

23/05

19 April 2005

PRESS NOTICE

DETAILS OF GILT AUCTION ON THURSDAY 28 APRIL 2005

AMOUNT: £3,000 million nominal

STOCK: 4¾% TREASURY STOCK 2010

MATURITY DATE: 7 JUNE 2010

INTEREST DATES: 7 JUNE / 7 DECEMBER

AUCTION DATE: 28 APRIL 2005

SETTLEMENT DATE: 29 APRIL 2005

The United Kingdom Debt Management Office ("the DMO") announces the issue by Her Majesty's Treasury of a further £3,000 million nominal of 4¾% Treasury Stock 2010, for auction on a fully-paid bid-price basis on Thursday, 28 April 2005 and settlement on Friday, 29 April 2005. This further issue will be fungible with the stock already in issue.

Interest on 4¾% Treasury Stock 2010 is payable half-yearly on 7 June and 7 December. The price payable will include an amount equal to the accrued interest from 19 November 2004, the first issue date of the stock, to 29 April 2005, the settlement date of this auction, at the rate of £2.099678 per £100 nominal of stock. This further issue of stock will rank for the interest payment of £2.608607 per £100 nominal of stock due on 7 June 2005. The stock will be repayable at par on 7 June 2010.

This stock is 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 (the "Information Memorandum") except that the minimum stripping unit will be £1 million nominal until the payment of the non-standard first coupon on 7 June 2005, after which the standard minimum stripping unit of £10,000 nominal will apply.

Interest payments will ordinarily be paid to 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 Registrar, Computershare Investor Services PLC.

Under Rule 7265 of the London Stock Exchange, dealings in the unstripped 4¾% Treasury Stock 2010 on a "when-issued" basis may be conducted from the time of this announcement until the close of business on Thursday, 28 April 2005. The SEDOL and ISIN codes to be used for "when-issued" trading are B-06Y-GL8 and GB00B06YGL80 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-033-027 and GB00B0330274 respectively.

A Formal Notice announcing the auction of this issue of stock 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 and the Information Memorandum can be obtained from the Registrar or the DMO or from the DMO's website at:

www.dmo.gov.uk/gilts/public/prospectus/prosp190405.pdf and
www.dmo.gov.uk/gilts/public/technical/infmem211204.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, 28 April 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, 28 April 2005.

Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 am on Thursday, 28 April 2005.

NOTE TO EDITORS

The DMO's remit for 2005-06 was published on 16 March 2005 as part of the Budget 2005 announcements. Gilt sales of £53.5 billion are planned for 2005-06; conventional gilt sales are planned to raise £42.5 billion in 15 auctions whilst planned index-linked sales are for £11.0 billion in 11 auctions. To date, outright gilt sales under the remit are £3.5 billion (cash) relative to the target of £53.5 billion (cash).



The auction announced today is the third of the 2005-06 remit and the second auction of a conventional gilt. 4¾% Treasury Stock 2010 was first issued in November 2004 and following the auction on 28 April 2005 the nominal amount outstanding of 4¾% Treasury Stock 2010 will be £12.25 billion. Short conventional gilt sales of £12.5 billion (cash) are planned in 2005-06.

4¾% Treasury Stock 2010 did not pay a coupon on 7 December 2004 but will pay a first coupon on 7 June 2005, which will be slightly larger than the normal semi-annual coupon to account for the additional interest from 19 November 2004 to 7 December 2004. The value of the coupon payable on 7 June 2005 (a “long” first coupon) will be £2.608607 per £100 nominal of stock.

The formula for calculating accrued interest during each “long” first 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). 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 stock 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 stock will be appearing on the DMO’s website at: www.dmo.gov.uk.

