

OFFERING CIRCULAR

Transco plc

(incorporated in England and Wales with limited liability)
(registered number 2006000)

£75,000,000

8³/₄ per cent. Bonds due 2025

to be consolidated and to form a single series with the £200,000,000 8³/₄ per cent. Bonds due 2025 issued on 27th June, 1995 (the "Existing Bonds")

The issue price of the £75,000,000 8³/₄ per cent. Bonds due 2025 of Transco plc (the "Bonds" and the "Issuer" respectively) is 134.848 per cent. of their principal amount (plus 233 days' accrued interest). Interest on the Bonds will be payable annually in arrear on 27th June, the first payment to be made on 27th June, 2001. Payments on the Bonds will be made without deduction for or on account of taxes of the United Kingdom, subject to customary exceptions, as described under "Terms and Conditions of the Bonds-Taxation".

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services Act 1986 (the "UK Listing Authority") for the Bonds to be admitted to the official list maintained by the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Bonds to be admitted to trading on the London Stock Exchange's market for listed securities, which together, under the listing rules of the UK Listing Authority, will constitute official listing on the London Stock Exchange. Copies of this Offering Circular (the "Offering Circular") have been delivered to the Registrar of Companies in England and Wales for registration in accordance with Section 149 of the Financial Services Act 1986 (as amended).

The Bonds mature on 27th June, 2025 but may be redeemed before then at the option of 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 (the "Temporary Global Bond"), without Coupons or Talons, which will be deposited with a common depository on behalf of Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") on or about 20th February, 2001 (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 2nd April, 2001 (the "Exchange Date") 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".

With effect from and including the Exchange Date, the Bonds will be consolidated and form a single series with the Existing Bonds. Upon consolidation the aggregate principal amount of the Bonds and the Existing Bonds will total £275,000,000.

RBC Dominion Securities

The date of this Offering Circular is 16th February 2001.



This Offering Circular comprises listing particulars given in compliance with the listing rules made under Section 142 of the Financial Services Act 1986, as amended, by the UK Listing Authority for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiary undertakings (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 Manager (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 Manager 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 Manager. 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, Royal Bank of Canada Europe Limited may over-allot or effect transactions which stabilise or maintain the market price of the Bonds and the Existing 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 £75,000,000 8½ per cent. Bonds due 2025 (together with any further bonds constituted pursuant to Condition 10 and forming a single series therewith, the "Bonds") of Transco plc (formerly British Gas public limited company) (the "Issuer") are constituted by a supplemental trust deed dated 20th February, 2001 (the "Further Supplemental Trust Deed") 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 Further Supplemental Trust Deed is supplemental to a master trust deed (the "Principal Trust Deed") dated 13th February, 1990 and a supplemental trust deed (the "Supplemental Trust Deed") dated 27th June, 1995 each made between the Issuer and the Trustee. The Supplemental Trust Deed, the Further Supplemental Trust Deed and the Principal Trust Deed are together referred to as the "Trust Deed". The Supplemental Trust Deed constituted £200,000,000 8½ per cent. Bonds due 2025 of the Issuer (the "Existing Bonds"). With effect from and including 2nd April, 2001, the Bonds have been consolidated and form a single series with the Existing Bonds. The Trustee shall act as trustee for the holders of the Bonds (the "Bondholders") in accordance with the provisions of the Trust Deed. The Existing Bonds have the benefit of a paying agency agreement (the "Principal Paying Agency Agreement") dated 27th June, 1995 between the Issuer, the Trustee, Morgan Guaranty Trust Company of New York, London office as principal paying agent and the other paying agents named therein. The Bonds have the benefit of the Principal Paying Agency Agreement and a first supplemental paying agency agreement (the "First Supplemental Paying Agency Agreement" and, together with the Principal Paying Agency Agreement the "Paying Agency Agreement") dated 20th February, 2001 between the Issuer, the Trustee, Citibank, N.A. (as successor principal paying agent to Morgan Guaranty Trust Company of New York, London office and in such capacity the "Principal Paying Agent") and the other paying agents named therein. Copies of the Trust Deed and the Paying Agency Agreement are available for inspection at the registered office for the time being of the Trustee in London, being at the date of the Further Supplemental Trust Deed at Fifth Floor, 100 Wood Street, London EC2V 7EX, and at the specified office of each of the Principal Paying Agent and the other Paying Agents 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 20 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 27th June, 2000 at the rate of $8\frac{1}{4}$ per cent. per annum and such interest will be payable annually in arrear on 27th June in each year. The first Interest Payment Date shall be 27th June, 2001, and the interest payable on that Interest Payment Date shall be a full year's interest.

