

United Kingdom
**Debt
Management
Office**

ISSUE OF £2,500,000,000

**5³/₄% TREASURY
STOCK 2009**

**FOR AUCTION ON A BID PRICE BASIS
ON 29 JULY 1998**

PROSPECTUS



ISSUE OF £2,500,000,000

5³/₄% TREASURY STOCK 2009

INTEREST PAYABLE HALF YEARLY ON 7 JUNE AND 7 DECEMBER
FOR AUCTION ON A BID PRICE BASIS ON 29 JULY 1998

PAYABLE IN FULL WITH APPLICATION

With a competitive bid Price bid
With a non-competitive bid £102 per £100 nominal of Stock

Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 30 July 1998.

Auction of Stock

1. THE UNITED KINGDOM DEBT MANAGEMENT OFFICE ("the 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 on 12 May 1998 (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 2009.

Interest

4. Interest is payable half-yearly on 7 June and 7 December. Interest will accrue from 30 July 1998, the issue date of the Stock, and the first interest payment will be due on 7 December 1998 at the rate of £2.042350 per £100 nominal of Stock.

FOTRA exemptions

5. The Stock and the interest payable on it will benefit from the exemptions in favour of non-resident holders described in paragraph 44 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. The Stock may be stripped and holdings of Stock reconstituted.

Methods of application

8. Bids may be made on either a competitive or non-competitive basis in accordance with paragraphs 31 to 39 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) is £102 per £100 nominal of Stock.

Latest times for receipt of applications

10. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP, who are acting on behalf of the DMO, to arrive not later than 10.30 AM ON WEDNESDAY, 29 JULY 1998; or lodged by hand at the DMO, Cheapside House, 138 Cheapside, London not later than 10.30 AM ON WEDNESDAY, 29 JULY 1998. Gilt-edged market makers may bid by telephone to the DMO not later than 10.30 AM ON WEDNESDAY, 29 JULY 1998.

Bids irrevocable

11. Bids will not be revocable between 10.30 am on Wednesday, 29 July 1998 and 10.00 am on Monday, 3 August 1998.

United Kingdom Debt Management Office
LONDON

21 July 1998