

SH 86 SECURITIES TRUST OF SCOTLAND PUBLIC LIMITED COMPANY

SEC

(Incorporated in Scotland under the Companies Acts 1862 to 1886 registered no. 1827
having its registered office at 29 Charlotte Square, Edinburgh EH2 4HA)

PARTICULARS OF AN ISSUE OF £5,000,000 1/2 PER CENT. DEBENTURE STOCK 2013 at £11.983 per £100 nominal

The following particulars are given in connection with an application to the Council of The Stock Exchange for admission to the Official List of £5,000,000 1/2 per cent. Debenture Stock 2013 of Securities Trust of Scotland public limited company ("the Company").

The Directors of the Company have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts, the omission of which would make misleading any statement herein, whether of fact or of opinion. All the Directors accept responsibility accordingly.

SHARE CAPITAL

Authorised £		Issued £
2,842,500	4 1/2 per cent. (now 3.15 per cent. plus tax credit)	2,842,500
10,157,500	Cumulative Preference Shares of £1	10,010,000
	Ordinary Shares of 25p	
<u>£13,000,000</u>		<u>£12,852,500</u>

LOAN CAPITAL

	Issued and outstanding £
4 per cent. Debenture Stock 1980/85	650,000
7 per cent. Debenture Stock 1988/93	5,000,000
	<u>£5,650,000</u>
The New Stock now being issued	<u>£5,000,000</u>
Total	<u>£10,650,000</u>

OTHER INDEBTEDNESS

The Company had outstanding at 18th April, 1983 two unsecured loans of Yen 500 million each repayable in January and April 1984 respectively. The sterling equivalent of the unsecured Yen loans as at 18th April 1983 amounted to £2,690,000 calculated on the basis of exchange rates ruling at the close of business on that date. Save as disclosed above and except for contingent liabilities in respect of underwriting commitments amounting to £587,000 the Company did not have outstanding at 18th April, 1983 any borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, mortgages, charges, hire purchase commitments or guarantees or other material contingent liabilities. The Company has no subsidiaries at present.

PARTICULARS OF THE STOCK

The £5,000,000 1/2 per cent. Debenture Stock 2013 (herein called the "New Stock") now being issued was created by a resolution of a Committee of the Board of Directors of the Company passed on 26th April, 1983 and will be constituted and secured by a Deed of Trust ("the Trust Deed") in favour of The Governor and Company of the Bank of Scotland as Trustees. The Trust Deed will contain, *inter alia*, provisions to the following effect:—

1. Security

The New Stock will be secured by a floating charge (hereinafter called "the Floating Charge") ranking in point of security *pari passu* with the floating charges which the Company has agreed to grant to the Trustees of the 4 per cent. Debenture Stock 1980/85 and the 7 per cent. Debenture Stock 1988/93 of the Company ("the Existing Stocks") to secure these Existing Stocks. The Floating Charge will be upon all of the property (including uncalled capital) which may from time to time be comprised in the property and undertaking of the Company.

2. Interest

The New Stock will carry interest at the rate of 1/2 per cent. per annum payable by equal half yearly instalments on 31st March and 30th September in each year.

The first payment will be made on 30th September, 1983 in respect of the period from 4th May, 1983 to 30th September, 1983 inclusive and will amount to £4.8986 (less income tax) per £100 nominal of the New Stock.

3. Redemption and Purchase

(A) Except in so far as previously repaid or purchased by the Company, the New Stock will be repaid at par together with accrued interest on 30th September, 2013.

(B) The Company will be entitled to purchase New Stock in the market or by tender (available alike to all holders of the New Stock) at any price or to purchase New Stock by private treaty at any price (inclusive of accrued interest but exclusive of expenses of purchase) not exceeding 110 per cent. of the middle market quotation of the New Stock (based on the Daily Official List of The Stock Exchange) on the last business day preceding the date of purchase but not otherwise.

(C) All New Stock redeemed or purchased by the Company shall be cancelled and shall not be available for re-issue.

