

TENDERS MUST BE LODGED AT THE BANK OF ENGLAND, NEW ISSUES (X), WATLING STREET, LONDON, EC4M 9AA NOT LATER THAN 10.00 A.M. ON FRIDAY, 27TH MARCH 1981, OR AT ANY OF THE BRANCHES OF THE BANK OF ENGLAND OR AT THE GLASGOW AGENCY OF THE BANK OF ENGLAND NOT LATER THAN 3.30 P.M. ON THURSDAY, 26TH MARCH 1981. ENVELOPES CONTAINING TENDERS SHOULD BE MARKED "INDEX-LINKED TREASURY TENDER".

ISSUE BY TENDER OF £1,000,000,000

2 per cent INDEX-LINKED TREASURY STOCK, 1996

PAYABLE AS FOLLOWS:

Deposit with tender	£35.00 per cent
On Friday, 1st May 1981	£30.00 per cent
On Tuesday, 26th May 1981	Balance of purchase money

INTEREST PAYABLE HALF-YEARLY ON 16TH MARCH AND 16TH SEPTEMBER

1. The Stock is an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the Council of The Stock Exchange for the Stock to be admitted to the Official List.
2. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive tenders for the above Stock.
3. The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.
4. The Stock will be registered at the Bank of England and will be transferable, in multiples of one new penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Transfers will be free of stamp duty.
5. Ownership of the Stock will be confined to persons who are Eligible Holders, as defined below. The Bank of England will consider tenders for the Stock, in accordance with the procedures described below, only from persons by whom declarations have been made that they are Eligible Holders or are tendering for the Stock on behalf of an Eligible Holder. In addition, subject to the exceptions laid down in paragraph 9, a statutory declaration in the appropriate prescribed form covering the matters specified in that paragraph will be required on each occasion when, on surrender of a letter of allotment or presentation of an instrument of transfer for registration, the opening of a new account in the stock register is involved. The Bank of England will decline to register any holding of the Stock until furnished with a statutory declaration in the appropriate prescribed form, where such a declaration is required in accordance with this prospectus.
6. Any holding of the Stock must be registered in the name of an Eligible Holder who must hold such Stock in his own right and not as nominee for any other person, save that (i) Stock may be held in the name of the nominee company of and for the account of any person specified in paragraph 8(1)(d) and (ii) a person specified in paragraph 8(1)(e) may hold Stock as nominee for an Eligible Holder specified in paragraphs 8(1)(a) or (b).
7. On the first occasion on which Stock acquired by or on behalf of an Eligible Holder is to be registered directly in the name of a person specified in paragraph 8(1)(e), that Eligible Holder will be required, prior to such registration taking effect, to furnish a statutory declaration to the Bank of England covering the matters specified in paragraph 9, unless such a declaration has previously been furnished by that Eligible Holder in respect of Stock previously acquired and still standing in his own name in the register.
8. For the purposes of this prospectus:—
 - (1) "Eligible Holder" means:—
 - (a) The trustee or trustees of any pension scheme or fund which is either:—
 - (i) a scheme of which all or some part is treated by the Inland Revenue as an "exempt approved scheme" for the purposes of Section 21 of the Finance Act 1970 and where not less than 95 per cent of the income therefrom is treated by the Inland Revenue as being exempt for tax purposes; or

