

## Offering Circular

**BUPA Finance PLC**

*(Incorporated in England with limited liability, registered number 2779134)*

**£100,000,000**  
**Guaranteed Notes due 1999**

Unconditionally and irrevocably guaranteed by

**The British United Provident Association Limited**

*(Incorporated in England as a company limited by guarantee, registered number 432511)*

**Issue Price 97.49 per cent.**

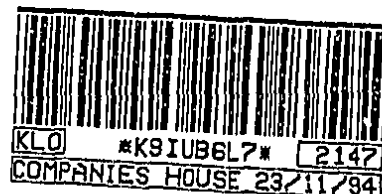
The £100,000,000 Guaranteed Notes due 1999 (the "Notes") of BUPA Finance PLC will be represented initially by a temporary global note (the "Temporary Global Note"), without interest coupons, which is expected to be issued on 28 November, 1994. The Temporary Global Note will be exchanged for a further global note (the "Permanent Global Note") not earlier than 7 January, 1995 upon certification of non-U.S. beneficial ownership. Definitive Notes in bearer form, with interest coupons attached, will be available in exchange for the Global Note only following acceleration of the Notes and in certain other limited circumstances.

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 Notes to be admitted to the Official List.

Copies of this document, which comprises listing particulars approved by the London Stock Exchange, have been delivered to the Registrar of Companies in England and Wales as required by section 149 of the Financial Services Act 1986.

**Hoare Govett**  
**ABN AMRO Group**

23 November, 1994



This document comprises listing particulars prepared in compliance with listing rules made by the London Stock Exchange under Part IV of the Financial Services Act 1986 for the purpose of giving information with regard to BUPA Finance PLC (the "Issuer"), The British United Provident Association Limited ("BUPA" or the "Guarantor"), BUPA and its subsidiaries (together, the "Group" or the "BUPA Group") and the Notes. The Issuer accepts responsibility for all of the information contained in this document and the Guarantor accepts responsibility for the information contained in this document relating to the Guarantor and the Group. To the best of their knowledge and belief (having 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.

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 contained herein must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor or the Subscriber (as defined under "Subscription and Sale"). Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer, the Guarantor or the Group since the date hereof.

Other than the approval of this document as listing particulars in accordance with the listing rules made under Part IV of the Financial Services Act 1986 and the delivery of copies of this document to the Registrar of Companies of England and Wales for registration in accordance with Section 149 of that Act, no action has been taken under any regulatory or other requirements of any jurisdiction or will be so taken to permit a public offering of the Notes or the distribution of this document in any jurisdiction. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law; persons into whose possession this document comes are required by the Issuer, the Guarantor and the Subscriber to inform themselves about, and to observe, any such restrictions. This document does not constitute an offer, or an invitation by or on behalf of the Issuer, the Guarantor or the Subscriber, to subscribe or purchase any of the Notes.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

For a further description of certain restrictions on the offering and sale of the Notes and on the distribution of this document, see "Subscription and Sale".

All references in this document to "pounds", "pounds sterling", "£", "pence" and "p" are to the currency of the United Kingdom.

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## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions of the Notes, which (subject to amendment), will be endorsed on each Note in definitive form:—*

The £100,000,000 Guaranteed Notes due 1999 (the "Notes"), of BUPA Finance PLC (the "Issuer") are the subject of (a) a deed of guarantee dated 28 November, 1994 (the "Guarantee") by The British United Provident Association Limited ("BUPA" or the "Guarantor", together with its subsidiaries the "BUPA Group") and (b) a fiscal agency agreement dated 28 November, 1994 (the "Fiscal Agency Agreement") between the Issuer, the Guarantor, ABN-AMRO Bank N.V., London Branch as fiscal and principal paying agent (the "Fiscal Agent", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the other paying agent named therein (together with the Fiscal Agent, the "Paying Agents", which expression includes any successor or additional paying agent appointed from time to time in connection with the Notes). The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 22 November, 1994 and the giving of the Guarantee was authorised on 22 November, 1994 by a committee of the Board of Governors of the Guarantor appointed by a resolution passed on 27 October, 1993. The Notes are on issue listed on The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Fiscal Agency Agreement. The holders of the Notes (the "Noteholders") and the holders of the related interest coupons (the "Couponholders" and the "Coupons" respectively) are entitled to the benefit of, and are deemed to have notice of, all the provisions of the Fiscal Agency Agreement, the deed of covenant dated 28 November, 1994 issued by the Issuer (the "Deed of Covenant") and the Guarantee applicable to them. Copies of the Fiscal Agency Agreement, the Deed of Covenant and the Guarantee are available for inspection during normal business hours by the Noteholders and the Couponholders at the specified office of each of the Paying Agents.

### 1. Form, Denomination and Title

- (1) The Notes are in bearer form, serially numbered, in the denomination of £1,000,000 each with Coupons attached on issue.
- (2) Title to the Notes and to the Coupons will pass by delivery.
- (3) The Issuer, the Guarantor and any Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Note and the holder of any Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon).

### 2. Status and Guarantee

#### (1) Status of the Notes

The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and (subject as provided in Condition 3) at least *pari passu* with all other present and future unsecured obligations of the Issuer, save those which are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application.

#### (2) Guarantee of the Notes

The Guarantor has in the Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. The Guarantee constitutes a direct, general and unconditional obligation of the Guarantor which (subject as provided in Condition 3) will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save those which are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application.

### 3. Negative Pledge

So long as any Note remains outstanding (as defined in the Fiscal Agency Agreement), neither the Issuer nor the Guarantor will create or permit to subsist any mortgage, charge, lien or other encumbrance upon the whole or any part of their or their subsidiaries' undertaking or assets, present or future, to secure payment of any present or future Relevant Indebtedness (as defined below) or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity, or such other security as or shall be approved by an Extraordinary Resolution (as defined in Condition 9) of the Noteholders.