(D) On a liquidation of the Company any part of the New Stock not previously repaid or purchased will be repaid in an amount equal to the amount paid up thereon together with accrued interest and a premium equal to the difference between the amount paid up thereon and the mean of the daily middle market quotations for the New Stock on The Stock Exchange (as certified by the Auditor of the Company by reference to the Daily Official List of The Stock Exchange) taken over a period of three months ending on the relevant date (as hereinafter defined) provided that the maximum amount of any such premium shall not exceed an amount equal to twice the amount paid up on the New Stock in the

26th April, 1983

4th May

4.8986

(less any amount previously repaid thereon)

(less any amount previously repaid thereon)

even if any premium payable as aforesaid not being a multiple of one penny any fraction of a penny shall be disregarded. The expression "relevant date" means in the case of a repayment on a winding up by the Court (otherwise than subsequent to a resolution of the Company in general meeting for winding up) the date of the presentation of the petition for winding up and in any other case the date of the notice convening the meeting to consider the voluntary winding up.

(less any amount previously repaid thereon)

4. Restrictions

(A) The Company will procure that the aggregate principal amount (together with any fixed or minimum premium payable on final repayment) at any one time outstanding in respect of moneys borrowed by the Company and its subsidiaries, if any, (exclusive of moneys borrowed by the Company from and for the time being owing to any subsidiary or by any subsidiary from and for the time being owing to the Company or another subsidiary) shall not, without the sanction of an extraordinary resolution of Stockholders, exceed a sum equal to the Adjusted Total of Capital and Reserves (as defined in paragraph 7 below).

(B) The Company will (save as provided in paragraph 5 below) be precluded from creating any mortgage or charge on the whole or any part of its property or undertaking and from acquiring any property subject to a mortgage or charge in either case ranking in priority to or *pari passu* with the Floating Charge.

(C) The Company will not (whether by the acquisition of subsidiaries or otherwise) take any action whereby the businesses of the Company and its subsidiaries, if any, taken as a whole shall be carried on to a substantial extent other than as investment trust companies directly deriving their income mainly from listed shares and securities provided that the extension of such businesses to include allied activities or the ownership of a dealing company shall not be treated as an infringement of this provision.

5. Powers

Power will be reserved to the Company (subject as provided in paragraph 6 below):—

- (a) to create floating charges to secure further debenture stock (below called "Further Stock") ranking in point of security *pari passu* with the Floating Charge and either so as to form a single issue with the New Stock or carrying such rights (including, without limitation, rights as to interest, premium, repayment and conversion) as the Directors may think fit, provided that no Further Stock shall be paid up in whole or in part by way of capitalisation of reserves or undistributed profits of the Company or be issued by way of security for any other obligation of the Company or any obligation of another person.
- (b) to create or extend floating charges (below called "*pari passu* Charges") as security for indebtedness or other obligations, whether in sterling or other currencies, of the Company ranking in point of security *pari passu* with the Floating Charge; and
- (c) to create or extend fixed securities on specific property as security for indebtedness or other liabilities, whether in sterling or other currencies, of the Company and to acquire property subject to a fixed security in each case ranking in point of security in priority to the Floating Charge (such fixed securities being below called "Prior Charges").

6. Limits for the purposes of paragraph 5

(A) The Company shall not be entitled to exercise any of the powers reserved in paragraph 5 (a), (b) or (c) above unless the Auditor shall have reported to the Trustees that immediately after such exercise (i) the borrowing limit set out in paragraph 4(A) above will not be exceeded and (ii) the aggregate principal amount for the time being outstanding (together in each case with any fixed or minimum premium payable on final repayment) of the New Stock, any Further Stock, the aggregate principal amount secured by *pari passu* Charges and Prior Charges and the amount of Subsidiaries' Indebtedness (as defined in paragraph 7 below) will not exceed a sum equal to two thirds of the Adjusted Total of Capital and Reserves.

(B) The Company shall not be entitled to exercise the power reserved by paragraph 5 (c) above unless the Auditor shall have reported to the Trustees that immediately after such exercise the aggregate maximum amount (together with any fixed or minimum premium payable on final repayment) for which all Prior Charges are for the time being available as security (within the meaning of the Trust Deed) and the amount of Subsidiaries' Indebtedness will not exceed a sum equal to one quarter of the Adjusted Total of Capital and Reserves.

