

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCK LISTED BELOW IS NOT AVAILABLE FOR PURCHASE DIRECT FROM THE UNITED KINGDOM DEBT MANAGEMENT OFFICE OTHER THAN BY GILT-EDGED MARKET MAKERS.

ISSUE OF GOVERNMENT STOCK

The United Kingdom Debt Management Office ("DMO") announces that Her Majesty's Treasury has created on 21 May 1998 an additional amount of the Stock listed below:

£150 million

2½ % Index-Linked Treasury Stock 2016

The issue price was the middle market price of the Stock at 10.15 am on 21 May 1998 as certified by the DMO.

The Stock now issued represents a further amount of the existing Stock, carrying the same rights as that Stock (subject to the provisions set out below relating to entitlement to the current interest payment) and subject to the terms and conditions applicable to that Stock.

Under legislation to take effect from 6 April 1998 which is proposed to be contained in the Finance Act 1998, the exemption from United Kingdom taxation in favour of non-resident holders described in paragraph 44 of the Information Memorandum relating to the Issue, Stripping and Reconstitution of British Government Stock, dated 12 May 1998 (the "Information Memorandum"), would apply to the existing Stock. If this exemption applies to the existing Stock as a result of the Finance Act 1998, the further issue of the Stock will also benefit from the exemption in favour of non-resident holders described in paragraph 44 of the Information Memorandum.

The further issue of the Stock will rank for the full six months' interest on the next interest payment date applicable to the Stock.

Application has been made to the London Stock Exchange for the further amount of Stock to be admitted to the Official List.

Copies of the prospectus for 2½% Index-Linked Treasury Stock 2016 dated 14 January 1983 may be obtained from the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW. Other information and terms relating to the Stock are contained in the Information Memorandum which is available from the same address and from the DMO, Cheapside House, 138 Cheapside, London EC2V 6BB.

The Stock is repayable, and interest is payable half-yearly, on the dates shown below (provision is made in the prospectus for stockholders to be offered the right of early redemption under certain circumstances):

<i>Stock</i>	<i>Redemption date</i>	<i>Interest payment dates</i>
2½% Index-Linked Treasury Stock 2016	26 July 2016	26 January 26 July

Both the principal of and the interest on the Stock are indexed to the General Index of Retail Prices. Details of the manner of indexation are set out in the prospectus.

The relevant Index figures for the half-yearly interest payments on the Stock are as follows:

<i>Interest payable</i>	<i>Relevant Index figure Published in</i>	<i>Relating to</i>
January	June of the previous year	May
July	December of the previous year	November

UNITED KINGDOM DEBT MANAGEMENT OFFICE
LONDON

21 May 1998