

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCK DESCRIBED BELOW IS NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND. OFFICIAL DEALINGS IN THE STOCK ON THE INTERNATIONAL STOCK EXCHANGE ARE EXPECTED TO COMMENCE ON MONDAY, 21ST SEPTEMBER 1992.

PARTICULARS OF AN ISSUE OF £500,000,000

4⁵/₈ per cent INDEX-LINKED
TREASURY STOCK, 1998

SCHEDULE OF PAYMENTS:

Amount paid on issue	£15.00 per cent
Amount payable on Monday, 26th October 1992	£40.00 per cent
Amount payable on Monday, 30th November 1992	£45.00 per cent

INTEREST PAYABLE HALF-YEARLY ON 27TH APRIL AND 27TH OCTOBER

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 International Stock Exchange for the Stock to be admitted to the Official List.

1. The whole of the above Stock has been issued to the Bank of England on 18th September 1992 at a price of £100.00 per cent. The amount paid on issue was £15.00 per cent, the amount payable on 26th October 1992 will be £40.00 per cent and the amount payable on 30th November 1992 will be £45.00 per cent.
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. Stock registered at the Bank of England held for the account of members of the Central Gilts Office (CGO) Service will also be transferable, in multiples of one penny, by exempt transfer in accordance with the Stock Transfer Act 1982 and the relevant subordinate legislation. Transfers will be free of stamp duty.
4. The Stock and the interest payable thereon will be exempt from all United Kingdom taxation, present or future, so long as it is shown that the Stock is in the beneficial ownership of persons who are neither domiciled nor ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.
5. Further, the interest payable on the Stock will be exempt from United Kingdom income tax, present or future, so long as it is shown that the Stock is in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.
6. 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.
7. 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 Inland Revenue. The appropriate forms may be obtained from the Inspector of Foreign Dividends, Inland Revenue, Lynwood Road, Thames Ditton, Surrey, KT7 0DP.
8. 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.
9. If not previously redeemed under the provisions of paragraph 17, the Stock will be repaid on 27th April 1998. The value of the principal on repayment will be related, subject to the terms of this notice, to the movement, during the life of the Stock, of the United Kingdom General Index of Retail Prices (for all items) published by the Central Statistical Office of the Chancellor of the Exchequer, or any Index which may replace that Index for the purposes of this notice, such movement being indicated by the Index figure issued monthly and subsequently published in the London, Edinburgh and Belfast Gazettes.

10. For the purposes of this notice, 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 September 1992.

11. 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.

12. Interest will be payable half-yearly on 27th April and 27th October. 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 27th April 1993 at the rate of £2.2448 per £100 nominal of Stock.

13. Each subsequent half-yearly interest payment will be at a rate, per £100 nominal of Stock, of £2.3125 multiplied by the Index ratio applicable to the month in which the payment falls due.

14. 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.

15. 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.

16. If the Index is not published for a month for which it is relevant for the purposes of this notice, the Bank of England will nominate a substitute Index figure which shall be an Index figure applicable to the month of payment published as a substitute figure by the Central Statistical Office of the Chancellor of the Exchequer, 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.

17. 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.

18. Until payment in full has been made and a completed registration form submitted to the Bank of England, the Stock (other than amounts held in the CGO Service for the account of members) will be represented by letters of allotment.

19. Payment in full may be made at any time prior to 30th November 1992 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 such 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 such Stock and any amount previously paid liable to forfeiture.

20. Letters of allotment may be split into denominations of multiples of £100 on written request to the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW received not later than 26th November 1992. 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).

21. Members of the CGO Service may, subject to the provisions governing membership of that Service, surrender a partly-paid letter of allotment to the CGO for cancellation and for the Stock comprised therein to be credited to the member's account. The member who is shown by the accounts of the CGO as being entitled to any Stock shall, to the exclusion of all persons previously entitled to such Stock and any person claiming any entitlement thereto, both be treated as entitled to such Stock as if that member were the holder of a letter of allotment and be liable for the payment of any amount due in respect of such Stock. A member will be entitled at any time prior to registration to withdraw, in multiples of £100, Stock credited to the member's account and to obtain a partly-paid letter of allotment comprising such Stock, and such member shall be liable for the payment of all amounts becoming due

thereafter in respect of such Stock unless and until that letter of allotment is surrendered to the CGO for cancellation as aforesaid.

22. Payment of the call due on 26th October 1992 and the final instalment due on 30th November 1992 must be sent to the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW. Letters of allotment must be surrendered for registration, accompanied by a completed registration form, when the final instalment 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 30th November 1992; in the case of stock held for the account of members of the CGO Service payment of the call and the final instalment and registration of Stock will be effected under separate arrangements.

23. The terms of issue of this Stock are such that it will fall within the definition of a qualifying indexed security in paragraph 2 of Schedule 11 to the Finance Act 1989 and the Inland Revenue has confirmed that it will treat it as such. The Stock will therefore not be a deep gain security for the purposes of that schedule. Further issues of this Stock may be made in circumstances such that the Stock then issued does not constitute a qualifying indexed security and in certain cases this could result in all of the Stock issued under this notice being treated thereafter as a deep gain security. However, it is the intention of Her Majesty's Treasury that further issues of Stock under this notice will be conducted so as to prevent any of the Stock being treated as a deep gain security for United Kingdom tax purposes. Provided the Stock is neither a deep gain security nor treated as a deep gain security, any difference between the price at which the Stock is issued and the amount paid on repayment of the Stock will not constitute income for the purposes of Schedule 11 to the Finance Act 1989.

24. Copies of this notice may be obtained by post from the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW; at the Central Gilts Office, Bank of England, 1 Bank Buildings, Princes Street, London, EC2R 8EU or at any of the Branches or Agencies of the Bank of England; at the Bank of Ireland, Moyne Buildings, 1st Floor, 20 Callender Street, Belfast, BT1 5BN; or at any office of The International Stock Exchange in the United Kingdom.

Government Statement

Attention is drawn to the statement issued by Her Majesty's Treasury on 29th May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, this Stock is issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

**BANK OF ENGLAND
LONDON**

18th September 1992