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 27th June, 2025.

(b) Redemption at the Option of the Issuer

The Issuer may, before 27th June, 2025, 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 $8\frac{1}{4}$ 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 Midland Bank plc (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 27th June, 1995, 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 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 Agents 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 27th June, 2000, 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 27th June, 2020, a Talon may be surrendered at the specified office of any Paying Agent in exchange for a further 5 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 official list maintained by the Financial Services Authority in its capacity as competent authority under the Financial Services Act 1986 and admitted to trading on the London Stock Exchange plc's market for listed securities, 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 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.

15. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Bond, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

USE OF PROCEEDS

The net proceeds of the issue of the Bonds, expected to amount to approximately £104,869,646, will be used for the general corporate purposes of the Group.

TRANSCO PLC

Background

In April 1986, British Gas plc was incorporated as a public limited company and, in December 1986, the UK Government sold substantially all of its shareholding in British Gas plc to the public. With effect from 17th February 1997, Centrica plc was demerged from British Gas plc which changed its name to BG plc ("BG"). Following the Centrica plc demerger, BG retained the gas transportation and storage businesses, the majority of the exploration and production business, the international downstream business, the research and technology business, the leasing business and the property division of British Gas plc.

With effect from 1st May, 1999, BG combined its exploration and production and international downstream businesses. In December 1999, BG's UK regulated business, Transco, was separated from its other businesses and a new parent company, BG Group plc, was formed. The exploration and production and downstream businesses were separately grouped as BG International. Two new sub-groups were established under BG Transco Holdings plc and BG Energy Holdings Ltd to reflect this structure.

On 23rd October, 2000, Transco and certain other businesses were demerged from BG Group plc to form the Lattice Group. A new listed company, Lattice Group plc, was created, its principal business being Transco. Meanwhile, BG Group plc continues to hold the UK and international gas businesses previously known as BG International.

Incorporation and Business

Transco plc comprises the business of Transco, the developer and operator of the substantial majority of Great Britain's gas transportation system, which is regulated as a monopoly service provider to gas shippers.

Transco plc is the parent undertaking of the Group and is a wholly-owned subsidiary of Transco Holdings plc (formerly BG Transco Holdings plc), which is in turn a wholly-owned subsidiary of Lattice Group plc. Transco plc is incorporated in England and Wales.

Subsidiaries

The following table shows certain information on Transco plc's principal subsidiaries as at the date of this Offering Circular:

Name	Country of Incorporation	Transco plc's Shareholdings (either directly or indirectly)
British Transco Capital Inc.	U.S.A.	100%
British Transco Finance (No.1) Limited	Cayman Islands	100%
British Transco Finance (No.2) Limited	Cayman Islands	100%
British Transco Finance Inc.	U.S.A.	100%
British Transco Financial Products Inc.	U.S.A.	100%
British Transco International Finance B.V.	The Netherlands	100%
Lattice Group Trustees Limited	England & Wales	100%
Lattice Opsco Limited	England & Wales	100%
The Joint Radio Company Limited	England & Wales	50%

Directors

The Directors of Transco plc and their principal activities outside the Group are as follows:

