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£150,000,000



Leeds Permanent Building Society

(Incorporated in England under the Building Societies Act 1986)

10½% Subordinated Bonds Due 2018

The issue price of the £150,000,000 10½ per cent. Subordinated Bonds Due 2018 (the "Bonds") is 101.171 per cent. of their principal amount.

Interest on the Bonds is payable at the rate of 10½ per cent. per annum, annually in arrear on 16th February in each year, the first such payment to be made on 16th February, 1994.

Principal of and interest on the Bonds will be paid as described under "Terms and Conditions of the Bonds—Payments". Payments will be made without deduction for United Kingdom withholding taxes, save as described under "Terms and Conditions of the Bonds—Taxation".

The Bonds will mature on 16th February, 2018. The Bonds are subject to redemption at their principal amount, at the option of Leeds Permanent Building Society (the "Society"), in whole at any time in the event of certain changes affecting United Kingdom taxes as described under "Terms and Conditions of the Bonds—Redemption and Purchase".

Application has been made to The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "London Stock Exchange") for the Bonds to be admitted to the Official List.

Copies of this document, which comprises approved listing particulars with regard to the Society in accordance with the listing rules made under Section 142 of the Financial Services Act 1986, have been delivered to the Registrar of Companies in England and Wales for registration in accordance with Section 149 of that Act.

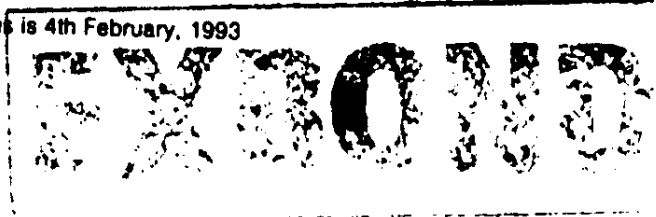
The Bonds will initially be represented by a temporary Global Bond which will be deposited with a common depository for Cedel S.A. ("Cedel") and Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear system ("Euroclear") on or about 16th February, 1993 and which will be exchangeable for definitive Bonds not earlier than 29th March, 1993 upon certification of non-U.S. beneficial ownership.

Credit Suisse First Boston Limited

Hoare Govett
ABN AMRO Group

Kleinwort Benson Limited

The date of this Prospectus is 4th February, 1993



DB
4-29-93

Leeds Permanent Building Society (Halliday)

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The Society accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Society (which has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is authorised to give any information or to make any representation not contained herein and any information or representation not contained herein must not be relied upon as having been authorised by the Society or by any of the Managers (as defined under "Subscription and Sale" below). This document does not constitute an offer of, or an invitation by or on behalf of the Society to subscribe for or purchase, any of the Bonds. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Society since the date hereof.

The distribution of this document and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Society and the Managers to inform themselves about and to observe such restrictions. For a further description of certain restrictions on the offering and sale of the Bonds and on the distribution of this document, see "Subscription and Sale" below.

Neither the Society nor any of the Managers represents that the Bonds may at any time lawfully be sold in or from any jurisdiction (other than in the United Kingdom) in compliance with any applicable registration requirements or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating such sales. Accordingly, each Manager has represented that it will observe all applicable laws and regulations in each jurisdiction in or from which it may offer, sell or deliver Bonds or have in its possession or distribute this document in proof or final form or any other offering material.

The Bonds 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, Bonds may not be offered, sold or delivered within the United States or to U.S. persons.