In these Conditions:

"Relevant Indebtedness" means any indebtedness for borrowed money which is in the form of, or evidenced by, bonds, notes, debenture stock, loan stock or other securities which, with the agreement of the Issuer or the Guarantor, are quoted, listed, dealt in or traded on a stock exchange, or over the counter or other recognised securities market.

"subsidiary" of a company or corporation shall be construed as a reference to any company or corporation:

- (i) which is controlled, directly or indirectly by the first-mentioned company or corporation;
- (ii) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation;
- (iii) which is a subsidiary of another subsidiary of the first-mentioned company or corporation,

and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body;

### 4. Interest

(1) Subject to Condition 6, interest is payable on each Note on the dates specified in the first column below (each such date, other than the Early Redemption Date, an "Interest Payment Date"), in the amount specified in the second column below against such date. Each such interest payment is attributable to the period specified in the third column below.

| <u>Date</u>  | <u>Amount of Interest</u>   | <u>Period to which Interest is attributable</u>  |
|--|---|--|
| 28 November, 1995  | 349,867.86  | From (but excluding) 28 November, 1994 to (and including) 28 November, 1995  |
| 28 November, 1996  | £5,000  | From (but excluding) 28 November, 1995 to (and including) 28 November, 1996  |
| 28 November, 1997  | £5,000  | From (but excluding) 28 November, 1996 to (and including) 28 November, 1997  |
| 28 November, 1998  | £5,000  | From (but excluding) 28 November, 1997 to (and including) 28 November, 1998  |
| 28 November, 1999  | £5,000  | From (but excluding) 28 November, 1998 to (and including) 28 November, 1999  |
| The date on which the Notes are redeemed in accordance with Condition 5 (the "Early Redemption Date"). | An amount equal to the amount of interest accrued on a straight line basis from (but excluding) the immediately preceding Interest Payment Date to (and including) the Early Redemption Date. | From (but excluding) the immediately preceding Interest Payment Date to (and including) the Early Redemption Date. |

(2) If interest is required to be calculated in respect of a period of less than a full year, it shall 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.

(3) Each Note will cease to bear interest from (but excluding) its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment in which event interest shall continue to accrue at the rate applicable immediately prior to such date (as well after as before judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

## **5. Redemption and Purchase**

(1) Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 28 November, 1999.

(2) If (a) as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political sub-division of, or any authority in, or of, the United Kingdom having power to tax, or any change in the application or official interpretation of the laws or regulations, which change or amendment becomes effective on or after 23 November, 1994 on the occasion of the next payment due in respect of the Notes either the Issuer would be required to pay additional amounts as provided or referred to in Condition 7 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and on making payment itself (if a demand was made under the Guarantee) would be required to pay such additional amounts, and (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, the Issuer may, at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at their principal amount together with interest accrued to (and including) the date of redemption, provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer or, as the case may be, the Guarantor would be required to pay the additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer or, as the case may be, two Governors of the Guarantor stating that the requirement referred to in (a) above will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it and the Fiscal Agent shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

(3) The Issuer, the Guarantor or any other member of the BUPA Group may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price. If purchases are made by tender, tenders must be available to all Noteholders alike.

(4) All Notes which are redeemed will forthwith be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes and accordingly may not be reissued or resold.

(5) Upon the expiry of any notice as is referred to in Condition 5 (2) above the Issuer shall be bound to redeem the Notes to which the notice refers at their principal amount together with interest accrued to (and including) the redemption date.

## **6. Payments**

(1) Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupons, in each case at the specified office outside the United States of any of the Paying Agents.

(2) Payments will be made, at the option of the holder, by sterling cheque drawn on, or by transfer to a sterling account maintained by the payee with, a bank in London, subject in all cases to any fiscal or other laws and regulations applicable in the place of payment but without prejudice to the provisions of Condition 7.

(3) Each Note should be presented for payment together with all relative unmatured Coupons. Upon the date on which any Note becomes due and repayable, all unmatured Coupons appertaining thereto (whether or not attached) shall become void and no payment shall be made in respect thereof. If the date for redemption of a Note is not an Interest Payment Date, the interest accrued from (but excluding) the preceding Interest Payment Date (or, as the case may be, the Issue Date) shall be payable only against presentation of such Note.

(4) A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4, be entitled to any further interest or other payment if a Presentation Date is after the due date.

"Presentation Date" means a day which (subject to Condition 8):—

- (a) is or falls after the relevant due date or, if the due date is not or was not a Business Day in London, is or falls after the next following such Business Day; and
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment in London.

"Business Day" means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments in that place.

(5) The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that they will at all times maintain a Paying Agent having a specified office in London and at least one other Paying Agent having a specified office in Dublin. Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

(6) In acting under the Fiscal Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

## **7. Taxation**

(1) All payments in respect of the Notes by the Issuer or the Guarantor shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or on behalf of the United Kingdom, or any political sub-division of, or any authority in, or of, the United Kingdom having power to tax, unless the withholding or deduction of Taxes is required by law. In that event,

the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:—

- (a) to, or to a third party on behalf of, a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note or Coupon; or
- (b) presented for payment to a Paying Agent in the United Kingdom; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Presentation Date.

(2) In these Conditions, "Relevant Date" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received in London by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect shall have been duly given to the Noteholders by the Issuer in accordance with Condition 12.

(3) Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition.

## **8. Prescription**

Notes and Coupons will become void unless presented for payment within periods of ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons.

