

TENDERS MUST BE LODGED AT THE BANK OF ENGLAND, NEW ISSUES (Y), WATLING STREET, LONDON, EC4M 9AA NOT LATER THAN 10.00 A.M. ON THURSDAY, 5TH MAY 1983, 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, 4TH MAY 1983.

ISSUE BY TENDER OF £1,000,000,000

2½ per cent INDEX-LINKED TREASURY CONVERTIBLE STOCK, 1999

PAYABLE AS FOLLOWS:

Deposit with tender	£40.00 per cent
On Monday, 6th June 1983	£30.00 per cent
On Monday, 4th July 1983	Balance of purchase money

INTEREST PAYABLE HALF-YEARLY ON 22ND MAY AND 22ND NOVEMBER

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 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.
5. The Stock will be convertible into 10½ per cent Conversion Stock, 1999 in accordance with the provisions of paragraphs 15 to 17. Holdings of the Stock in respect of which the options to convert have not been exercised will be repaid on 22nd November 1999 (unless such holdings have previously been redeemed under the provisions of paragraph 14). 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 which may replace that Index for the purposes of this prospectus, such movement being indicated by the Index figure issued monthly and subsequently published in the London, Edinburgh and Belfast Gazettes.
6. 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 May 1983.
7. 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 four 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.
8. Interest will be payable half-yearly on 22nd May and 22nd November. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post.
9. The first interest payment will be made on 22nd November 1983 at the rate of £1.2060 per £100 nominal of Stock.
10. Each subsequent half-yearly interest payment will be at a rate, per £100 nominal of Stock, of £1.25 multiplied by the Index ratio applicable to the month in which the payment falls due.
11. The rate of interest for each interest payment other than the first, expressed as a percentage in pounds sterling to four 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.

12. 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.

13. 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.

14. 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. For the purposes of this paragraph, repayment to stockholders who exercise this right will be effected, on a date to be chosen by Her Majesty's Treasury, not later than seven months from the last month of publication of the old 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.

15. Holdings of 2½ per cent Index-Linked Treasury Convertible Stock, 1999 may, at the option of holders, be converted in whole or in part into 10½ per cent Conversion Stock, 1999 (hereinafter referred to as "Conversion Stock") as on the following dates:—

22nd November 1983

22nd May 1984

22nd November 1984

In each case, conversion will be effected at the rate of £100 nominal of Conversion Stock per £100 nominal of 2½ per cent Index-Linked Treasury Convertible Stock, 1999, (i.e. the value of the principal of the Stock is not indexed for the purposes of conversion and the amount of Conversion Stock receivable under each of the options to convert is thus fixed from the outset).

16. 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 2½ per cent Index-Linked Treasury Convertible Stock, 1999, 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 fifth working day before each date of conversion.

17. 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.

18. Conversion Stock will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961, and application will be made to the Council of The Stock Exchange for Conversion Stock to be admitted to the Official List. Paragraphs 3 and 4 of this prospectus will apply equally to Conversion Stock as to 2½ per cent Index-Linked Treasury Convertible Stock, 1999. Interest on Conversion Stock will be payable half-yearly on 22nd May and 22nd November. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. Conversion Stock will be repaid at par on 22nd November 1999.

19. Tenders for 2½ per cent Index-Linked Treasury Convertible Stock, 1999 must be lodged at the Bank of England, New Issues (Y), Watling Street, London, EC4M 9AA not later than 10.00 A.M. ON THURSDAY, 5TH MAY 1983, 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, 4TH MAY 1983. Each tender must be for one amount and at one price which is a multiple of 25p. Tenders will not be revocable between 10.00 a.m. on Thursday, 5th May 1983 and 10.00 a.m. on Tuesday, 10th May 1983. TENDERS LODGED WITHOUT A PRICE BEING STATED WILL BE REJECTED.

20. A separate cheque representing a deposit at the rate of £40.00 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.

21. Tenders must be for a minimum of £100 *nominal* of 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

22. 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). 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.

23. 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.

24. No allotment will be made for a less amount than £100 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.

25. 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, or by any of the Branches of the Bank of England, on any date not later than 30th June 1983. 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).

26. 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 4th July 1983.

27. 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

28th April 1983