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

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

TERMS AND CONDITIONS OF THE BONDS

The following, subject to alteration in the Trust Deed (as defined below), are the terms and conditions of the Bonds substantially in the form in which they will be endorsed on the Bonds in definitive form:—

The £150,000,000 10½ per cent. Subordinated Bonds Due 2018 (the "Bonds") of Leeds Permanent Building Society (the "Society") are constituted by a Trust Deed dated 16th February, 1993 (the "Trust Deed") made between the Society and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as trustee for the holders of the Bonds (the "Bondholders"). The issue of the Bonds was authorised by a resolution of the Board of Directors of the Society passed on 1st September, 1992. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed and of the Paying Agency Agreement dated 16th February, 1993 (the "Paying Agency Agreement") between the Society, the Trustee and the principal and other paying agents referred to below are available for inspection at the principal office of the Trustee, being at the date hereof at Princes House, 95 Gresham Street, London EC2V 7LY, and at the specified offices of each of the paying agents referred to below (the "Paying Agents", which expression shall include, unless the context otherwise requires, the Principal Paying Agent (as defined below) and shall include any duly appointed successors). The Bondholders and the holders of the interest coupons appertaining to the Bonds (the "Couponholders" and the "Coupons" respectively) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed.

1. Form, Denomination and Title

The Bonds are issued in bearer form, serially numbered, in the denominations of £10,000 and £100,000 each with Coupons attached and title thereto will pass by delivery. Bonds of one denomination may not be exchanged for Bonds of the other denomination.

The Society, the Trustee and the Paying Agents may deem and treat the holder of any Bond or Coupon as the absolute owner thereof (notwithstanding any notice to the contrary and whether or not such Bond or Coupon shall be overdue and notwithstanding any previous loss or theft thereof) for the purpose of receiving payment thereof or on account thereof and for all other purposes.

2. Status and Subordination

The Bonds and the Coupons are direct and unsecured obligations of the Society and rank without any preference among themselves and the rights of the Bondholders and the Couponholders will be subordinated in right of payment in the manner provided in the Trust Deed to the claims of depositors, other unsubordinated creditors and Investment Creditors of the Society in respect of their respective Senior Claims.

Accordingly, payments of principal and interest in respect of the Bonds are conditional upon the Society being solvent at the time of payment by the Society, and no principal or interest shall be payable except to the extent that the Society could make such payment and still be solvent immediately thereafter. For the purpose of this Condition the Society shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its Assets exceed its Liabilities (other than its Liabilities which are not Senior Claims). A report as to the solvency of the Society by two directors of the Society or in certain circumstances as provided in the Trust Deed the auditors of the Society or, if the Society is in winding up, its liquidator shall in the absence of proven error be treated and accepted by the Society, the Trustee, the Bondholders and the Couponholders as correct and sufficient evidence thereof.

For the purpose of this Condition 2:

"Investment Creditors" means Investing Members (as defined in the Trust Deed) of the Society who are holders of Investment Shares (as defined in the Trust Deed) in the Society, not being Investment Shares which are called or classified as, or by their terms constitute, Deferred Shares (as defined in the Trust Deed) in their capacity as such;

"Senior Claims" means the aggregate amount of all claims in respect of indebtedness of the Society other than any claim the right to repayment of which by its terms is, or is expressed to be, subordinated to (or otherwise ranks after) (a) the claims of depositors, (b) other unsubordinated creditors and (c) Investment Creditors of the Society in respect of the principal amount of their Investment Shares and interest due in respect thereof; and

"Assets" means the unconsolidated gross assets of the Society and "Liabilities" means the unconsolidated gross liabilities of the Society, all as shown in the latest published audited balance sheet of the Society, but adjusted for contingent assets and contingent liabilities and for subsequent events, all in such manner as the directors, the auditors or the liquidator of the Society (as the case may be) may determine.

3. Interest

The Bonds bear interest from and including 16th February, 1993 at the rate of 10½ per cent. per annum, payable annually in arrear on 16th February in each year, the first such payment to be made on 16th February, 1994. Each Bond will cease to bear interest on the due date for redemption thereof unless, upon due presentation, payment of the principal in respect thereof is improperly withheld or refused or unless default is otherwise made in respect of such payment. In such event it shall continue to accrue interest as provided in the Trust Deed. When interest is required to be calculated in respect of a period of less than one 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.