Name	Principal Occupation	Directorships
Philip Michael Gerard Nolan	Chief Executive Officer	Lattice Group plc Transco Holdings plc Lattice Group Holdings Limited 186K Limited Advantica Technologies Limited
Stephen David Ainger	Executive Director	Advantica Technologies Limited Lattice Telecommunications Asset Development Co. Limited Lattice Intellectual Property Limited
Christopher Wesley Bolt	Executive Director	None
Christopher Nelson Le Fevre	Executive Director	The Pipelines Industries Guild Ltd.
Stephen Charles Burrard-Lucas	Executive Director	Lattice Group plc Transco Holdings plc Lattice Group Holdings Limited Lattice Insurance Company Limited
Robert Edward Verrion	Executive Director	Transco Holdings plc Advantica Technologies Limited
Paul Nicholas Woollacott	Executive Director	Transco Holdings plc
John Bryan Wybrew	Executive Director	Lattice Group plc Transco Holdings plc Lattice Group Holdings Limited

The business address of the Directors is 130 Jermyn Street, London SW1Y 4UR.

Capitalisation and Indebtedness of the Group

The following table sets out the unaudited historical cost consolidated capitalisation and indebtedness of the Group as at 31st December, 1999:

	£ (in millions)
Shareholders' equity	
Ordinary shares of 1 and 2/15p each (6,052 million authorised, 3,944 million issued and fully paid)	45
Reserves (historical cost) ⁽¹⁾	2,463
Shareholders' interest ⁽²⁾	2,508
Total shareholders' equity ⁽³⁾	2,508
Shareholders' non-equity⁽⁴⁾	
Deferred Shares of 1/15p each	—
Indebtedness	
Short-term debt⁽⁵⁾	
Instruments and debentures	362
Commercial paper – Sterling	1,041
Bank loans and overdrafts	14
Other Sterling borrowings	396
Other	17
Total short-term debt	1,830
Long-term debt⁽⁶⁾	
Instruments and debentures	3,672
Finance leases	32
Total long-term debt	3,704
Total debt⁽⁷⁾	5,534
Total capitalisation and indebtedness⁽⁸⁾	8,042

Notes:

- (1) Reserves comprise retained earnings, capital redemption reserve and share premium account. The Group prepares its accounts using modified historical cost accounting principles. Therefore, the modified historical revaluation reserve includes a revaluation of the fixed assets, principally Transco regulatory fixed assets of £6,372 million as at 31st December, 1999. The modified historical cost shareholders' funds at that date were £8,880 million. Reserves at 30th June, 2000 were £2,655 million. The modified historical revaluation reserve was £6,410 million as at 30th June, 2000. The modified historical cost shareholders' funds as at that date were £9,110 million.
- (2) Shareholders' interest at 30th June, 2000 was £2,700 million.
- (3) Total shareholders' equity at 30th June, 2000 was £2,700 million.
- (4) The Issuer had authorised and unissued 4,116 million B Shares of 30p each at 31st December, 1999. The holders of B Shares were entitled, in priority to any distribution to ordinary shareholders and before profits are carried to reserves, to be paid a non-cumulative preferential dividend per share at a rate of three quarters of LIBOR on 4th November annually. The Issuer could, on giving notice in writing to the holders of B Shares, convert all B Shares then in issue into ordinary shares. In the event of the winding up of the Issuer, the holders of B Shares would receive the nominal value of B Shares together with any preferential dividends outstanding in priority to any distribution to ordinary shareholders. The holders of B Shares were not entitled to attend, speak or vote at a general meeting of the Issuer unless the business of the meeting concerned the winding up of the Issuer or at the date of the notice convening the meeting the preferential dividend had remained unpaid for six months or more. At 31st December, 1999 no B Shares were authorised or issued. The Issuer had authorised and unissued 144,940 million Deferred Shares of 1/15p each. The Deferred Shares carried no rights to dividends or profits of the Issuer, to notice of general meetings of the Issuer or to attend, speak or vote at any such meetings. In the event of a winding up of the Issuer, payment of the nominal value of these shares would only be made to the holders of those shares after the holders of the B Shares had received any payments to which they were entitled and the holders of the ordinary shares had received the nominal value of their ordinary shares and £10,000 cash per ordinary share. The Deferred Shares were only transferable in limited circumstances. At the annual general meeting held on 29th April, 1999, the shareholders approved the proposed purchase of the Deferred Shares for a total payment of one pence by the Issuer following which the Deferred Shares were repurchased and cancelled. At 31st December, 1999 no Deferred Shares were authorised or issued.
- (5) Short-term debt is unguaranteed and unsecured. Total short-term debt at 30th June, 2000 was £880 million.
- (6) Long-term debt is unguaranteed and unsecured. Total long-term debt at 30th June, 2000 was £3,755 million.
- (7) Total debt at 30th June, 2000 was £4,635 million.
- (8) Total capitalisation and indebtedness at 30th June, 2000 was £7,335 million.