7. Definitions

(A) The following expressions shall have the following meanings, namely:—

"subsidiary" means a subsidiary (as defined in Section 154 of the Companies Act 1948) for the time being of the Company;

"the Auditor" means the auditor for the time being of the Company;

"to extend" in relation to a *pari passu* Charge or a Prior Charge means to increase the maximum amount for which such charge is available as security (within the meaning of the Trust Deed);

"the Adjusted Total of Capital and Reserves" means the aggregate of the amount for the time being paid up or credited as paid up on the issued share capital of the Company and the total of the capital and revenue reserves (including any share premium account, capital redemption reserve, unrealised appreciation on investments and credit balance on revenue account) but excluding sums set aside for taxation (including such provision as the Auditor shall consider appropriate to take account of contingent liabilities to taxation (if any) in respect of chargeable gains calculated by reference to the unrealised appreciation of assets) and deducting any amounts attributable to goodwill or other intangible assets (other than goodwill arising only on consolidation) and any debit balance on revenue account and after making such other adjustments (if any) as the Auditor shall consider appropriate, all as shown in the latest audited balance sheet of the Company or in the event of the Company having any subsidiaries a consolidation of the latest audited balance sheets of the Company and its subsidiaries.

"Subsidiaries' Indebtedness" means the aggregate of all amounts required to be taken into account for the purposes of paragraph 4(A) above as moneys borrowed by subsidiaries.

(B) For the purposes of these Particulars:—

(i) moneys borrowed shall be deemed to include the following except in so far as otherwise taken into account:—

- (a) the principal amount for the time being outstanding in respect of any debenture within the meaning of Section 455 of the Companies Act 1948;
- (b) the principal amount raised by the Company or a subsidiary by acceptances under any acceptance credit opened on its behalf and in its favour by any bank or accepting house;
- (c) the nominal amount of any share capital and the principal amount of any borrowed moneys, together in each case with any fixed or minimum premium payable on final repayment, the repayment of which is guaranteed or secured by the Company or a subsidiary and the beneficial interest in which is not owned by the Company or a subsidiary; and

(d) the nominal amount of any share capital (not being equity share capital) of a subsidiary owned other than by the Company or another subsidiary;

but shall not include:—

(g) a proportion of the borrowings of any partly owned subsidiary (but only to the extent that an amount equivalent to such proportion exceeds sums borrowed (if any) from such partly owned subsidiary by the Company or another subsidiary) such proportion being that which the issued ordinary share capital which is not for the time being beneficially owned directly or indirectly by the Company bears to the whole of the issued ordinary share capital of such partly owned subsidiary; and

(h) amounts borrowed for the purpose of repaying (and intended to be so applied within six months of being first borrowed) the whole or any part of borrowings or other indebtedness of the Company or a subsidiary (other than from the Company or a subsidiary) for the time being outstanding (including any fixed or minimum premium payable on repayment) pending their application for such purpose within such period.

(2) moneys borrowed and outstanding in any currency other than sterling shall be translated into sterling at the rate of exchange ruling in London at the relevant date.

8. Listing

The Company will use its best endeavours to obtain and, so long as any of the New Stock remains outstanding, maintain a listing for the New Stock on The Stock Exchange.

9. Modification of Rights

Stockholders will have power by extraordinary resolution as defined in the Trust Deed (*inter alia*) to sanction any modification or compromise of or arrangement in respect of their rights against the Company and to sanction any modification of the provisions of the Trust Deed. In addition the Trustees will have power, without the sanction of an extraordinary resolution of the Stockholders, to concur with the Company in making any modification to the Trust Deed provided that such modification is not in the opinion of the Trustees materially prejudicial to the interests of the Stockholders or is made to correct a manifest error.

10. Indemnification of Trustees

The Trust Deed will contain provisions for the indemnification of the Trustees and for their relief from responsibility.

11. Transfer

The New Stock will be registered and transferable in amounts and multiples of £1.

PURPOSE OF THE ISSUE

The Directors have for some time felt that the introduction of further gearing into the capital structure of the Company would be of long term benefit to the capital and income of Ordinary Shareholders. In recent years the level of interest rates has made an increase in borrowings for this purpose unattractive but at the present lower level of rates the Directors now believe that a start should be made to establish a higher level of capital gearing.

