



ISSUE OF £2,000,000,000

7¹/₄% TREASURY STOCK 2007

FOR AUCTION ON 25 JUNE 1997



PROSPECTUS FOR NON-COMPETITIVE
BIDS FOR UP TO £500,000 NOMINAL OF STOCK

ISSUE OF £2,000,000,000

7¹/₄% TREASURY STOCK 2007

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER FOR AUCTION ON 25 JUNE 1997

PAYABLE IN FULL WITH APPLICATION AT THE RATE OF £104 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 26 June 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 26 June 1997 (the settlement date of this further issue) at the rate of £0.37740 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.

Stripping

8. The Stock is potentially strippable: paragraphs 6 and 7 of the Information Memorandum therefore apply.

9. Procedure for non-competitive bids

- (i) Bids may be made on either a competitive or non-competitive basis in accordance with paragraphs 8 to 16 of the Information Memorandum. The information set out below relates only to non-competitive bids.
- (ii) A non-competitive bid must be for not less than £1,000 nominal and (except in the case of a non-competitive bid made by a gilt-edged market maker) for not more than £500,000 nominal of Stock, and must be for a multiple of £1,000 nominal of Stock.
- (iii) Only one non-competitive bid may be submitted for the benefit of any one person. Multiple applications or suspected multiple applications are liable to be rejected. Only one non-competitive bid may be submitted on any one application form.
- (iv) Except in the case of applicants who request that any Stock sold to them be credited to an account in the CGO Service, non-competitive applications must be accompanied by a separate cheque representing payment at the rate of £104 per £100 nominal of Stock; cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.
- (v) The Bank of England reserves the right to reject any non-competitive bid. Non-competitive bids which are accepted will be accepted in full at the non-competitive sale price plus accrued interest at the rate of £0.37740 per £100 nominal of Stock. The non-competitive sale price will be equal to the average of the prices at which competitive bids have

been accepted, the average being weighted by reference to the amount accepted at each price and rounded down to the nearest multiple of 1/32nd of £1.

- (vi) If the non-competitive sale price, plus accrued interest, is less than £104 per £100 nominal of Stock, the balance of the amount paid on application will be refunded by cheque sent by post at the risk of the applicant.
- (vii) If the non-competitive sale price, plus accrued interest, is greater than £104 per £100 nominal of Stock, applicants whose non-competitive bids are accepted may be required to make a further payment equal to the excess. The Bank of England will notify applicants from whom a further payment is required by letter of the amount of Stock allocated to them and of the further amount due (except for applicants who have requested that any Stock sold to them be credited direct to a CGO account). Such a notification will not entitle an applicant to transfer the amount of Stock so allocated. The despatch of certificates to such applicants will be delayed until the further payment has been made.
- (viii) Each gilt-edged market maker may bid non-competitively for up to 0.5% of the Stock on offer at the auction.

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 to arrive not later than **10.30 AM ON WEDNESDAY, 25 JUNE 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, 25 JUNE 1997**. Gilt-edged market makers may bid by telephone to the Bank of England not later than **10.30 AM ON WEDNESDAY, 25 JUNE 1997**.

Bids irrevocable

11. Bids will not be revocable between 10.30 am on Wednesday, 25 June 1997 and 10.00 am on Monday, 30 June 1997.

BANK OF ENGLAND
LONDON

17 June 1997