- (9) The Issuer's total contingent liabilities and guarantees as at 31st December, 1999 were £4,004 million.
- As at 31st December, 1999 the Issuer had guaranteed borrowings of wholly-owned subsidiaries amounting to £2,532 million. These subsidiary borrowings are included in the total Group borrowings of £5,534 million. A further contingency of £73 million related to the Issuer's liabilities in respect of derivative products provided to a wholly-owned subsidiary.
- Guarantees of joint venture and associate borrowings as at 31st December, 1999 amounting to £102 million related to companies within BG Group plc and its subsidiaries (together "the BG Group").
- The Issuer had issued warrants entitling the holders thereof to subscribe at any time between November 1994 and November 2000 for up to \$100 million of 30 year bonds. As at 31st December, 1999 no warrants had been exercised. The sterling equivalent of such bonds, as at 31st December, 1999, was £62 million (using the \$/£ exchange rate of 1.61).
- As at 31st December, 1999 further guarantees of £1,178 million had been given by the Issuer in respect of companies within the BG Group. All of these guarantees were cross-indemnified at the time by BG Energy Holdings Ltd. On 23rd October, 2000, at the time of the demerger from the BG Group, this indemnity was replaced by an indemnity from Transco Holdings plc, the Issuer's immediate parent.
- Other contingent liabilities and guarantees as at 31st December, 1999 amounted to £57 million.
- Save as disclosed herein, there has been no material change in the consolidated capitalisation and indebtedness, contingent liabilities and guarantees of the Group since 31st December, 1999.
- (10) The Group had cash and short-term money market investments of £268 million at 31st December, 1999 and £8 million at 30th June, 2000.
- (11) All figures as at 30th June, 2000 are unaudited.

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.

Interest on the Bonds

1. The Bonds will constitute "quoted Eurobonds" within the meaning of section 124 of the Income and Corporation Taxes Act 1988 ("the Act") as long as they continue to be in bearer form and listed on a "recognised stock exchange" within the meaning of section 841 of the Act. The London Stock Exchange is currently recognised for these purposes. Accordingly, payments of interest on Bonds which constitute quoted Eurobonds ("Eurobond Notes") may be made without withholding on account of United Kingdom income tax where:
 - (a) payment is made through a paying agent who is not in the United Kingdom; or
 - (b) where payment is made through a paying agent in the United Kingdom and either:
 - (i) the beneficial owner of the Bonds is beneficially entitled to the interest thereon and is not resident in the United Kingdom; or
 - (ii) the Bonds are held in a recognised clearing system within the meaning of section 841A of the Act (and Euroclear and Clearstream, Luxembourg are each a recognised clearing system for this purpose);and, in the case of (i) and (ii) any other administrative conditions imposed by regulations made under the Act have been satisfied.

