

APPLICATION FORMS MUST BE SENT TO THE BANK OF ENGLAND, NEW ISSUES, PO BOX 444, GLOUCESTER, GL1 1NP TO ARRIVE NOT LATER THAN 10.00 A.M. ON WEDNESDAY, 2ND DECEMBER 1992; OR LODGED BY HAND AT THE CENTRAL GILTS OFFICE, BANK OF ENGLAND, BANK BUILDINGS, 19 OLD JEWRY, LONDON NOT LATER THAN 10.00 A.M. ON WEDNESDAY, 2ND DECEMBER 1992; OR LODGED BY HAND AT ANY OF THE BRANCHES OR AGENCIES OF THE BANK OF ENGLAND NOT LATER THAN 3.30 P.M. ON TUESDAY, 1ST DECEMBER 1992.

ISSUE OF £2,500,000,000

8 per cent TREASURY STOCK, 2003

FOR AUCTION ON A BID PRICE BASIS

PAYABLE AS FOLLOWS:

Payment on application:	
with a competitive bid	Price bid less £75 per cent
with a non-competitive bid	£25 per cent
Balance of purchase money:	
On Monday, 15th February 1993	£25 per cent
On Monday, 5th April 1993	£50 per cent

INTEREST PAYABLE HALF-YEARLY ON 10TH JUNE AND 10TH DECEMBER

This Stock will, on issue, be 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 on 3rd December 1992.

1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.
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 repaid at par on 10th June 2003.
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. 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.
5. Interest will be payable half-yearly on 10th June and 10th December. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. Interest will accrue from Thursday, 3rd December 1992 and the first interest payment will be made on 10th June 1993 at the rate of £2.3891 per £100 of the Stock.
6. The Stock may be held on the National Savings Stock Register.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.

Method of Application

12. Bids may be made on either a competitive or a non-competitive basis, as set out below, and must be submitted on the application form published with this prospectus. Each application form must comprise either one competitive bid or one non-competitive bid. Separate arrangements have been made under which gilt-edged market makers may make competitive bids by telephone to the Bank of England not later than 10.00 a.m. on Wednesday, 2nd December 1992.

13. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than **10.00 A.M. ON WEDNESDAY, 2ND DECEMBER 1992**; or lodged by hand at the Central Gilts Office, Bank of England, Bank Buildings, 19 Old Jewry, London not later than **10.00 A.M. ON WEDNESDAY, 2ND DECEMBER 1992**; or lodged by hand at any of the Branches or Agencies of the Bank of England not later than **3.30 P.M. ON TUESDAY, 1ST DECEMBER 1992**. Bids will not be revocable between 10.00 a.m. on Wednesday, 2nd December 1992 and 10.00 a.m. on Monday, 7th December 1992.

14. Each bid must be for a minimum amount and in a multiple of Stock as follows:-

<i>Amount of Stock applied for</i>	<i>Multiple</i>
Competitive bids (minimum £500,000)	
£500,000-£1,000,000	£100,000
£1,000,000 or greater	£1,000,000
Non-competitive bids (minimum £1,000)	
£1,000-£10,000	£1,000
£10,000-£50,000	£5,000
£50,000-£500,000	£25,000

15. COMPETITIVE BIDS

- (i) Each competitive bid must be for one amount and at one price expressed as a multiple of 1/32nd of £1 and must be for a minimum of £500,000 nominal of Stock.
- (ii) Unless the applicant is a member of the CGO Service, a separate cheque representing the **PAYMENT DUE ON APPLICATION, i.e. THE PRICE BID LESS £75 FOR EVERY £100 NOMINAL OF STOCK BID FOR**, must accompany each competitive bid. Cheques must be drawn on a branch or office, situated within the Town Clearing area, of a settlement member of CHAPS and Town Clearing Company Limited.
- (iii) The Bank of England reserve the right to reject any competitive bid or part of any competitive bid. Competitive bids will be ranked in descending order of price and Stock will be sold to applicants whose competitive bids are at or above the lowest price at which the Bank of England decide that any competitive bid should be accepted (the lowest accepted price). **APPLICANTS WHOSE COMPETITIVE BIDS ARE ACCEPTED WILL PURCHASE STOCK AT THE PRICES WHICH THEY BID**: competitive bids which are accepted and which are made at prices above the lowest accepted price will be satisfied in full; competitive bids which are accepted and which are made at the lowest accepted price may be satisfied in full or in part only.