## **9. Events of Default and Enforcement**

If any of the following events occurs:—

- (a) the Issuer fails to pay any amount of principal or any amount of interest in respect of the Notes within seven days of the due date for payment thereof; or
- (b) the Issuer or the Guarantor defaults in the performance or other observance of any of its other obligations under or in respect of the Notes, the Guarantee or the Fiscal Agency Agreement and such default remains unremedied for thirty days after written notice thereof, addressed to the Issuer and the Guarantor by any Noteholder, has been delivered to the Issuer and the Guarantor; or
- (c) (i) any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any other member of the BUPA Group exceeding in aggregate £10,000,000 (or its equivalent in other currencies) is not paid when due or (as the case may be) within any originally applicable grace period, (ii) any such Indebtedness for Borrowed Money becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) any member of the BUPA Group or (provided that no event of default, howsoever described, has occurred) any person entitled to such Indebtedness for Borrowed Money or (iii) the Issuer, any Guarantor or any member of the BUPA Group fails to pay when due any amount payable by it under any guarantee

of any Indebtedness for Borrowed Money exceeding in aggregate £10,000,000 (or its equivalent in other currencies); or

- (d) if an order is made or an effective resolution passed for the winding-up of the Issuer, the Guarantor or any Material Subsidiary (except, in the case of a Material Subsidiary, a winding-up for the purpose of a reconstruction or amalgamation, the terms of which have previously been approved by Extraordinary Resolution, or a voluntary solvent winding-up in connection with the transfer of all or the major part of the business, undertaking and assets of such Material Subsidiary to the Issuer, the Guarantor or another subsidiary of the Guarantor, or any winding-up which is not material in the context of the BUPA Group as a whole); or
- (e) if the Issuer, the Guarantor or any Material Subsidiary stops or threatens to stop payment generally or ceases or threatens to cease to carry on its business or a substantial part of its business (except, in the case of a Material Subsidiary, a cessation or threatened cessation for the purpose of a reconstruction or amalgamation the terms of which have previously been approved by an Extraordinary Resolution, or in connection with the transfer of all or the majority part of the business, undertaking and assets of such Material Subsidiary to the Issuer or the Guarantor, or another subsidiary, or a cessation or threatened cessation which is not material in the context of the BUPA Group as a whole); or
- (f) if an encumbrancer takes possession or an administrative or other receiver is appointed of the whole or any material part of the undertaking or assets of the Issuer, the Guarantor or any Material Subsidiary (where, in the case of a Material Subsidiary, such undertaking or assets or, as the case may be, part thereof, is material in the context of the BUPA Group as a whole) or if a distress, execution or any similar proceeding is levied or enforced upon or sued out against the whole or any material part of the property of the Issuer, the Guarantor or any Material Subsidiary (where, in the case of a Material Subsidiary, such property or, as the case may be, part thereof is material in the context of the BUPA Group as a whole) and in any such case is not removed, paid out or discharged within 21 days; or
- (g) if the Issuer, the Guarantor or any Material Subsidiary is unable to pay its debts as they fall due or suspends making payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or if an administration order in relation to the Issuer, the Guarantor or any Material Subsidiary is made; or
- (h) if any kind of composition, scheme of arrangement, compromise or other similar arrangement involving the Issuer, the Guarantor or any Material Subsidiary and the creditors of any of them generally (or any class of such creditors) is entered into or made; or
- (i) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect,

then any Note may, by written notice addressed by the holder thereof to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

In this Condition:—

“Extraordinary Resolution” means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the fifth schedule to the Fiscal Agency Agreement by a majority of not less than three quarters of the votes cast.

“guarantee” means, in respect of any Indebtedness for Borrowed Money of any person, any obligation of another person to pay such Indebtedness for Borrowed Money including (without limitation):—

- (i) any obligation to purchase such Indebtedness for Borrowed Money;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness for Borrowed Money;



- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness for Borrowed Money; and
- (iv) any other agreement to be responsible for such Indebtedness for Borrowed Money.

"Indebtedness for Borrowed Money" shall be construed so as to include, without limitation, any indebtedness of any person for or in respect of:—

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with generally accepted accounting standards in the United Kingdom (as used in the BUPA's most recent audited annual consolidated financial statements from time to time), be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of ninety days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing.

"Material Subsidiary" at any time means any subsidiary of the Guarantor the book value of the assets of which exceeds five per cent. of the book value of the assets of the BUPA Group taken as a whole or the revenues of which exceed five per cent. of the revenues of the BUPA Group taken as a whole and, for these purposes:

- (i) the book value of the assets and the revenues of such subsidiary shall be determined by reference to its then most recent audited annual financial statements (or, if none, its then most recent management accounts); and
- (ii) the book value of the assets and the revenues of the BUPA Group shall be determined by reference to its then most recent audited annual consolidated financial statements.

## 10. Substitution

BUPA or any other member of the BUPA Group (each a "Substitute Debtor") may, without the consent of the Noteholders or the Couponholders, assume the obligations of the Issuer under and in respect of the Notes upon:—

- (a) *Deed poll*: the execution of a deed poll (the "Deed Poll") by the Substitute Debtor, the Issuer and the Guarantor in a form which gives full effect to such assumption and which includes (without limitation):—
  - (i) a covenant by the Substitute Debtor in favour of the Noteholders to be bound by these Conditions and the Deed of Covenant as if it had been named herein and therein as the Issuer;
  - (ii) if the Substitute Debtor is incorporated, domiciled or resident for tax purposes in a territory other than the United Kingdom, a covenant by the Substitute Debtor corresponding to the provisions of Condition 7 with the addition of such territory to the references to the United Kingdom;
  - (iii) a covenant by the Issuer and the Guarantor in favour of the Noteholders guaranteeing the obligations of the Substitute Debtor under and by virtue of the Deed Poll; and
  - (iv) an acknowledgement of the right of every Noteholder to the production of the Deed Poll; and

(b) *Legal opinion*: the delivery by the Issuer to the Fiscal Agent of an opinion of independent legal advisers of recognised standing to the effect that:—

- (i) the Deed Poll constitutes legal, valid, binding and enforceable obligations of the Substitute Debtor, the Issuer and the Guarantor;
- (ii) the Notes constitute legal, valid, binding and enforceable obligations of the Substitute Debtor; and
- (iii) the Guarantee constitutes legal, valid, binding and enforceable obligations of the Issuer and the Guarantor in respect of all sums from time to time payable by the Substitute Debtor in respect of the Notes.