- (ii) a retirement annuity trust scheme approved under the provisions of Sections 226(5) or 226A(6) of the Income and Corporation Taxes Act 1970; or
 - (iii) a fund mentioned in Section 211(2) of the Income and Corporation Taxes Act 1970.
- (b) A company authorised to carry on in the United Kingdom insurance business of a class which includes pension business, provided that:—
- (i) the Stock is held against, and applied solely towards meeting, pension business liabilities; and
 - (ii) the market value of the Stock so held, when aggregated with the market value of any holding of any other Index-Linked Government Stock which may be issued subject to the same or similar restrictions, does not at any time exceed the value at that time of pension business liabilities, net of reinsurance, as estimated by the company's appointed actuary on assumptions that would be appropriate for a valuation of the long-term business liabilities under Section 14 of the Insurance Companies Act 1974.
- (c) The trustee or trustees of a registered friendly society as defined in Section 7(1)(a) of the Friendly Societies Act 1974, or of a branch thereof registered under that Act, which carries on pension business, provided that:—
- (i) the Stock is held against, and applied solely towards meeting, pension business liabilities; and
 - (ii) the market value of the Stock so held, when aggregated with the market value of any holding of any other Index-Linked Government Stock which may be issued subject to the same or similar restrictions, does not at any time exceed the value at that time of pension business liabilities, net of reinsurance, as estimated by the appointed actuary of the society or branch on assumptions that would be appropriate for a valuation of the liabilities of the society or branch under Section 41 of the Friendly Societies Act 1974.
- (d) Any person carrying on business as a recognised stock jobber on The Stock Exchange, provided that the Stock is held as trading stock in the ordinary course of his business as a stock jobber.
- (e) Any person, other than one specified in (d) above, to whom certifiable balance facilities have been made available in respect of the Stock by the Bank of England, provided that the Stock is held by that person as nominee for an Eligible Holder specified in (a) or (b) above.
- (f) The Governor and Company of the Bank of England, Issue Department.
- (g) The person for the time being holding the position of Senior Broker to the National Debt Commissioners.
- (h) The National Debt Commissioners for public funds under their management.
- (2) The restrictions contained in sub-paragraph (i) of paragraphs 8(1)(b) and (c) shall cease to apply in the event of the company entering into liquidation (other than provisional liquidation) for whatever reason or in the event of the commencement of a winding-up by whatever means of the society or branch, and shall be suspended for such period as shall elapse between the levying of any distress or execution (or the taking of any similar step) by a judgment creditor against the whole or any part of the assets of the company or society or branch in respect of any unsatisfied judgment debt and the satisfaction or discharge of the debt in respect of which the distress or execution was levied (or other similar step was taken).
- (3) For the purposes of this prospectus, "pension business" means the issuing of insurance contracts the premiums under which fall within Section 323(4)(a), (aa) or (b) of the Income and Corporation Taxes Act 1970; and "market value" means the value of the Stock at the average of the two prices shown in the quotation for the Stock in The Stock Exchange Daily Official List for the relevant date or, if no Official List has been published for that day, for the most recent day prior to that day for which the Official List has been published.
- (4) A reference to any enactment is to be construed as a reference to that enactment as subsequently modified or re-enacted.
9. Eligible Holders specified in paragraphs 8(1)(d), (e), (f), (g) and (h) will not be required to furnish statutory declarations for the purposes of paragraph 5. Statutory declarations required to be furnished by all other Eligible Holders will be in such form as the Bank of England shall from time to time prescribe, and will be to the effect that any person who is to become the registered holder of any of the Stock, or on whose behalf any of the Stock is to be held by a person specified in paragraph 8(1)(e), is an Eligible Holder, is not acting as the nominee of any other person, and has not created and will not create in favour of any other person any rights in respect of that Stock by way of encumbrance or by way of transfer of beneficial ownership not involving a change in the registered holder. Statutory declarations will also contain undertakings relevant to the provisions of paragraphs 11 and 12.
10. The Bank of England reserve the right at any time to require the registered holder of any of the Stock, or a person on whose behalf any of the Stock is held by a person specified in paragraph 8(1)(e), to furnish such evidence (whether by statutory declaration or otherwise) as may be reasonably required, to the effect that the provisions laid down in paragraph 9 have been and are continuing to be observed in relation to the Stock registered in his name or held on his behalf, or to such other effect in relation to a holding of the Stock as the Bank of England may reasonably require.

