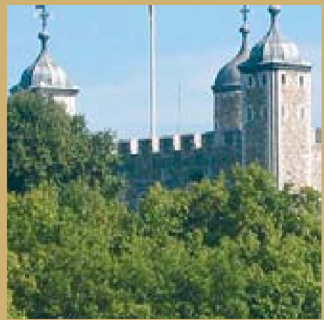
United Kingdom
Debt Management Office



UK Government Securities: *a Guide to 'Gilts'*

Seventh edition June 2009

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United Kingdom
Debt
Management
Office

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www.dmo.gov.uk

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St Paul's Cathedral from the Millennium Bridge.

Introduction UK Government Securities: gilts

A gilt is a UK Government security issued by HM Treasury.

The term gilt (or gilt-edged) is a reference to the primary characteristic of gilts as an investment: their security. The UK Government has never failed to make interest or principal payments on gilts as they fall due.

The UK Government has the highest, AAA credit rating from all major credit rating agencies.

This brochure is intended to help those who have an interest in investing in gilts and would like to know more about the essential features of the instruments. It does not constitute an offer to buy or sell securities, nor does it offer investment advice.

The UK Debt Management Office (DMO) has tried to ensure that the legal and factual information is accurate, but this brochure cannot be a comprehensive statement of all the intricacies of law and practice relating to gilts, nor can it take account of the circumstances of every investor. Therefore, reliance should not be placed on the brochure: investors who want advice on which gilt or other investment may be best suited to them, or on trading strategies, should consult a professional advisor. Except where specifically indicated, the brochure describes the position as at 31 March 2009. The reader should not assume that anything described in it is still accurate at a later date.

As gilts are marketable securities, their market value may go down as well as up. The DMO issues gilts to the market on behalf of the Government of the United Kingdom, and holds gilts itself for market management purposes.

The DMO does not in any way guarantee the liabilities of the financial or commercial institutions referred to in this brochure.

Historic Billingsgate fish market.

Foreword by the DMO Chief Executive, Robert Stheeman

This brochure is intended to introduce the UK gilt market to those thinking of investing in UK Government securities. Although the gilt market can trace its ancestry back to the seventeenth century, the procedures for debt issuance, debt management and the resultant features of the gilt portfolio have been transformed into a modern market in recent yearss.

2008-09 was the eleventh year of operation for the DMO and saw a major transformation of the financing environment in which we operate, as conditions in global financial markets deteriorated.

We started the financial year with a planned gilt sales programme of £80.0 billion, which was, at the time, a record in nominal terms. October 2008 then saw planned gilt sales rise to £110.0 billion in an exceptional remit revision as part of a programme to finance the recapitalisation of the UK banking sector. A month later, at the Pre-Budget Report 2008, the gilt sales total rose sharply again, to £146.4 billion. This challenging target was successfully met with over £100 billion raised in the second half of the financial year. Raising such a large amount in a short time required a change in the maturity structure of issuance in 2008-09 away from the long-dated and index-linked sectors (which have recently taken precedence) toward short-dated issuance in particular, planned sales of which rose from £25.0 billion to £62.8 billion over the financial year.

2009-10 sees a further sharp rise in the planned level of gilt supply, with planned gilt sales of £220.0 billion and record amounts of issuance planned in all maturity brackets/types of gilt. 2008-09 sees a particular increase in the volume of planned medium (7-15 maturity gilts) where planned sales of £70 billion are more than double the corresponding level in 2008-09 (£33.3 billion). In part this reflects the need to spread out the unprecedented quantum along the curve.

As usual, gilt auctions account for the bulk (over 80%) of the programme, reflecting the importance we attach to predictability in our debt issuance plans but we are also continuing to use mini-tenders of gilts (first introduced in October 2008) to supply gilts into emerging pockets of demand throughout the year.

The major innovation in 2009-10, however, is the introduction of a programme of syndicated offerings to sell £25 billion of long-dated and index-linked gilts. With these, we hope to help more closely align market demand (in particular from the UK pension industry) with supply of these gilts. The decision to use syndicated offerings in this way followed widespread market support revealed in a consultation exercise in late 2008 - early 2009.

Higher gilt issuance has contributed significantly to rising turnover in the gilt market. Average daily turnover in 2008-09 was £16.05 billion, up from £15.24 billion in 2007-08. The gilt market also appears to remain attractive to overseas holders, the value of gilts held by such investors rose strongly again in 2008, by almost £60 billion to £216.4 billion[1] (or from 32% to 35% of the gilt portfolio). The gilt market currently comprises 6-8% of international government bond indices[2].

I hope this brochure is seen as a valuable part of the range of publications available on UK government securities. Please contact the DMO (a list of contacts can be found in Annex F) or access our website www.dmo.gov.uk, if you require further information.

Robert Stheeman, **Chief Executive**
June 2009

[1] Data according to ONS (by market value).
[2] Source JP Morgan and Merill Lynch.

Developments in the gilt market

The gilt market has modernised considerably since the DMO took over responsibility for the gilt market – the major developments have been:

- Since April 1998, gilts have been issued by the UK Debt Management Office (DMO), an Executive Agency of HM Treasury[3]. The reorganisation followed the transfer of operational responsibility for setting official UK interest rates from HM Treasury to the Bank of England in May 1997.
- Financing plans are published a year ahead in the DMO's remit from HM Treasury which is contained in the Debt and Reserves Management Report[4]. The financing remit includes a breakdown between conventional and index-linked gilt sales, the maturity split within conventional sales and the dates and types of auctions.
- 2008-09 saw an unprecedented increase in the in-year financing requirement. Planned gilt sales rose from £80 billion to £110 billion in an exceptional remit revision in October 2008 to finance bank recapitalisation. Planned gilt sales then rose again to £146.4 billion at the Pre-Budget Report (PBR) in November 2008.
- For the first time since 2003 the DMO received a provisional financing remit from HM Treasury in March 2009 (to comply with the Code for Fiscal Stability). This was necessary following the decision to hold Budget 2009 in April 2009. The provisional remit was based on the public finance forecasts published at PBR 2008 and indicated a planned gilt sales programme of £147.9

[3] The Bank of England had previously been responsible for issuing gilts on behalf of HM Treasury.
[4] This is available on the DMO website, see Annex E.

Developments in the gilt market

billion. At Budget 2009 the DMO's remit was re-stated with planned gilt sales rising to £220.0 billion.

- Gilt sales at auctions (£183.0 billion) account for the bulk of the programme (83%) but these are being supplemented by sales of gilts by syndicated offerings (£25.0 billion) and mini-tenders of gilts (£12.0 billion). These supplementary operations were incorporated into the DMO's financing remit for 2009-10, following a market consultation on supplementary gilt issuance (launched in December 2008 and closing in January 2009), which revealed significant support for the continued use of gilt mini-tenders and for the re-introduction of syndicated offerings. It is the DMO's planning assumption that the supplementary issuance methods will be used to sell long-dated and index-linked gilts.
- The first syndicated offer under the 2009-10 remit took place on 16 June 2009 (a £7.0 billion sale of a new 4½% Treasury Gilt 2034).
- The DMO introduced electronic bidding at gilt auctions in 2007. As a consequence, the average time taken to publish results fell to 10 minutes in 2007-08 and again to 8 minutes in 2008-09, compared to 20 minutes in 2006-07.
- In order to enhance market liquidity, the DMO has directed conventional gilt issuance to building up large benchmark issues. This has resulted in a smaller number of gilts but of larger size.
- The number of conventional gilts[5] in issue fell from 79 at end-March 1992 to 45 by end-March 2009 (of which 11 were small "rump" gilts for which market-making obligations are relaxed and for which the DMO is prepared to bid a price).
- The gilt portfolio has become more concentrated in larger individual issues. In 1992 the largest conventional gilt had £4.9 billion (nominal) in issue and the average size of non-rump conventional gilts was £1.7 billion (nominal). At end-March 2009 there were 26 conventional gilts with over £10.0 billion in issue and 13 with £20.0 billion or more in issue. The average size of the largest 20 conventional gilts was £20.7 billion.
- The proportion of index-linked gilts in the portfolio has risen steadily since their launch in 1981, with the nominal uplifted amount, standing at £170 billion (23.8% of the gilt portfolio) at end-March 2009 (the largest proportion of any major government bond issuer). 2008-09 also saw a further significant growth in the proportion of the index-linked portfolio accounted for by gilts with a three-month indexation lag design, considered to be international best practice. The proportion of these bonds in the index-linked portfolio grew from 24% to 31% over the year to end-March 2009.
- The value of gilts held by overseas investors continued to rise significantly in 2008, by £60 billion to £216.4 billion[6], or 35% of the overall portfolio at end-December 2008. In absolute terms, overseas holdings have more than doubled in three years (see page 9).
- At end-March 2009 the uplifted nominal value of the gilt portfolio was £636.6 billion[7] with a market value of £713.2 billion. Gilts accounted for some 94.2% of the UK Government's marketable sterling debt at that time[8].
- The list of gilts in issue at end-March 2009 is in Annex A.

