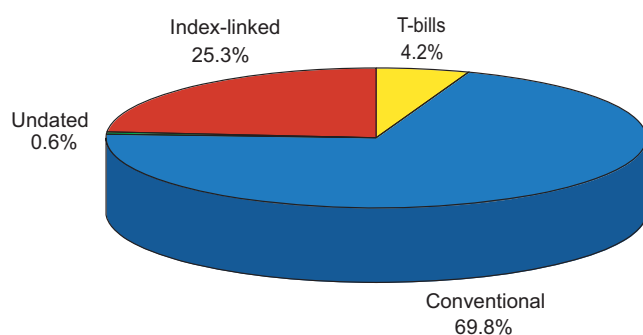
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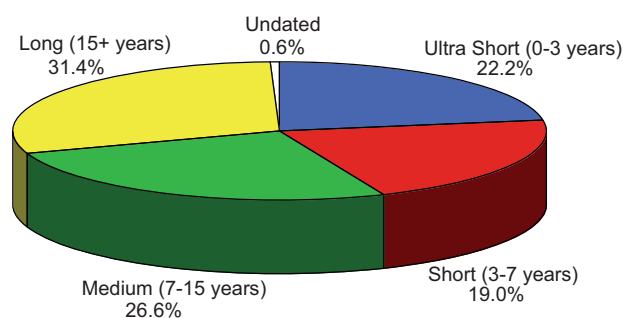
Details of the debt portfolio at 29 December 2006

Gilt portfolio summary statistics	29 September 2006	29 December 2006
Nominal value of the gilt portfolio (including inflation uplift)	£433.20 bn	£437.94 bn
Market value of the gilt portfolio	£476.92 bn	£475.11 bn
Weighted average market yields:		
• Conventional gilts	4.53%	4.72%
• Index-linked gilts	1.42%	1.55%
Portfolio average maturity:	13.62 years	13.91 years
• Conventional gilts	13.25 years	13.59 years
• Index-linked gilts	14.65 years	14.76 years
Average modified duration:		
• Conventional gilts	8.24 years	8.42 years
• Index-linked gilts	12.03 years	12.09 years
Average coupon on conventional gilts (weighted by market value)	5.53%	5.49%
Average nominal amount outstanding of largest 20 gilts (including inflation uplift)	£14.53 bn	£14.66 bn

Composition of debt stock*



Debt portfolio maturity split*

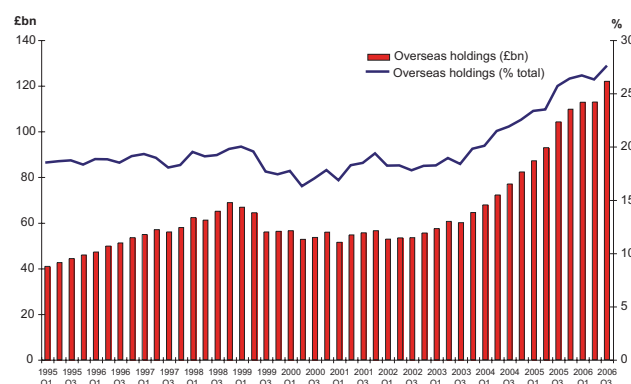


Distribution of gilt holdings at 29 September 2006

(£ millions)	at end Q2 2006	Q3 2006
Insurance Companies and Pension Funds	236,073	241,257
Overseas	112,871	121,940
Other financial institutions	49,437	52,976
Households	31,557	30,162
Building Societies	772	676
Local Authorities and Public Corporations	1,384	1,104
Banks**	-1,755	-3,912
TOTAL	430,339	444,203

