



British Gas public limited company
(incorporated in England and Wales with limited liability)
(registered number 2006000)

£200,000,000

7 $\frac{1}{8}$ per cent. Bonds Due 2044

The issue price of the £200,000,000 7 $\frac{1}{8}$ per cent. Bonds Due 2044 (the "Bonds") is 100.616 per cent. of their principal amount. Interest on the Bonds will be payable annually in arrear on 8th February, the first payment to be made on 8th February, 1995. Payments on the Bonds will be made without deduction for or on account of taxes of the United Kingdom as described under "Terms and Conditions of the Bonds—Taxation".

Application has been made to The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "London Stock Exchange") for the Bonds to be admitted to the Official List. Copies of this document have been delivered to the Registrar of Companies in England and Wales as required by Section 149 of the Financial Services Act 1986.

The Bonds mature on 8th February, 2044 but may be redeemed before then at the option of British Gas public limited company (the "Issuer") in whole or in part at any time at the higher of their principal amount and an amount calculated by reference to yields on United Kingdom Government Stock, together with accrued interest. The Bonds are also subject to redemption in whole (but not in part) at their principal amount together with accrued interest, at the option of the Issuer, in the event of certain changes affecting taxes of the United Kingdom. See "Terms and Conditions of the Bonds—Redemption and Purchase".

The Bonds will initially be represented by a Temporary Global Bond, without Coupons or Talons, which will be deposited with a common depository on behalf of Cedel S.A. and Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") on or about 8th February, 1994 (the "Closing Date"). The Temporary Global Bond will be exchangeable for definitive Bonds in bearer form in the denominations of £1,000, £10,000 and £100,000 each with Coupons and a Talon for further Coupons attached on or after a date which is expected to be 21st March, 1994 upon presentation of certificates in a form required by United States tax laws as to non-U.S. beneficial ownership as more particularly described under "Subscription and Sale".

CS First Boston

Baring Brothers & Co., Limited

Goldman Sachs International Limited

Kleinwort Benson Limited

Salomon Brothers International Limited

UBS Limited

S.G. Warburg Securities

This Offering Circular comprises listing particulars given in compliance with the listing rules made under Section 142 of the Financial Services Act 1986 by the London Stock Exchange for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries (together the “Group”) and the Bonds. The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular does not constitute an offer of the Bonds, or an invitation by or on behalf of the Issuer or the Managers (as defined under “Subscription and Sale”) to subscribe or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Bonds and distribution of this Offering Circular, see “Subscription and Sale” below.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered, directly or indirectly, within the United States or to or for the account or benefit of U.S. persons, as part of the distribution of the Bonds, all as set out in “Subscription and Sale” below.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

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In connection with this issue, CS First Boston Limited may over-allot or effect transactions which stabilise or maintain the market price of the Bonds at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time.

TERMS AND CONDITIONS OF THE BONDS

The following is the text of the Terms and Conditions of the Bonds which, subject to amendment, will appear on the reverse of each Bond in definitive form:—

The £200,000,000 7½ per cent. Bonds Due 2044 (together with any further bonds constituted pursuant to Condition 10 and forming a single series therewith, the “Bonds”) of British Gas public limited company (the “Issuer”) form a series of Bonds constituted by a supplemental trust deed (the “Supplemental Trust Deed”) dated 8th February, 1994 and made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the “Trustee”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed (as defined below)). The Supplemental Trust Deed is supplemental to a master trust deed (the “Principal Trust Deed”) dated 13th February, 1990 and made between the Issuer and the Trustee. The Supplemental Trust Deed and the Principal Trust Deed are together referred to as the “Trust Deed”. The Trustee shall act as trustee for the holders of the Bonds (the “Bondholders”) in accordance with the provisions of the Trust Deed (copies of which, together with copies of the Paying Agency Agreement dated 8th February, 1994 (the “Paying Agency Agreement”) between the Issuer, the initial Paying Agents (as defined below) and the Trustee, are available for inspection at the registered office for the time being of the Trustee in London, being at the date of the Supplemental Trust Deed at Princes House, 95 Gresham Street, London EC2V 7LY, and at the specified office of each of the Principal Paying Agent and the other Paying Agent referred to in Condition 5 (together the “Paying Agents”). The statements in these terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. The Bondholders and the holders of the bearer interest coupons appertaining to the Bonds (the “Couponholders” and the “Coupons” respectively) and the talons for further Coupons (the “Talons”) are deemed to have notice of, are bound by, and are entitled to the benefit of, all of the provisions contained in the Trust Deed. In these Conditions, the expression “Coupons” shall, unless the context otherwise requires, include the Talons. Expressions defined in the Trust Deed shall have the same meanings in these Conditions.

1. Status

The Bonds and the Coupons constitute direct, unconditional and unsecured obligations of the Issuer and rank *pari passu* without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds and the Coupons shall (subject to such exceptions as are from time to time applicable under the laws of England) rank equally with its other present and future unsecured obligations (other than subordinated obligations, if any).

2. Form, Denomination and Title

The Bonds are serially numbered and in bearer form in the denominations of £1,000, £10,000 and £100,000 each with 25 Coupons and one Talon for further Coupons attached thereto on issue. Title to the Bonds and Coupons will pass by delivery and, except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Trustee and the Paying Agents shall be entitled to treat the bearer of any Bond or Coupon as the absolute owner thereof and shall not be required to obtain any proof thereof or as to the identity of the bearer. Bonds of one denomination are not exchangeable for Bonds of any other denomination.

3. Interest

The Bonds bear interest from 8th February, 1994 at the rate of 7½ per cent. per annum and such interest will be payable annually in arrear on 8th February in each year.