4. Redemption and Purchase

(a) On maturity

Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on 16th February, 2018.

(b) Redemption for taxation reasons

If the Society satisfies the Trustee immediately prior to the giving of the notice referred to below that, on the next date for the payment of interest, the Society will be required to pay additional amounts as provided under Condition 6 or to account to any taxing authority in the United Kingdom for any amount in respect of income tax (other than any tax withheld or deducted from interest payable on the Bonds) calculated by reference to any amount payable in respect of the Bonds, then the Society may at any time, having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 10, the Bondholders (which notice shall be irrevocable), and having obtained Relevant Consent redeem all, but not some only, of the Bonds at their principal amount plus accrued interest to the date of redemption. Upon the expiry of such notice, the Society shall be bound to redeem the Bonds accordingly. As used herein, the term "Relevant Consent" means the consent to the relevant payment, repayment or purchase as the case may be, of the Building Societies Commission (while the Society is a building society) or the Bank of England (while the Society is an authorised institution for the purposes of the Banking Act 1987).

(c) Purchases

The Society or any of its Subsidiaries (as defined in the Trust Deed) may, having obtained prior Relevant Consent and subject to any relevant laws or regulations, at any time purchase Bonds at any price provided that all unmaturing Coupons appertaining thereto are purchased therewith. Any purchase by tender shall be made to all Bondholders alike.

(d) *Cancellation*

All Bonds redeemed or purchased pursuant to the foregoing provisions of this Condition (except Bonds purchased in the ordinary course of business of a dealer in securities) will be cancelled forthwith, together with all unmatured Coupons surrendered or purchased therewith, and may not be reissued or resold.

5. *Payments*

Payments of principal and interest will be made against presentation and surrender of Bonds or Coupons, as the case may be, at the specified office of any Paying Agent by sterling cheque drawn on, or at the option of the holder by transfer to a sterling account maintained by the payee with, a bank in the City of London, subject in all cases to any fiscal or other laws or regulations applicable in the place of payment but without prejudice to the provisions contained in Condition 6. Notwithstanding the foregoing, the Society reserves the right to require Couponholders who are unable to make a declaration of non-residence as to the United Kingdom to present their Coupons at a Paying Agent other than in the United Kingdom if the Society would otherwise be obliged to account to any taxing authority in the United Kingdom for any amount in respect of income tax (other than any tax withheld or deducted from interest payable on the Bonds) calculated by reference to the interest represented by the relevant Coupon. The initial principal paying agent is Morgan Guaranty Trust Company of New York, London Office (the "Principal Paying Agent", which expression shall include any duly appointed successor), the other initial Paying Agents and their respective specified offices appear below.

Upon the due date for redemption of any Bond, unmatured Coupons relating to such Bond (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Bond is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Society may reasonably require. If such due date for redemption is not 16th February in any year, the interest accrued from the immediately preceding 16th February shall be payable only against presentation of the relevant Bond.

If the due date for payment of any amount in respect of any Bond or Coupon is not at any place of presentation a business day, then the holder will not be entitled to payment at such place of the amount due until the next following business day at such place and will not be entitled to any further interest or other payment in respect of any such delay. In this Condition and in Condition 6, "business day" means a day on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation and (in the case of payment by transfer to a sterling account) in London.

The Society may at any time (with the previous approval of the Trustee) vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will at all times maintain a Paying Agent having a specified office in London or such other place in England as may be approved by the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited and a Paying Agent having a specified office in a city in continental Europe approved by the Trustee. Notice of any such termination or appointment and of any change in the specified office through which any Paying Agent will act will be given promptly in accordance with Condition 10.