[5] Including double-dated and undated gilts.
[6] In market value terms.
[7] Including index-linked uplift.
[8] The remaining 5.8% (£44.0 billion) was accounted for by Treasury bills (1-, 3- and 6-month maturity instruments).

Objective of UK Government debt management

The primary objective of UK debt management is:

"to minimise over the long term, the cost of meeting the Government's financing needs, taking account of risk, whilst ensuring that debt management policy is consistent with the objectives of monetary policy."

In so far as gilts are concerned, this objective is to be realised by:

- pursuing an issuance policy that is open, predictable and transparent;
- issuing conventional gilts that achieve a benchmark premium;
- adjusting the maturity and nature of the Government's debt portfolio primarily by means of the maturity and composition of debt issuance and potentially by other market operations including switch auctions, conversion offers and buy-backs, and;
- developing a liquid and efficient gilt market.

Maturity and composition of debt issuance

In order to determine the maturity and composition of debt issuance the Government takes into account a number of factors including:

- investors' demand for gilts;
- the Government's own attitude to risk, both nominal and real;
- the shape of both the nominal and real yield curves and the expected effects of issuance policy, and;
- changes to the levels of Treasury bill stocks and other short-term debt instruments.

Why the UK Government issues gilts

The UK gilt issuance programme is designed to finance two major components of the national accounts:

HM Treasury

i) The Central Government Net Cash Requirement (CGNCR)

This is essentially the difference between Central Government's income and expenditure in cash terms. The Government publishes an annual forecast for the CGNCR in the Budget each Spring. The forecast is typically revised in the Pre-Budget Report (PBR) each Autumn. *Table 1* shows the history of the CGNCR, and of gilt sales, since 1998-99.

Table 1: CGNCR and gilt sales from 1998-99 to 2009-10

£ bn	CGNCR	Gilt Sales
1998-99	-4.6	8.2
1999-00	-9.1	14.4
2000-01	-35.6	10.0
2001-02	2.8	13.7
2002-03	21.8	26.3
2003-04	39.4	49.9
2004-05	38.5	50.1
2005-06	40.8	52.3
2006-07	37.1	62.5
2007-08	32.6	58.5
2008-09	162.4	146.5
2009-10 forecast	220.8	220.0

ii) The redemption of maturing gilts

The amount needed to finance the annual repayment of maturing gilts (net of official holdings) is taken into account when setting the annual gilt financing requirement. For 2009-10, the redemption total is slightly lower (£16.6 billion) than the previous financial year (£18.3 billion).

Future financing projections

Budget 2009, published on 22 April 2009, included forecasts for the CGNCR out to 2013-14; these, together with current forecasts of redemptions for these years are shown in *Table 2* along with the corresponding indicative gross financing requirements.

On the basis of the forecasts published in Budget 2009 *(see Table 2)*, a gross financing requirement of some £218 billion is forecast for 2010-11.

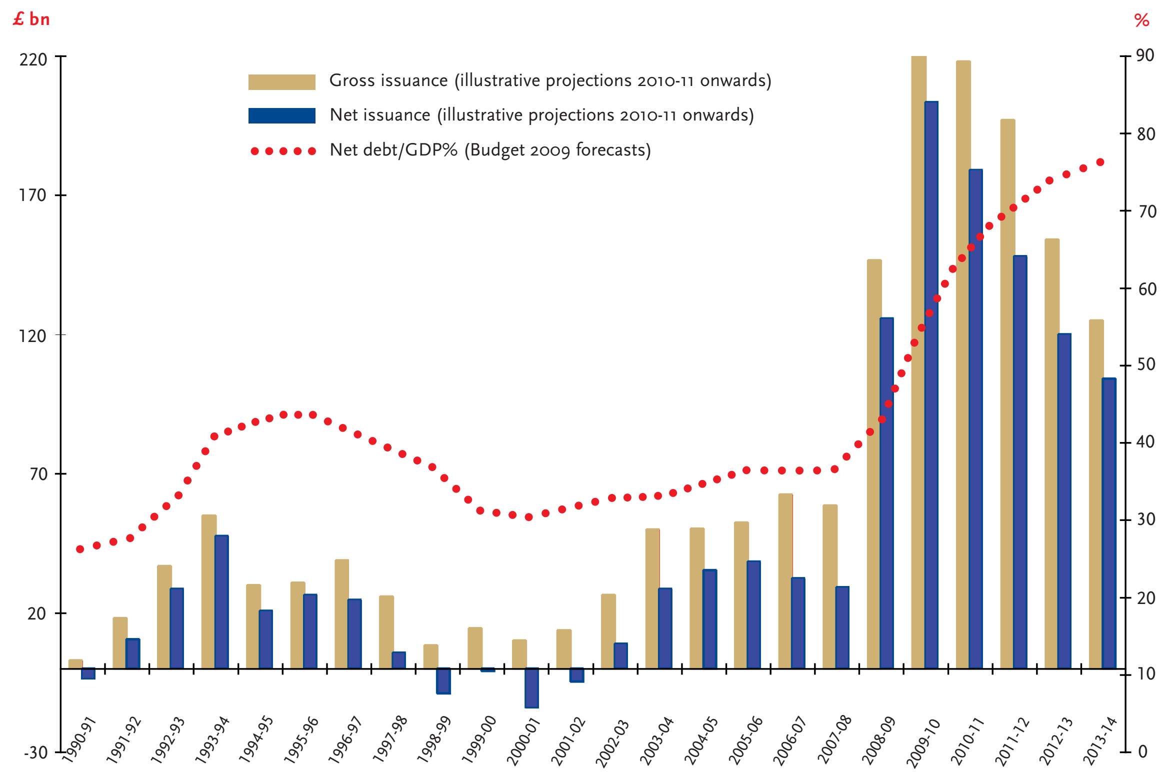
Chart 1 shows historical gross and net gilt issuance since 1990-91 and net/GDP data; it also shows projections for future gross and net issuance and the Net debt/GDP ratio out to 2013-14 (based on Budget 2009 data).