11. If any statutory declaration made under the foregoing provisions shall be proved to have been untrue at the time it was made, either by a conviction of the declarant under the Perjury Act 1911 or otherwise to the satisfaction of the Bank of England, the Bank of England as agent of Her Majesty's Treasury shall be entitled, as a term of issue of the Stock which shall be binding on all persons by whom or on whose behalf any of the Stock is held, to require the surrender of the relevant certificate of title (if any) and to sell the Stock covered by such statutory declaration in the market or to the Governor and Company of the Bank of England, Issue Department, and to confer a good title on the purchaser of such Stock; and the Bank of England shall be under no liability whatsoever other than a liability to account to the registered holder for whichever is the lesser of (i) the proceeds realised on such sale or (ii) the market value of the Stock on the date on which the untrue statutory declaration was made, in each case less expenses properly incurred in connection with such sale by the Bank of England.
12. If at any time any person in whose name or on whose behalf Stock is held ceases to be an Eligible Holder by virtue of ceasing to satisfy in whole or in part the conditions laid down in paragraph 8, that person shall notify the Bank of England forthwith and may be required by the Bank of England by notice in writing to dispose of all or part of the relevant Stock within one month of such notification. In the event that any such person shall fail to comply with the requirements of such notice, or if it should come to the attention of the Bank of England other than by notification from such person that he has ceased to be eligible, the Bank of England shall be entitled to require the surrender of the relevant certificate of title (if any) and to sell the Stock in accordance with the provisions of the preceding paragraph; and the Bank of England shall be under no liability whatsoever other than a liability to account to the registered holder for whichever is the lesser of (i) the proceeds realised on such sale or (ii) the market value of the Stock on the date on which such person ceased to be eligible, in each case less expenses properly incurred in connection with such sale by the Bank of England.
13. The right is reserved to Her Majesty's Treasury from time to time to extend the definition of Eligible Holder to include any other class or category of persons who would not be included in such definition at the date of this prospectus. Any such extension will be promulgated by means of a supplement to this prospectus.
14. If not previously redeemed under the provisions of paragraph 23, the Stock will be repaid on 16th September 1996. The value of the principal on repayment will be related, subject to the terms of this prospectus, to the movement, during the life of the Stock, of the United Kingdom General Index of Retail Prices maintained by the Department of Employment, or any Index replacing that Index, such movement being indicated by the Index figure issued monthly and subsequently published in the London, Edinburgh and Belfast Gazettes.
15. For the purposes of this prospectus, the Index figure applicable to any month will be the Index figure issued seven months prior to the relevant month and relating to the month before that prior month; "month" means calendar month; and the Index ratio applicable to any month will be equal to the Index figure applicable to that month divided by the Index figure applicable to March 1981.
16. The amount due on repayment, per £100 nominal of Stock, will be £100 multiplied by the Index ratio applicable to the month in which repayment takes place. This amount, expressed in pounds sterling to two places of decimals rounded to the nearest figure below, will be announced by the Bank of England not later than the business day immediately preceding the date of the penultimate interest payment.
17. Interest will be payable half-yearly on 16th March and 16th September. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post.
18. The first interest payment will be made on 16th September 1981 at the rate of £0.80 per £100 nominal of Stock.
19. Each subsequent half-yearly interest payment will be at a rate, per £100 nominal of Stock, of £1 multiplied by the Index ratio applicable to the month in which the payment falls due.
20. The rate of interest for each interest payment other than the first, expressed as a percentage in pounds sterling to two places of decimals rounded to the nearest figure below, will be announced by the Bank of England not later than the business day immediately preceding the date of the previous interest payment.
21. If the Index is revised to a new base after the Stock is issued, it will be necessary, for the purposes of the preceding paragraphs, to calculate and use a notional Index figure in substitution for the Index figure applicable to the month in which repayment takes place and/or an interest payment falls due ("the month of payment"). This notional Index figure will be calculated by multiplying the actual Index figure applicable to the month of payment by the Index figure on the old base for the month on which the revised Index is based and dividing the product by the new base figure for the same month. This procedure will be used for each occasion on which a revision is made during the life of the Stock.
22. If the Index is not published for a month for which it is relevant for the purposes of this prospectus, the Bank of England, after appropriate consultation with the relevant Government Department, will publish a substitute Index figure which shall be an estimate of the Index figure which would have been applicable to the month of payment, and such substitute Index figure shall be used for all purposes for which the actual Index figure would have been relevant. The calculation by the Bank of England of the amounts of principal and/or interest payable on the basis of a substitute Index figure shall be conclusive and binding upon all stockholders. No subsequent adjustment to such amounts will be made in the event of subsequent publication of the Index figure which would have been applicable to the month of payment.