6. *Taxation*

All payments of principal and interest in respect of the Bonds by the Society shall be made without withholding of, or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by the United Kingdom or any political subdivision thereof or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Society will pay such additional amounts as may be necessary in order that the net amounts receivable by the holders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Bonds or, as the case may be, Coupons in the absence of such withholding or deduction except that no such additional amounts shall be payable with respect to any Bond or Coupon presented for payment:—

- (i) by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of his having some connection with the United Kingdom other than merely by the holding of such Bond or Coupon; or
- (ii) at the specified office of a Paying Agent in the United Kingdom; or
- (iii) more than 30 days after the relevant date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last business day of such period of 30 days.

For this purpose (and for the purposes of Condition 7) the "relevant date" means the date on which the payment in respect of the Bond or the Coupon first becomes due and payable but if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date the "relevant date" means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Bondholders in accordance with Condition 10.

References herein to principal and interest shall be deemed to include any additional amounts which may become payable pursuant to the foregoing provisions or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

7. Prescription

Bonds and Coupons will become void unless presented for payment within ten years and five years respectively from their respective relevant dates.

8. Events of Default and Enforcement

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter of the nominal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall, give notice to the Society that the Bonds are, and they shall accordingly immediately become, due and payable, together with accrued interest, if any of the following events shall occur and be continuing:—

- (i) if default is made for a period of 7 days or more in the payment of any principal due on the Bonds or any of them or for a period of 14 days or more in the payment of any interest due on the Bonds or any of them; or
- (ii) if the dissolution of the Society is commenced where the Society is to be dissolved otherwise than by virtue of Section 93(5), Section 94(10) or Section 97(9) or (10) of the Building Societies Act 1986 (the "Act") or as otherwise approved by the Trustee or by an Extraordinary Resolution of the Bondholders; or
- (iii) if the winding up of the Society is commenced (other than a winding up which has been approved by the Trustee or by an Extraordinary Resolution of the Bondholders); or
- (iv) if the registration of the Society under the Act is cancelled otherwise than under Section 103(1)(a) of the Act.

If the Bonds become due and repayable the Trustee may at its discretion institute proceedings for the winding up of the Society in England (but not elsewhere) to enforce the obligations of the Society in respect of the Bonds and the Trust Deed provided that no payment of principal in respect of the Bonds may be made by the Society pursuant to this Condition, nor will the Trustee accept the same, otherwise than during or after a winding up or dissolution of the Society, save with prior Relevant Consent.

For the purposes of this Condition, a payment shall be deemed to be due even if the condition set out in Condition 2 is not satisfied.

The Trustee may at its discretion institute any such proceedings as are referred to above, but it shall not be bound to institute any such proceedings unless (i) it shall have been so directed by an Extraordinary

Resolution of the Bondholders or so requested in writing by holders of at least one-quarter in nominal amount of the Bonds then outstanding; and (ii) it shall have been indemnified to its satisfaction. No holder of Bonds or Coupons shall be entitled to institute proceedings directly against the Society unless the Trustee, having become bound so to proceed, fails to do so, in which case the holder of such Bonds or Coupons shall have only such rights against the Society as those which the Trustee is entitled to exercise. No Bondholder or Couponholder shall be entitled to institute proceedings for the winding up of the Society, or to prove in any winding up of the Society, unless the Trustee, having become bound to proceed against the Society as aforesaid, fails to do so, or, being able to prove in any winding up of the Society, fails to do so, in which event any such holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute proceedings for the winding up in England (but not elsewhere) of the Society and/or prove in any winding up of the Society to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do in respect of the Bonds and/or Coupons held by him. No remedy against the Society, other than the institution of proceedings for the winding up in England of the Society or the proving or claiming in any winding up of the Society shall be available to the Trustee or the Bondholders or Couponholders for the recovery of amounts owing in respect of the Bonds and Coupons or under the Trust Deed.

9. Replacement of Bonds and Coupons

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

10. Notices

All notices regarding the Bonds will be valid if published in a leading London daily newspaper (which is expected to be the *Financial Times*). If this is not possible, publication will be made in a leading English language newspaper, having circulation in Europe, approved by the Trustee, or if this is not possible, in one other English language daily newspaper having general circulation in Europe previously approved by the Trustee. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Bondholders in accordance with this Condition.