Table 2: Illustrative financing projections

£ bn	2010-11	2011-12	2012-13	2013-14
CGNCR projections	179	148	120	104
Redemptions	39	49	34	21
Financing Requirement*	218	197	154	125

**indicative gross financing requirements.*

Chart 1: Gross and net gilt issuance (including illustrative projections)



Gilt market turnover/overseas holdings

Annual turnover by value in the gilt market has risen markedly since 1999-00. Aggregate daily turnover reported by the GEMMs (see page 17) to the DMO was £16.05 billion in 2008-09, marginally up from £15.24 billion in 2007-08. The recent increase in turnover can be attributed in part to rising levels of gilt issuance. Trading intensity in 2008-09 (as measured by the turnover ratio[9]) fell from 8.11 to 7.75. This reflected the significantly larger portfolio against which the ratio is calculated.

Chart 3 below shows the trend in overseas holdings of gilts. Since the end of 2003 there has been a sustained rise in the amount of gilts reportedly held by overseas investors. Between Q4 2007 and Q4 2008 overseas holdings grew in absolute terms from £156.7 billion to £216.6 billion (an increase in relative terms from 32.0% to 35.1% of the gilt portfolio). The increase in overseas holdings has been attributed to purchases of (mainly short-dated) gilts by overseas Central Banks, reserve managers and hedge funds.

Chart 2: Gilt market turnover

Source: GEMMs

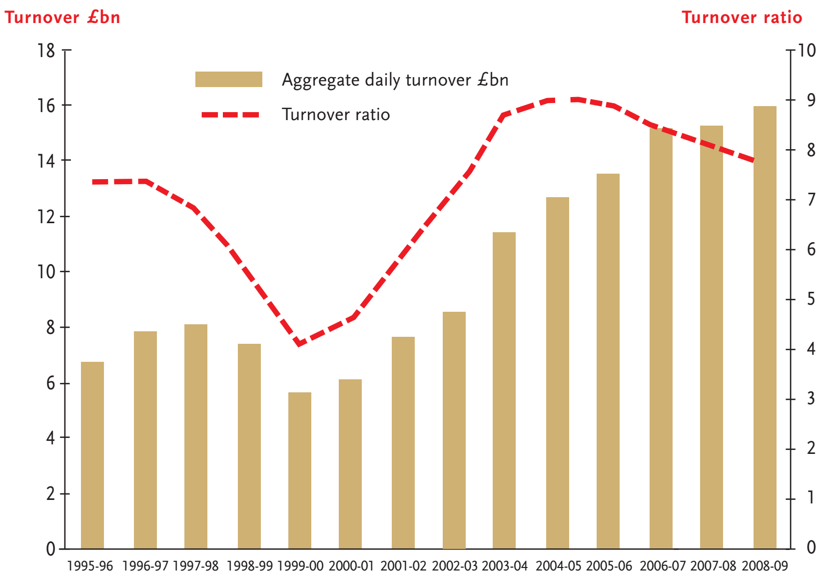
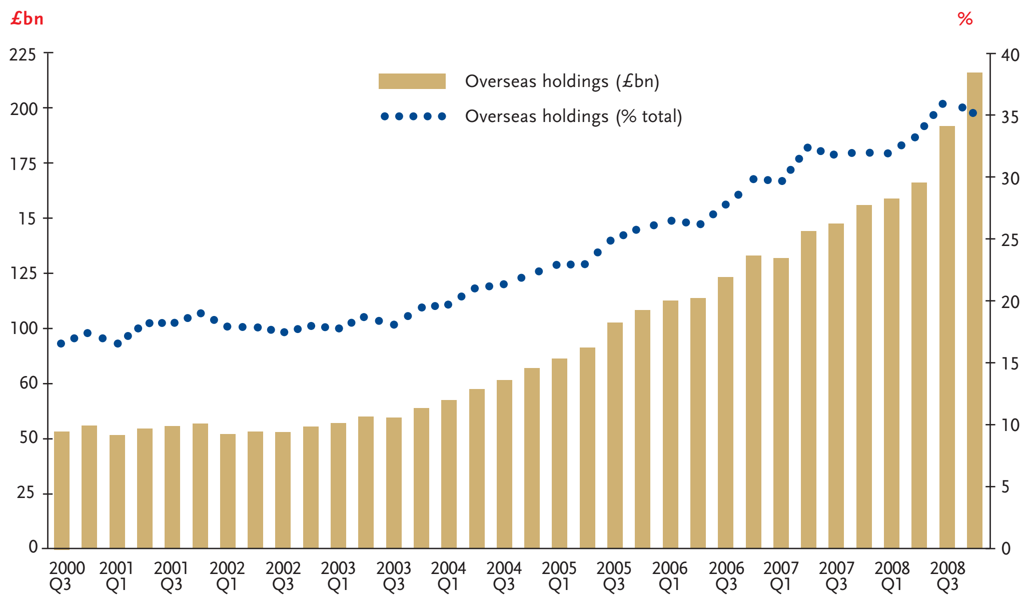


Chart 3: Overseas holdings of gilts

*Source: ONS**



* Office for National Statistics

[9] The turnover ratio for a given financial year is the aggregate turnover in that year relative to the market value of the portfolio at the start of that year.

Main types of gilts: Conventional gilts

The gilt market predominantly comprises two different types of securities with different features.

- Conventional gilts
- Index-linked gilts

Together these types of gilts accounted for over 99% of gilts in issue at end-March 2009.

Conventional gilts

Conventional gilts are the simplest form of UK Government bond and constitute the largest share of liabilities in the UK Government's portfolio. At end-March 2009, conventional gilts comprised 76.2% of the gilt portfolio (by nominal value, including index-linked uplift within the overall portfolio).

A conventional gilt is a liability of the UK Government which guarantees to pay the holder of the gilt a fixed cash payment (coupon) every six months until the maturity date, at which point the holder receives the final coupon payment and the return of the principal. The prices of conventional gilts are quoted in terms of £100 nominal.

A conventional gilt is denoted by its coupon rate and maturity (e.g. 4% Treasury Gilt 2016). The coupon rate usually reflects the market interest rate at the time of the first issue of the gilt. Consequently there is a wide range of coupon rates available in the market at any one time, reflecting how rates of borrowing have fluctuated in the past. The coupon indicates the cash payment per £100 nominal that the holder will receive per year. This payment is made in two equal semi-annual payments on fixed dates six months apart (these payments are rolled forward to the next business day if they fall on a non-business day).

Conventional gilts also have a specific maturity date. In the case of 4% Treasury Gilt 2016 the principal is due to be repaid to investors on 7 September 2016. In recent years the Government has concentrated issuance of conventional gilts around the 5-, 10-, 30-, 40- and 50- year maturity areas.

For some time now conventional gilts have been issued by the DMO with aligned coupon dates (7 March/7 September and 7 June/7 December). This is to permit fungibility between the individual coupon strips from different bonds *(see Annex D)*.

For some time new conventional gilts were referred to as "Treasury Stocks", but since 2005-06 all new gilts have been named "Treasury Gilts". Some older gilts are referred to as "Conversion Stock" or "Exchequer Stock". The names are of no significance as far as the underlying obligation to repay is concerned – all are unconditional obligations of HM Treasury.

The dragon is the heraldic symbol for the City of London.

Index-linked gilts

Index-linked gilts

Index-linked gilts accounted for 23.8% of the Government's gilt portfolio (including the inflation uplift) at end-March 2009.

All new index-linked gilts are issued with a three-month indexation lag (as opposed to the eight-month lag used for earlier issues). The three-month indexation lag design is in line with international best practice. (see page 12). The first index-linked gilts with a three-month indexation lag were issued in 2005-06; 1$\frac{1}{4}$% Index-linked Treasury Gilt 2055 in September 2005 and 1$\frac{1}{4}$% Index-linked Treasury Gilt 2017 in February 2006. Since then the number of three-month indexation lag bonds in issue has increased to seven, accounting for some 31% of the index-linked gilt portfolio at end-March 2009.