The objective of the Company is to achieve growth in income with a consequent increase in capital value. This aim will be accomplished through a balanced portfolio of investments diversified both internationally and industrially. A common characteristic will be the potential for strong earnings and dividend growth to provide increasing dividend income for shareholders. It is the intention that the proceeds of the issue will be invested in accordance with this policy.

CAPITAL COVER

The total net assets of the Company as shown by the audited accounts as at 31st March, 1982 (listed investments being at middle market quotation and unlisted investments at Directors' valuation) after deducting all liabilities, other than amounts outstanding on the Existing Stocks of £5,650,000, amounted to £67,431,000.

If there is added to this figure the estimated net proceeds of the issue of the New Stock, the resultant total would be £72,355,000. The total principal amount of the Existing Stocks and the New Stock is £10,650,000.

72,355,000

INCOME COVER

The net revenues of the Company, before charging taxation and interest on the Existing Stocks but after charging all other expenses for the three financial years ended 31st March, 1982 on the basis of the audited accounts were as follows:—

Year ended 31st March	£
1980	3,663,000
1981	3,658,000
1982	3,635,000

The gross annual interest on the Existing Stocks is £376,000 and will be £600,000 on the New Stock.

PRELIMINARY RESULTS FOR THE YEAR ENDED 31st MARCH, 1983

The following is the text of an announcement released on 20th April, 1983:—

"Preliminary figures for year ended 31st March, 1983 are as follows:

	1983	1982
Gross Revenue	£4,765,000	£4,126,000
Revenue earned for Ordinary Shares	£2,392,000	£2,012,000
Total Net Assets attributable to Ordinary Shares	£86.18m	£58.94m
Per Ordinary Share—		
Earnings	5.97p	5.03p
Net Asset Value—		
Prior Charges at par	215.2p	147.2p
Prior Charges at Market Value	223.0p	157.0p

At 31st March, 1983, the geographical distribution of the portfolio was U.K. 54 per cent., North America 36 per cent. and the Far East 10 per cent.

Earnings per Ordinary Share have increased by 18.7 per cent. in the year and the net asset value (after deduction of prior charges at par) has increased by 46.2 per cent.

The Directors recommend payment of a Final Dividend of 3.55p per Ordinary Share of 25p, which together with the Interim Dividend of 2.00p per share already paid, makes a total of 5.55p (5.10p) per share for the year ended 31st March, 1983, an increase of 8.8 per cent. on last year.

If approved at the Annual General Meeting the dividend will be payable on 20th June, 1983 to Ordinary Shareholders on the Register on 26th May, 1983.

It is proposed to make a capitalisation issue to Ordinary Shareholders in the ratio of one new share for every share held on 26th May, 1983. The new shares will rank *pari passu* with existing shares except for the right to receive the final dividend in respect of the year ended 31st March, 1983.

GENERAL INFORMATION

1. Directors and substantial interests

(a) The interests (all of which are beneficial) of the Directors of the Company and their families in the share capital (as shown in the register maintained by the Company pursuant to the Companies Act 1967) are as follows:—

	Ordinary Shares
J. G. Wallace	5,000
D. Birrell	1,000
T. S. Lewis	4,000
W. M. Morrison	1,000
J. M. Weir	22,000
	<u>33,000</u>

(b) There are no contracts of service between any Director and the Company.

(c) No Director has any interest, direct or indirect, in any assets which since 31st March, 1982 have been acquired or disposed of by, or leased to, the Company or are proposed to be acquired or disposed of by, or leased to, the Company nor is any Director materially interested in any contract or arrangement which is significant in relation to the business of the Company. Mr. D. Birrell is a partner in the legal firm of Dundas & Wilson, C.S., which will be receiving a professional fee in connection with the issue of the New Stock.

(d) The Company has been notified of the following interests in the ordinary share capital of the Company — The Standard Life Assurance Company, 10.43 per cent., The Prudential Corporation plc, 6.02 per cent., Equity & Law Life Assurance Society plc, 5.99 per cent. and Scottish Widows' Fund and Life Assurance Society, 5.13 per cent. Save as aforesaid, the Directors are not aware of any holding of 5 per cent. or more of the issued ordinary share capital of the Company.