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

Overseas holdings of gilts

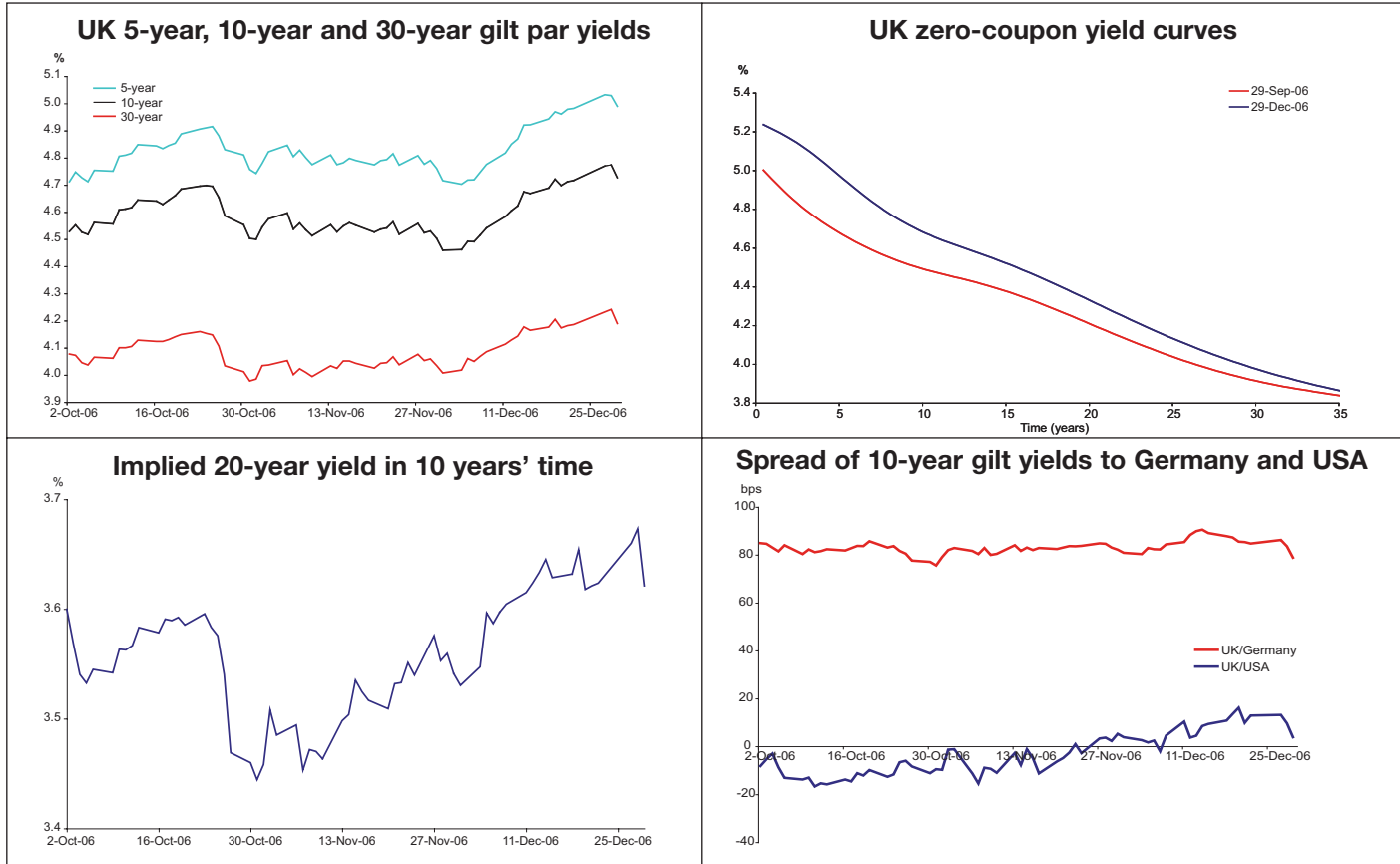


Source: ONS

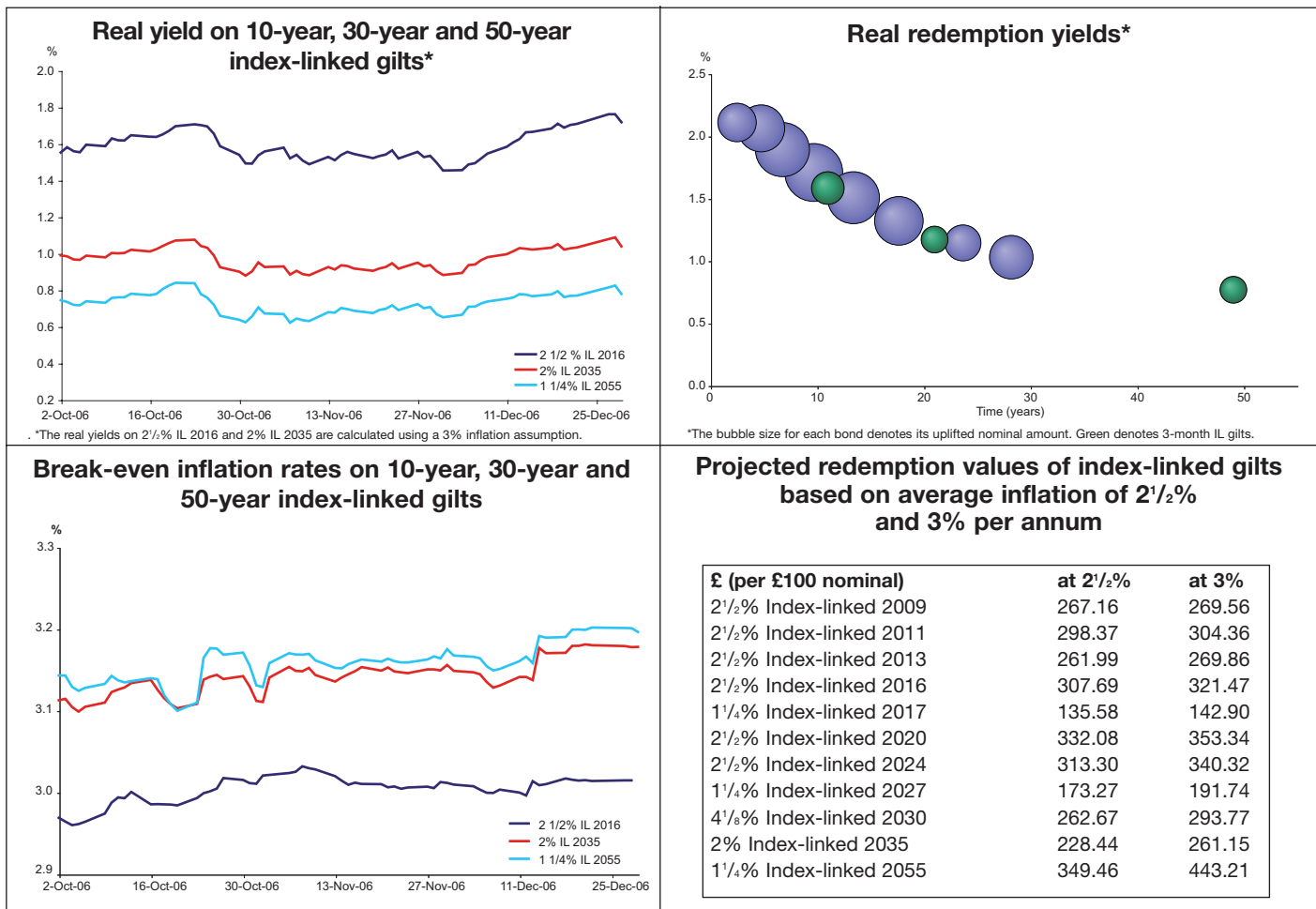
* Figures in the pie charts may not sum due to rounding.

** 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
Jan-06	6,561	0	-1,159	5,402
Feb-06	3,732	0	-720	3,012
Mar-06	3,824	0	-3,535	289
Apr-06	4,374	0	-215	4,159
May-06	5,630	0	-294	5,336
Jun-06	6,102	0	-3,924	2,178
Jul-06	4,498	-3,326	-1,159	13
Aug-06	3,419	0	-722	2,697
Sep-06	6,819	-3,516	-3,799	-496
Oct-06	4,232	0	-217	4,015
Nov-06	8,294	-1	-350	7,943
Dec-06	3,175	-11,532	-4,202	-12,559
Jan-07	N/A	0	-1,140	-
Feb-07	N/A	0	-730	-
Mar-07	N/A	-11,475	-3,794	-

Figures may not sum due to rounding.
**Coupon flow numbers are for the stock of debt outstanding at end-quarter.*

Results of gilt auctions						
Auction date	Gilt	Issue amount (nominal)	Cover	Yield tail (basis points)	Average accepted price	Yield at average accepted price
03-Oct-06	4¼% 2027	£2,250mn	1.86	0.5	£99.98	4.252%
12-Oct-06	1¼% IL 2017	£1,200mn	2.59	N/A ^a	£97.11 ^b	1.534%
24-Oct-06	1¼% IL 2055	£650mn	2.95	N/A ^a	£116.97 ^b	0.828%
07-Nov-06	4¼% 2046	£2,250mn	1.74	0.6	£106.82	3.912%
23-Nov-06	4% 2016	£2,500mn	2.21	0.1	£95.55	4.569%
28-Nov-06	1¼% IL 2027	£1,000mn	2.28	N/A ^a	£103.03 ^b	1.088%
29-Nov-06	4¼% 2011	£2,500mn	2.18	0.3	£97.75	4.838%
05-Dec-06	4¼% 2027	£2,250mn	1.51	0.7	£100.45	4.217%
14-Dec-06	2% IL 2035	£650mn	2.80	N/A ^a	£140.79	1.025%