In all other cases an amount must be withheld from payments of interest on the Bonds on account of income tax at the lower rate (currently 20 per cent.), subject to any direction to the contrary by the Inland Revenue under an applicable double taxation treaty.

2. Where a person in the United Kingdom acting in the course of a trade or profession either:
 - (a) acts as custodian of a Eurobond Note and receives interest on the Eurobond Note or directs that interest on the Eurobond Note be paid to another person or consents to such payment; or
 - (b) collects or secures payment of or receives interest on a Eurobond Note for a Bondholder or a Couponholder whether by means of Coupons or otherwise (except by means solely of clearing a cheque or arranging for the clearing of a cheque),that person (a "collecting agent") will be required to withhold on account of income tax at the lower rate unless:
 - (i) the Eurobond Note is held in a "recognised clearing system" and the collecting agent either:
 - (A) pays or accounts for the interest directly or indirectly to the "recognised clearing system"; or
 - (B) is acting as depository for the "recognised clearing system"; or
 - (ii) the person beneficially entitled to the interest is either not resident in the United Kingdom and beneficially owns the Eurobond Note or is specified by regulations; or
 - (iii) the interest arises to trustees not resident in the United Kingdom of certain discretionary or accumulation trusts (where, *inter alia*, none of the beneficiaries of the trust is resident in the United Kingdom); or

- (iv) the person beneficially entitled to the interest is eligible for certain reliefs from tax in respect of the interest; or
- (v) the interest falls to be treated as the income of, or of the government of, a sovereign power or of an international organisation; or
- (vi) the Eurobond Note and the interest are beneficially owned by a person falling into certain specified categories, or one of certain other circumstances applies, in each case as prescribed by regulations made under the Act, which would apply, for example, to Eurobond Notes held under a personal equity plan, in a pension funds pooling scheme or a superannuation fund.

In the case of each of the above exceptions (except (i)(B)), further administrative conditions imposed by regulations may have to be satisfied for the relevant exception to be available.

3. Interest on the Bonds constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Bondholder who is not resident for tax purposes in the United Kingdom unless that Bondholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Bonds are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

4. United Kingdom withholding tax (including withholding or deduction for or on account of tax by issuers, paying agents and collecting agents) will be abolished in relation to interest payments made on or after 1st April, 2001 on the Bonds provided that so far as concerns deduction by issuers or paying agents the Bonds are listed on a recognised stock exchange, as defined in section 841 of the Act. It is proposed that the United Kingdom Inland Revenue will be able to obtain information from United Kingdom issuers, paying agents and collecting agents about persons to or, in certain circumstances, for whose benefit, interest is paid on or after 6th April, 2001 and, in certain circumstances, to exchange taxpayer information with the tax authorities of other jurisdictions.

United Kingdom Corporation Tax Payers

5. In general Bondholders which are within the charge to United Kingdom corporation tax will be charged to tax on all returns, profits or gains on the Bonds (which may include fluctuations in the value of the Bonds) broadly in accordance with their authorised accounting treatment.

Other United Kingdom Tax Payers

Taxation of Chargeable Gains

6. The Bonds will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Bondholder will not give rise to a chargeable gain or an allowable loss for the purposes of the United Kingdom taxation of chargeable gains.

Accrued Income Scheme

7. On a disposal of Bonds by a Bondholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income if that Bondholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Bonds are attributable. Although interest on the Bonds relating to the period from 27th June, 2000 until the day on which the Bonds are issued will be taxed in the hands of a Bondholder who subscribed for Bonds and holds them until after the next Interest Payment Date, nonetheless such a Bondholder will, by virtue of the Accrued Income Scheme, be treated as entitled to a relief of an amount broadly equal to interest on the Bonds for the same period.