16. NON-COMPETITIVE BIDS

- (i) A non-competitive bid must be for not less than £1,000 nominal and not more than £500,000 nominal of Stock, and must be in one of the multiples described in paragraph 14 above.
- (ii) 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.
- (iii) Unless the applicant is a member of the CGO Service, a separate cheque representing a **PAYMENT AT THE RATE OF £25 FOR EVERY £100 NOMINAL OF STOCK APPLIED FOR** must accompany each non-competitive bid; cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.
- (iv) The Bank of England reserve the right to reject any non-competitive bid. Non-competitive bids which are accepted will be accepted in full **AT A PRICE (the non-competitive sale price) 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.**
- (v) If the non-competitive sale price is less than £100 per cent, the amount by which the amount paid on application exceeds the non-competitive sale price less £75 per cent will be refunded by cheque despatched by post at the risk of the applicant.
- (vi) If the non-competitive sale price is greater than £100 per cent, applicants whose non-competitive bids are accepted may be required to make a further payment equal to the non-competitive sale price less £100 for every £100 nominal of Stock allocated to them. An applicant from whom a further payment is required will be notified by letter by the Bank of England of the amount of Stock allocated to him and of the further payment due, but such notification will confer no right on the applicant to transfer the amount of Stock so allocated. The despatch of allotment letters to applicants from whom a further payment is required will be delayed until such further payment has been made.

17. The Bank of England may sell to applicants less than the full amount of the Stock.

18. The Stock now being issued will be initially issued to the Bank of England otherwise than at a deep discount. Therefore the Stock will not be taxable as a deep discount security under the provisions of Schedule 4 to the Income

and Corporation Taxes Act 1988. Further issues of the Stock may be at a deep discount (broadly, a discount exceeding 1/2 per cent per annum) and in certain circumstances this could result in all of the Stock being taxable thereafter as a deep discount security. However, it is the intention of Her Majesty's Treasury that further issues of the Stock will be conducted so as to prevent any of the Stock being taxable as a deep discount security for United Kingdom tax purposes. Provided the Stock is not taxable as a deep discount security, any discount to the nominal value at which the Stock is issued will not represent taxable income for the purposes of the relevant provisions.

19. Letters of allotment in respect of the Stock sold, being the only form in which the Stock (other than amounts held in the CGO Service for the account of members) may be transferred prior to registration, will be despatched by post at the risk of the applicant, but the despatch of any letter of allotment, and any refund of the balance of the amount paid on application, may at the discretion of the Bank of England be withheld until the applicant's cheque has been paid. In the event of such withholding, the applicant will be notified by letter by the Bank of England of the acceptance of his application and of the amount of Stock allocated to him, subject in each case to the payment of his cheque, but such notification will confer no right on the applicant to transfer the Stock so allocated.

20. No sale will be made of a less amount than £1,000 Stock. If an application is satisfied in part only, the balance of the amount paid on application will, when refunded, be remitted by cheque despatched by post at the risk of the applicant; if an application is rejected the amount paid on application will be returned likewise.

21. 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 1st April 1993. 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).

22. Subject to the provisions governing membership of the CGO Service, a member of that Service may, by completing Section D of the application form, request that any Stock sold to him be credited direct to his account in the CGO on Thursday, 3rd December 1992 by means of a member-to-member delivery from an account in the name of the Governor and Company of the Bank of England, Number 2 Account. Failure to accept such delivery by the deadline for member-to-member deliveries under the rules of the CGO Service on 3rd December 1992 shall for the purposes of this prospectus constitute default in due payment of the amount payable on application in respect of the relevant Stock. A member of the CGO Service may also, 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.

23. The Stock will be issued and sold partly-paid, with a call of £25 per cent payable on 15th February 1993 and a final instalment of £50 per cent payable on 5th April 1993. Payment of the call and the final instalment must be sent to the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW. Payment in full may be made at any time after sale 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. 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 5th April 1993; 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.

24. Application forms and copies of this prospectus 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

24th November 1992