The UK was one of the earliest developed economies to issue index-linked bonds for institutional investors, with the first issue being in 1981. Since then it has issued 26 different index-linked gilts of which 12 have since matured*. As with conventional gilts, the coupon on an index-linked gilt reflects borrowing rates available at the time of first issue. However, as index-linked coupons reflect the *real* borrowing rate for the Government there is a much smaller variation in index-linked coupons, reflecting the smaller change in real yields over time.

Index-linked gilts differ from conventional gilts, in that the semi-annual coupon payments and the principal are adjusted in line with the General Index of Retail Prices in the UK (also known as the RPI). Both the coupons and the principal on redemption paid on these gilts are adjusted to take account of accrued inflation since the gilt was first issued.

The UK has no current plans to issue index-linked gilts linked to the Consumer Price Index (CPI, formerly called HICP) despite this measure of inflation being substituted for RPIX for inflation targeting purposes by the UK monetary policy authorities. The RPI will continue to be published by the ONS and payments for index-linked gilts will remain linked to the RPI.

If, in the future, the DMO were to consider issuing new index-linked gilts linked to CPI it would consult market participants in a transparent way before making such a decision.

More details on the mechanics of index-linked gilts are included in the DMO's publication "Private Investor's Guide to Gilts". Also available on the DMO website is an index-linked gilt cash flow calculation document. The URL is available in Annex E.

Plantation Lane

*following the redemption of 2$\frac{1}{2}$% Index-linked Treasury Stock 2009 on 20 May 2009.

Index-linked gilts

Three-month lag index-linked gilts

Since September 2005 all new index-linked gilts employ the three-month indexation lag structure first used in the Canadian Real Return Bond market and not the eight-month lag methodology used for index-linked gilts issued before that date. In addition to the lag being shorter, with this design the indexation is applied in a significantly different way (see below). Index-linked gilts with a 3-month lag also trade on a real clean price basis. As a result, the effect of inflation is stripped out of the price of the new gilts for trading purposes, although it is included when such trades are settled.

Indexation methodology

An index ratio is applied to calculate the coupon payments, the redemption payment and the accrued interest. The index ratio for a gilt measures the growth in the RPI since it was first issued. For a given date it is defined as the ratio of the reference RPI applicable to that date divided by the reference RPI applicable to the original issue date of the gilt and is rounded to the nearest 5th decimal place.

The reference RPI for the first calendar day of any month is the RPI for the month three months previous (e.g. the reference RPI for 1 June is the RPI for March). The reference RPI for any other day in a month is calculated by linear interpolation between the reference RPI applicable to the first calendar day of the month in which the day falls and the reference RPI applicable to the first calendar day of the month immediately following. Interpolated values should be rounded to the nearest 5th decimal place.

Daily index ratios and reference RPIs are published on the DMO website **www.dmo.gov.uk** following both the publication each month of the RPI and when a new index-linked gilt is issued. The URL is in Annex E.

For more details about these calculations see Annex B of the third edition of the DMO publication *"Formulae for Calculating Gilt Prices from Yields"* on the DMO website. This publication also includes all relevant technical details for both types of index-linked gilts. The URL is in Annex E.

Trading Convention

Index-linked gilts with a three-month lag trade, and are issued, on the basis of the real clean price per £100 nominal.

The inflation-adjusted clean price per £100 nominal on a given day is calculated by multiplying the real clean price by the index ratio for the day in question[11].

The inflation-adjusted dirty price per £100 nominal on a given day is calculated by adding the inflation-adjusted accrued interest[12] to the inflation-adjusted clean price.

The ruined church of St Dunstan's in the East, now a City garden.

[11] This amount is left unrounded.

[12] Calculated by multiplying the real accrued interest amount by the index ratio for the day in question.

Index-linked gilts

Eight-month lag index-linked gilts

To calculate the inflation adjustment, two RPI figures are required - that applicable to the gilt when it was originally issued and that relating to the current interest payment. In each case the RPI figures used are those applicable eight months before the relevant dates (e.g. for a November coupon date the previous March RPI figure is used). This "indexation lag" is required so that the size of each forthcoming interest payment is known at the start of the coupon period, thereby allowing the accrued interest to be calculated.

30 St Mary Axe, popularly known as "The Gherkin".

For index-linked gilts whose first issue date is before July 2002, the Bank of England performs the function of calculating and publishing the uplifted coupons on each index-linked gilt following the release of the RPI figure which is relevant to it. For later index-linked gilts, the DMO performs this function; the only one of which is 2% Index-linked Treasury Stock 2035, first issued on 11 July 2002. The uplifted redemption payment is calculated and published similarly, following the release of the RPI figure relating to eight months before the month of redemption.

Other types of gilts

Double-dated gilts (and 'rump' gilts)

In the past, the UK Government issued double-dated gilts with a band of maturity dates. At end-March 2009 there were only two remaining in issue (comprising some 0.1% of gilts outstanding). The Government can choose to redeem these gilts in whole, or in part, on any day between the first and final maturity dates, subject to giving not less than three months' notice.

The two remaining double-dated gilts are designated as "rumps". Rump gilts are small, generally older, illiquid bonds in which GEMMs (see page 17) are not required to make markets.

Rump gilts are not available for purchase from the DMO. See page 21 for a list of rump gilts.

Undated gilts

There are currently eight undated gilts in issue (comprising 0.4% of the gilt portfolio). These are the oldest remaining gilts in issue, some dating back to the nineteenth century. The redemption of these bonds is at the discretion of the Government, but, because of their age, they all have low coupons and so there is little current incentive for the Government to redeem them. Most undated gilts pay interest twice a year, however, some[13] pay interest four times a year. With the exception of 3½% War Loan (which has £1.9 billion in issue), all undated gilts are designated as "rumps".

The London Guildhall

[13] 2½% Annuities, 2¾% Annuities and 2½% Consolidated Stock.

Gilt market operations

Gilt issuance

Until the exceptional remit revision in October 2008 to finance the recapitalisation of UK banks, all scheduled issuance of conventional gilts has been by auction since April 1996 and, with one exception[14], of index-linked gilts since November 1998.

In October 2008 the exceptional remit revision included the introduction of a series of mini-tenders of gilts (see below) in Q3 of 2008-09. The use of mini-tenders was extended into Q4 at the PBR remit revision and into 2009-10 in the provisional remit for 2009-10 (and re-affirmed at Budget 2009).

Syndicated offerings (see below) – were introduced as an integral component of the planned financing programme for 2009-10 at Budget 2009, following positive market feedback at a consultation exercise launched in December 2008.

Until the early 1990s gilts were usually issued by tap, but now the use of taps is restricted to a market management mechanism in exceptional circumstances. The last tap issue was in 1999.

Gilt auctions

The ongoing commitment to a pre-announced auction schedule reflects the UK Government's commitment to transparency and predictability in gilt issuance. Transparency and predictability should reduce the amount the Government is charged for market uncertainty (the "supply uncertainty premium"). Predictability should also allow investors to plan and invest more efficiently, in the knowledge of when and in which maturity band supply will occur.

[14] The exception for index-linked gilts occurred in September 2005 when the 2055 index-linked gilt was issued initially by means of a syndicated offer.

The UK Government uses two different auction formats to issue gilts:

- Conventional gilts are issued through a multiple price auction;
- Index-linked gilts are auctioned on a uniform price basis.

The two different formats are employed because of the different nature of the risks involved to the bidder for the different securities.

Conventional gilts are viewed as having less primary issuance risk. There are often similar gilts already in the market to allow ease of pricing (or, if more of an existing gilt is being issued, there is price information for the existing parent gilt); and auction positions can be hedged using gilt futures, swaps and other tools. The secondary market is also liquid. This suggests that bidders are not significantly deterred from participation by not knowing what the rest of the market's valuation of the gilts on offer is. A multiple price auction format also reduces the risk to the Government of implicit collusion by strategic bidding at auctions.