Stamp Duty and SDRT

8. No stamp duty or stamp duty reserve tax is payable on a transfer of the Bonds by delivery.

Proposed EU Directive

9. The European Union is currently considering proposals for a new directive regarding the taxation of savings income. According to the most recently available information it is proposed that, subject to a number of important conditions being met, Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent within its jurisdiction to an individual resident in that other Member State, subject to the right of certain individual Member States (including Luxembourg but not including the United Kingdom) to opt instead for a withholding system for a transitional period in relation to such payments, and subject to the proposals not being required to be applied to Bonds issued before 1st March, 2001. The proposals are not yet final, and they may be subject to further amendment and/or clarification as to points of detail.

SUBSCRIPTION AND SALE

Royal Bank of Canada Europe Limited (the "Manager") has, pursuant to a Subscription Agreement dated 19th February, 2001, agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Bonds at an issue price of 134.848 per cent. of their principal amount (plus 233 days' accrued interest in respect of the period from and including 27th June, 2000 to but excluding 20th February, 2001), from which will be deducted a combined management and underwriting commission and selling concession of 0.625 per cent. of such principal amount. The Subscription Agreement entitles the Manager 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. The 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 later of the commencement of the offering and the Closing Date, only in accordance with Rule 903 of Regulation S under the Securities Act, 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. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

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.

The Manager has represented and agreed that (1) it has not offered or sold and will not offer or sell any of the Bonds to persons in the United Kingdom prior to admission of the Bonds to listing in accordance with Part IV of the Financial Services Act 1986 (the "FSA") except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended) or the FSA; (2) it has complied and will comply with all applicable provisions of the FSA 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 FSA, to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 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 Clearstream, Luxembourg and Euroclear. The ISIN number for the Bonds is XS0124125419 prior to the Bonds forming a single series with the Existing Bonds and XS0058343251 thereafter. The Common Code is 12412541 prior to the Bonds forming a single series with the Existing Bonds and 5834325 thereafter.
2. The listing of the Bonds on the Official List will be expressed as a percentage of their principal amount, exclusive of accrued interest. It is expected that listing of the Bonds on the Official List and their admission to trading on the London Stock Exchange's market for listed securities will be granted on 20th February, 2001, 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. The Existing Bonds are listed on the Official List and traded on the London Stock Exchange's market for listed securities.
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 13th February, 2001, of a duly authorised and constituted committee of the Board of Directors of the Issuer.
4. Save as disclosed herein, there has been no significant change in the financial or trading position of the Group taken as a whole since 30th June, 2000 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, 1999.
5. Except as disclosed below, no member of the Group is or has been involved in any legal 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.
 - (a) Transco plc is in dispute with Siemens Metering Limited with regard to Electronic Token Meters provided by Siemens Metering Limited to Transco plc. At present, the parties are seeking to settle the dispute. If these discussions do not reach a satisfactory conclusion, it is possible that Transco plc will issue formal proceedings against Siemens Metering Limited. No proceedings have yet been issued. Following a test of electronic token meters in Wales a decision will be taken by Transco plc as to whether formal proceedings should be issued, and if so as to the value of the claim.
 - (b) There are a number of historic claims brought against the former British Gas plc (now known as Transco plc) relating to the forced early retirement of women at the age of 60 before the company's rules changed to equalise retirement ages. There are approximately 35 current cases which Transco plc is challenging on the basis that they have been brought 'out of time'. Although Transco plc was successful at first instance, the cases are currently being appealed to the Employment Appeal Tribunal. Pursuant to an indemnity agreement dated 15th September, 2000 between BG Group plc and Lattice Group plc (the "Indemnity Agreement"), Lattice Group plc will take responsibility for such claims.
 - (c) Conoco and Chevron (Britannia Field partners) issued proceedings against BG plc (now known as Transco plc) in the fourth quarter of 1999. The claim is for approximately £17.4 million plus interest and costs. Damages for continuing losses, which have not yet been quantified, and a declaration that Transco plc is contractually bound to the claimants are also sought. The claimants seek to rely on an alleged assurance given in 1994 by the then Transco plc director of development regarding the provision of capacity for gas flows at and away from the St Fergus terminal. The claim relates to alleged losses suffered as a result of capacity constraints at the St Fergus terminal after October 1998. Proceedings have been issued, pleadings exchanged, disclosure partly completed and a timetable set for preparation of evidence and steps to a trial on liability, scheduled for June 2001.