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

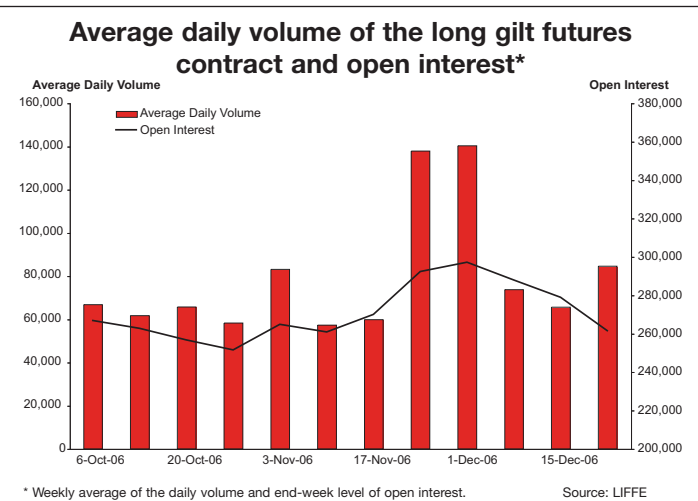
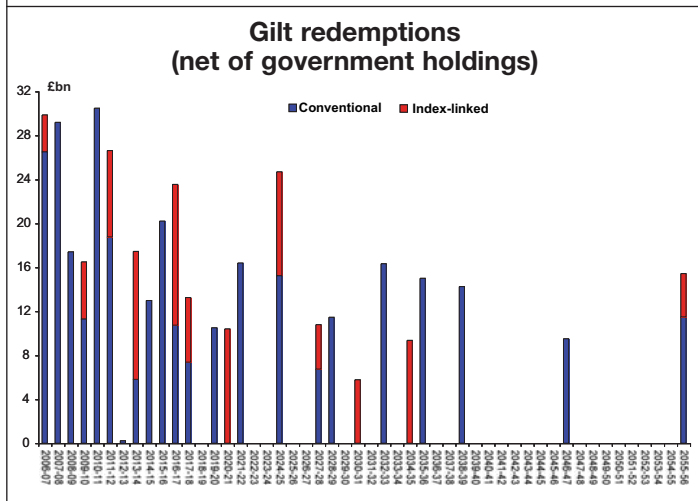
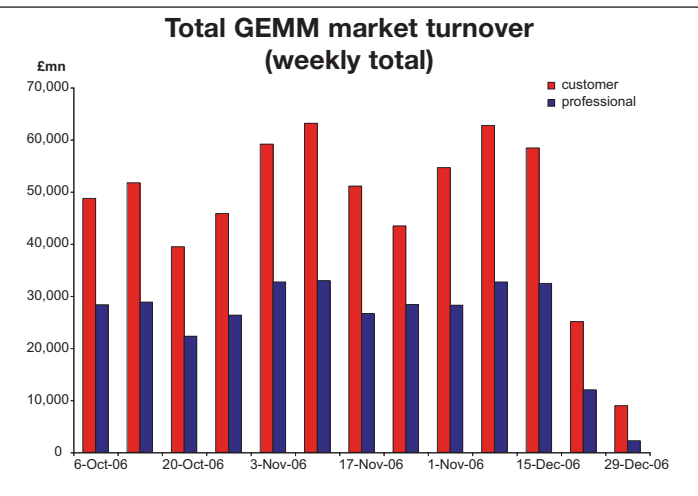
