



ISSUE OF £1,500,000,000

8% TREASURY STOCK 2021

FOR AUCTION ON A BID PRICE BASIS
ON 22 MAY 1997



PROSPECTUS FOR COMPETITIVE AND NON-COMPETITIVE BIDS

ISSUE OF £1,500,000,000

8% TREASURY STOCK 2021

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER
FOR AUCTION ON A BID PRICE BASIS ON 22 MAY 1997

PAYABLE IN FULL WITH APPLICATION

With a competitive bid
With a non-competitive bid

Price bid plus accrued interest
£118 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 23 May 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 June 2021.

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 December 1996 (the last interest payment date of the Stock) to 23 May 1997 (the settlement date of this further issue) at the rate of £3.66027 per £100 nominal of Stock. This further issue of the Stock will rank for the full six months' interest due on 7 June 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 20 of the Information Memorandum (FOTRA stocks first issued prior to 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.

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), in accordance with paragraph 12(iii) of the Information Memorandum, is £118 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 THURSDAY, 22 MAY 1997**; or lodged by hand at the Central Gilts & Moneymarkets Office, Bank of England, Threadneedle Street, London not later than **10.30 AM ON THURSDAY, 22 MAY 1997**; or lodged by hand at any of the Branches or Agencies of the Bank of England not later than **3.00 PM ON WEDNESDAY, 21 MAY 1997**. Gilt-edged market makers may bid by telephone to the Bank of England not later than **10.30 AM ON THURSDAY, 22 MAY 1997**.

Bids irrevocable

12. Bids will not be revocable between 10.30 am on Thursday, 22 May 1997 and 10.00 am on Wednesday, 28 May 1997.

BANK OF ENGLAND
LONDON

13 May 1997