2. Material Contracts

Under a Placing Agreement dated 27th April, 1983 between the Company and Cazenove & Co. ("Cazenove"), Cazenove have agreed, subject *inter alia* to the Council of The Stock Exchange admitting the New Stock to the Official List not later than 29th April, 1983, to subscribe or procure subscribers for the New Stock at £1.00 per cent. payable in full on acceptance. Under this Agreement the Company is to pay a commission to Cazenove of 1/2 per cent. on the nominal amount of the New Stock (plus value added tax). In accordance with the requirements of the Council of The Stock Exchange, £500,000 of the New Stock will initially be offered to the market and a further £500,000 of the New Stock will provisionally be reserved for the market on which discounts of 1/2 per cent. and 1/4 per cent. respectively on the nominal amounts taken up will be allowed by the Company. The Company will also pay a commitment commission of 1/2 per cent. (plus value added tax) to subscribers of the New Stock in respect of the nominal amount of the New Stock provisionally reserved for the market.

With this exception, the Company has not, in the past two years, entered into any contract (other than in the ordinary course of business) which is or may be material

3. General

- In November 1982, the £200,000 3 per cent. Debenture Stock 1967/82 of the Company was repaid at par and in January 1983 an unsecured borrowing of Yen 500 million was repaid by the Company, each in accordance with the terms of the respective borrowings. In April 1983, a further unsecured borrowing of Yen 500 million was made by the Company. Save as disclosed above, there has been no material change in the financial position of the Company, other than in the ordinary course of business, since 31st March, 1982.
- A Certificate of Exemption has been given by the Council of The Stock Exchange pursuant to Section 39 of the Companies Act 1948 in connection with the issue of the New Stock.
- The proceeds of the issue will amount to approximately £4,000,000 after deducting the expenses of the issue which, including the commission payable to Cazenove, any discounts (not exceeding £3,750) payable to the market and the commitment commission payable on the Stock provisionally reserved for the market, are estimated to amount to £65,000 (inclusive of value added tax) and are payable by the Company.
- Save as disclosed herein: (a) no capital of the Company is under option or agreed conditionally or unconditionally to be put under option; (b) since 31st March, 1982 no capital of the Company has been issued for cash or for a consideration other than cash or is proposed to be issued; and (c) since 31st March, 1982 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any capital of the Company.

4. Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays and Public Holidays excepted) at the offices of Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN and of Dundas & Wilson, C.S., 25 Charlotte Square, Edinburgh EH2 4EZ up to and including 27th April, 1983:—

- the Memorandum and Articles of Association of the Company;
- the Reports and Accounts for the years ended 31st March, 1981 and 1982 and the Preliminary Results for the year to 31st March, 1983 of the Company;
- the Placing Agreement referred to in paragraph 2 above;
- a draft (subject to amendment) of the Trust Deed; and
- the documents constituting, and drafts of the documents securing, the Existing Stocks.

27th April
Dated at London, 27th April, 1983.

Handwritten signatures and notes:
 as Secretary to the Company
 as Secretary to the Company
 as Secretary to the Company
 as Secretary to the Company

270 1983

If you wish to accept the Stock offered to you, kindly complete and return to us by 10.00 a.m. on Tuesday, 3rd May, 1983 the enclosed Form of Acceptance, together with a cheque drawn on a City Office of a London Clearing Bank for the amount due including (if applicable) any part thereof which may be subject to recall or with your undertaking to credit our account at Williams & Glyn's Bank plc, 67 Lombard Street, London, EC3P 3DL, (Account No. 11568788), with the like amount by 10.00 a.m. on Wednesday, 4th May, 1983. Cheques, which should be made payable to "Cazenove & Co." and crossed, will not be presented for payment until Wednesday, 4th May, 1983, on which day it is expected that renounceable Split Allotment Letters will be posted. It is expected that dealings will commence at 2.00 p.m. on Friday, 29th April, 1983 for special settlement on Thursday, 5th May, 1983.

