United Kingdom
Debt
Management
Office

£2,000,000,000 NOMINAL OF

8% TREASURY STOCK 2015

AVAILABLE FOR SWITCH BY AUCTION
ON A BID PRICE BASIS ON 6 DECEMBER 2000 FOR SETTLEMENT ON
7 DECEMBER INTO

4¼% TREASURY STOCK 2032

Application will be made to the London Stock Exchange for the 4¼% Treasury Stock 2032 issued as a result of this switch auction to be traded on the Main Market with effect from 7 December 2000.

1   THE UNITED KINGDOM DEBT MANAGEMENT OFFICE ("DMO") invites bids by GILT-EDGED MARKET-MAKERS ("GEMMs") holding 8% Treasury Stock 2015 to switch their holdings into 4¼% Treasury Stock 2032 with effect from 7 December 2000.

2   The DMO will announce a clean price for 8% Treasury Stock 2015 at 10.00am on 6 December 2000. Competitive bids are invited on a clean price basis for 4¼% Treasury Stock 2032. There is no provision for making bids on a non-competitive basis.

3   The DMO reserves the right to reject any bid or any part of any bid. Subject to this, bids will be ranked in descending order of price for 4¼% Treasury Stock 2032 and such Stock will be allocated to applicants whose bids are at or above the lowest price at which the DMO decides that any bid should be accepted (the "lowest accepted price").   Applicants whose bids are accepted in full will be allocated amounts of 4¼% Treasury Stock 2032 calculated according to the ratio of the dirty price of the source stock and the dirty price of the destination stock, rounded to four decimal places, and multiplied by the nominal amount of the source stock bid (or, where applicable, the percentage of the amount bid at the lowest accepted price), the sum of which is subject to any applicable scaling factor.

4   The DMO may switch less than the full amount of the Stock on offer at the auction and may decide not to switch any of the Stock.

4¼% Treasury Stock 2032

5   4¼% Treasury Stock 2032 issued as a result of the switch auction will be fungible in all respects with the existing 4¼% Treasury Stock 2032 from the settlement date (7 December 2000) and will be subject to the provisions of the prospectus dated 16 May 2000 and the Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock published by the DMO dated July 2000 (the "Information Memorandum"). GEMMs who switch all or part of their holdings of 8% Treasury Stock 2015 into 4¼% Treasury Stock 2032 with the DMO will therefore qualify for the next interest payment on 4¼% Treasury Stock 2032 payable on 7 June 2001. Sales of holdings of 8% Treasury Stock 2015 to the DMO will be on the basis that they are surrendered free from all liens, charges and encumbrances and with all the rights now or hereafter attaching to them.

Bidding

6   Between 10.00am and 10.20am on 6 December 2000 GEMMs may make an unlimited number of telephone bids to the DMO; between 10.20am and 10.30am GEMMs are allowed up to a further 10 telephone bids each. Bids received after 10.30am on 6 December 2000 will not be accepted.

Settlement

7   Settlement of successful bids should be effected on 7 December 2000 through the CREST system by means of a free of payment Complex Delivery ("Many-to-Many" - "MTM") transaction type; the counterparty to the transaction will be Participant ID "RA001".

Enquiries on the terms of the switch auction may be made to the DMO on 020 7862 6500.

Government Statement

As explained in the statement issued by Her Majesty's Treasury on 29 May 1985, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor its servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, the further amount of 4¼% Treasury Stock 2032 is issued or sold by or on behalf of the Government. No responsibility can therefore be accepted for any omission to make such disclosure and any such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

UNITED KINGDOM DEBT MANAGEMENT OFFICE

LONDON

28 November 2000