

16/05

22 March 2005

PRESS NOTICE

CANCELLATION OF DMO HOLDINGS OF “RUMP” GILTS

The UK Debt Management Office (DMO) today announces the cancellation of a significant proportion of its existing holdings in gilts that have been designated as “rumps” (i.e. those with amounts in issue deemed too small to reasonably expect a liquid two-way market to exist).

These holdings have been accumulated by the DMO over several years, as a result of its role as ‘buyer of last resort’ in these gilts, but retaining them on official portfolios no longer serves a useful purpose in the provision of collateral for cash management purposes.

The cancellations announced today will be effective from Wednesday, 23 March 2005, with the amounts in issue for all “rump” gilts reduced accordingly. The Table in Notes for Editors below lists the amounts of each gilt to be cancelled, and residual amounts in issue, both to the nearest £0.1 million nominal.

Going forward, the DMO will continue to provide 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

The cancellations announced today account for approximately 27% of the current amount outstanding of rump gilts. Following the cancellation, the total (nominal) amount outstanding of “rump” gilts will be approximately £2.1 billion - some 0.6% of the total gilts portfolio.

“RUMP” GILT CANCELLATIONS AND NEW AMOUNTS OUTSTANDING

“Rump” gilts	Redemption date	Dividend dates	Amount to be cancelled (£mn nom)	New amount outstanding (£mn nom)
10½% Exchequer 2005	20-Sep-05	20 Mar/Sep	21.4	2.2
9¾% Conversion 2006	15-Nov-06	15 May/Nov	5.1	0.8
9% Treasury 2008	13-Oct-08	13 Apr/Oct	158.5	528.2
8% Treasury 2009	25-Sep-09	25 Mar/Sep	137.0	256.0
9% Treasury 2012	06-Aug-12	6 Feb/Aug	158.6	244.5
12% Exchequer 2013/2017	12-Dec-13/17	12 Jun/Dec	39.0	18.7
2½% Treasury	Undated	1 Apr/Oct	25.2	467.9
4% Consolidated	Undated	1 Feb/Aug	70.6	287.0
2½% Consolidated	Undated	5 Jan/Apr/Jul/Oct	67.2	204.6
3½% Conversion	Undated	1 Apr/Oct	67.1	19.3
3% Treasury	Undated	5 Apr/Oct	7.3	44.8
2½% Annuities	Undated	5 Jan/Apr/Jul/Oct	0.8	2.4
2¾% Annuities	Undated	5 Jan/Apr/Jul/Oct	0.3	0.7
			758.1	2,077.2

This Press Release will be appearing on the DMO website www.dmo.gov.uk