In contrast, positions in index-linked gilts cannot be hedged as easily as those on conventional gilts. The secondary market for index-linked gilts is also not as liquid as for conventional gilts. Both of these factors increase the uncertainty of pricing at index-linked auctions and increase the "winner's curse" for successful bidders – that is the cost of bidding high when the rest of the market bids low. In addition, there are fewer index-linked gilts than conventionals in issue and the index-linked derivatives market is less liquid, so pricing a new bond may be harder than for a new conventional. Uniform price auctions are therefore seen as reducing levels of uncertainty for auction participants and encouraging participation.

[15] The current list of GEMMs is in Annex B.

Competitive bids at auctions must be directed via the UK's primary dealers – the Gilt-edged Market Makers (GEMMs)[15], who have direct electronic bidding links to the DMO.

On 2 June 2009, the DMO introduced a facility giving an option to successful bidders at auctions (both GEMMs and investors) to purchase additional stock of up to 10 per cent of the amount allocated to them at the auction. This option window opens at 12.00 noon on the day of the auction and closes at 2.00pm on the day of the auction. The additional stock will be available to successful bidders at the average accepted price at conventional auctions and the single clearing (or strike) price at index-linked auctions.

For details on auction procedures see the publication "Official operations in the gilt-edged market – an Operational Notice", on the DMO website **www.dmo.gov.uk.** The URL is in Annex E.

Stairwell at the Monument

Gilt market operations

Syndicated offers

Syndication is a process whereby an issuer appoints a group of banks to manage the sale of a bond on its behalf. It involves the appointment of specific bank(s) as Lead Manager(s) and Co-lead Managers (the syndicate) who have responsibilities to act as advisor to the issuer and to market the bond to investors.

Over the period of the offer the Lead Manager(s) build a book of demand through ongoing dialogue with investors. The book closes and the deal is priced when the Lead Manager(s) and issuer agree that the size and quality of the book meets the issuer's sale objectives. Thereafter the Lead Manager(s) and issuer agree the allocation of bonds to investors.

Until June 2009 syndication had only been used to issue a gilt once; the launch of the 50-year index-linked gilt in September 2005. A programme of up to 8 syndicated offers was announced as part of the 2009-10 financing remit. A total of £25 billion is planned to be raised via the programme, in long-dated conventional and index-linked gilts. The first offer took place on 16 June 2009; a £7.0 billion sale of a new 4½% Treasury Gilt 2034.

Mini-tenders

Mini-tenders were introduced in the October 2008 remit revision to supplement issuance at auctions with smaller issues, with less pre-announcement and designed to access emergency pockets of demand in specific gilts. They were re-affirmed as part of the remit in both the PBR 2008 remit revision and in remit 2009-10.

Conversion offers

Periodically the DMO has offered holders of gilts the opportunity to convert their holding of one gilt into another gilt at a fixed rate of conversion related to the market prices of each gilt. For the investor, conversions offer the prospect of transferring out of a gilt that may trade infrequently into a more liquid benchmark gilt. The most recent conversion offer was held in August 2002.

Switch auctions

The DMO introduced conventional gilt switch auctions in October 1999. They were designed as a further tool to build up benchmark gilts, in addition to conversion offers at a time of low outright issuance, by switching a proportion of a source gilt into a new current coupon gilt. New gilts are not launched by switch auctions – they will have been auctioned outright at least once prior to any switch auction into them. The most recent switch auction, held in July 2001, was also the first between index-linked gilts.

Reverse auctions

Reverse auctions were originally held in the late 1980s and were re-introduced by the DMO in 2000 as part of the strategy for dealing with the large financial surplus in 2000-01. The buy-back programme added to the financing requirement in 2000-01 and allowed the DMO to add to gross issuance to help maintain liquidity in the market at a time of strong demand. Reverse auctions have not been held since 2000-01.

Tap issues (Taps)

Taps have not been used as a routine means of financing since April 1996 for conventional gilts, and not since November 1998 for index-linked gilts. They are intended now to be used only as a market management mechanism in conditions of temporary excess demand in a particular gilt or sector. Taps can be used either to supply incremental amounts of a gilt to the market, or, via reverse taps, to buy gilts back from the market. The last tap issue took place in August 1999.

Full details of the DMO's operations in the gilt market can be found in its gilt market Operational Notice, available from the DMO and on its website **www.dmo.gov.uk**. The URL is IN Annex E.

Leadenhall Market

Gilt-edged Market Makers (GEMMs)

The Jamaica Inn. The site of the first London Coffee House in the eighteenth century. This is where city deals were carried out.

The UK Government bond market operates with a primary dealer system. At end-March 2009 there were 16 firms recognised as GEMMs by the DMO, *(see list in Annex B)*. Each GEMM must be a member of a Recognised Investment Exchange (in practice the London Stock Exchange) and undertakes a number of market-making obligations, in return for certain privileges.

At end-March 2009, all GEMMs were recognised as Market Makers in both conventional and index-linked gilts.

The DMO has published a guidebook outlining the relationship between the DMO and the GEMMs, entitled "A guide to the roles of the DMO and Primary Dealers in the UK Government Bond Market" this is available on the DMO website, **www.dmo.gov.uk**. The URL is in Annex E.

The obligations of a GEMM include:

- to make effective two-way prices to customers on demand in all non-rump gilts in all market conditions, thereby providing market liquidity for customers wishing to trade;
- to participate actively in the DMO's gilt issuance programme, broadly speaking by bidding competitively in all auctions and achieving allocations commensurate with their secondary market share;
- to provide information to the DMO on market conditions, the GEMMs' positions and turnover; and
- to provide closing prices of gilts to the DMO which collates the information and publishes reference prices on the wire services and on its website on behalf of the GEMMs.

The privileges of GEMM status include:

- exclusive rights to competitive bidding at gilt auctions and other operations, either for the GEMM's own account, or on behalf of clients;
- the right to an exclusive non-competitive auction allocation (up to 10% aggregate total for both conventional and index-linked);
- the exclusive facility to trade as a counterparty of the DMO in any of its secondary market operations, including any transactions undertaken by the DMO for market management purposes;
- exclusive ability to strip gilts *(see Annex D)*;
- an invitation to a quarterly consultation meeting with the DMO, allowing the GEMMs to advise on the gilts to be scheduled for auction in the following quarter, and to discuss other market-related issues.
- exclusive access to gilt Inter-Dealer Broker (IDB) screens.

Gilt market conventions and registration

Most gilts are quoted on a "clean price"[15] basis, with the price typically being quoted per £100 nominal and to two decimal places[16]. Settlement is usually on the next business day (T+1), although trades can occur for forward settlement.

While coupon payments on individual gilts are usually made only twice a year, gilts can be traded on any business day. Whenever a gilt trades for settlement on a day that is not a coupon payment date, the valuation of the gilt will reflect the proximity of the next coupon payment. Accrued interest is paid to compensate the seller for the period since the last coupon payment date during which the seller has held the gilt but for which he/she receives no interest. Having only held the gilt for part of the coupon period the seller only receives a pro-rata share of the next coupon.

Since gilts are predominently registered investments[17], it is necessary to establish the identity of the recipients of each coupon payment ahead of the coupon date. Consequently, there is a period prior to each dividend date when a gilt is dealt without entitlement to that dividend (i.e. it is traded "ex-dividend"). For gilt trades settling on or before the gilt's ex-dividend date (which is seven business days before each coupon date for all gilts except 3½% War Loan, where it is ten business days), the buyer is entitled to the next coupon payment and the accrued interest is positive. Trades conducted in this period are said to be "cum-dividend". For trades settling after the ex-dividend date, the seller receives the next coupon payment and the accrued interest on the gilt is negative, reflecting the fact that the buyer of the gilt is entitled to a rebate from the seller. The full price of the gilt, which includes the accrued interest, is called the "dirty price".
The daycount convention used for the calculation of accrued interest is actual/actual.