If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

The Bonds will cease to bear interest from the due date for redemption unless payment of principal, premium (if any) or interest is improperly withheld or upon due presentation refused.

4. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed as provided under Conditions 4(b) and (c) or purchased and cancelled as provided under Conditions 4(d) and (e), the Bonds will be redeemed at their principal amount on 8th February, 2044.

(b) Redemption at the Option of the Issuer

The Issuer may, before 8th February, 2044, having given not less than 30 nor more than 45 days' notice to the Bondholders in accordance with Condition 12 (which notice shall be irrevocable), redeem the Bonds in whole or in part (but if in part, in integral multiples of £1,000,000 of the principal amount thereof), at the price which shall be the higher of the following, together with interest accrued up to the date of redemption:

- (i) par; and
- (ii) that price (the "Redemption Price"), expressed as a percentage rounded to three decimal places (0.0005 being rounded down), at which the Gross Redemption Yield on the Bonds, if they were to be purchased at such price on the third dealing day prior to the publication of the notice of redemption, would be equal to the gross redemption yield on such dealing day of 8¾ per cent. Treasury Stock 2017 or of such other United Kingdom Government Stock as the Trustee, with the advice of three leading brokers operating in the gilt-edged market and/or gilt-edged market makers, shall determine to be appropriate (the "Reference Stock") on the basis of the middle market price of the Reference Stock prevailing on such dealing day, as determined by CS First Boston Limited (or such other person as the Trustee may approve).

The Gross Redemption Yield on the Bonds and the Reference Stock will be expressed as a percentage and will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries, Vol.105, Part I, 1978, page 18 or on such other basis as the Trustee may approve.

In the case of a partial redemption of Bonds, Bonds to be redeemed will be selected individually by lot in such place as the Trustee may approve and in such manner as the Trustee shall deem to be appropriate and fair without involving any part only of a Bond, not more than 65 days before the date fixed for redemption. Each notice of redemption will specify the date fixed for redemption, the relative redemption price, the aggregate principal amount and the serial numbers of the Bonds to be redeemed, the serial numbers of the Bonds previously called for redemption and not presented for payment and the aggregate principal amount of the Bonds which will be outstanding after the partial redemption.

Upon the expiry of any notice as is referred to above the Issuer shall be bound to redeem the Bonds to which the notice refers at the relative redemption price applicable at the date of such redemption together with interest accrued to but excluding the redemption date.

(c) Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that on the occasion of the next payment in respect of the Bonds the Issuer would be unable to make such payment without having to pay additional amounts as described in Condition 6, and such requirement arises by reason of a change in the laws of the United Kingdom or any political sub-division thereof or taxing authority therein or in the interpretation or application thereof, which change becomes effective on or after 3rd February, 1994, and such inability cannot be avoided by the Issuer taking reasonable measures (such measures not involving any material additional payments by, or expense for, the Issuer) the Issuer may, having given not less than 30 nor more than 45 days' notice to the Bondholders in accordance with Condition 12, redeem all, but not some only, of the Bonds at their principal amount together with interest accrued to the date of redemption, provided that the date fixed for redemption shall not be earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or make such withholding or deduction, as the case may be, were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 4(c), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the inability referred to above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of such condition precedent, in which event it shall be conclusive and binding on the Bondholders and the Couponholders. Any notice of redemption given to Bondholders by the Issuer under this Condition 4(c) shall be irrevocable.

Upon the expiry of any notice as is referred to above the Issuer shall be bound to redeem the Bonds to which the notice refers at their principal amount together with interest accrued to but excluding the redemption date.

(d) Purchases

The Issuer or any subsidiary of the Issuer may at any time purchase beneficially or procure others to purchase beneficially for its account Bonds in the open market or otherwise at any price. Each such purchase of Bonds shall include all unmatured Coupons appertaining thereto. If purchases are made by tender, tenders must be available to all Bondholders alike.

(e) Cancellation

All Bonds redeemed or purchased under this Condition 4 (together with all unmatured Coupons appertaining thereto attached or surrendered therewith) shall, in the case of redemption or a purchase by the Issuer, be cancelled forthwith and, in the case of a purchase by a subsidiary of the Issuer, be cancelled no later than the date of the next payment of interest, and may not be resold or reissued.

5. Payments and Exchange of Talons

(a) Payments of principal, premium (if any) and interest will be made against presentation and surrender of Bonds (in the case of principal and premium (if any)) and Coupons (in the case of interest) at the specified office of any Paying Agent by a cheque drawn on a Town Clearing branch of, or by transfer to a sterling account maintained by the payee with, a bank in the City of London.

(b) The names of the initial Principal Paying Agent and other Paying Agent and their respective specified offices appear at the end of these Conditions.

(c) All payments are subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6.

(d) Upon the due date for redemption of any Bond, unmatured Coupons and the Talon if unmatured relating to such Bond (whether or not attached) shall become void and no payment shall be made in respect of such Coupons and no exchange shall be made in respect of such Talon. If the due date for redemption of a Bond is not a date on which payment of interest is due in respect thereof, the interest accrued from the preceding date for the payment of interest (or 8th February, 1994, as the case may be) shall be payable only against presentation of such Bond.

(e) If the due date for payment of any amount of principal, premium (if any) or interest in respect of any Bond is not at any place of presentation of the relevant Bond or Coupon a business day, then the holder will not be entitled to payment at such place of the amount due until the next following business day at such place and will not be entitled to any further interest or other payment in respect of any such delay. In this Condition, "business day" means any day on which banks are open for business in the relevant place of presentation and in the City of London and (if the place of presentation is not the City of London) on which dealings in foreign currencies may be carried on in the City of London and in such place of presentation.

