

ISSUE OF £2,250,000,000

**5% TREASURY
STOCK 2012**

**FOR AUCTION ON A BID PRICE BASIS
ON 27 MARCH 2002**

PROSPECTUS



ISSUE OF £2,250,000,000

5% TREASURY STOCK 2012

INTEREST PAYABLE HALF-YEARLY ON 7 MARCH AND 7 SEPTEMBER
FOR AUCTION ON A BID PRICE BASIS ON 27 MARCH 2002

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: £102 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 28 March 2002. Application has also 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 £50 million nominal of this Stock will be created and issued on Thursday, 28 March 2002 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. The price payable for this further issue of the Stock will include an amount equal to the accrued interest from 7 March 2002 (the last interest payment date of the Stock) to 28 March 2002 (the settlement date of this further issue) at the rate of £0.285326 per £100 nominal of Stock. The Stock being auctioned will, therefore, rank for the next interest payment due on 7 September 2002.

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. This stock will become strippable with effect from the start of business on 2 April 2002.

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 £102 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 Bank of England is 1.30 PM on THURSDAY, 28 MARCH 2002.

Latest times for receipt of applications

11. Application forms must be sent to the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW, who are acting on behalf of the DMO, to arrive not later than 10.00 AM ON WEDNESDAY, 27 MARCH 2002; or lodged by hand at the DMO, Eastcheap Court, 11 Philpot Lane, London not later than 10.00 AM ON WEDNESDAY, 27 MARCH 2002. GEMMs may bid by telephone to the DMO not later than 10.30 AM ON WEDNESDAY, 27 MARCH 2002.

Bids irrevocable

12. Bids will not be revocable between 10.30 am on Wednesday, 27 March 2002 and 10.00 am on Tuesday 2 April 2002.

United Kingdom **Debt Management Office**
LONDON

19 March 2002