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ISSUE OF £2,000,000,000

6% TREASURY STOCK 2028

FOR AUCTION ON 28 JANUARY 1998

SDM

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

ISSUE OF £2,000,000,000

6% TREASURY STOCK 2028

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER FOR AUCTION ON 28 JANUARY 1998

PAYABLE IN FULL WITH APPLICATION AT THE RATE OF £103 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 29 January 1998.

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 repaid at par on 7 December 2028.

Interest

4. Interest is payable half-yearly on 7 June and 7 December. Interest will accrue from 29 January 1998 (the issue date of the Stock) and the first interest payment will be due on 7 June 1998 at the rate of £2.1205 per £100 nominal of Stock.

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. 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 not strippable but it is intended that the Stock will become strippable if and when £5,000 million nominal of the Stock has been issued. Paragraphs 6 and 7 of the Information Memorandum and the provisions contained in the Strips Memorandum will then 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 £103 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 at the rate of £103 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 is less than £103 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 is greater than £103 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, 28 JANUARY 1998**; or lodged by hand at the Central Gilts & Moneymarkets Office, Bank of England, Threadneedle Street, London not later than **10.30 AM ON WEDNESDAY, 28 JANUARY 1998**. Gilt-edged market makers may bid by telephone to the Bank of England not later than **10.30 AM ON WEDNESDAY, 28 JANUARY 1998**.

Bids irrevocable

11. Bids will not be revocable between 10.30 am on Wednesday, 28 January 1998 and 10.00 am on Monday, 2 February 1998.

BANK OF ENGLAND

LONDON

20 January 1998