Since December 2004, Computershare Investor Services plc (CIS) has maintained the Register of holdings of gilts under a contract from HM Treasury (and administered by the DMO).

The Lloyds Building - one of the City of London's most distinctive works of architecture.

[15] A "clean" price is the price of a gilt which excludes accrued interest or rebate interest.
[16] Before 1 November 1998 gilts were priced and traded in £1/32nds.
[17] Entry of the name of the holder in the Gilt Register confirms title.

Settlement and Treasury bills

Settlement of gilt trading: Euroclear

Euroclear is the multi-currency, electronic settlement system for UK and Irish securities, providing secure and resilient facilities for investors to hold securities in dematerialised form and to transfer securities electronically in real time. Transfers are processed on the principle of delivery versus payment (DVP), without the need for certificates. The official stock register is updated simultaneously with movements of stock within Euroclear.

The Royal Exchange – site of financial trading since 1560.

A gilt investor who holds gilts in Euroclear does not receive a physical certificate. Rather, direct Euroclear members may access information on their holdings from the Euroclear system. Approximately 99% of the total value of gilts is held in dematerialised form within Euroclear. Euroclear offers facilities for:

- settlement of securities and cash transfers;
- reconciliation of positions and transfers within Euroclear;
- overnight transfer of collateral – delivery by value (DBV) – to allow members to receive/issue gilts against a secured overnight loan;
- stripping and reconstitution of gilts for GEMMs, the DMO and the Bank of England;
- a flexible membership and portfolio management structure;
- automatic transaction reporting to the London Stock Exchange and the Financial Services Authority;
- settlement banks[18] to extend credit to Euroclear members and manage their exposure; and
- efficient processing of stock lending and repo transactions.

Euroclear members include GEMMs and specialist financial institutions, broking intermediaries and custodians acting on behalf of institutional investors (such as insurance companies and pension funds). Members also include nominee companies, that allow indirect participation in Euroclear for nominee account holders, and individuals.

Short-term debt instruments (Treasury bills)

Treasury bills are short-term, marketable instruments issued by the DMO. To date, the DMO has issued Treasury bills with maturities of one-, three- and six-months but can also issue bills of up to one year maturity. Treasury bills do not pay coupons. They are issued at a discount to their nominal or face value. In 2008-09 the stock of Treasury bills in market hands rose by £26.4 billion to £44.0 billion by end-March 2009. Stocks are planned to rise by £21.6 billion in 2009-10.

In November 2007 the DMO introduced a facility which allows it to re-open existing Treasury bills and issue them on a bilateral basis, on request from any of its cash management counterparts (provided that such issuance was consistent with its cash management operational requirements). At end-March 2009 there were £9.7 billion of such bills in issue – these formed part of the £44.0 billion total stock in market hands on that date.

Since dematerialisation in September 2003, Treasury bills have cleared within Euroclear. Dematerialisation means that Treasury bills with the same maturity date are now fungible. Treasury bills are eligible for inclusion in the main traded category of gilt, Delivery-by-Value (DBV), so they can be used as collateral for bilateral gilt repo transactions. Treasury bills are also eligible as collateral for the Bank of England's Open Market Operations and in RTGS[19].

For more details see the money markets section of the DMO website **www.dmo.gov.uk**. The URL is in Annex E.

[18] Those banks which provide payment facilities to CRESTCo members through CREST.

[19] The Real-time Gross Settlement payment system operated by the Bank of England.

Annex A. Gilts in issue at 31 March 2009

Total amount in issue (inc IL uplift) £636.55bn nominal

Conventional Gilts	Redemption Date	Dividend Dates	First Issue Date	Amount in Issue (£mn nom)	Central Government Holdings (DMO & CRND*) (£mn nom)
Shorts: (maturity up to 7 years)					
5¾% Treasury Stock 2009	7-Dec-2009	7 Jun/Dec	30-Jul-1998	15,596	3,011
4¾% Treasury Stock 2010	7-Jun-2010	7 Jun/Dec	19-Nov-2004	21,285	5,296
6¼% Treasury Stock 2010	25-Nov-2010	25 May/Nov	27-Jan-1994	6,720	2,238
4¼% Treasury Gilt 2011	7-Mar-2011	7 Mar/ Sep	9-Nov-2005	23,651	5,161
9% Conversion Loan 2011	12-Jul-2011	12 Jan/Jul	12-Jul-1987	7,312	2,122
3¼% Treasury Gilt 2011	7-Dec-2011	7 Jun/Dec	14-Nov-2008	15,747	754
5% Treasury Stock 2012	7-Mar-2012	7 Mar/ Sep	25-May-2001	26,867	6,259
5¼% Treasury Gilt 2012	7-Jun-2012	7 Jun/Dec	16-Mar-2007	16,483	2,987
4½% Treasury Gilt 2013	7-Mar-2013	7 Mar/ Sep	5-Mar-2008	23,897	3,655
8% Treasury Stock 2013	27-Sep-2013	27 Mar/Sep	1-Apr-1993	8,378	2,583
2¼% Treasury Gilt 2014	7-Mar-2014	7 Mar/ Sep	20-Mar-2009	3,250	0
Mediums: (maturity 7 to 15 years)					
5% Treasury Stock 2014	7-Sep-2014	7 Mar/Sep	25-Jul-2002	17,686	4,695
4¾% Treasury Stock 2015	7-Sep-2015	7 Mar/Sep	26-Sep-2003	21,468	4,975
8% Treasury Stock 2015	7-Dec-2015	7 Jun/Dec	26-Jan-1995	9,998	2,793
4% Treasury Gilt 2016	7-Sep-2016	7 Mar/Sep	2-Mar-2006	21,827	4,337
8¾% Treasury Stock 2017	25-Aug-2017	25 Feb/Aug	30-Apr-1992	10,502	3,131
5% Treasury Gilt 2018	7-Mar-2018	7 Mar/Sep	25-May-2007	22,388	4,403
4½% Treasury Gilt 2019	7-Mar-2019	7 Mar/Sep	26-Sep-2008	15,953	1,209
4¾% Treasury Stock 2020	7-Mar-2020	7 Mar/Sep	29-Mar-2005	16,618	3,374
8% Treasury Stock 2021	7-Jun-2021	7 Jun/Dec	29-Feb-1996	22,686	6,291
4% Treasury Gilt 2022	7-Mar-2022	7 Mar/Sep	27-Feb-2009	2,750	0
Longs: (maturity over 15 years)					
5% Treasury Stock 2025	7-Mar-2025	7 Mar/Sep	27-Sep-2001	22,099	5,656
4¼% Treasury Gilt 2027	7-Dec-2027	7 Jun/Dec	6-Sep-2006	18,679	3,932
6% Treasury Stock 2028	7-Dec-2028	7 Jun/Dec	29-Jan-1998	15,932	4,485
4¾% Treasury Gilt 2030	7-Dec-2030	7 Jun/Dec	3-Oct-2007	16,540	3,391
4¼% Treasury Stock 2032	7-Jun-2032	7 Jun/Dec	25-May-2000	22,368	6,039
4¼% Treasury Stock 2036	7-Mar-2036	7 Mar/Sep	27-Feb-2003	20,227	5,230
4¾% Treasury Stock 2038	7-Dec-2038	7 Jun/Dec	23-Apr-2004	21,509	5,267
4¼% Treasury Gilt 2039	7-Sep-2039	7 Mar/Sep	5-Mar-2009	2,250	1
4½% Treasury Gilt 2042	7-Dec-2042	7 Jun/Dec	6-Jun-2007	19,120	4,123
4¼% Treasury Gilt 2046	7-Dec-2046	7 Jun/Dec	12-May-2006	17,751	4,003
4¼% Treasury Gilt 2049	7-Dec-2049	7 Jun/Dec	3-Sep-2008	11,813	1,507
4¼% Treasury Gilt 2055	7-Dec-2055	7 Jun/Dec	27-May-2005	20,147	4,152
3½% War Loan	Undated	1 Jun/Dec	1-Dec-1932	1,939	31

*Commissioners for the Reduction of the National Debt.