Upon the assumption by the Substitute Debtor of the Issuer's obligations as issuer under and in respect of the Notes, the Issuer shall be released from such obligations and, thereafter, all references in the Notes and the Coupons to the Issuer shall be deemed to be references to the Substitute Debtor.

The Deed Poll shall be deposited with and held by the Fiscal Agent until all the obligations of the Issuer under and in respect of the Notes have been discharged in full. Notice of the assumption by the Substitute Debtor of the Issuer's obligations under and in respect of the Notes shall promptly be given to the Noteholders.

#### **11. Replacement of Notes and Coupons**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

#### **12. Notices**

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*). Any such notice shall be deemed to have been given on the date of publication or, if so published more than once or on different dates, on the date of the first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

#### **13. Meetings of Noteholders, Modification and Waiver**

##### ***(a) Meetings of Noteholders***

The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Guarantee. Any such modification may be made if sanctioned by an Extraordinary Resolution (as defined in Condition 9). Any Extraordinary Resolution duly passed will be binding on all Noteholders and Couponholders.

##### ***(b) Modification and Waiver***

The parties to the Fiscal Agency Agreement may agree, without the consent of the Noteholders or the Couponholders, to (i) any modification of any provision of the Fiscal Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any provision of the Fiscal Agency Agreement which is in the opinion of such parties not materially prejudicial to the interests of the Noteholders.

#### **14. Further Issues**

The Issuer is at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further bonds or notes having the same terms and conditions as the Notes in all respects (or in all respects other than the first payment of interest) so as to form a single series with the Notes.

#### **15. Governing Law**

The Guarantee, the Notes and the Coupons are governed by, and will be construed in accordance with, English law.

There will appear at the foot of the Conditions endorsed on each Note the names and specified offices of the Paying Agents as set out at the end of this Offering Circular.

#### **USE OF PROCEEDS**

The net proceeds from the issue of the Notes, which will amount to approximately £97,490,000, will be used to fund the business of the Group.

## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

The Temporary Global Note and the Permanent Global Note contain provisions which apply to the Notes represented thereby while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of these provisions:

### **1. Exchange**

The Temporary Global Note is exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 7 January, 1995 upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note. The Permanent Global Note is exchangeable in whole or in part for Notes in definitive form ("Definitive Notes") at the request from time to time of the bearer of the Permanent Global Note on or following the giving of notice by the holder of the Notes of an Event of Default pursuant to Condition 9 of the Notes. The Permanent Global Note will also become exchangeable in whole but not in part only and at the option of the Issuer, for Definitive Notes if, by reason of any change in the laws of England, the Issuer is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive form.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery of such Definitive Notes, with coupons attached, to the bearer of the Permanent Global Note (and, where such Definitive Notes have been requested by the bearer of the Permanent Global Note, in any event within 30 days of such request) against the presentation and (in the case of final exchange) surrender of the Permanent Global Note at the specified office of the Fiscal Agent. If such Definitive Notes have not been delivered by 5.00 p.m. (London time) on such thirtieth day, the Permanent Global Note (including the obligation to deliver Definitive Notes in definitive form) will become void and the bearer of the Permanent Global Note will have no further rights thereunder without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the deed of covenant dated 28 November, 1994 executed by the Issuer, a copy of which may be inspected at the specified office of the Fiscal Agent.

### **2. Payments**

Payments of principal and interest in respect of Notes represented by the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Permanent Global Note at the specified office of any Paying Agent and shall be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of interest is made in respect of the Permanent Global Note, the Issuer shall procure that the same is noted in the Schedule thereto.

### **3. Meetings**

The holder of the Permanent Global Note will be treated as being two voters for the purpose of forming a quorum at any meeting of Noteholders.

## BUPA FINANCE PLC

### Incorporation and business

The Issuer was incorporated as a public limited company with limited liability in England and Wales on 13 January, 1993 under the Companies Act 1985 (as amended) and registered in England with registered number 2779134. The Issuer is a wholly-owned subsidiary of the Guarantor.

As at the date of this Offering Circular, the authorised share capital of the Issuer is £100,000 divided into 100,000 ordinary shares of £1 each, of which 50,000 have been issued fully paid.

The Issuer was incorporated for the purpose of issuing bonds and arranging future financing for the Group as appropriate. On 27 May, 1993, £100,000,000 10½ per cent. Subordinated Guaranteed Bonds due 2018 (the "Subordinated Bonds") were issued by the Issuer. The Subordinated Bonds are listed on the London Stock Exchange.

### Board of Directors

The following are the members of the Board of Directors of the Issuer, all of whom are executive directors:—

|                         |   |
|-------------------------|---|
| Christopher Grey Davies | <i>(BUPA Group Treasury Manager)</i>              |
| Julian Peter Davies     | <i>(BUPA Group Tax Manager)</i>                   |
| Mark Ellerby            | <i>(BUPA Group Financial Controller)</i>          |
| Edward William Lea      | <i>(BUPA Governor and Group Finance Director)</i> |

The business address of each of the above is Provident House, 24-27 Essex Street, London WC2R 3AX.

The Company Secretary of the Issuer is Arthur Walford.

