

AUCTION OF £2,250,000,000

4¹/₄% TREASURY GILT 2046

ON A FULLY-PAID BID PRICE BASIS ON 4 JULY 2006

PROSPECTUS



AUCTION OF £2,250,000,000

4¹/₄% TREASURY GILT 2046

ON A FULLY PAID BID PRICE BASIS ON 4 JULY 2006
INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER

PAYABLE IN FULL WITH APPLICATION

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|---|---|
| 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: | £109 per £100 nominal of the Gilt |

Application has been made to the UK Listing Authority for the Gilt to be admitted to the Official List on 5 July 2006.

Application has also been made to the London Stock Exchange for the Gilt to be traded on the London Stock Exchange's Gilt-Edged and Fixed Interest Market.

Auction of the Gilt

1. THE UNITED KINGDOM DEBT MANAGEMENT OFFICE ("DMO") invites bids for the above Gilt.

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 December 2004, as amended by the DMO's Notices dated 13 May 2005 and 13 September 2005, (the "Information Memorandum"). The terms of the Information Memorandum apply to the above Gilt and to the auction described in this prospectus except where expressly varied.

Maturity

3. The Gilt will be repaid at par on 7 December 2046.

Interest

4. Interest is payable half-yearly on 7 June and 7 December. The price payable will include an amount equal to the accrued interest from 12 May 2006, the first issue date of the Gilt, to 5 July 2006, the settlement date of this auction, at the rate of £0.628708 per £100 nominal of the Gilt. This further issue will rank for the interest payment of £2.428571 per £100 nominal due on 7 December 2006.

FOTRA exemptions

5. 4¹/₄% Treasury Gilt 2046 was first issued on 12 May 2006 and, consequently, the Gilt and the interest payable on it will benefit from the exemptions from United Kingdom taxation in favour of non-resident holders described in paragraph 75 of the Information Memorandum.

Gross payment of interest

6. Interest will be paid without deduction of income tax. However, holders of the Gilt may elect to have UK income tax deducted from interest payments on application to the Registrar, Computershare Investor Services PLC.

Stripping

7. The Gilt may be stripped and holdings of the Gilt reconstituted: the provisions relating to strips contained in the Information Memorandum will therefore apply except that the minimum stripping unit will be £1,000,000 nominal until the payment of the non-standard first coupon on 7 December 2006; the standard minimum stripping unit of £10,000 nominal will apply after this date.

Methods of application

8. Bids may be made on either a competitive or non-competitive basis in accordance with paragraphs 58 to 69 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 £109 per £100 nominal of the Gilt.

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 60(iii) and 62(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 WEDNESDAY, 5 JULY 2006**.

Latest times for receipt of applications

11. Application forms from Approved Group members must be sent to Computershare Investor Services PLC, PO Box 2411, The Pavilions, Bristol, BS3 9WX, who are acting on behalf of the DMO, to arrive not later than **10.00 AM ON TUESDAY, 4 JULY 2006**; or lodged by hand at the DMO, Eastcheap Court, 11 Philpot Lane, London, EC3M 8UD not later than **10.00 AM ON TUESDAY, 4 JULY 2006**. GEMMs may bid by telephone to the DMO not later than **10.30 AM ON TUESDAY, 4 JULY 2006**.

Bids irrevocable

12. Bids will not be revocable between 10.30 am on Tuesday, 4 July 2006 and 10.00 am on Friday, 7 July 2006.

United Kingdom Debt Management Office

LONDON

27 June 2006