23. If any change should be made to the coverage or the basic calculation of the Index which, in the opinion of the Bank of England, constitutes a fundamental change in the Index which would be materially detrimental to the interests of stockholders, Her Majesty's Treasury will publish a notice in the London, Edinburgh and Belfast Gazettes immediately following the announcement by the relevant Government Department of the change, informing stockholders and offering them the right to require Her Majesty's Treasury to redeem their stock in advance of the revised Index becoming effective for the purposes of this prospectus. Repayment to stockholders who exercise this right will be effected, on a date to be chosen by Her Majesty's Treasury, not later than six months from the month of publication of the revised Index. The amount of principal due on repayment and of any interest which has accrued will be calculated on the basis of the Index ratio applicable to the month in which repayment takes place. A notice setting out the administrative arrangements will be sent to stockholders at their registered address by the Bank of England at the appropriate time.

24. Tenders must be lodged at the Bank of England, New Issues (X), Watling Street, London, EC4M 9AA not later than 10.00 A.M. ON FRIDAY, 27TH MARCH 1981, or at any of the Branches of the Bank of England or at the Glasgow Agency of the Bank of England not later than 3.30 P.M. ON THURSDAY, 26TH MARCH 1981. Each tender must be for one amount and at one price which is a multiple of 25p. TENDERS LODGED WITHOUT A PRICE BEING STATED WILL BE REJECTED.

25. A separate cheque representing a deposit at the rate of £35.00 for every £100 of the *nominal* amount of Stock tendered for must accompany each tender; cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man. Envelopes containing tenders should be marked "Index-Linked Treasury Tender".

26. Tenders must be for a minimum of £5,000 nominal of Stock and for multiples of Stock as follows:-

<i>Amount of Stock tendered for</i>	<i>Multiple</i>
£5,000 — £50,000	£5,000
£50,000 or greater	£25,000

27. Her Majesty's Treasury reserve the right to reject any tender or to allot a less amount of Stock than that tendered for. Valid tenders will be ranked in descending order of price and allotments will be made to tenderers whose tenders are at or above the lowest price at which Her Majesty's Treasury decide that any tender should be accepted (the allotment price). All allotments will be made at the allotment price and tenders which are accepted and which are made at prices above the allotment price will be allotted in full. Any balance of Stock not allotted to tenderers will be allotted at the allotment price to the Governor and Company of the Bank of England, Issue Department.

28. Letters of allotment in respect of Stock allotted, being the only form in which the Stock may be transferred prior to registration, will be despatched by post at the risk of the tenderer, but the despatch of any letter of allotment, and any refund of the balance of the amount paid as deposit, may at the discretion of the Bank of England be withheld until the tenderer's cheque has been paid. In the event of such withholding, the tenderer will be notified by letter by the Bank of England of the acceptance of his tender and of the amount of Stock allocated to him, subject in each case to payment of his cheque, but such notification will confer no right on the tenderer to transfer the Stock so allocated.

29. In the event of partial allotment, the balance of the amount paid as deposit will, when refunded, be remitted by cheque despatched by post at the risk of the tenderer; if no allotment is made the amount paid as deposit will be returned likewise. Payment in full may be made at any time after allotment but no discount will be allowed on such payment. Interest at the rate of 1 per cent per annum over the Bank of England's Minimum Lending Rate on a day-to-day basis may be charged on any overdue amount which may be accepted. Default in due payment of any amount in respect of the Stock will render the allotment of such Stock liable to cancellation and any amount previously paid liable to forfeiture.

30. Letters of allotment may be split into denominations of multiples of £1,000 on written request received by the Bank of England, New Issues, Watling Street, London, EC4M 9AA, or by any of the Branches of the Bank of England, on any date not later than 21st May 1981. Such requests must be signed and must be accompanied by the letters of allotment (but a letter cannot be split if any instalment payment is overdue).

31. Letters of allotment must be surrendered for registration, accompanied by a completed registration form and, where required, a statutory declaration, when the balance of the purchase money is paid, unless payment in full has been made before the due date, in which case they must be surrendered for registration not later than 26th May 1981.

32. Tender forms, statutory declaration forms and copies of this prospectus may be obtained at the Bank of England, New Issues, Watling Street, London, EC4M 9AA, or at any of the Branches of the Bank of England, or at the Glasgow Agency of the Bank of England; at the Bank of Ireland, P.O. Box 13, Donegall Place, Belfast, BT1 5BX; at Mullens & Co., 15 Moorgate, London, EC2R 6AN; or at any office of The Stock Exchange in the United Kingdom.

BANK OF ENGLAND
LONDON

10th March 1981