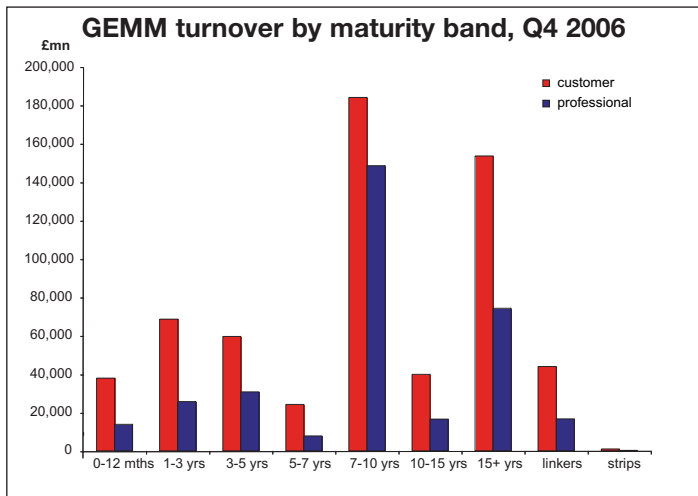
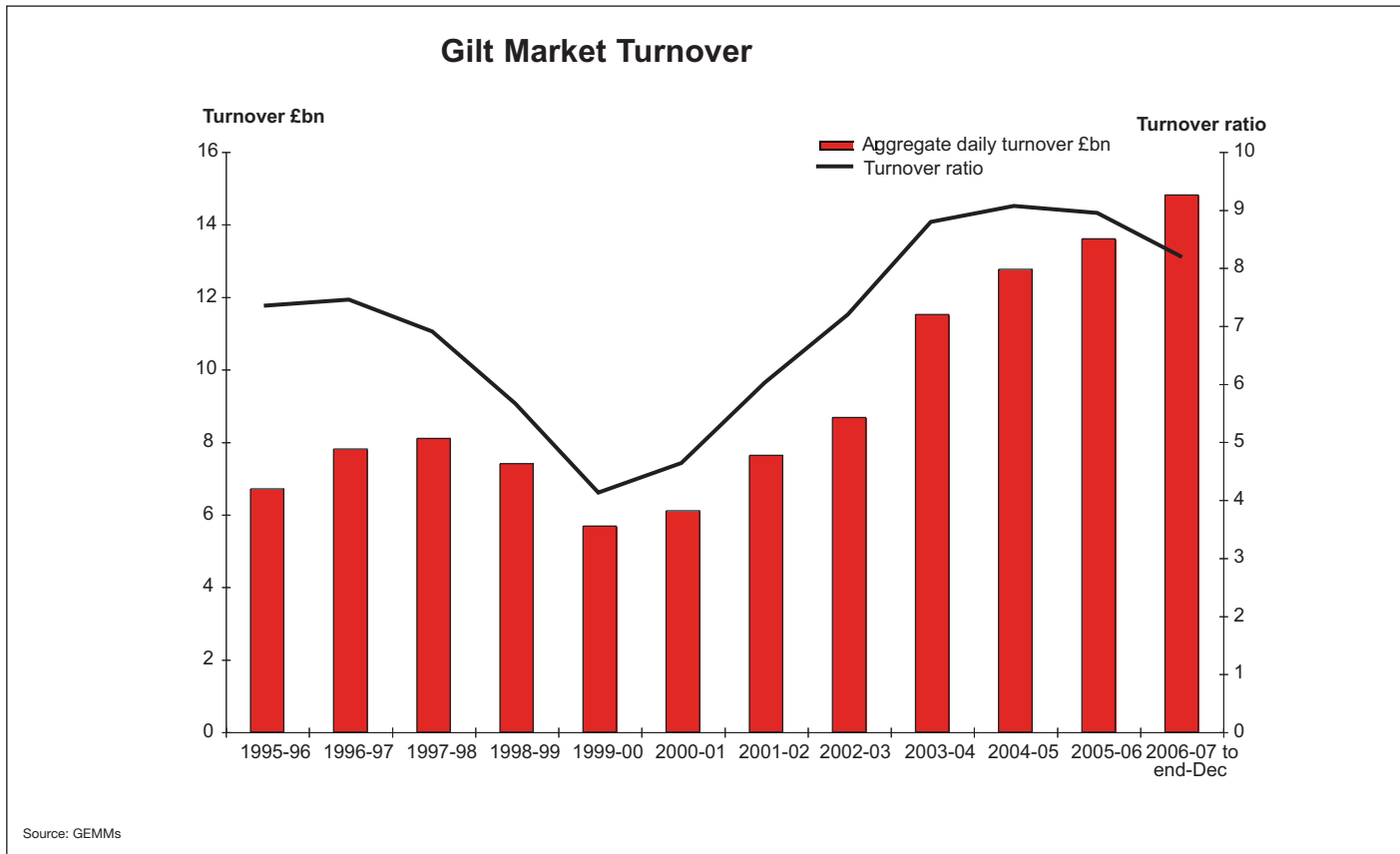
Outturn against the 2006-07 financing remit at 29 December 2006

