

TENDERS MUST BE LODGED AT THE BANK OF ENGLAND, NEW ISSUES (B), WATLING STREET, LONDON, EC4M 9AA NOT LATER THAN 10.00 A.M. ON THURSDAY, 16TH AUGUST 1984, 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 WEDNESDAY, 15TH AUGUST 1984.

ISSUE OF £950,000,000

10½ per cent TREASURY
CONVERTIBLE STOCK, 1992

MINIMUM TENDER PRICE £95.25 PER CENT

623

PAYABLE AS FOLLOWS:

Deposit with tender	£30.00 per cent
On Monday, 10th September 1984	£30.00 per cent
On Monday, 8th October 1984	Balance of purchase money

INTEREST PAYABLE HALF-YEARLY ON 7TH MAY AND 7TH NOVEMBER

This 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.

1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive tenders for £750,000,000 of the above Stock; the balance of £200,000,000 has been reserved for the National Debt Commissioners for public funds under their management.
2. 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.
3. The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Transfers will be free of stamp duty.
4. Interest will be payable half-yearly on 7th May and 7th November. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. The first interest payment will be made on 7th May 1985 at the rate of £6.8038 per £100 of the Stock.
5. Holdings of 10½ per cent Treasury Convertible Stock, 1992 may, at the option of holders, be converted in whole or in part into 9¾ per cent Conversion Loan, 2003 (hereinafter referred to as "Conversion Loan"), as on the following dates and at the indicated rates:—

<u>Date of conversion</u>	<u>Nominal amount of Conversion Loan per £100 nominal of 10½ per cent Treasury Convertible Stock, 1992</u>
7th November 1985	£98
7th May 1986	£96
7th November 1986	£94
7th May 1987	£92
7th November 1987	£90

6. Notices setting out the administrative arrangements for the exercise of the options to convert and forms of acceptance for completion will be issued to holders at the appropriate times. Where a holding is held jointly by more than two holders options to convert may be exercised by a majority of them. Completed forms of acceptance in respect of each of the options to convert, accompanied by certificates of title for holdings of 10½ per cent Treasury Convertible Stock, 1992 must be lodged at the Bank of England, New Change, London, EC4M 9AA, or at the Bank of Ireland, Moyne Buildings, 1st Floor, 20 Callender Street, Belfast, BT1 5BN, not later than 3.00 p.m. on the sixth working day before each date of conversion.
7. Holdings of 10½ per cent Treasury Convertible Stock, 1992, in respect of which options to convert have not been exercised will be repaid at par on 7th May 1992.
8. Her Majesty's Treasury have directed that Section 326 of the Income and Corporation Taxes Act 1970 (which relates to the treatment for taxation purposes of financial concerns whose business consists wholly or partly in dealing in securities) shall apply to exchanges of securities made in pursuance of the conversion offer.
9. Conversion Loan will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961, subject as regards securities payable to bearer to the provisions of Section 7 of the Trustee Act 1925. Application will be made to the Council of The Stock Exchange for Conversion Loan to be admitted to the Official List. Paragraphs 2 and 3 of this prospectus will apply equally to Conversion Loan as to 10½ per cent Treasury Convertible Stock, 1992. Interest on Conversion Loan will be payable half-yearly on 7th May and 7th November. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post.
10. Conversion Loan will be repaid at par on 7th May 2003.
11. On or after 7th November 1985 holdings of Conversion Loan may be exchanged into bonds to bearer which will be available in denominations of £100, £200, £500, £1,000, £5,000, £10,000 and £50,000. Bonds will be free of stamp duty. Stock will be interchangeable with bonds without payment of any fee. Interest on bonds to bearer, less income tax, will be paid by coupon.
12. 10½% Treasury Convertible Stock, 1992 and stock and bonds of Conversion Loan and the interest payable thereon will be exempted from all United Kingdom taxation, present or future, so long as it is shown that the stock or bonds are in the beneficial ownership of persons who are neither domiciled nor ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.
13. Further, interest payable on 10½% Treasury Convertible Stock, 1992 and stock and bonds of Conversion Loan will be exempt from United Kingdom income tax, present or future, so long as it is shown that the stock or bonds are in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.
14. For the purposes of the preceding paragraphs, persons are not ordinarily resident in the United Kingdom if they are regarded as not ordinarily resident for the purposes of United Kingdom income tax.
15. Applications for exemption from United Kingdom income tax should, in the case of interest on stock, be made in such form as may be required by the Commissioners of the Inland Revenue. Bearer bond coupons will be paid without deduction of United Kingdom income tax if accompanied by a declaration of ownership in such form as may be required by the Commissioners of Inland Revenue. The appropriate forms may be obtained from the Inspector of Foreign Dividends, Inland Revenue, Lynwood Road, Thames Ditton, Surrey, KT7 ODP.
16. These exemptions will not entitle a person to claim repayment of tax deducted from interest unless the claim to such repayment is made within the time limit provided for such claims under income tax law; under the provisions of the Taxes Management Act 1970, Section 43 (1), no such claim will be outside this time limit if it is made within six years from the date on which the interest is payable. In addition, these exemptions will not apply so as to exclude the interest from any computation for taxation purposes of the profits of any trade or business carried on in the United Kingdom. Moreover, the allowance of the exemptions is subject to the provisions of any law, present or future, of the United Kingdom directed to preventing avoidance of taxation by persons domiciled, resident, or ordinarily resident in the United Kingdom, and, in particular, the interest will not be exempt from income tax where, under any such provision, it falls to be treated for the purpose of the Income Tax Acts as income of any person resident or ordinarily resident in the United Kingdom.

