



ISSUE OF £2,000,000,000

6¹/₂% TREASURY STOCK 2003

**FOR AUCTION ON A BID PRICE BASIS
ON 10 DECEMBER 1997**

PROSPECTUS FOR COMPETITIVE AND NON-COMPETITIVE BIDS

ISSUE OF £2,000,000,000

6¹/₂% TREASURY STOCK 2003

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER
FOR AUCTION ON A BID PRICE BASIS ON 10 DECEMBER 1997

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 11 December 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**”) and in the Memorandum Relating to Arrangements for the Stripping and Reconstitution of United Kingdom Government Stock published by the Bank of England in October 1997 (the “**Strips Memorandum**”). The terms of the Information Memorandum and the Strips Memorandum apply to the above Stock and to the auction described in this prospectus except where expressly varied.

Maturity

3. The Stock will be repayable at par on 7 December 2003.

Interest

4. Interest is payable half-yearly on 7 June and 7 December. Interest will accrue from 11 December 1997 (the issue date of the Stock) and the first interest payment will be due on 7 June 1998 at the rate of £3.1699 per £100 nominal of Stock.

Payments

5. The due date for repayment of the Stock is not a business day and repayment will accordingly not be made until the next succeeding business day. Holders of Stock shall not be entitled to any further interest or other payment in respect of such delay. For these purposes, “business day” means any day which is not a Saturday, Sunday, Good Friday or Christmas Day, or a day which is a bank holiday in England and Wales under the Banking and Financial Dealings Act 1971.

National Savings Stock Register

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

FOTRA exemptions

7. 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

8. 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

9. Subject to the introduction of the official gilt strips facility, the Stock may be stripped and holdings of Stock reconstituted: paragraphs 6 and 7 of the Information Memorandum and the provisions contained in the Strips 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. Trading on a when-issued basis in the principal and coupon strips of 6¹/₂% Treasury Stock 2003 may be conducted from 8 December 1997 until close of business on 10 December 1997.

Methods of application

10. 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

11. 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

12. 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, 10 DECEMBER 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, 10 DECEMBER 1997**. Gilt-edged market makers may bid by telephone to the Bank of England not later than **10.30 AM ON WEDNESDAY, 10 DECEMBER 1997**.

Bids irrevocable

13. Bids will not be revocable between 10.30 am on Wednesday, 10 December 1997 and 10.00 am on Monday, 15 December 1997.

BANK OF ENGLAND

LONDON

2 December 1997