11. Meetings of Bondholders; Modifications; Waiver

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including proposals to modify by Extraordinary Resolution these Terms and Conditions or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, except that, at any meeting the business of which includes the modification of certain of these Terms and Conditions and provisions of the Trust Deed (as set out therein), the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than three-quarters or at any such adjourned meeting not less than one-quarter of the principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting, and on all Couponholders.

The Trustee may, without the consent of the Bondholders or Couponholders, to any modification (subject as provided above) of, or to any waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or of any of the provisions of the Trust Deed which, in the

opinion of the Trustee, is not materially prejudicial to the interests of the Bondholders or to any modification thereof which is of a formal, minor or technical nature or to correct a manifest error. Any such modification, waiver or authorisation shall be binding on the Bondholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Bondholders as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers or discretions, the Trustee shall have regard to the interests of the Bondholders as a class and, in particular, but without prejudice to the generality of the foregoing, shall not have regard to the consequences of such exercise for individual Bondholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.

12. Substitution

If the Society shall amalgamate with one or more other building societies under Section 93 of the Act or transfer all or some of its engagements (where such engagements include its liability as principal debtor under the Trust Deed, the Bonds and the Coupons appertaining thereto) to another building society under Section 94 of the Act or transfer its business to a successor in accordance with Sections 97 to 102 of the Act, the merged or transferee building society or the successor will, pursuant to such provisions, automatically be substituted in place of the Society as principal debtor under the Trust Deed, the Bonds and the Coupons without any prior approval thereof being required from the Bondholders, the Couponholders or the Trustee.

Without prejudice to the foregoing, the Trustee may agree (the Society having obtained Relevant Consent) without the consent of the Bondholders or Couponholders, if it is satisfied that so to do would not be materially prejudicial to the interests of the Bondholders, to the substitution of either a Successor in Business (as defined in the Trust Deed) or a Subsidiary of the Society or such Successor in Business in place of the Society as principal debtor under the Trust Deed, the Bonds and the Coupons, provided that in the case of the substitution of a Subsidiary of the Society or such Successor in Business the obligations of the Subsidiary in respect of the Trust Deed, the Bonds and the Coupons shall be guaranteed on a subordinated basis by the Society or, as the case may be, such Successor in Business in such form as the Trustee may require.

Any such substitution shall be binding on the relevant Bondholders and Couponholders and, unless the Trustee agrees otherwise, any such substitution shall be notified to the Bondholders as soon as practicable thereafter in accordance with Condition 10.

The Society has covenanted with the Trustee in the Trust Deed, in relation to the Bonds, that it will not transfer its business to a company (the "Transferee Company") within the meaning of the Companies Act 1985 pursuant to Section 97 of the Act unless:—

- (i) either it has satisfied the Trustee that, upon such transfer becoming effective, the Transferee Company will be or (as the case may be) remain an authorised institution for the purposes of the Banking Act 1987 or such transfer has been approved by an Extraordinary Resolution of the Bondholders; and
- (ii) the Society and the Transferee Company shall execute a deed supplemental to the Trust Deed which has the effect of ensuring to the satisfaction of the Trustee that (a) the Transferee Company is bound by the terms of the Trust Deed and the Terms and Conditions as fully as if all and any references therein to the Society were a reference to the Transferee Company and (b) the rights of the Bondholders (1) are subordinated and postponed to the claims of the persons who are holders of Investment Shares which are qualifying shares (as defined in section 100(3) of the Act) in the Society in respect of the claims arising by virtue of section 100(2)(a) of the Act and which are represented by those qualifying shares and to the claims of other unsecured but unsubordinated creditors but (2) will be such that they rank in priority to the holders of the issued share capital of the Transferee Company, and containing such other provisions as the Trustee (having regard in particular to the foregoing) may reasonably require provided that any variation or supplement as may be contained in such supplemental deed shall be limited to

dealing with matters arising out of the procedure by which the transfer takes place and the constitution of the Transferee Company.

