

AUCTION OF £2,500,000,000

**4³/₄% TREASURY
STOCK 2038**

ON A FULLY PAID BID PRICE BASIS

ON 27 MAY 2004

PROSPECTUS



AUCTION OF £2,500,000,000

4³/₄% TREASURY STOCK 2038

ON A FULLY PAID BID PRICE BASIS ON 27 MAY 2004
INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER

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 28 May 2004.
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.

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 January 2004 (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 December 2038.

Interest

4. Interest on 4³/₄% Treasury Stock 2038 is payable half-yearly on 7 June and 7 December. The price payable for the stock being auctioned will include an amount equal to the accrued interest from 23 April 2004, the first issue date of the stock, to 28 May 2004, the settlement date of this auction, at the rate of £0.454235 per £100 nominal of stock. This further issue of stock will rank for the interest payment of £2.959016 per £100 nominal due on 7 December 2004.

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 75 of the Information Memorandum.

Gross payment of interest

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

Stripping

7. Following the issue of this further amount of stock, 4¾% Treasury Stock 2038 may be stripped and holdings of stock reconstituted: the provisions relating to strips contained in the Information Memorandum 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 2004; 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 £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 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 FRIDAY, 28 MAY 2004**.

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 THURSDAY, 27 MAY 2004**; or lodged by hand at the DMO, Eastcheap Court, 11 Philpot Lane, London, EC3M 8UD not later than **10.00 AM ON THURSDAY, 27 MAY 2004**. GEMMs may bid by telephone to the DMO not later than **10.30 AM ON THURSDAY, 27 MAY 2004**.

Bids irrevocable

12. Bids will not be revocable between 10.30 am on Thursday, 27 May 2004 and 10.00 am on Wednesday, 2 June 2004.

United Kingdom Debt Management Office

LONDON

18 May 2004