(f) On and after 8th February, 2019, a Talon may be surrendered at the specified office of any Paying Agent in exchange for a further 25 Coupons, subject to the provisions of Condition 8.

(g) The Issuer reserves the right at any time to terminate the appointment of any Paying Agent and, with the approval of the Trustee, to vary the terms of appointment of any Paying Agent or to appoint additional or other Paying Agents provided that it will at all times maintain Paying Agents having specified offices in a major city approved by the Trustee in continental Europe and, so long as the Bonds are listed on The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited, in London. Any variation, termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 nor less than 30 days' prior notice thereof shall have been given by the Issuer to the Bondholders in accordance with Condition 12. Notice of any changes in the specified offices of the Paying Agents will be given promptly by the Issuer to the Bondholders in accordance with Condition 12.

6. Taxation

All payments of principal, premium (if any) and interest in respect of the Bonds and the Coupons will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the United Kingdom or any political subdivision thereof, or any authority of or in the United Kingdom having power to tax, unless the withholding or deduction of such taxes or duties is compelled by law. In that event, the Issuer will pay such additional amounts of principal, premium (if any) and interest as will result in the payment to the Bondholders or Couponholders of the amounts which would otherwise have been receivable in respect thereof had no such withholding or deduction been made, except that no such additional amount shall be payable in respect of any Bond or Coupon presented for payment:—

- (a) by, or on behalf of, a person who is liable to such taxes or duties on such Bond or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of such Bond or Coupon; or
- (b) in the United Kingdom; or
- (c) to the extent that any such withholding or deduction could be avoided by the person presenting the Bond or Coupon for payment or any other person on whose behalf such Bond or Coupon is presented for payment satisfying any statutory requirements or making a declaration of non-residence or other similar claim for exemption to the relevant tax authority but that person fails to do so; or
- (d) more than 30 days after the Relevant Date except to the extent that the holder would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day.

For the purposes of these Conditions, “Relevant Date” in relation to any Bond or Coupon means the due date for payment thereof but, if the full amount of the moneys payable on such due date has not been received by the Principal Paying Agent or the Trustee on or prior to the first date on which payment could be claimed by the holder of the relevant Bond or Coupon, it means the date on which notice is duly given to the Bondholders in accordance with Condition 12 that such moneys have been so received.

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any obligation undertaken in addition thereto or in substitution therefor pursuant to the Trust Deed.

7. Repayment on Event of Default and Enforcement

Upon the happening of any of the events listed in (a) to (f) of this Condition and the Trustee giving written notice to the Issuer to such effect, the outstanding Bonds shall become immediately due and repayable at their principal amount together with accrued interest.

If the event falls within (b) to (f) of this Condition, no such notice may be given by the Trustee unless the Trustee certifies to the Issuer that the happening of such event is in its opinion materially prejudicial to the interests of the Bondholders. Subject thereto, the Trustee may, and if so requested in writing by the holders of not less than one-fifth in principal amount of the Bonds for the time being outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders shall, give such notice as aforesaid.

The said events are that:—

- (a) the Issuer defaults in the payment of any principal or premium (if any) due in respect of the Bonds or defaults for more than 30 days in the payment of any interest due in respect of the Bonds; or
- (b) the Issuer defaults in the performance or observance of any obligation or provision under the Trust Deed (in so far as such obligation or provision relates to the Bonds) or the Bonds (other than any obligation for the payment of any principal, premium (if any) or interest in respect of the Bonds) which continues for more than 90 days after written notice thereof shall have been given to the Issuer by the Trustee (except where the Trustee shall have

certified to the Issuer that such default is incapable of remedy, when no such notice or continuation shall be required); or

- (c) a resolution is passed, or a final order of a court in the United Kingdom is made and, where possible, not discharged or stayed within a period of 90 days, that the Issuer be wound up or dissolved; or
- (d) an encumbrancer takes possession or an administrative or other receiver or similar officer is appointed of the whole or substantially the whole of the assets or undertaking of the Issuer or an administration or similar order is made in relation to the Issuer unless such taking of possession, appointment or order is released, discharged or cancelled within 90 days; or
- (e) the Issuer ceases to carry on all or substantially all of its business; or
- (f) the Issuer is adjudicated bankrupt or insolvent by a court of competent jurisdiction in England or is unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986.

At any time after the Bonds shall have become due and repayable, the Trustee may, at its discretion and without further notice, but subject as provided in the Conditions, take such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds together with accrued interest but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of not less than one-fifth in principal amount of the outstanding Bonds and (b) it shall have been indemnified to its satisfaction. Only the Trustee may pursue the remedies available under the general law or under the Trust Deed to enforce the rights of the Bondholders and Couponholders and no such holder will be entitled to proceed against the Issuer unless the Trustee, having become bound to do so in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

8. Prescription

Bonds and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within ten years and five years respectively from the Relevant Date therefor. There shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to the provisions of this Condition or Condition 5.

9. Modification, Waiver, Substitution of Principal Debtor and Meetings of the Bondholders

(a) The Trustee may agree, without the consent of the Bondholders or the Couponholders, to any modification of the provisions of the Trust Deed, the Bonds or the Coupons which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or (subject to certain exceptions) is not materially prejudicial to the interests of the Bondholders. The Trustee may also agree without any such consent to the waiver or authorisation of any breach or proposed breach of any of the provisions of the Trust Deed, the Bonds or the Coupons which is not in its opinion materially prejudicial to the interests of the Bondholders.