(£ mn cash)	Conventional gilts			Index-linked gilts	Total
	Short (0-7 years)	Medium (7-15 years)	Long (>15 years)		
Outright sales	7,332	7,389	18,548	13,283	46,543
Core gilt programme	10,000	10,000	17,000	16,000	53,000
Allocated in-year to date	0	0	8,250	1,250	9,500
Currently allocated programme	10,000	10,000	25,250	17,250	62,500

2005-06 and 2006-07 financing requirements

<i>Figures may not sum due to rounding</i>	2005-06 (Budget 06)	2005-06 (Outturn 24 April 06)	2006-07 (Budget 06 as revised on 24 April 06)	2006-07 (Pre-Budget Report 06)
(£ bn)				
CGNCR forecast	40.6	40.8	41.2	41.2
Redemptions	14.6	13.9	29.9	29.9
Restructuring British Nuclear Liabilities	n/a	n/a	n/a	-3.8
Financing for the Official Reserves	0.0	0.0	0.0	0.0
Debt buy-backs	0.1	0.1	0.0	0.2
Planned short-term financing adjustment	-2.5	-2.5	-3.6	-3.3
Gross financing requirement	52.8	52.3	67.5	64.2
Less				
National Savings & Investments' contribution	4.8	4.8	3.0	5.2
Net financing requirement	48.0	47.5	64.5	59.0
Gilt sales planned during the year	52.3	52.3	63.0	62.5
Change in planned Treasury bill stock	-1.2	-1.2	1.5	-3.5
Change in Ways and Means	0.0	0.0	0.0	0.0
DMO net cash position at end of financial year	3.3	3.8	0.2	0.5

Details of market activity



Gilts in issue at 29 December 2006 (£mn nominal)

Conventional gilts	Redemption date	Amount in issue	Amount held in stripped form	DMO/CRND* Holdings
4½% Treasury Stock 2007	07-Mar-07	12,071	157	668
8½% Treasury Loan 2007	16-Jul-07	4,869	-	602
7¼% Treasury Stock 2007	07-Dec-07	11,655	94	795
5% Treasury Stock 2008	07-Mar-08	14,928	9	864
4% Treasury Stock 2009	07-Mar-09	16,974	11	745
5¼% Treasury Stock 2009	07-Dec-09	12,006	51	922
4¾% Treasury Stock 2010	07-Jun-10	12,774	22	531
6¼% Treasury Stock 2010	25-Nov-10	5,205	-	724
4¼% Treasury Gilt 2011	07-Mar-11	13,750	1	5
9% Conversion Loan 2011	12-Jul-11	5,664	-	473
5% Treasury Stock 2012	07-Mar-12	14,009	99	897
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	46	655
8% Treasury Stock 2015	07-Dec-15	7,744	127	539
4% Treasury Gilt 2016	07-Sep-16	10,750	0	4
8¾% Treasury Stock 2017	25-Aug-17	8,136	-	765
4¾% Treasury Stock 2020	07-Mar-20	10,743	67	248
8% Treasury Stock 2021	07-Jun-21	17,573	341	1,178
5% Treasury Stock 2025	07-Mar-25	16,188	152	945
4¼% Treasury Gilt 2027	07-Dec-27	6,750	0	1
6% Treasury Stock 2028	07-Dec-28	12,340	259	893
4¼% Treasury Stock 2032	07-Jun-32	17,326	468	998
4¼% Treasury Stock 2036	07-Mar-36	15,668	400	671
4¾% Treasury Stock 2038	07-Dec-38	14,958	121	715
4¼% Treasury Gilt 2046	07-Dec-46	9,500	10	2
4¼% Treasury Gilt 2055	07-Dec-55	11,602	0	104
3½% War Loan	Undated	1,939	-	32
Index-linked gilts	Redemption date	Amount in issue	Nominal including inflation uplift	DMO/CRND* Holdings
2½% I-L Treasury Stock 2009	20-May-09	3,304	8,243	280
2½% I-L Treasury Stock 2011	23-Aug-11	4,631	12,206	359
2½% I-L Treasury Stock 2013	16-Aug-13	7,347	16,185	530
2½% I-L Treasury Stock 2016	26-Jul-16	7,696	18,529	636
1¼% I-L Treasury Gilt 2017	22-Nov-17	5,800	6,001	1
2½% I-L Treasury Stock 2020	16-Apr-20	6,350	15,040	451
2½% I-L Treasury Stock 2024	17-Jul-24	6,583	13,244	494
1¼% I-L Treasury Gilt 2027	22-Nov-27	4,000	4,131	1
4⅞% I-L Treasury Stock 2030	22-Jul-30	5,021	7,303	347
2% I-L Treasury Stock 2035	26-Jan-35	9,389	10,628	466
1¼% I-L Treasury Gilt 2055	22-Nov-55	3,963	4,133	39
Rump gilts	Redemption date	Amount in issue		DMO/CRND* Holdings
5½% Treasury Stock 2008-2012	10-Sep-08	843		96
9% Treasury Loan 2008	13-Oct-08	514		82
8% Treasury Stock 2009	25-Sep-09	241		6
7¾% Treasury Loan 2012-2015	26-Jan-12	487		30
9% Treasury Stock 2012	06-Aug-12	227		1
12% Exchequer Stock 2013-2017	12-Dec-13	18		0
2½% Treasury Stock	Undated	458		8
4% Consolidated Loan	Undated	285		1
2½% Consolidated Stock	Undated	200		6
3% Treasury Stock	Undated	44		1
3½% Conversion Loan	Undated	19		6
2½% Annuities	Undated	2		1
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.*