## **THE BUPA GROUP**

### *Introduction*

The British United Provident Association Limited ("BUPA") was founded in 1947 following the merger of a number of provident funds. It is a private company limited by guarantee, not having a share capital. As such, it has no shareholders and its activities are financed by its retained reserves and loan capital. Instead, its Articles of Association provide for it to have up to 200 Members. These Members have voting rights but no right to participate in the profits or assets of BUPA. Under its Memorandum of Association BUPA's assets are required to be applied solely towards the promotion of its objects and, on a winding-up, any remaining assets are not to be distributed to the Members but are required to be given or transferred to some other institution having objects similar to the objects of BUPA and which shall prohibit the distribution of its or their income and assets amongst its or their members to an extent at least as great as is imposed on BUPA, failing which to charity. BUPA is neither a friendly society nor a mutual society. Policyholders do not have any interest in the assets of BUPA (although they have rights against BUPA under their policy contracts).

In the United Kingdom, BUPA's health insurance business operates as a provident fund and so is exempt from corporation tax on any underwriting surpluses. BUPA is also the holding company for a number of subsidiary companies which operate hospitals, health screening and other healthcare related businesses in the U.K. and health insurance overseas. These other activities are taxable. In addition there are investment subsidiaries which manage the Group's investment portfolio. As an insurance company, BUPA is regulated by the Insurance Companies Act 1982 as well as by the Companies Act 1985, and is subject to insurance company solvency rules administered by the Department of Trade and Industry.

### *The History of the Group*

In April 1947 (the year before the National Health Service ("NHS") began operation), a number of provident associations amalgamated to form BUPA. BUPA was founded with the objects of preventing, relieving and curing sickness and ill-health of every kind and promoting health in any way. At that time the organisation operated solely in the field of private health insurance.

In 1957, BUPA extended its involvement in health care by entering the hospital market when it provided funds for the formation of Nuffield Nursing Homes Trust ("Nuffield"), an independent charitable trust which now owns over 30 hospitals in the United Kingdom. Since 1980, Nuffield has operated wholly independently of BUPA.

In 1981, BUPA entered the hospital sector directly by opening a purpose-built hospital in Manchester. BUPA's hospital network now comprises 29 acute modern hospitals. BUPA has also developed a network of 26 health screening centres.

In 1989, BUPA acquired Sanitas S.A. de Seguros ("Sanitas"), Spain's second-largest health care organisation. In addition, BUPA established branches in Malta in 1972, Hong Kong in 1976 and Cyprus in 1992.

### *The Business of the Group*

The principal activities of the Group are the operation of health insurance schemes and the provision of health care facilities including hospitals and health screening. BUPA is the only private health care organisation in the United Kingdom which is both a purchaser and provider of hospital services.

In the U.K., BUPA is the largest private medical expenses insurer, one of the largest independent providers of acute hospital beds and has the largest private health screening operation. It has the largest international business of any British-based independent health care organisation.

BUPA operates out of approximately 100 locations and employs approximately 8,000 people on a full-time equivalent basis in the U.K.. Overseas, it has approximately 50 locations (the majority of which are in Spain) and employs on a similar basis approximately 1,000 staff.

The Group has a small central head office function and managerially operates in the following three divisions: the Membership Division (ie U.K. health insurance), the Health Services Division and the International Division.

#### *Membership Division*

The Membership Division embraces all of BUPA's health insurance activities in the U.K.. It provides a range of insurance schemes for the reimbursement of medical expenses.

BUPA has led the private health insurance field in the U.K. since its foundation and has been largely responsible for the development of the market. Latest publicly available data showed that at 31st December, 1993 BUPA had a market share of 46 per cent.; BUPA estimates its current market share remains at approximately 46 per cent. and it presently insures approximately three million people.

The Division sells medical expenses indemnity insurance policies to private individuals, small companies (companies with up to 50 insured employees) and large corporations. The policies are renewable annually. The Division sets the premiums for the individual and small companies sectors by reference to the general level of claims incurred in each sector. Premiums for major corporations are reviewed in the light of each corporation's own claims record.

#### *Health Services Division*

The Health Services Division is the U.K.'s largest independent provider of private health care and operates one of the U.K.'s largest network of private acute hospital beds and private health screening centres. The Division owns and manages 29 hospitals in the U.K., providing a total of more than 1,785 beds. The Division also has a 56 per cent. interest in and manages a premier hospital in Dublin. Over 134,000 surgical procedures, ranging from minor day-case surgery to joint replacement and open heart operations, were performed in BUPA operating theatres in 1993. The Medical specialists who practise from BUPA's hospitals are all independent contractors and carry responsibility for the admission and treatment of their patients. The Division requires all such specialists to carry full professional indemnity insurance cover.

#### *International Division*

BUPA International provides health insurance schemes to provide for the cost of medical treatment to approximately 883,000 people outside the U.K.. BUPA International has insurance activities in Hong Kong, Malta and Cyprus. It also has local advisers in twelve other foreign territories. BUPA was the first U.K. health insurer to make available a flexible structure of benefits to provide adequate cover for hospital treatment and specialist fees anywhere in the world.

#### *Spain*

In 1989, BUPA purchased Sanitas, Spain's second largest health care organisation. Sanitas cares for 665,000 people through a national network of owned and contracted hospitals, as well as some 12,000 contracted GPs and specialists.

#### *Offshore*

BUPA International holds the leading position in the U.K. health insurance expatriate market, covering some 115,000 people.

#### *Hong Kong*

BUPA has offered health insurance to personal and corporate customers in Hong Kong since 1976 and 1993 saw profitable growth. Currently, approximately 103,000 people are covered by BUPA policies.

## REGULATORY ENVIRONMENT

### *Minimum Solvency Requirement*

Under the Insurance Companies Act 1982 ("ICA"), all U.K. insurance companies are required to maintain a minimum margin of solvency. Broadly speaking, margin of solvency means the ratio of qualifying assets to whichever is the higher of premium income or claims. In BUPA's case, the minimum margin of solvency to be maintained is approximately 17.5 per cent. At 31 December, 1992, BUPA's solvency margin was approximately 44 per cent. and it was approximately 54 per cent. as at 31 December, 1993.