(b) The Trustee may also agree, without any such consent, to the substitution of another company as principal debtor under the Trust Deed, the Bonds and the Coupons, subject to the relevant provisions of the Trust Deed, to such requirements as the Trustee may direct in the interests of the Bondholders and to the Bonds carrying the unconditional and irrevocable guarantee of the Issuer or of the Successor in Business (as defined in the Trust Deed) of the Issuer unless the substitute principal debtor is the Successor in Business of the Issuer.

(c) The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution is two or more persons present holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned such meeting two or

more persons present being or representing Bondholders whatever the principal amount of the Bonds so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions and provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution is two or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Bonds for the time being outstanding. A resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting, and on all Couponholders. The Trust Deed provides that a resolution in writing signed by the holders of 95 per cent. in principal amount of the Bonds will be binding on all Bondholders.

(d) Any such modification, waiver, authorisation or substitution shall be binding on the Bondholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified to the Bondholders as soon as possible thereafter in accordance with Condition 12.

(e) In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation, determination or substitution as aforesaid), the Trustee shall have regard to the interests of the Bondholders as a class and in particular, but without prejudice to the generality of the foregoing, shall not have regard to the consequence of such exercise for individual Bondholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.

10. Further Issues

The Issuer is at liberty from time to time without the consent of the Bondholders to create and issue further bonds or notes either ranking *pari passu* in all respects (or in all respects save for the first payment of interest on such further bonds or notes) and so that the same shall be consolidated and form a single series with the outstanding bonds or notes of any series (including the Bonds) constituted by the Principal Trust Deed and a deed supplemental thereto or upon such terms as to interest, conversion, redemption and otherwise as the Issuer may at the time of the issue thereof determine. Any further bonds or notes forming a single series with the outstanding bonds or notes of any series constituted by the Principal Trust Deed and a deed supplemental thereto shall, and any other further bonds or notes may (with the consent of the Trustee), be constituted by a deed supplemental to the Principal Trust Deed. The Principal Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of bonds and notes of other series in certain circumstances where the Trustee so decides.

11. Replacement of Bonds and Coupons

If a Bond or Coupon is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Principal Paying Agent in London on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may require. Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

12. Notices

All notices to the Bondholders will be valid if published in a daily newspaper in the English language of general circulation in London or, if in any case this is not, in the opinion of the Trustee, practicable, in at least one leading daily English language newspaper with circulation in Europe approved by the Trustee. It is expected that publication will be made in the *Financial Times*. Such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication.

13. Indemnification of Trustee

The Trust Deed contains provisions for the indemnification of the Trustee in certain circumstances and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce obligations unless indemnified to its satisfaction.

14. Governing Law

The Bonds, the Coupons and the Trust Deed are governed by, and shall be construed in accordance with, English law.

USE OF PROCEEDS

The net proceeds of the issue of the Bonds, expected to amount to approximately £196,182,000, will be used for the general corporate purposes of the Group.

BRITISH GAS PUBLIC LIMITED COMPANY

Incorporation and Business

The Issuer, one of the larger British companies (based on sales) and a major public company, is the parent of the Group and is involved in gas and oil activities worldwide. Since its privatisation in 1986 the Issuer has adopted a strategy both to diversify from its traditional business of gas supply in Great Britain and also to expand its exploration and production and other activities.

The primary activity of the Issuer, conducted through the Gas Business, is the purchase, transmission, distribution, transportation, supply and sale of gas in Great Britain, supported by a broad range of services, to over 18 million customers, and the marketing of gas appliances. More than half the gas sold by the Issuer is used by approximately 17.8 million residential customers; commercial and industrial customers account for the remaining sales.

On 17th December, 1993, the Issuer announced plans to restructure its Gas Business activities in Great Britain into five stand-alone businesses, with the objective of becoming a leaner, more competitive and more commercially focused organisation. This will entail significant redundancy and restructuring costs. The five units will reflect the current Gas Business' major activities: Gas Transportation and Storage, Public Gas Supply, Contract Trading, Servicing and Installation, and Retailing.

The Issuer formalised its exploration and production activities in the Exploration and Production business in 1989 with a view to becoming a significant international participant in worldwide gas and oil exploration and production. The majority of the business' exploration and production assets are located in the UK Continental Shelf but it now has interests in over 20 countries worldwide.

In July 1992, the Issuer announced that, in partnership with the Italian state-owned oil company Agip, it had won the exclusive right to negotiate for the development of the Karachaganak gas condensate field in Kazakhstan. Grynberg Production Corporation ("Grynberg"), a Colorado company, filed suit in Texas against the Issuer and others claiming an interest in the field or in the profits of the Issuer for such field. Grynberg has dismissed all of its original claims against the Issuer as part of a settlement. Grynberg has, however, amended its pleadings to allege that the Issuer may not have complied with its obligations under the settlement, an allegation the Issuer strenuously denies, and to seek unspecified declaratory findings concerning the settlement. Grynberg and the Issuer are attempting to resolve the issues. No provision has been made in the accounts.

The Global Gas business unit was created in April 1990 to identify opportunities for participating in the development of gas businesses outside Great Britain, as well as opportunities in Great Britain outside the traditional gas supply and Exploration and Production businesses. The development of such gas businesses includes gas transmission, distribution, marketing and end use of gas, particularly gas-fired power generation. These activities all conform to the Issuer's diversification objectives.