The Society has also covenanted with the Trustee in the Trust Deed that it will not enter into any arrangement for the transfer of its engagements to another building society pursuant to Section 94 of the Act unless it transfers all its engagements to such society or such transfer has been approved by the Trustee or by an Extraordinary Resolution of the Bondholders.

13. Further Issues

The Society is at liberty from time to time without the consent of the Bondholders or the Couponholders to create and issue further bonds or notes either (in the case of bonds) so as to form a single series with the Bonds or (in either case) upon such terms as to interest, conversion, premium, redemption and otherwise as the Society may at the time of the issue thereof determine. In such case, the expression "Bonds" in these Terms and Conditions, unless the context otherwise requires, shall include any further bonds issued pursuant to this Condition and forming a single series with the Bonds. Any such bonds, if they are to form a single series with the Bonds, shall be constituted by a deed supplemental to the Trust Deed and in any other case if the Trustee so agrees any other such bonds or notes may be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of the bonds or notes of other series in certain circumstances where the Trustee so decides.

14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Society (or any Subsidiary) without accounting for any profit resulting from such transactions.

15. Governing Law

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

USE OF PROCEEDS

The net proceeds of the issue of the Bonds (estimated to amount to £147,961,500) will be used by the Society for its general purpose funding.

LEEDS PERMANENT BUILDING SOCIETY

General

Leeds Permanent Building Society — often referred to as "the Leeds" — was established in 1848 under the name of "The Permanent Second Leeds Benefit Building and Investment Society". The present name was adopted by the Society in 1923.

The Society is at present among the five largest building societies in the United Kingdom, with an asset figure of £18,318 million at 30th September, 1992 of which liquid assets amounted to £2,878 million and its general reserve stood at £855 million.

The Society is a national building society with a network of 463 branches operating in key locations throughout England, Scotland, Wales and Northern Ireland. Through this network more than 3 million investors entrust savings to the Society and 498,000 borrowers have mortgages with the Society.

In order to carry out its responsibilities and fulfil its important role within the community, the average number of people employed during the year to 30th September, 1992 in the Group (as defined below) was 4,653 people, with another 1,397 employed on a part-time basis.

The Society has taken advantage of the opportunities presented by the Building Societies Act 1986 for the diversification of activities and has established a number of Subsidiaries which, together with the Society, form the Leeds Permanent Building Society Group (the "Group"). The activities currently undertaken by Subsidiaries include estate agency, insurance services and financial advice.

Business of the Society

The principal business of the Society is the advancement of funds on the security of mortgages covering freehold and leasehold properties, mainly to private home owners.

The Society's funds are raised through a wide range of investment products, the most successful of which has proved to be the popular Liquid Gold Account which gives investors both flexibility and convenience coupled with a competitive interest rate.

Source of Income

The principal source of income is interest earned on mortgage advances. In the year ended 30th September, 1992 this totalled £1,519 million. Income from the Society's investment portfolio totalled £289 million. Other income including insurance commission, rent, etc., produced a further £109 million.

Profit before tax for the year ended 30th September, 1992 was £152.7 million (1991 — £190 million), a decrease of 19.7 per cent. over the previous year.

Mortgage Lending

In the year to 30th September, 1992 new mortgage advances totalled £2,423 million. The number of mortgages completed during the year was 85,416.

Group Activities

The Society, which is the parent of the Group, continues to develop business through its subsidiary and associated companies:

Property Leeds (UK) Limited is a wholly owned subsidiary operating a chain of over 100 estate agencies. It was established in 1986 and acquired its assets over the period 1986-1989.

