

AUCTION OF £2,500,000,000

**5% TREASURY
STOCK 2012**

ON A BID PRICE BASIS

ON 24 MAY 2001

PROSPECTUS



AUCTION OF £2,500,000,000

5% TREASURY STOCK 2012

INTEREST PAYABLE HALF-YEARLY ON 7 MARCH AND 7 SEPTEMBER
FOR AUCTION ON A BID PRICE BASIS ON 24 MAY 2001

PAYABLE IN FULL WITH APPLICATION

With a competitive bid: Price bid (in accordance with paragraph 10)
With a non-competitive bid by a gilt-edged market maker: Non-competitive sale price (in accordance with paragraph 10)
With a non-competitive bid by any other applicant: £103 per £100 nominal of Stock

Application has been made to the UK Listing Authority for the Stock to be admitted to the Official List on 25 May 2001. Application has been made to the London Stock Exchange for the Stock to be traded on the Main Market.

Auction of Stock

1. THE UNITED KINGDOM DEBT MANAGEMENT OFFICE ("DMO") invites bids for the above Stock. In addition, a further £25 million nominal of this Stock will be created and issued on Friday, 25 May 2001 to the Commissioners for the Reduction of the National Debt for public funds under their management.

General

2. This prospectus is issued under the arrangements described in the Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock published by the DMO dated July 2000 (the "Information Memorandum"). The terms of the Information Memorandum apply to the above Stock and to the auction described in this prospectus except where expressly varied.

Maturity

3. The Stock will be repaid at par on 7 March 2012.

Interest

4. Interest is payable half-yearly on 7 March and 7 September. Interest will accrue from 25 May 2001, the issue date of the Stock, and the first interest payment will be due on 7 September 2001 at the rate of £1.426630 per £100 nominal of Stock.

FOTRA exemptions

5. The Stock and the interest payable on it will benefit from the exemptions from United Kingdom taxation in favour of non-resident holders described in paragraph 47 of the Information Memorandum.

Gross payment of interest

6. Interest will be paid without deduction of income tax. However, stockholders on the Bank of England Register may elect to have UK income tax deducted from interest payments on application to the Bank of England.

Stripping

7. The Stock may not be stripped and reconstituted until so specified in a notice issued by the DMO.

Methods of application

8. Bids may be made on either a competitive or non-competitive basis in accordance with paragraphs 33 to 41 of the Information Memorandum.

Non-competitive bids: amount payable on application

9. The amount payable on application in the case of a non-competitive bid (except in the case of a non-competitive bid made by a gilt-edged market maker ("GEMM")) is £103 per £100 nominal of Stock.

Settlement of competitive bids and GEMMs' non-competitive bids

10. For those competitive bids which are accepted and those non-competitive bids from GEMMs which are accepted, settlement must be effected in accordance with paragraphs 36(iv) and 37(v) of the Information Memorandum. For these purposes, the latest time and date for

CHAPS payments to be sent to the Sterling Banking Office of the Bank of England is 1.30 PM on FRIDAY, 25 MAY 2001.

Latest times for receipt of applications

11. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP, who are acting on behalf of the DMO, to arrive not later than 10.30 AM ON THURSDAY, 24 MAY 2001; or lodged by hand at the DMO, Cheapside House, 138 Cheapside, London not later than 10.30 AM ON THURSDAY, 24 MAY 2001. GEMMs may bid by telephone to the DMO not later than 10.30 AM ON THURSDAY, 24 MAY 2001.

Bids irrevocable

12. Bids will not be revocable between 10.30 am on Thursday, 24 May 2001 and 10.00 am on Wednesday, 30 May 2001.

United Kingdom **Debt Management Office**
LONDON

15 May 2001