In February 1991, the Issuer concluded the purchase of The Consumers' Gas Company Ltd. of Canada ("Consumers Gas") for approximately C\$1.1 billion. To comply with an undertaking given to the Government of Ontario at the time of acquisition, 15 per cent. of the ordinary shares of Consumers Gas were disposed of in March 1992 through a public offer. In November 1993, the Issuer agreed to sell the remaining 85 per cent. shareholding in Consumers Gas to Interprovincial Pipe Line System Inc. This sale, for C\$1.2 billion, is subject to regulatory and Government of Ontario approval and is expected to be completed during the first half of 1994. The decision to sell the shareholding in Consumers Gas reflects the evolving strategy of the Issuer in response to the changing international gas market and the new opportunities which are emerging.

In December 1992, a consortium led by the Issuer acquired 70 per cent. of MetroGas SA as part of the privatisation of the Argentine gas industry. The Issuer's share of the consortium is 41 per cent., resulting in an equity interest of approximately 29 per cent. at a cost of £55 million. MetroGas SA is the largest gas distribution company in Argentina currently supplying 1.8 million customers.

In April 1992, the Issuer acquired Ballylumford Power Ltd, the largest electricity generating company in Northern Ireland, from HM Government for £130 million. Plans are in hand to convert the station from oil firing to natural gas firing, which will necessitate the construction of a gas transmission line from Scotland to Northern Ireland in addition to the conversion of the station's boilers.

In December 1993, the Issuer concluded the purchase for \$25 million of a 45 per cent. shareholding in the Central Dock Sud power station in Buenos Aires.

The Issuer currently has a 36.5 per cent. stake in Natural Gas Clearinghouse GP, the largest independent gas trading company in the USA.

The Issuer's primary activity is subject to a regulatory regime established under the Gas Act 1986 which distinguishes between the tariff (mainly residential) and contract gas market. The Director General of Gas Supply (the "Director General") is empowered as the main regulator under the Gas Act 1986.

The tariff sector is subject to a system of price control under a formula which currently has the broad effect of dividing the maximum price per therm into two principal components. The first component relates to the allowable cost of gas, which is subject to a cumulative annual reduction factor of 1 per cent., the second to a non-gas component under which changes are limited to the change in the UK retail price index less five percentage points ("RPI-5"). An energy efficiency factor is also an element of the formula calculations. A further aspect of regulation of the tariff gas market is the achievement of key standards of service which have been agreed with the Director General.

A revised tariff price formula came into force on 1st April, 1992. The Issuer froze the tariff price in March 1992 and subsequently reduced the tariff price by 0.059p per kilowatt-hour, effective from the first meter reading following 1st July, 1992, a reduction of 3 per cent. The tariff price of gas was further reduced by 0.03p per kilowatt-hour, 2 per cent., with effect from the first meter reading following 1st October, 1992. From that date, standing charges were also reduced by 2 per cent. The Issuer announced a further freeze in the tariff price which was effective from 1st April, 1993.

As a result of the Competition and Service (Utilities) Act 1992, the Issuer's exclusive right to supply certain customers was reduced from 25,000 to 2,500 therms a year with effect from 6th August, 1992.

As a result of a report by the UK Monopolies and Mergers Commission ("MMC") in October 1988 on the supply of gas to the contract market and the amendments subsequently made to the Issuer's Authorisation as a Public Gas Supplier, the Issuer is generally required to publish prices for the supply of gas to non-tariff customers. The requirement to publish a schedule of prices will cease to have effect if the Director General serves notice to terminate it after 30th April, 1994. The implementation of the recommendations of the 1988 MMC Report has already resulted in significant changes and the emergence of competition in the supply of gas to the contract market.

The Issuer is also required to provide access to its gas supply network for third parties who may contract directly with users of gas. The Issuer markets gas transportation and related services and negotiates and manages agreements with independent suppliers of gas. Alternatively, third party companies may lay their own pipelines.

One of the recommendations of the 1988 MMC Report was that 10 per cent. of gas coming from new fields should be supplied to the UK market by suppliers other than the Issuer in the two years ended May 1991. In practice the Issuer purchased about 50 per cent. of gas coming from new fields in that period and this trend has continued. The Issuer also introduced swap agreements whereby gas was released back to producers for the period up to September 1992 in exchange for additional gas to be supplied by such producers at a later date up to the year 2000.

The Office of Fair Trading ("OFT") reviewed the extent of competition in 1991 to determine whether the remedies proposed by the MMC in 1988 had proved effective in developing a competitive market. The OFT Review concluded that, notwithstanding full compliance by the Issuer with the MMC recommendations, additional undertakings were necessary to increase competition in the contract gas market. The Issuer agreed Undertakings with the OFT in March 1992 relating to: (i) creating the conditions by which suppliers other than the Issuer should be able by 1995 to supply at least 60 per cent. of the contract sector (excluding the gas used for power generation and certain other activities); (ii) providing a detailed timetable for a gas release programme; and (iii) establishing a separate transportation and storage unit.

Competing suppliers have already secured a significant proportion of the contract sector, almost entirely based on firm gas contracts formerly supplied by the Issuer. Competition grew rapidly in 1992/3

and the load gained by competitors accounted for 43 per cent. of the contract sector above 25,000 therms a year as at 31st December 1993, excluding gas used for power generation and certain other activities.

The Undertakings, given to the OFT in March 1992 to establish a separate transportation and storage unit, required certain details to be agreed with the Director General. However, the Issuer was unable to reach full agreement with the Director General on an appropriate rate of return. The Issuer's transportation and storage activities form a large part of its gas supply business and account for the bulk of the gas supply assets. Moreover, because the cost of transportation and storage, as gas costs, are part of the tariff price formula, the Issuer believed that the pricing of gas transportation and storage services would have a fundamental impact on aspects of its business beyond the sphere of gas transportation. Accordingly, when the Director General informed the Issuer of his intention to refer gas transportation to the MMC, the Issuer called on the President of the Board of Trade (the "President") to refer to the MMC on a wide-ranging reference both the Issuer's gas transportation and gas supply businesses.