If a U.K. insurance company fails to maintain its minimum statutory solvency margin the Secretary of State may intervene in such a way as to restrict the company's freedom to dispose of its assets, to accept new business, or otherwise to protect the policyholders' interest.

### *EC Third Non-Life Insurance Directive*

The EC Third Non-Life Insurance Directive (the "Directive") which was implemented in July 1994 allowed insurance companies to raise capital by issuing subordinated loan capital. Under the Directive, dated subordinated loan capital may be aggregated with the issuer's qualifying assets for the purposes of calculating the solvency margin, provided that no more than 25 per cent. of the minimum statutory solvency margin shall be represented by such capital. In addition, such capital will progressively cease to rank with qualifying assets over the final five years of the life of the issue.

As a result, the Department of Trade and Industry ("DTI") has allowed a portion of the £100 million subordinated bonds issued in 1993 to be aggregated with qualifying assets by issuing an order under Section 68 ICA. The portion of the subordinated bond issue presently allowed is approximately £33 million. This sum will increase as the minimum statutory solvency margin increases.

### *Governors*

The members of the Board of BUPA are called Governors (rather than Directors) under BUPA's constitutional documents. They perform the same function as directors.

The following persons are the Governors of BUPA; in each case their business address is Provident House, 24-27 Essex Street, London WC2R 3AX:

### *Executive Governors*

|              |  |
|--------------|--|
| David Boyle  | Managing Director of BUPA's International Division. (Former Chairman of SmithKline Beecham Consumer Brands, Europe.)   |
| Susan Ellen  | Managing Director of BUPA's Health Services Division. Deputy Chairman of Independent Healthcare Association Acute Committee. Non-executive Director of ASDA Group plc. Member, Financial Review Panel. |
| Peter Jacobs | Chief Executive. Non-executive Director of Dairy Crest Ltd. (Former Chief Executive of Berisford International plc and former Chairman of British Sugar Ltd.)  |
| Roger Hymas  | Managing Director of BUPA's Membership Division. (Formerly held senior positions at American Express, Burton Group Plc and GE Capital Corporation).  |
| Edward Lea   | Group Finance Director. (Former Finance Director of ASDA Group Plc. Former Finance Director and Deputy Chairman of MFI Furniture Group Plc.)   |



**Dr. Hugh Thelwall-Jones**      **Group Medical Director. (Former Consultant Obstetrician Gynaecologist, Former Council Member of British Medical Association and former Director of Winterbourne Hospital plc.)**

***Non-Executive Governors***

**Sir Bryan Nicholson**      **Chairman. President of the CBI. Chairman of Varity Holdings Ltd. Chancellor of Sheffield Hallam University, Director GKN plc. (Former Chairman of Manpower Services Commission and Rank Xerox (U.K.) Limited. Former Chairman and Chief Executive of the Post Office.)**

**Sir David Plastow**      **Deputy Chairman. Chairman of Inchcape plc. Deputy Chairman of TSB Group plc and Joint Chairman of Guinness plc. (Former Chairman and Chief Executive of Vickers plc.)**

**John Elbourne**      **Director of TSB Group plc. Member of the LAUTRO Board. Member of the Management Committee of the Life Insurance Council (Association of British Insurers). Council Member of Institute of Bankers. (Former Group Director of Legal and General Plc).**

**Dr. Brian Lewis**      **Retired Consultant Anaesthetist. Member of the General Medical Council, Vice-President of the British Medical Council and Surgeon in Chief to St. John Ambulance Brigade.**

***Professor***

**Sir Duncan Nichol**      **Chairman of Healthcare 2000. Governor of Heriety Management College. (Former Chief Executive of the National Health Service Management Executive).**

**Ralph Quartano**      **Deputy Chairman of Securities and Investments Board Ltd. Director of 3i Group plc, Booker plc, Clerical Medical Investment Group, Enterprise Oil plc and The Laird Group plc. (Former Chairman of Postel Investment Management Limited.)**

## CAPITALISATION OF THE ISSUER AND THE BUPA GROUP

*The following tables (which are unaudited) sets out the capitalisation of the Issuer and the BUPA Group at 30 September, 1994:—*

|   | <i>BUPA<br/>Group<br/>£m</i> | <i>Issuer<br/>£m</i> |
|---|------------------------------|----------------------|
| <b>Reserves</b>                             | 414.4                        | 0.1                  |
| <b>Unsecured bank loans</b>                 |                              |                      |
| Due within one year                         | —                            |                      |
| Due after one year and less than five years | —                            |                      |
| Due after five years or later               | 50.0                         |                      |
| <b>Guaranteed loan notes 1995</b>           |                              |                      |
| Due after one year and less than five years | 0.2                          |                      |
| <b>Secured bank loans</b>                   |                              |                      |
| Due within one year                         | 0.6                          |                      |
| Due after one year and less than five years | 1.9                          |                      |
| Due after five years or later               |                              |                      |
| <b>Other secured loans</b>                  |                              |                      |
| Due within one year                         | 1.0                          |                      |
| Due after one year and less than five years |                              |                      |
| Due after five years or later               |                              |                      |
| <b>Deferred consideration</b>               |                              |                      |
| Due within one year                         | 5.0                          |                      |
| Due after one year and less than five years | 18.6                         |                      |
| <b>Bank overdrafts</b>                      |                              |                      |
| Due within one year                         | 17.9                         |                      |
| <b>Subordinated Bonds 2018</b>              | 97.7                         | 97.7                 |
| <b>Lease/Leaseback agreement</b>            | 97.5                         |                      |
| <b>Total capitalisation</b>                 | <u>704.8</u>                 | <u>97.8</u>          |

At 30 September, 1994, the deferred consideration included an amount of £0.7 million in respect of net interest payable.