Yours faithfully,

Cazenove & Co

Placing of £5,000,000
12 per cent Debenture Stock 2013
at £99.783 per cent

NOTE: This form, when completed, should be returned to CAZENOVE & CO.,
12 Tokenhouse Yard, London, EC2R 7AN, so as to reach them not
later than 10.00 a.m. on Tuesday, 3rd May, 1983.

FORM OF ACCEPTANCE

TO: Cazenove & Co.,
12 Tokenhouse Yard,
London, EC2R 7AN.

Dear Sirs,

With reference to your letter dated 27th April, 1983, I/we have
pleasure in accepting the offer of £_____ 12 per cent Debenture
Stock 2013 of Securities Trust of Scotland p.l.c. upon the terms set out in
that letter and in the Particulars dated 27th April, 1983 accompanying the same
and upon the applicable terms of the Trust Deed constituting and securing the
Stock.

*I/We enclose my/our cheque in your favour for £_____ being the amount due on Wednesday, 4th May, 1983, on the nominal amount of the
Stock accepted by me/us, including (if applicable) any part thereof which may
be subject to recall.

*I/We undertake to credit your account at Williams & Glyn's Bank plc,
67 Lombard Street, London EC3P 3DL, Account No. 11568788, with the sum of
£_____, being the amount due on the nominal amount of the Stock
accepted by me/us, by 10.00 a.m. on Wednesday, 4th May, 1983, including (if
applicable) any part thereof which may be subject to recall.

I/We hereby request you to issue to me/us in accordance with my/our
instructions set out below (a) renounceable split Allotment Letter(s) for the
amount of the Stock for which I/we have agreed to accept, less any Stock
recalled.

I/We understand that a cheque will be sent to me/us in due course in
respect of any Stock recalled.

Dated this _____ day of _____ 1983

Signature _____

Delivery Instructions :-

V.A.T. No. (if applicable) _____

Cheques should be drawn on a City Office of a London Clearing Bank, made
payable to "CAZENOVE & CO." and crossed.

(* Delete as appropriate)

CAZENOVE & CO.

J KEMP WELCH
A D A W FORBES
G J CHANDLER
N J K BELMONT
G D WENTWORTH-STANLEY
R L H LYSTER
G S P CARDEN
T A D PILKINGTON
LORD FARINGTON
P J SMITH
D L MAYHEW
P B MITFORD-SLADE
C D PALMER-TOMKINSON
U D BARNETT
H de L CAZENOVE
A F BAMFORD
T SCHOCH

M A LOVE-DAY
HON V M A LAMMOY
R B SMITH
D C GODWIN
C J CAZALEY
A H MUIR
N A GOLD
B E A PASCOE
P D RYLANDS
D R HUNTER
M P ARCHER
D M WENTWORTH-STANLEY
C SMITH
B M de L CAZENOVE
S P MORANT
H M HENDERSON
C P KINDERSLEY
T M STEEL

Handwritten notes:
This is as arranged for the following...
This is as arranged for the following...
This is as arranged for the following...
This is as arranged for the following...
12, TOKENHOUSE YARD
LONDON, EC2R 7AN
TELEPHONE: 01-584 2328

IN REPLY PLEASE QUOTE

TELEGRAMS AND CABLES:
CAZENOVE LONDON IC2

TELEX:
886755, 886798

Copies of this letter and the accompanying Form of Acceptance, having attached thereto copies of the Particulars referred to below and the Agreement referred to in the Particulars, have been delivered to the Registrar of Companies in Scotland for registration.

PRIVATE AND CONFIDENTIAL

27th April, 1983

Dear Sir/s,

SECURITIES TRUST OF SCOTLAND p.l.c. (the "Company")

Placing of £5,000,000
12 per cent Debenture Stock 2013
at £99.783 per cent

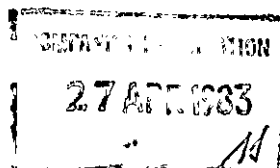
We enclose a copy of Particulars dated 27th April, 1983, giving details of the £5,000,000 12 per cent Debenture Stock 2013 (the "Stock") to be issued by the Company.

We have today entered into an Agreement with the Company to subscribe or procure subscribers for the Stock. Subject to the whole of the Stock being admitted to the Official List by the Council of The Stock Exchange not later than Friday, 29th April, 1983, we, as agent for the Company, have pleasure in offering you :-

£ 12 per cent Debenture Stock 2013
at £99.783 per cent free of commission.