17. Tenders must be lodged at the Bank of England, New Issues (B), Watling Street, London, EC4M 9AA not later than 10.00 A.M. ON THURSDAY, 16TH AUGUST 1984, 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 WEDNESDAY, 15TH AUGUST 1984. Tenders will not be revocable between 10.00 a.m. on Thursday, 16th August 1984 and 10.00 a.m. on Tuesday, 21st August 1984.

18. Each tender must be for one amount and at one price. The minimum price, below which tenders will not be accepted, is £95.25 per cent. Tenders must be made at the minimum price or at higher prices which are multiples of 25p. Tenders lodged without a price being stated will be deemed to have been made at the minimum price.

19. A separate cheque representing a deposit at the rate of £30.00 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.

Tenders must be for a minimum of £100 Stock and for multiples of Stock as follows:—

<i>Amount of Stock tendered for</i>	<i>Multiple</i>
£100—£1,000	£100
£1,000—£3,000	£500
£3,000—£10,000	£1,000
£10,000—£50,000	£5,000
£50,000 or greater	£25,000

20. Her Majesty's Treasury reserve the right to reject any tender or part of any tender and may therefore allot to tenderers less than the full amount of the Stock. 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), which will be not less than the minimum tender price. All allotments will be made at the allotment price: tenders which are accepted and which are made at prices above the allotment price will be allotted in full; tenders made at the allotment price may be allotted in full or in part only. 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.

21. 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.

22. No allotment will be made for a less amount than £100 of Stock. 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 may be charged on a day-to-day basis on any overdue amount which may be accepted at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling ("LIBOR") plus 1 per cent per annum. Such rate will be determined by the Bank of England by reference to market quotations, on the due date for the relevant payment, for LIBOR obtained from such source or sources as the Bank of England shall consider appropriate. 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.

23. Letters of allotment may be split into denominations of multiples of £100 on written request received by the Bank of England, New Issues, Watling Street, London, EC4M 9AA on any date not later than 4th October 1984. Such requests must be signed and must be accompanied by the letters of allotment (but a letter cannot be split if any payment is overdue).

24. Letters of allotment must be surrendered for registration, accompanied by a completed registration form, 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 8th October 1984.

25. Tender 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, 25 St. Vincent Place, Glasgow, G1 2EB; at the Bank of Ireland, Moyne Buildings, 1st Floor, 20 Callender Street, Belfast, BT1 5BN; 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 AUGUST 1984.