There has been no material change in the capitalisation of the Issuer or the BUPA Group since 30 September, 1994.

|  | <i>BUPA<br/>Group<br/>£m</i> | <i>Issuer<br/>£m</i> |
|--|------------------------------|----------------------|
| <b>Total Indebtedness</b>  | <b><u>290.4</u></b>          | <b><u>97.7</u></b>   |
| <b>Reconciliation to Group Balance Sheet at 30 September, 1994</b>       |                              |                      |
| Borrowings   |                              |                      |
| Unsecured bank loans   | 50.0                         |                      |
| Guaranteed loan notes  | 0.2                          |                      |
| Bank Overdrafts  | 17.9                         |                      |
| Lease/Leaseback agreement  | <u>100.0</u>                 |                      |
|  | 168.1                        |                      |
| <b>Deferred Consideration</b>  |                              |                      |
| Due within one year  | 5.0                          |                      |
| Due after one year and less than 5 years                                 | <u>18.9</u>                  |                      |
|  | 23.9                         |                      |
| Tax credit (included in taxation)  | <u>(0.3)</u>                 |                      |
|  | 23.6                         |                      |
| <b>Subordinated Loan</b>   | 97.6                         | 97.6                 |
| Amortisation of set-up costs (included in debtors)                       | 0.1                          | 0.1                  |
| Loans (included in other creditors)                                      | 3.5                          |                      |
| Lease/Leaseback set up costs (included in debtors and investments—other) | <u>(2.5)</u>                 |                      |
|  | <b><u>290.4</u></b>          | <b><u>97.7</u></b>   |

## UNITED KINGDOM TAXATION

*The comments below are of a general nature based on the Issuer's understanding of current United Kingdom law and practice and are not intended to be exhaustive. The comments relate only to the position of persons (other than dealers) who are the absolute beneficial owners of the Notes.*

### 1. Interest

(1) The Notes will constitute "quoted Eurobonds" within the meaning of Section 124 of the Income and Corporation Taxes Act 1988, provided that they continue to be in bearer form and quoted on a recognised stock exchange (the London Stock Exchange is currently a recognised stock exchange). Accordingly, under current law and practice, 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) an appropriate form of declaration is made in advance to the Commissioners of Inland Revenue, that the person who is the beneficial owner of the Note and entitled to the interest is not resident in the United Kingdom; or
  - (ii) the Note and interest coupons in respect thereof are held in a recognised clearing system.

In all other cases, interest will be paid under deduction of United Kingdom income tax subject to any direction to the contrary by the Inland Revenue in respect of such relief as may be available pursuant to the provisions of any appropriate double taxation treaty.

### (2) Where:—

- (a) a bank or other person in the United Kingdom obtains payment of any interest in the United Kingdom or elsewhere on behalf of a holder of a Note or any interest coupon; and
  - (i) payment was not made by or entrusted to any person in the United Kingdom; or
  - (ii) the Note in respect of which such payment is made is held in a recognised clearing system; or
- (b) a bank in the United Kingdom sells or otherwise realises any interest and pays over the proceeds to any person or carries them to his account;

that bank or other person may be required to withhold or deduct for or on account of, or otherwise be assessable in respect of, United Kingdom income tax unless it has been proved, on a claim in that behalf made in advance to the Commissioners of Inland Revenue, that the person who is the beneficial owner of the Note and entitled to the interest is not resident in the United Kingdom.

(3) The interest payable on the Notes has a United Kingdom source and as such, whether or not paid gross, will be chargeable to United Kingdom income tax by direct assessment subject to the provisions of any applicable double taxation treaty. However, under Inland Revenue Extra Statutory Concession B13, no action will be taken to pursue any liability to such United Kingdom tax in respect of persons who, for the whole of the relevant year of assessment, are regarded as being not resident in the United Kingdom except where such persons:—

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

(4) The Notes will be regarded by the Inland Revenue as having a variable interest rate. Accordingly, a transfer of a Note, by a holder resident or ordinarily resident in the United Kingdom or who carries on a trade in the United Kingdom through a branch or agency to which the Note is attributable, may give rise to a charge to tax on the accrued interest in such amount as the Inland Revenue deem just and reasonable. A transferee of Notes with accrued interest will not be entitled to any allowance under the accrued income scheme and so may be taxed on the full amount of interest received without any deduction for accrued interest.

## **2. Disposal (Including Redemption)**

(1) The Notes will constitute deep discount securities as defined in Schedule 4 of the Income and Corporation Taxes Act 1988. Consequently, a Noteholder may, on a disposal or redemption of a Note, be liable to United Kingdom income tax or corporation tax (as appropriate) on an amount representing the accrued income attributable to the period between his acquisition and disposal or redemption of the Note. Other than on the redemption of a Note before maturity, that amount will be the aggregate of the income elements (as computed on a compound yield basis) for each complete annual income period and of the proportionate parts of the income elements for any shorter income periods during the Noteholder's period of ownership. Each Note will show the income element for each income period between the date of issue of the Note and the redemption date. Where a Note is redeemed before maturity, the accrued income attributable to the period between its acquisition by the Noteholder and its redemption will be the amount paid on redemption less either (i) the issue price of the Note or (ii) where the Note was not acquired on issue, the aggregate of the issue price and the accrued income to the date of acquisition.

(2) Payments of amounts representing accrued income (as described above) may be made to Noteholders without withholding or deduction for or on account of United Kingdom tax.

(3) Payments of amounts representing accrued income will constitute United Kingdom source income for United Kingdom tax purposes and, as such, will remain subject to United Kingdom tax by direct assessment even if the payments are made without withholding or deduction (except in the hands of Noteholders who are exempt from United Kingdom tax under the terms of any applicable double taxation agreement). No United Kingdom tax will be assessed upon a Noteholder who, had he received interest on the Notes, would have had the benefit of the Inland Revenue extra-statutory concession described at 1(3) above.

