



ISSUE OF £2,000,000,000

7¹/₄% TREASURY STOCK 2007

FOR AUCTION ON A BID PRICE BASIS
ON 29 OCTOBER 1997



PROSPECTUS FOR COMPETITIVE AND NON-COMPETITIVE BIDS

ISSUE OF £2,000,000,000

7¹/₄% TREASURY STOCK 2007

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER
FOR AUCTION ON A BID PRICE BASIS ON 29 OCTOBER 1997

PAYABLE IN FULL WITH APPLICATION

With a competitive bid	Price bid plus accrued interest
With a non-competitive bid	£112 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 October 1997.

Auction of Stock

1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.

General

2. This prospectus is issued under the arrangements described in the Information Memorandum for Issues of British Government Stock published by the Bank of England on 27 March 1997 (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 2007.

Interest

4. Interest is payable half-yearly on 7 June and 7 December. The price payable for this further issue of the Stock will include an amount equal to accrued interest from 7 June 1997 (the last interest payment date of the Stock) to 30 October 1997 (the settlement date of this further issue) at the rate of £2.88014 per £100 nominal of Stock. This further issue of the Stock will rank for the full six months' interest due on 7 December 1997.

National Savings Stock Register

5. The Stock may be held on the National Savings Stock Register.

FOTRA exemptions

6. The Stock and the interest payable on it will benefit from the exemptions in favour of non-resident holders described in paragraph 21 of the Information Memorandum (FOTRA stocks first issued after 29 April 1996).

Gross payment of interest

7. Interest will be paid without deduction of income tax pursuant to a direction under section 50 of the Income and Corporation Taxes Act 1988. 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

8. The Stock is potentially strippable: paragraphs 6 and 7 of the Information Memorandum therefore apply. The Bank of England announced on 3 October 1997 that it is planned that the official gilt strips facility will be available from 8 December 1997 with trading on a when-issued basis being permitted from 1 December 1997. This will apply to 7¹/₄% Treasury Stock 2007.

Methods of application

9. Bids may be made on either a competitive or non-competitive basis in accordance with paragraphs 8 to 16 of the Information Memorandum.

Non-competitive bids: amount payable on application

10. 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 £112 per £100 nominal of Stock.

Latest times for receipt of applications

11. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than **10.30 AM ON WEDNESDAY, 29 OCTOBER 1997**; or lodged by hand at the Central Gilts & Moneymarkets Office, Bank of England, Threadneedle Street, London not later than **10.30 AM ON WEDNESDAY, 29 OCTOBER 1997**. Gilt-edged market makers may bid by telephone to the Bank of England not later than **10.30 AM ON WEDNESDAY, 29 OCTOBER 1997**.

Bids irrevocable

12. Bids will not be revocable between 10.30 am on Wednesday, 29 October 1997 and 10.00 am on Monday, 3 November 1997.

BANK OF ENGLAND
LONDON

21 October 1997