On 31st July, 1992, the President referred to the MMC under the Fair Trading Act 1973 the matter of the existence or possible existence of a monopoly situation in Great Britain in both the Issuer's gas supply business and gas transportation and storage services and the question of whether any effects of any such monopoly might operate against the public interest. On the same date the Director General also made a reference under the Gas Act 1986 of certain more specific aspects of the Issuer's transportation and storage services to the MMC. The Director General made a further reference to the MMC on 7th August, 1992 concerning the determination of tariffs by the Issuer.

The MMC delivered its Reports on the Issuer's Gas Business in Great Britain to the President and the Director General on 30th July, 1993. Summaries and the Conclusions of the Reports were published on 17th August, 1993 and the remainder of the Reports containing the factual background and the views of the parties were published on 6th September, 1993.

The main conclusions of the Reports were:

- that the Issuer should divest its gas trading business in Great Britain (the purchase and sale of gas) by 31st March, 1997. The MMC recommended complete separation of the transportation and storage business from the gas trading business and their operation, as separate units with separate accounts, preferably by 31st December, 1993, but not later than 31st March, 1994;
- that the Issuer's non-tariff activities should remain subject to price schedules and to market share limits, at least until divestment. The MMC recommended that the market share target be changed from suppliers other than the Issuer attaining by 1995 at least 60 per cent. of the market above 25,000 therms a year to such suppliers attaining at least 45 per cent. of the market above 2,500 therms a year. The gas release scheme would continue on its present basis for the time being;
- that the price formula currently applying in the market below 25,000 therms a year should apply only to consumers using less than 2,500 therms a year and should be altered from RPI-5 to RPI-4 with effect from 1st April, 1994. However the Issuer's obligation to supply up to 25,000 therms a year would remain in force for the time being;
- the MMC proposed a reduction in the Issuer's current monopoly threshold from 2,500 to 1,500 therms to take place on 31st March, 1997;
- that complete removal of the tariff monopoly could be expected to follow some three to five years after divestment but that no decision should be taken except after the most careful assessment of the consequences. The MMC stated that the date for the removal of the monopoly should depend on legislative change to impose obligations for safety, security of supply and social obligations on all competitors in the market;
- the MMC recommended that the Issuer's transportation and storage activities, currently not formally regulated, be subject to regulation of both the level and structure of charges. The MMC recommended a formula based on factors including a real rate of return of between 6.5 per cent. and 7.5 per cent. on investment in new and replacement assets that it believed would be reasonable, under current conditions, to attract new capital to the industry. For existing current cost assets at the end of 1991, the MMC recommended a real rate of return

of between 4.0 per cent. and 4.5 per cent. These rates of return will initially affect the Issuer only to the extent of third party gas transportation since, prior to divestment the tariff formula is not being amended to allow the pass-through of transportation charges. An appropriate regulatory framework including a price cap formula is to be developed with the Office of Gas Supply (“Ofgas”).

On 21st December, 1993, the President announced his decisions on the MMC Fair Trading Act Report on the gas industry. The two main decisions were:—

- (1) the Issuer should separate fully the operation of its trading and transportation businesses into separate units with separate accounts, but will not be required to divest trading; and
- (2) the Issuer’s tariff monopoly will end in April 1996, and competition will be phased in over the two years to April 1998.

In his statement the President indicated the intention of the Government to introduce legislation to provide the basis of a new regulatory system to come into operation by April 1996 to deal with the issues raised by the separation process and the removal of the monopoly. It is understood that a consultative document will be issued shortly. The Issuer has stated that it generally welcomes the Government’s decision as a step towards longer term stability and a balance of interests between consumers, shareholders and employees. In particular the Issuer welcomes the measured and careful approach to opening up the domestic market to competition proposed by the Government and the recognition that the practicalities need to be tested before full removal of the monopoly.

On 27th January, 1994 Ofgas announced its decision to amend the tariff price formula from RPI-5 to RPI-4 as recommended by the MMC Report on its references under the Gas Act. The Issuer has generally welcomed the announcement as helping to redress the loss of income caused by the reduction in the scope of the tariff monopoly since the formula was originally agreed. The Issuer remains in discussion with Ofgas on the implementation of a number of other matters covered in the Reports on its references, particularly the establishment of a regulatory framework for the separation of the transportation and trading businesses, a network operations code applicable to all system users and a charging methodology for transportation and storage.

The Issuer considers that ensuring the adequate profitability of each of the regulated parts of the gas supply business is still vital for the Issuer and its shareholders and needs to be taken into account by Ofgas in implementing the reports on its references.

Until final decisions are made in the outstanding key financial and operational areas, the Issuer cannot assess the full impact of the MMC recommendations.