12.03 The Issue Yield, calculated on the basis already advised to you, is 12 per cent. Accordingly the issue price is £99.783 per cent and the Stock will bear interest at the rate of 12 per cent per annum. The first interest payment, payable on 30th September, 1983 will amount to £4.8986 (less income tax) per £100 nominal of Stock.

The Stock is offered to you on the condition that we reserve the right to recall up to £ of the Stock until 2.00 p.m. on Friday, 29th April, 1983. On the Stock subject to recall you will be paid a commitment commission of 1/4 per cent (plus value added tax, if applicable) whether or not the right is exercised.



Cont/d

If you wish to accept the Stock offered to you, kindly complete and return to us by 10.00 a.m. on Tuesday, 3rd May, 1983 the enclosed Form of Acceptance, together with a cheque drawn on a City Office of a London Clearing Bank for the amount due including (if applicable) any part thereof which may be subject to recall or with your undertaking to credit our account at Williams & Glyn's Bank plc, 67 Lombard Street, London, EC3P 3DL, (Account No. 11568788), with the like amount by 10.00 a.m. on Wednesday, 4th May, 1983. Cheques, which should be made payable to "Cazenove & Co." and crossed, will not be presented for payment until Wednesday, 4th May, 1983, on which day it is expected that renounceable Split Allotment Letters will be posted. It is expected that dealings will commence at 2.00 p.m. on Friday, 29th April, 1983 for special settlement on Thursday, 5th May, 1983.

Yours faithfully,

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Stock 2013 of Securities Trust of Scotland p.l.c. upon the terms set out in
that letter and in the Particulars dated 27th April, 1983 accompanying the same
and upon the applicable terms of the Trust Deed constituting and securing the
Stock.

*I/We enclose my/our cheque in your favour for £ _____
being the amount due on Wednesday, 4th May, 1983, on the nominal amount of the
Stock accepted by me/us, including (if applicable) any part thereof which may
be subject to recall.

*I/We undertake to credit your account at Williams & Glyn's Bank plc,
67 Lombard Street, London EC3P 3DL, Account No. 11568788, with the sum of
£ _____, being the amount due on the nominal amount of the Stock
accepted by me/us, by 10.00 a.m. on Wednesday, 4th May, 1983, including (if
applicable) any part thereof which may be subject to recall.

I/We hereby request you to issue to me/us in accordance with my/our
instructions set out below (a) renounceable split Allotment Letter(s) for the
amount of the Stock for which I/we have agreed to accept, less any Stock
recalled.

I/We understand that a cheque will be sent to me/us in due course in
respect of any Stock recalled.

Dated this _____ day of _____ 1983

Signature _____

Delivery Instructions :-

V.A.T. No. (if applicable) _____

Cheques should be drawn on a City Office of a London Clearing Bank, made
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(* Delete as appropriate)

CAZENOVE & CO.

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R L H LYSTER
G S P CARDEN
J A D PILKINGTON
LORD FARINGTON
P J SMITH
D L MAYHEW
P B MIFORD SLADE
C D PALMER TOMKINSON
U D BARNETT
H J L CAZENOVE
A F BAMFORD
T SCHOCH

M A LOVEDAY
HON V M G A LAMPSON
R B SMITH
D C GODWIN
C J CAZALET
A H J MCUR
N A GOLD
B E A PASCOE
P D RYLANDS
D R HUNTER
M P ARCHER
D M WENTWORTH STANLEY
C SMITH
B M de L CAZENOVE
S P MORANT
H M HENDERSON
C P KENDERSLEY
T M STEEL

12, TOKENHOUSE YARD

LONDON, EC2R 7AN

TELEPHONE

01-588 2854

TELEGRAMS AND CABLES
CAZENOVE LONDON EC2

TELEX
8867 JH 886796

IN REPLY PLEASE QUOTE

1827/277

Copies of this letter and the accompanying Form of Acceptance, having attached thereto copies of the Particulars referred to below and the Agreement referred to in the Particulars, have been delivered to the Registrar of Companies in Scotland for registration.