- (d) Transco plc has received a notice of arbitration from Vintage Petroleum South America Holdings Inc. ("Vintage") in connection with a dispute concerning a sale and purchase agreement dated 30th June, 1995 between Vintage and British Gas plc (now known as Transco plc) (the "SPA"). Under the SPA, Vintage acquired the entire share capital for BG Argentina S.A.

Vintage claims to have suffered a loss due to breach of warranties under the SPA in relation to the applicable royalty rates under two hydrocarbon concessions owned or once owned by BG Argentina S.A. and also seeks to rely on indemnities in the SPA in respect of unpaid royalties and related costs. Vintage has estimated that its loss is U.S.\$10,356,790 together with an, as yet, unquantified loss in respect of future royalty payments, interest, legal costs and arbitration costs.

These allegations by Vintage have been rejected by Transco plc and the allegations will be contested. Pursuant to the Indemnity Agreement any liability will be borne by BG Group plc.

- (e) There are historic pensions claims against the former British Gas plc (now known as Transco plc) relating to former provisions in the company pension schemes which restricted access to the pension schemes according to the number of hours worked. Such a restriction has been found to amount to indirect sex discrimination against women (in circumstances where women account for the majority of part time workers). There are currently approximately 1,000 of these claims. The claims have been stayed pending a test case decision from the European Court of Justice (the "ECJ") on the issue of time limits and backdating of claims. The ECJ issued its judgment on 16th May, 2000 and the cases have been referred back to the House of Lords for a final determination on the preliminary issues. The House of Lords judgment is expected during 2001. This issue is subject to an indemnity from Centrica plc entered into at the time of the demerger of Centrica plc from British Gas plc which took effect on 17th February, 1997. Transco plc has lodged a claim against Centrica plc under this indemnity.
- (f) Transco plc has received a number of claims and anticipates receiving further claims regarding such work-related risks as vibration white finger, back injuries and work-related upper limb disorders. These claims cannot be quantified at present. However, the Directors believe that no individual claim would be significant, although collectively they may be. Transco plc is insured for such claims which occurred in the post-privatisation years and partially insured for such pre-privatisation claims. The Indemnity Agreement will apply for the purpose of determining liabilities for such pre-privatisation claims.

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 Existing Bonds and the Further Supplemental Trust Deed constituting the Bonds and the Principal Paying Agency Agreement and the First Supplemental 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. The auditors of the Issuer are PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, of 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers was formed from the merger of the Issuer's former auditors, Price Waterhouse, with Coopers & Lybrand in July 1998. Price Waterhouse have audited the Issuer's annual accounts without qualification for the financial year ended 31st December, 1997, and PricewaterhouseCoopers have audited the Issuer's annual accounts without qualification for the financial years ended 31st December 1998 and 31st December, 1999 in accordance with United Kingdom auditing standards.
9. Copies of the following documents may be inspected at the offices of Linklaters, One Silk Street, London EC2Y 8HQ 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 three years ended 31st December, 1999 and the unaudited consolidated interim statement of the Issuer for the six months ended 30th June, 2000;
- (iii) the Subscription Agreement referred to above;
- (iv) the Principal Trust Deed, the Supplemental Trust Deed constituting the Existing Bonds and the Principal Paying Agency Agreement, and drafts (subject to modification) of the Further Supplemental Trust Deed to constitute the Bonds, which includes the form of the Temporary Global Bond and the form of the definitive Bonds, and of the First Supplemental Paying Agency Agreement.

REGISTERED OFFICE OF THE ISSUER

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