Directors

The Directors of the Issuer and their principal activities outside the Group are as follows:—

R.V. Giordano KBE	Chairman	Non-Executive Deputy Chairman, Grand Metropolitan plc, Director, BOC Group plc, Lucas Industries plc, Reuters Holdings PLC, RTZ Corporation PLC, Georgia Pacific Corporation
C. H. Brown F Eng FICE	Chief Executive	
N. Blacker IPFA	Executive Director	
R. Herbert C Eng	Executive Director	
H. W. Dalton	Executive Director	Director of the Egyptian-British Chamber of Commerce
P. G. Rogerson	Executive Director	
D. H. Benson	Non-executive Director	Chairman, Kleinwort Charter Investment Trust PLC, Kleinwort Benson Trustees Limited, Non-executive Director, Kleinwort Benson Group plc, Kleinwort Benson (USA) Inc., The Rouse Company Incorporated, Marshall Cavendish Limited, Trustee of Charities Official Investment Fund
R. H. Boissier CBE	Non-executive Director	Chairman, Pressac Holdings PLC, Kalon Group plc, Non-executive Director, Edward Lumley Holdings Limited, Severn Trent PLC, T&N plc, AMEC Power Limited
S. Kalms	Non-executive Director	Chairman, Dixons Group plc
The Right Hon. The Baroness Platt of Writtle CBE DL F Eng MA FRAcS	Non-executive Director	Member, House of Lords Science and Technology Select Committee
The Right Hon. The Lord Walker of Worcester MBE PC	Non-executive Director	Chairman, Cornhill Insurance PLC, European Smaller Companies plc, Thornton & Co. Limited, The Urban Regeneration Agency, Non-executive Director, Smith New Court PLC, NM Rothschild & Sons (Wales) Limited, the Worcester Group plc, Dalgety PLC, Tate & Lyle PLC, CBC UK Limited, Allianz (UK) Limited, Robert Bosch Investment plc

The business address of the Directors is Rivermill House, 152 Grosvenor Road, London SW1V 3JL.

Capitalisation of the Group

The following table sets out the unaudited consolidated capitalisation of the Group as at 30th September, 1993 after giving effect to the Bonds which are now being issued:—

	£ (in millions)
Shareholders' equity (a)	
Ordinary shares of 25p each (5,500 million authorised, 4,325 million issued and fully paid)	1,081
Reserves (current cost accounting) (b)	19,345
	<hr/>
British Gas shareholders' funds	20,426
Minority interests	405
	<hr/>
Total shareholders' equity	20,831
	<hr/> <hr/>
Indebtedness for borrowed money	
Short-term debt	
Notes and debentures	356
C\$ borrowings	118
U.S.\$ borrowings	25
Bank loans and overdrafts	77
Bills of Exchange	294
Euro commercial paper	55
U.S.\$ commercial paper	151
C\$ commercial paper	99
	<hr/>
Total short-term debt as at 30th September, 1993	1,175
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Long-term debt	
Notes and debentures	3,588
Other borrowings	104
The Bonds	200
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Total long-term debt	3,892
	<hr/> <hr/>
Total debt	5,067
	<hr/> <hr/>
Total capitalisation (c) (d)	25,898
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Notes:—

- (a) The Issuer has authorised and issued the Special Share which is held by H.M. Government. The Special Share carries no right to participate in the capital (beyond the sum of £1) or earnings of the Issuer and carries no voting rights. Ordinary Shares entitle the holders thereof to one vote per Ordinary Share.
- (b) Reserves comprise Retained Earnings, the Current Cost Reserve and the Share Premium Account. Historical Cost Reserves at 30th September, 1993 were £7,189 million.
- (c) The Group had cash and short-term money market investments of £928 million at 30th September, 1993.
- (d) Save for the issue of the Bonds, there has been no material change in the consolidated capitalisation of the Group since 30th September, 1993.

UNITED KINGDOM TAXATION

The following is a summary of the current United Kingdom taxation treatment of the Bonds. It is not exhaustive, and in particular does not deal with the position of certain classes of Bondholders, such as dealers in securities. Bondholders who are in any doubt as to their tax position should consult their professional advisers.

1. The Bonds will constitute “quoted Eurobonds” within the terms of Section 124 of the Income and Corporation Taxes Act 1988, provided they remain in bearer form and continue to be quoted on a recognised stock exchange within the meaning of Section 841 of that Act. Accordingly, payments of interest may be made without withholding or deduction for or on account of United Kingdom income tax where:—

- (a) the person by or through whom the payment is made is not in the United Kingdom; or
- (b) the payment is made by or through a person who is in the United Kingdom and:—
 - (i) it is proved, on a claim in that behalf made to the Inland Revenue, that the person beneficially entitled to the interest and to the relative Bond (or, if different, the person whose income the interest is deemed to be for United Kingdom tax purposes) is not resident in the United Kingdom for tax purposes; or
 - (ii) the Bonds and Coupons are held in a “recognised clearing system” (Cedel S.A. and Euroclear have each been designated as a “recognised clearing system” for this purpose).

In all other cases, interest will be paid under deduction of United Kingdom income tax at the basic rate (currently 25 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty.

2. A collecting agent in the United Kingdom obtaining payment of interest on behalf of a holder of a Bond or Coupon where either:—

- (a) payment was not made by or entrusted to any person in the United Kingdom; or
- (b) the Bond and Coupon are held in a “recognised clearing system” (for which see above)

may be required to withhold or deduct for or on account of United Kingdom income tax at the basic rate unless it is proved, on a claim in that behalf made in advance to the Inland Revenue, that the person who is the beneficial owner of the Bond and entitled to the interest is not resident in the United Kingdom and the interest is not deemed for United Kingdom tax purposes to be income of any other person.

3. The interest on the Bonds has a United Kingdom source and accordingly will be chargeable to United Kingdom taxation of income by direct assessment even if the interest is paid without withholding or deduction. However, based on Inland Revenue Extra-Statutory Concession B13, the interest will not be assessed to United Kingdom tax in the hands of Bondholders who are not resident in the United Kingdom for the whole of the relevant year of assessment, except where such persons:—

- (a) are chargeable under Section 78 of the Taxes Management Act 1970 in the name of a trustee or other person mentioned in Section 72 of such Act or in the name of an agent or branch in the United Kingdom having the management or control of the interest; or
- (b) seek to claim relief in respect of taxed income from United Kingdom sources (in so far as the tax on the interest can be recovered by set off against the claim); or
- (c) are chargeable to corporation tax on the income of a United Kingdom branch or agency to which the interest is attributable; or
- (d) are chargeable to income tax on the profits of a trade carried on in the United Kingdom to which the interest is attributable.