Money market operations



Treasury bill tender results Q4 2006

Tender date	Tender amount (£mn)	Average yield (%)	Average price (£)	Cover	Yield tail (bp)
1-month T-bills					
6-Oct-06	550	4.7830	99.6344	7.17	1
13-Oct-06	550	4.8289	99.6309	5.69	1
20-Oct-06	550	4.8700	99.6278	6.69	0
27-Oct-06	550	4.9492	99.6218	6.70	0
3-Nov-06	550	4.9865	99.6189	4.97	0
10-Nov-06	550	5.0287	99.6157	5.29	0
17-Nov-06	550	5.0430	99.6146	4.15	0
24-Nov-06	550	5.0394	99.5875	7.28	0
1-Dec-06	550	5.0543	99.6000	3.28	3
8-Dec-06	550	5.0978	99.6105	4.66	1
15-Dec-06	400	5.1047	99.6100	3.34	0
29-Dec-06	400	5.0676	99.6265	6.80	1
3-month T-bills					
6-Oct-06	1,500	4.9526	98.7803	5.00	1
13-Oct-06	1,500	4.9891	98.7714	4.33	1
20-Oct-06	1,500	5.0073	98.7670	8.91	1
27-Oct-06	950	5.0398	98.7591	6.43	0
3-Nov-06	950	5.0472	98.7573	8.88	0
10-Nov-06	950	5.0697	98.7518	7.17	1
17-Nov-06	950	5.0628	98.7535	6.44	1
24-Nov-06	950	5.0758	98.7503	8.14	0
1-Dec-06	950	5.1087	98.7424	4.42	1
8-Dec-06	950	5.1081	98.7425	6.08	0
15-Dec-06	650	5.1409	98.7345	4.39	1
29-Dec-06	650	5.1740	98.7603	6.07	0
6-month T-bills					
6-Oct-06	850	5.0428	97.5341	6.58	2
3-Nov-06	850	5.1487	97.4836	8.14	0
1-Dec-06	850	5.1735	97.4852	4.48	1

Calendar for Q1 2007

Treasury bill tenders usually take place every Friday

BNFL tenders to be held at 2.30pm. Further details, including terms and conditions for bidding, will be announced by the DMO at 3.30pm on the preceding Tuesdays.

January	
2	Announcement of the size of the auction on 9 January of 4¼% Treasury Gilt 2027.
9	Auction of 4¼% Treasury Gilt 2027 and announcement of the size of the auction on 18 January of 1¼% Index-linked Treasury Gilt 2017.
15	Sale by tender of BNFL's holding of 2½% Index-linked Treasury Stock 2009 (£10 million nominal) and 2½% Index-linked Treasury Stock 2013 (£65 million nominal).
16	Announcement of the size of the auction on 25 January of 1¼% Index-linked Treasury Gilt 2055. Publication of the December 2006 RPI by ONS. Publication of the 2 February – 1 March 2007 index ratios for index-linked gilts with a 3-month indexation lag. Dividend fixing for the 2011 and 2013 index-linked gilts.
18	Auction of 1¼% Index-linked Treasury Gilt 2017.
25	Auction of 1¼% Index-linked Treasury Gilt 2055.
29	Sale by tender of BNFL's holdings of 2½% Index-linked Treasury Stock 2024 (£164 million nominal).
30	Announcement of the size of the auction on 6 February of 4¼% Treasury Gilt 2046.
31	Annual EST meetings with the GEMMs (2.00pm) and end-investors (3.30pm).