PRIVATE AND CONFIDENTIAL

27th April, 1983

Dear Sir/s,

SECURITIES TRUST OF SCOTLAND p.l.c. (the "Company")

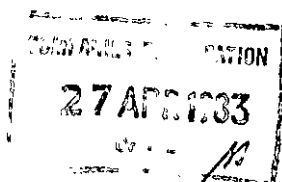
Placing of £5,000,000
12 per cent Debenture Stock 2013
at £99.783 per cent

We enclose a copy of Particulars dated 27th April, 1983, giving details of the £5,000,000 12 per cent Debenture Stock 2013 (the "Stock") to be issued by the Company.

We have today entered into an Agreement with the Company to subscribe or procure subscribers for the Stock. Subject to the whole of the Stock being admitted to the Official List by the Council of The Stock Exchange not later than Friday, 29th April, 1983, we as agent for the Company, have pleasure in offering you :-

£ 12 per cent Debenture Stock 2013
at £99.783 per cent free of commission.

12.03 The Issue Yield, calculated on the basis already advised to you, is 12.03 per cent. Accordingly the issue price is £99.783 per cent and the Stock will bear interest at the rate of 12 per cent per annum. The first interest payment, payable on 30th September, 1983 will amount to £4.8986 (less income tax) per £100 nominal of Stock.



Cont/d

If you wish to accept the Stock offered to you, kindly complete and return to us by 10.00 a.m. on Tuesday, 3rd May, 1983 the enclosed Form of Acceptance, together with a cheque drawn on a City Office of a London Clearing Bank for the amount due including (if applicable) any part thereof which may be subject to recall or with your undertaking to credit our account at Williams & Glyn's Bank plc, 67 Lombard Street, London, EC3P 3DL, (Account No. 11568788), with the like amount by 10.00 a.m. on Wednesday, 4th May, 1983. Cheques, which should be made payable to "Cazenove & Co." and crossed, will not be presented for payment until Wednesday, 4th May, 1983, on which day it is expected that renounceable Split Allotment Letters will be posted. It is expected that dealings will commence at 2.00 p.m. on Friday, 29th April, 1983 for special settlement on Thursday, 5th May, 1983.

Yours faithfully,

Cazenove & Co

Placing of £5,000,000
12 per cent Debenture Stock 2013
at **£99.783 per cent**

NOTE: This form, when completed, should be returned to CAZENOVE & CO.,
12 Tokenhouse Yard, London, EC2R 7AN, so as to reach them not
later than 10.00 a.m. on Tuesday, 3rd May, 1983.

FORM OF ACCEPTANCE

TO: Cazenove & Co.,
12 Tokenhouse Yard,
London, EC2R 7AN.

Dear Sirs,

With reference to your letter dated 27th April, 1983, I/we have
pleasure in accepting the offer of £_____ 12 per cent Debenture
Stock 2013 of Securities Trust of Scotland p.l.c. upon the terms set out in
that letter and in the Particulars dated 27th April, 1983 accompanying the same
and upon the applicable terms of the Trust Deed constituting and securing the
Stock.

*I/We enclose my/our cheque in your favour for £_____
being the amount due on Wednesday, 4th May, 1983, on the nominal amount of the
Stock accepted by me/us, including (if applicable) any part thereof which may
be subject to recall.

*I/We undertake to credit your account at Williams & Glyn's Bank plc,
67 Lombard Street, London EC3P 3DL, Account No. 11568788, with the sum of
£_____, being the amount due on the nominal amount of the Stock
accepted by me/us, by 10.00 a.m. on Wednesday, 4th May, 1983, including (if
applicable) any part thereof which may be subject to recall.

I/We hereby request you to issue to me/us in accordance with my/our
instructions set out below (a) renounceable split Allotment Letter(s) for the
amount of the Stock for which I/we have agreed to accept, less any Stock
recalled.

I/We understand that a cheque will be sent to me/us in due course in
respect of any Stock recalled.

Dated this _____ day of _____ 1983

Signature _____

Delivery Instructions :-

V.A.T. No. (if applicable) _____

Cheques should be drawn on a City Office of a London Clearing Bank, made
payable to "CAZENOVE & CO." and crossed.

(* Delete as appropriate)