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15 March 2013

## PRESS NOTICE

### CANCELLATION OF DMO HOLDINGS OF “RUMP” GILTS

The UK Debt Management Office (DMO) announces today the cancellation on Monday 18 March 2013 of approximately £46.4 million (nominal) of its current holdings in those gilts that have been designated as “rump” gilts. “Rump” gilts are those with amounts in issue deemed by the DMO to be too small to expect a reasonably liquid two-way market to exist in them.

The table in Notes for Editors below lists the nominal amount of each gilt being cancelled and the residual amounts in issue for all “rump” gilts, as of 18 March 2013<sup>1</sup>. There is no cancellation of any 3½% Conversion Stock under the terms of its Sinking Fund, as the average price of the stock in the previous half-year period (April-September 2012) was above £90.00, as certified by the Bank of England.

The DMO will continue to bid prices, upon request from Gilt-edged Market Makers, in all “rump” gilts, and expects to execute similar cancellations in future years, on an annual basis. Any such cancellations will be announced.

#### NOTES FOR EDITORS

Gilts which have been reduced in size to less than £850 million (nominal) in issue are designated as “rump” gilts.

The DMO last cancelled its holdings of “rump” gilts on 16 March 2012 and stated then that it expected to execute similar cancellations on an annual basis. The DMO’s current holdings of “rump” gilts have been accumulated since the last cancellations in March 2012 as a result of its role as “buyer of last resort” in these gilts.

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<sup>1</sup> Both amounts have been rounded up to the nearest £0.1 million. The amount of 3% Treasury Stock being cancelled includes a £0.2 million cancellation for the Donations and Bequests Account via the Commissioners for the Reduction of the National Debt.

The cancellations announced today, of approximately £46.4 million (nominal), account for some 6.4% of the amount of “rump” gilts in issue before these cancellations. Following the cancellations, the (nominal) amount of “rump” gilts in issue will be approximately £683.2 million, some 0.05% of the total gilt portfolio<sup>2</sup>. See the table below.

| <b>"Rump" Gilts at 18 March 2013</b> | <b>Redemption date</b> | <b>Amount being cancelled (£mn nom)</b> | <b>Amount in issue at 18 March 2013 (£mn nom)</b> |
|--------------------------------------|------------------------|---|---|
| 12% Exchequer 2013-2017              | 12-Dec-13*             | 0.4                                     | 14.5  |
| 2½% Treasury                         | Undated                | 29.8                                    | 229.2   |
| 4% Consolidated                      | Undated                | 12.6                                    | 221.5   |
| 2½% Consolidated                     | Undated                | 2.2                                     | 164.5   |
| 3% Treasury                          | Undated                | 1.5                                     | 35.7  |
| 3½% Conversion                       | Undated                | 0.0                                     | 16.2  |
| 2½% Annuities                        | Undated                | 0.0                                     | 0.9   |
| 2¾% Annuities                        | Undated                | 0.0                                     | 0.7   |
|                                      |                        | <b>46.4</b>                             | <b>683.2</b>                                      |
| <i>* Assumed redemption date.</i>    |                        |   |   |

This press notice will be appearing on the DMO's website at: [www.dmo.gov.uk](http://www.dmo.gov.uk)

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<sup>2</sup> Including inflation-linked uplift.