View by the Thames

* Base RPI for all index-linked gilts Jan 1987=100.

It is assumed that double-dated gilts (which have not been called) currently trading above par will be redeemed at the first maturity date.

Index-linked Gilts	Redemption Date	Dividend Dates	First Issue Date	Base RPI*	Amount in Issue (£mn nom)	Nominal including Inflation Uplift (£mn)	Central Government Holdings (DMO & CRND) (£mn nom)
3-month lag							
$1\frac{1}{4}$% I-L Treasury Gilt 2017	22-Nov-2017	22 May/Nov	8-Feb-2006	193.72500	9,634	10,448	338
$1\frac{7}{8}$% I-L Treasury Gilt 2022	22-Nov-2022	22 May/Nov	11-Jul-2007	205.65806	8,004	8,177	157
$1\frac{1}{4}$% I-L Treasury Gilt 2027	22-Nov-2027	22 May/Nov	26-Apr-2006	194.06667	9,322	10,092	249
$1\frac{1}{4}$% I-L Treasury Gilt 2032	22-Nov-2032	22 May/Nov	29-Oct-2008	217.13226	4,350	4,209	1
$1\frac{1}{8}$% I-L Treasury Gilt 2037	22-Nov-2037	22 May/Nov	21-Feb-2007	202.24286	9,477	9,845	204
$0\frac{3}{4}$% I-L Treasury Gilt 2047	22-Nov-2047	22 May/Nov	21-Nov-2007	207.76667	4,298	4,346	49
$1\frac{1}{4}$% I-L Treasury Gilt 2055	22-Nov-2055	22 May/Nov	23-Sep-2005	192.20000	6,434	7,033	235
8-month lag							
$2\frac{1}{2}$% I-L Treasury Stock 2009	20-May-2009	20 May/Nov	19-Oct-1982	78.75792	3,427	9,503	1,248
$2\frac{1}{2}$% I-L Treasury Stock 2011	23-Aug-2011	23 Feb/Aug	28-Jan-1982	74.55006	4,803	13,948	531
$2\frac{1}{2}$% I-L Treasury Stock 2013	16-Aug-2013	16 Feb/Aug	21-Feb-1985	89.20152	7,620	18,494	803
$2\frac{1}{2}$% I-L Treasury Stock 2016	26-Jul-2016	26 Jan/Jul	19-Jan-1983	81.62231	7,982	21,173	922
$2\frac{1}{2}$% I-L Treasury Stock 2020	16-Apr-2020	16 Apr/Oct	12-Oct-1983	82.96578	6,585	17,184	685
$2\frac{1}{2}$% I-L Treasury Stock 2024	17-Jul-2024	17 Jan/Jul	30-Dec-1986	97.66793	6,827	15,133	737
$4\frac{1}{8}$% I-L Treasury Stock 2030	22-Jul-2030	22 Jan/Jul	12-Jun-1992	135.10000	5,207	8,344	533
2% I-L Treasury Stock 2035	26-Jan-2035	26 Jan/Jul	11-Jul-2002	173.60000	9,738	12,144	816

"Rump" Gilts (Rump gilts are not available for purchase from the DMO)							
8% Treasury Stock 2009	25-Sep-2009	25 Mar/Sep	23-Apr-1986		208		0
$7\frac{3}{4}$% Treasury Loan 2012-2015	26-Jan-2012	26 Jan/Jul	26-Jan-1972		408		0
9% Treasury Stock 2012	6-Aug-2012	6 Feb/Aug	7-Feb-1992		204		1
12% Exchequer Stock 2013-17	12-Dec-2013	12 Jun/Dec	15-Jun-1978		17		0
$2\frac{1}{2}$% Treasury Stock	Undated	1 Apr/Oct	28-Oct-1946		423		2
4% Consolidated Loan	Undated	1 Feb/Aug	16-Mar-1932		270		0
$2\frac{1}{2}$% Consolidated Stock	Undated	5 Jan/Apr/Jul/Oct	5- Apr-1888		181		2
3% Treasury Stock	Undated	5 Apr/Oct	1-Mar-1946		41		0
$3\frac{1}{2}$% Conversion Loan	Undated	1 Apr/Oct	1-Apr-1921		17		5
$2\frac{1}{2}$% Annuities	Undated	5 Jan/Apr/Jul/Oct	13-Jun-1853		1		0
$2\frac{3}{4}$% Annuities	Undated	5 Jan/Apr/Jul/Oct	17-Oct-1884		1		0

Annex B. Gilt-edged Market Makers at 31 March 2009

Barclays Capital
5 The North Colonnade
Canary Wharf
London E14 4BB

BNP Paribas (London Branch)
10 Harewood Avenue
London, NW1 6AA

Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
London E14 5LB

Commerzbank AG
PO Box 52715
30 Gresham Street
London EC2P 2XY

Credit Suisse Securities
One Cabot Square
London E14 4QJ

Deutsche Bank AG (London Branch)
Winchester House
1 Great Winchester Street
London EC2N 2DB

Goldman Sachs International Limited
Peterborough Court
133 Fleet Street
London EC4A 2BB

HSBC Bank PLC
8 Canada Square
London E14 5HQ

JP Morgan Securities Limited
125 London Wall
London EC2Y 5AJ

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ

Morgan Stanley & Co. International plc
20 Cabot Square
Canary Wharf
London E14 4QW

Nomura International plc
Nomura House
1 St Martin's-le-Grand
London
EC1A 4NP

Royal Bank of Canada Europe Limited
Thames Court
One Queenhithe
London EC4V 4DE

Royal Bank of Scotland
135 Bishopsgate
London EC2M 3UR

UBS Limited
1 Finsbury Avenue
London EC2M 2PP

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

ANNEX C. Taxation (for overseas investors)

A view from Canary Wharf underground station.

Taxation

The main features that apply to overseas investors are:

- Overseas investors are in most cases exempt from any UK tax on gilts.
- Gilts held on FOTRA (Free of Tax to Residents Abroad) terms, and the interest on them, are generally exempt from tax if they are held by persons who are not ordinarily resident in the UK. The precise terms depend on the prospectus under which the gilts were issued; but under the most recent version (post-1996), income on FOTRA gilts is exempt from tax if the holder is non-resident, unless the income is received as part of a trade conducted in the UK. In April 1998, all existing non-FOTRA gilts were made FOTRA gilts on post-1996 terms.

Further information is available on the HM Revenue & Customs website www.hmrc.gov.uk

Annex D. Gilt strips

Gilt strips

Strips is the acronym for Separately Traded and Registered Interest and Principal Securities. "Stripping" a gilt refers to breaking it down into its individual cash flows which can be traded separately as zero-coupon gilts. A three-year gilt will have seven individual cash flows: six (semi-annual) coupon payments and a principal repayment. Gilts can also be reconstituted from all of the individual strips. Not all gilts are strippable *(see below)*. Official strip facilities have been available in the United States since 1985, and France since 1991. Official strip markets also now exist in many countries including Austria, Belgium, Canada, Germany, Italy, Japan, the Netherlands, South Africa and Spain. The strip market began in the UK on 8 December 1997.