(4) The Notes will constitute qualifying corporate bonds for the purposes of section 117 of the Taxation of Chargeable Gains Act 1992. As a result, the disposal of a Note will not give rise to a chargeable gain or an allowable loss for the purposes of the United Kingdom taxation of capital gains.

(5) No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Notes or their transfer by delivery.

Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek independent advice.

## SUBSCRIPTION AND SALE

Hoare Govett Corporate Finance Limited (the "Subscriber") has, pursuant to a Subscription Agreement dated 23 November, 1994, agreed with the Issuer and the Guarantor, subject to the satisfaction of certain conditions, to subscribe for £100,000,000 in principal amount of the Notes at 97.49 per cent. of their principal amount plus accrued interest, if any. The Issuer or failing the Issuer, the Guarantor has agreed to indemnify the Subscriber against certain expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Subscriber to terminate it in certain circumstances prior to payment being made to the Issuer.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and 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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes 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 United States person, except in certain transactions permitted by U.S. tax regulations. Certification, in a form to be provided, that the Notes are not beneficially owned by United States persons or by persons who have purchased the Notes for resale to United States persons will be required prior to delivery of the definitive Notes 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.

The Subscriber has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and 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 Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

The Subscriber has represented and agreed that (1) prior to 23 November, 1994, the date on which application for listing of the Notes was made in accordance with Part IV of the Financial Services Act 1986, it did not offer or sell any Notes in the United Kingdom or elsewhere, by means of any document, other than in circumstances which do 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 Notes in, from or otherwise involving the United Kingdom and (3) it has only issued or passed on and will only issue or pass on to any person in the United Kingdom any document received by it in connection with the issue of the Notes, other than this Offering Circular or any other document which consists of or of 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 a person to whom the document may otherwise lawfully be issued or passed on.

## GENERAL INFORMATION

1. The listing of the Notes on the London Stock Exchange will be expressed as a percentage of their principal amount exclusive of accrued interest. Transactions will normally be effected for settlement in sterling and for delivery on the seventh calendar day after the date of the transaction. It is expected that listing of the Notes on the London Stock Exchange will be granted on 25 November, 1994, subject only to the issue of the Temporary Global Note.

2. BUPA was incorporated as a company limited by guarantee in England and Wales on 3 April, 1947, and registered in England with registered number 432511.

3. There has been no significant change in the financial or trading position of the Issuer or of the BUPA Group taken as a whole since 31 December, 1993 and there has been no material adverse change in the financial position or prospects of the Issuer or of the BUPA Group taken as a whole since 31 December, 1993.

4. No member of the BUPA Group is involved in any litigation or arbitration proceedings which may have, or have had during the twelve months preceding the date of this Offering Circular, a significant effect upon the financial position of the Issuer or the BUPA Group, nor are the Issuer or the Guarantor aware of any such proceedings pending or threatened.

5. The Notes 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 Inland Revenue Code".

6. KPMG Peat Marwick, Chartered Accountants, of Puddle Dock, Blackfriars, London EC4V 3PD who (i) have been auditors to the Guarantor for the three years ended 31 December, 1993, have made reports under Section 235 of the Companies Act 1985 (the "Act"), as modified by Schedule 9 paragraph 28(A) of the Act, on the financial statements for the three years ended 31 December, 1993, which were unqualified and did not contain a statement under Section 237(2) or (3) of the Act; (ii) have been auditors to the Issuer since its incorporation on 13 January, 1993, have made a report under Section 235 of the Act, on the financial statements for the period from the Issuer's date of incorporation to 31 December, 1993, which was unqualified and did not contain a statement under Section 237(2) or (3) of the Act. Statutory accounts of the Guarantor have been delivered to the Registrar of Companies for each of the three years ended 31st December, 1993 and statutory accounts of the Issuer have been delivered to the Registrar of Companies for the period from the date of incorporation of the Issuer to 31 December, 1993.

7. Copies of the latest annual report and accounts of BUPA and the Issuer may be obtained, and copies of the Fiscal Agency Agreement, the Deed of Covenant and the Guarantee will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, for as long as any of the Notes is outstanding.

8. Copies of the following documents may be inspected at the offices of Slaughter and May, 35 Basinghall Street, London EC2V 5DB, during usual business hours, on any weekday (Saturdays and public holidays excepted) for 14 days from the date of this Offering Circular:—

- (i) the Memorandum and Articles of Association of the Issuer and the Guarantors;
- (ii) the Guarantee and the forms of Temporary Global Note, Permanent Global Note and the definitive Notes and the Fiscal Agency Agreement relating to the Notes;
- (iii) the Subscription Agreement and the Deed of Covenant; and
- (iv) the consolidated audited annual accounts of BUPA for the years ended 31 December, 1992 and 31 December, 1993 and the audited annual accounts of the Issuer for the period ended 31 December, 1993.

**REGISTERED AND HEAD OFFICE OF THE ISSUER AND THE GUARANTOR**

Provident House,  
24-27 Essex Street,  
London WC2R 3AX.

**LEGAL ADVISERS**

*to the Issuer and the Guarantor*

Slaughter and May  
35 Basinghall Street,  
London EC2V 5DB.

*to the Subscriber*

Clifford Chance  
200 Aldersgate Street,  
London EC1A 4JJ.

**AUDITORS TO THE ISSUER AND THE GUARANTOR**

KPMG Peat Marwick  
P.O. Box 486,  
Puddle Dock,  
Blackfriars,  
London EC4 3PD.

**FISCAL AGENT**

ABN-AMRO Bank N.V.  
London Branch  
101 Moorgate,  
London EC2M 6SB.

**PAYING AGENT**

ABN-AMRO Bank N.V.  
Dublin Branch  
121-122 St. Stephen's Green,  
Dublin 2,  
Ireland.

**LISTING AGENT**

Hoare Govett Corporate Finance Limited  
4 Broadgate,  
London EC2M 7LE.