4. Where interest has been paid under deduction of United Kingdom tax, Bondholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

5. Bondholders should note that the provisions relating to additional payments referred to in “Terms and Conditions of the Bonds—Taxation” above would not apply if the Inland Revenue sought to assess the person entitled to the relevant interest directly to United Kingdom tax on interest. However, exemption from or reduction of such United Kingdom tax liability might be available under any applicable double taxation treaty.

6. A transfer of a Bond by a holder resident or ordinarily resident for tax purposes in the United Kingdom or who carries on a trade in the United Kingdom through a branch or agency to which the Bond is attributable may give rise to a charge to tax on income in respect of the interest on the Bond which has accrued since the preceding interest payment date.

7. The Bonds constitute qualifying corporate bonds with the result that on a disposal or redemption of the Bonds neither chargeable gains nor allowable losses will arise for the purposes of United Kingdom taxation of capital gains.

SUBSCRIPTION AND SALE

CS First Boston Limited, Baring Brothers & Co., Limited, Goldman Sachs International Limited, Kleinwort Benson Limited, Salomon Brothers International Limited, UBS Limited and S.G. Warburg Securities Ltd. (the "Managers") have, pursuant to a Subscription Agreement dated 3rd February, 1994, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Bonds at 100.616 per cent. of their principal amount, from which will be allowed a selling commission of 1.875 per cent. of such principal amount, plus accrued interest, if any. The Issuer has agreed to pay to the Managers a combined management and underwriting commission in respect of the Bonds of 0.625 per cent. of their principal amount. In addition, the Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Bonds. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Bonds have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"). Accordingly, the Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Bonds, (i) as part of their distribution at any time or (ii) otherwise until the expiration of 40 days after the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Bonds during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Certification, in a form to be provided, that the Bonds are not beneficially owned by U.S. persons (other than by or through certain U.S. financial institutions) or by persons who have purchased such Bonds for resale to U.S. persons will be required prior to delivery of definitive Bonds or, if earlier, in connection with the first actual payment of interest. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the U.S. by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Each Manager has represented and agreed that (1) prior to 18th January, 1994 it did not offer or sell any Bonds in the United Kingdom or elsewhere, by means of any document (except in circumstances which did not constitute an offer to the public within the meaning of the Companies Act 1985), (2) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom and (3) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Bonds, other than this Offering Circular or any other document which consists of, or any part of, listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the Financial Services Act 1986, to a person who is of a kind described in Article 9(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1988 or is a person to whom the document may otherwise be lawfully issued or passed on.

GENERAL INFORMATION

1. The Bonds have been accepted for clearance through Cedel S.A. and Euroclear. The ISIN number for the Bonds is XS0048530835 and the Common Code is 4853083.

2. The listing of the Bonds on the London Stock Exchange will be expressed as a percentage of their principal amount, exclusive of accrued interest. It is expected that listing of the Bonds on the London Stock Exchange will be granted on or before 4th February, 1994, subject only to the issue of the Temporary Global Bond. Prior to official listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for settlement in sterling and for delivery on the fifth working day after the day of the transaction.

3. The Issuer has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by a resolution, dated 18th October, 1993, of a duly authorised and constituted committee of the Board of Directors of the Issuer.

4. Save as disclosed in this Offering Circular on pages 10 to 15, in particular the significant Gas Business redundancy and restructuring costs, there has been no significant change in the financial or trading position of the Group taken as a whole since 30th September, 1993 and no material adverse change in the financial position or prospects of the Issuer or of the Group taken as a whole since 31st December, 1992.

5. Save as disclosed in this Offering Circular on pages 10 to 13, no member of the Group is involved in any litigation or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Offering Circular, a significant effect on the financial position of the Group nor is the Issuer aware of any such proceedings pending or threatened.

6. The Bonds and Coupons will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the United States Internal Revenue Code".

7. Copies of the latest annual report and accounts of the Issuer may be obtained, and copies of the Principal Trust Deed, the Supplemental Trust Deed constituting the Bonds and the Paying Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Bonds is outstanding.

8. Price Waterhouse, Chartered Accountants, have audited the accounts of the Group for the two years ended 31st March, 1991, for the period ended 31st December, 1991 and for the year ended 31st December, 1992.

9. Copies of the following documents may be inspected at the offices of Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA during usual business hours on any weekday (Saturdays and public holidays excepted) for 14 days from the date of this document:—

- (i) the Memorandum and Articles of Association of the Issuer;
- (ii) the audited consolidated annual accounts of the Issuer for the year ended 31st March, 1991, for the period ended 31st December, 1991 and for the year ended 31st December, 1992 and the unaudited consolidated interim accounts of the Issuer for the period ended 30th September, 1993;
- (iii) the Subscription Agreement referred to above;
- (iv) the Principal Trust Deed and drafts (subject to modification) of the Supplemental Trust Deed to constitute the Bonds, which includes the relative forms of the Temporary Global Bonds and the relative forms of the definitive Bonds and of the Paying Agency Agreement.

REGISTERED OFFICE OF THE ISSUER

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Southwark Towers
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95 Gresham Street
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PRINCIPAL PAYING AGENT

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OTHER PAYING AGENT

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To the Issuer

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