At end-March 2009 there were 26 strippable gilts in two series with a total amount outstanding of £498.3 billion (£391 billion in market hands). However, only £2.5 billion (nominal) were held in stripped form *(see Table opposite)*. The 7 June/7 December series became strippable in December 1997. The second series, 7 March/7 September, followed in April 2002.

All strippable gilts are currently conventional fixed coupon instruments. For some time the DMO has concentrated sales of conventional issues into strippable issues and the DMO intends that all issues of new conventional gilts will be strippable (with a delay after the first issue date).

Although anyone can trade or hold strips, only a Gilt-edged Market Maker (GEMM), the DMO or the Bank of England can strip (or reconstitute) a strippable gilt. GEMMs are obliged to make a market in strips, as they are in the underlying gilts.

The market in gilt strips has grown slowly since its inception. Factors that have contributed to this slow development may have included the need for pension fund trustees to give the appropriate authority to fund managers to invest in strips and the inversion of the yield curve over much of the early period of the DMO's operations, which made strips *appear* more expensive relative to conventionals. Retail demand for strips has reportedly been affected by the necessary tax treatment, whereby the securities are taxed each year on their unrealised capital gain or loss even though no income payment has been made. However, the ability to hold gilt strips within Individual Savings Accounts (ISAs) may reduce the tax disincentives to personal investment in strips.

More details about the gilt strips market can be found in the Bank of England paper *"The Official Gilt Strips Facility"* of October 1997 which is available on the DMO website **www.dmo.gov.uk.** The URL is in Annex E.

Canary Wharf's towers.

Strippable gilts and amounts held in stripped form (end-March 2009)

Strippable gilts outstanding

Gilt	Nominal amount in issue at end-Mar 2009 (£mn)	Nominal amount in market hands end-Mar 2009 (£mn)	Nominal amount held in stripped form at end-Mar 2009 (£mn)	Percentage of gilt in market hands held in stripped form at end-Mar 2009 (%)
7 June / 7 December series				
5¾% Treasury Stock 2009	15,596	12,586	112	0.89
4¾% Treasury Stock 2010	21,285	15,989	62	0.39
3¼% Treasury Gilt 2011	15,747	14,993	0	0.00
5¼% Treasury Gilt 2012	16,483	13,496	4	0.03
8% Treasury Stock 2015	9,998	7,205	119	1.66
8% Treasury Stock 2021	22,686	16,395	272	1.66
4¼% Treasury Gilt 2027	18,679	14,747	21	0.14
6% Treasury Stock 2028	15,932	11,447	307	2.68
4¾% Treasury Gilt 2030	16,540	13,149	27	0.21
4¼% Treasury Stock 2032	22,368	16,329	323	1.98
4¾% Treasury Stock 2038	21,509	16,242	232	1.43
4½% Treasury Gilt 2042	19,120	14,997	3	0.02
4¼% Treasury Gilt 2046	17,751	13,748	15	0.11
4¼% Treasury Gilt 2049	11,813	10,306	0	0.00
4¼% Treasury Gilt 2055	20,147	15,995	38	0.24
	265,654	**207,624**	**1,535**	**0.74**
7 March/ 7 September series				
4¼% Treasury Stock 2011	23,651	18,490	28	0.15
5% Treasury Stock 2012	26,867	20,608	37	0.18
4½% Treasury Stock 2013	23,897	20,242	0	0.00
5% Treasury Stock 2014	17,686	12,991	63	0.48
4¾% Treasury Stock 2015	21,468	16,493	59	0.36
4% Treasury Gilt 2016	21,827	17,490	151	0.86
5% Treasury Gilt 2018	22,388	17,985	74	0.41
4¼% Treasury Gilt 2019	15,953	14,744	10	0.07
4¾% Treasury Stock 2020	16,618	13,244	15	0.12
5% Treasury Stock 2025	22,099	16,443	105	0.64
4¼% Treasury Stock 2036	20,227	14,997	416	2.78
	232,681	**183,728**	**958**	**0.52**
TOTAL	**498,336**	**391,352**	**2,493**	**0.64**

Annex E. The DMO website **www.dmo.gov.uk**

The DMO website provides users with an interactive database and reporting service and allows access to all of the DMO's publications, including:

- the DMO Annual Review, which covers the main developments across the range of the DMO's activities each financial year;
- the Quarterly Review, which highlights more recent developments in the DMO's gilt and cash market activities;
- the DMO's annual Report and Accounts for its administrative expenditure and also for the operation of the Debt Management Account;
- Press releases, gilt and cash market announcements;
- Market consultation documents.

A wide range of current and historical data are also available including;

- gilt and Treasury bill prices and yields;
- details of gilt auction and Treasury bill tender results;
- details of the DMO's annual financing remits;
- characteristics of the gilt and Treasury bill portfolios;
- interest rates for loans from the Public Works Loan Board.

Many of the website reports give users the option for automatic downloads of data. The website also provides users with analytical tools and calculators, enabling them to estimate the redemption payment on an index-linked gilt or the repayment cost of a fixed interest loan from the PWLB.

Some useful links to the DMO website

Private Investor's Guide to Gilts (and addendum)	www.dmo.gov.uk/documentview.aspx?docname=publications/investorsguides/pig201204.pdf (www.dmo.gov.uk/documentview.aspx?docname=publications/investorsguides/pigadd201006.pdf)
Gilt prices page	www.dmo.gov.uk/index.aspx?page=Gilts/Daily_Prices
Gilts in Issue	www.dmo.gov.uk/ceLogon.aspx?page=D1A&rptCode=D1A
Money Markets section	www.dmo.gov.uk/index.aspx?page=About/TBills
Overseas holdings data	www.dmo.gov.uk/ceLogon.aspx?page=Gilts/Overseas_Holdings&rptCode=D5N
Published cash flows for index-linked gilts	www.dmo.gov.uk/ceLogon.aspx?page=Nominal_IL&rptCode=D5I
Daily index ratios	www.dmo.gov.uk/ceLogon.aspx?page=D10C&rptCode=D10C
RPI data	www.dmo.gov.uk/ceLogon.aspx?page=D4O&rptCode=D4O
Operational Notice – Gilt Market	www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/opnot20090318.pdf
Operational Notice – Cash Management (and T-bill memorandum)	www.dmo.gov.uk/documentview.aspx?docname=publications/moneymarkets/cmopnot110903.pdf
Guidebook – GEMMs	www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/guidebook20090318.pdf
Debt and Reserves Management Report 2009-10	www.dmo.gov.uk/documentview.aspx?docname=remit/drmr0910.pdf
The Official Gilt Strips Facility: A paper by the Bank of England	www.dmo.gov.uk/documentview.aspx?docname=publications/operationalrules/stripfalic.pdf

Annex F. Contacts

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Jim Juffs	Chief Operating Officer	0845 357 6520	jim.juffs@dmo.gsi.gov.uk
Joanne Perez	Joint Head of Policy, Markets and Research	0845 357 6539	joanne.perez@dmo.gsi.gov.uk
Gurminder Bhachu	Co-Head of Policy Team	0845 357 6512	gurminder.bhachu@dmo.gsi.gov.uk
Tim Riddington	Co-Head of Policy Team	0845 357 6623	tim.riddington@dmo.gsi.gov.uk
Martin Duffell	Head of Dealing	0845 357 6517	martin.duffell@dmo.gsi.gov.uk
Steve Whiting	Press Officer/Senior Policy Advisor	0845 357 6532	steve.whiting@dmo.gsi.gov.uk
Sarah Ellis	Deputy Press Officer/Policy Analyst	0845 357 6525	sarah.ellis@dmo.gsi.gov.uk
Mark Deacon	Senior Quantitative Analyst	0845 357 6516	mark.deacon@dmo.gsi.gov.uk
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Annex G. DMO Wire Service pages

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