February	
7	Publication of the minutes of the EST meetings with the GEMMs and end-investors.
2	Meeting with gilt investors in Scotland.
5	Publication of the minutes of the meeting with gilt investors in Scotland.
6	Auction of 4¼% Treasury Gilt 2046.
12	Sale by tender of BNFL's holdings of 2½% Index-linked Treasury Stock 2016 (£168 million nominal).
13	Announcement of the sizes of the auction on 20 February of a new index-linked gilt maturing on 22 November 2037 and on 22 February of 4% Treasury Gilt 2016. The coupon on the new index-linked gilt will also be announced on this date. Publication of the January 2007 RPI by ONS. Publication of the 2 March – 1 April 2007 index ratios for index-linked gilts with a 3-month indexation lag.
20	Auction of a new index-linked gilt maturing on 22 November 2037.
22	Auction of 4% Treasury Gilt 2016.
26	Sale by tender of BNFL's holdings of 2½% Index-linked Treasury Stock 2020 (£162 million nominal).
27	Announcement of the size of the auction on 6 March of 4¼% Treasury Gilt 2027.

March	
6*	Auction of 4¼% Treasury Gilt 2027 and announcement of the size of the auction on 15 March of a new conventional gilt maturing on 7 June 2012. The coupon will also be announced on this date.
7	Redemption of 4¼% Treasury Stock 2007.
12	Sale by tender of BNFL's holdings of 2½% Index-linked Treasury Stock 2024 (£164 million nominal).
15*	Auction of a new conventional gilt maturing on 7 June 2012.
20	Announcement of the size of the auction on 27 March of 1¼% Index-linked Treasury Gilt 2027. Publication of the February 2007 RPI by ONS. Publication of the February RPI by ONS. Publication of the 2 April-1 May 2007 index ratios for index-linked gilts with a 3-month indexation lag. Dividend fixing for the 2020 index-linked gilt.
27*	Auction of 1¼% Index-linked Treasury Gilt 2027.
29	Publication of the Treasury bill calendar for April-June 2007.

*Subject to confirmation following the Chancellor's decision on the Budgetary timetable.

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>

Contacts

Name	Position	Telephone No.	E-mail
Robert Stheeman	Chief Executive	0845 357 6533	robert.stheeman@dmo.gsi.gov.uk
Jo Whelan	Deputy Chief Executive	0845 357 6531	jo.whelan@dmo.gsi.gov.uk
Jim Juffs	Chief Operating Officer	0845 357 6520	jim.juffs@dmo.gsi.gov.uk
Martin Duffell	Head of Gilt Dealing	0845 357 6517	martin.duffell@dmo.gsi.gov.uk
Nick Fisher	Head of Cash Dealing	0845 357 6518	nick.fisher@dmo.gsi.gov.uk
Myrvin Anthony	Head of Economic Research	0845 357 6581	myrvin.anthony@dmo.gsi.gov.uk
Arnaud Marès	Head of Policy	0845 357 6615	arnaud.mares@dmo.gsi.gov.uk
Joanne Perez	Head of Markets	0845 357 6539	joanne.perez@dmo.gsi.gov.uk
Steve Whiting	Press Officer	0845 357 6532	steve.whiting@dmo.gsi.gov.uk
Sarah Ellis	Assistant Press Officer	0845 357 6525	sarah.ellis@dmo.gsi.gov.uk
Mark Deacon	Senior Quantitative Analyst	0845 357 6516	mark.deacon@dmo.gsi.gov.uk
Gurminder Bhachu	Policy Advisor	0845 357 6512	gurminder.bhachu@dmo.gsi.gov.uk
James Knight	Financial Economist	0845 357 6571	james.knight@dmo.gsi.gov.uk
Catherine O'Shea	Data Analyst	0845 357 7603	catherine.o'shea@dmo.gsi.gov.uk

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