Leeds Permanent Financial Planning Limited was formed to offer independent financial advice. The company, regulated in the conduct of investment business by the Securities and Investments Board, started operations in 1989.

Leeds Permanent Overseas Limited commenced operating in March 1990 as an off-shore base for the receipt of investors' funds.

The registered office of all the above subsidiaries is the same as that of the Society.

Consolidated Capitalisation and Indebtedness

The following table is a summary of the Society's consolidated Shareholders' funds and indebtedness as at 30th September, 1992 (Audited) and 31st December, 1992 (unaudited) showing adjustments to reflect the Bonds now being issued:—

| | <i>As at</i> | <i>As at</i> | |
|---|------------------------------|-----------------------|---------------------|
| | <i>30th September,</i> | <i>31st December,</i> | |
| | <i>1992</i> | <i>1992</i> | <i>1992</i> |
| | <i>(Audited)</i> | <i>(Unaudited)</i> | <i>(Unaudited</i> |
| | | | <i>as adjusted)</i> |
| | <i>(thousands of pounds)</i> | | |
| Shareholders' funds | | | |
| Shares | 12,659,492 | 12,838,704 | 12,838,704 |
| PIBS (1,500 PIBS of £50,000 each) | 77,373 | 75,462 | 75,462 |
| General reserve | 854,786 | 889,100 | 889,100 |
| Total shareholders' funds | 13,591,651 | 13,803,266 | 13,803,266 |
| Indebtedness | | | |
| Time deposits | 922,802 | 892,477 | 892,477 |
| Other deposits and loans | 1,206,940 | 1,161,812 | 1,161,812 |
| Certificates of deposits | 690,825 | 754,952 | 754,952 |
| Floating rate notes | 890,447 | 751,010 | 751,010 |
| Fixed rate notes and bonds | 661,938 | 767,433 | 767,433 |
| Total indebtedness | 4,372,952 | 4,327,684 | 4,327,684 |
| Subordinated notes and bonds | 154,303 | 151,093 | 151,093 |
| 10½ per cent. Subordinated Bonds due 2018 (<i>now being issued</i>) | — | — | 150,000 |
| Total capitalisation | 18,118,906 | 18,282,043 | 18,432,043 |

At the date of this document there has, subject to the Bonds now being issued, been no material change in the capitalisation and indebtedness of the Society and its Subsidiaries since 30th September, 1992 except that the Society announced on 28th January, 1993 the issue of £100,000,000 Collared Floating Rate Notes due 2003.

Board of Directors

The names of the Directors of the Society, their functions and principal activities performed outside the Group are given below. The business address of the Directors is that of the Society given at the end of this document.

| <u>Name</u> | <u>Responsibilities within the Society</u> | <u>Principal outside directorships</u> |
|----------------------------------|--|--|
| J. Malcolm Barr CBE MA LLM | (President) (Non-executive) | <i>Chairman</i> Barr & Wallace Arnold Trust PLC and subsidiary companies <i>Director</i> The British Show Jumping Association Hickson International PLC |
| R. B. Strachan MA LLB FCIS CBIM | (Vice President) (Non-executive) | <i>Director</i> Ryeland Properties Limited |
| J. M. Blackburn FCIB CBIM FRSA | (Director & Chief Executive) | <i>Director</i> Royal Philharmonic Orchestra Ltd. The Regional Arts Board for Yorkshire and Humberside Leeds Theatre Trust Limited West Yorkshire Playhouse (Enterprises) Limited |
| G.F. Armitage FRSA | (Director) (Non-executive) | <i>Chairman</i> Scriven Securities Ltd. <i>Director</i> Harrogate Telecommunications Complex Ltd. Marshmoor Bricks Limited Ryeland Properties Limited |
| R. F. Boyes FCMA | (Finance Director) | |
| C. N. P. Chadwick BA (Hons) | (Commercial Director) | |
| D. E. Cook TD MA FSS FTI CBIM | (Director) (Non-executive) | <i>Director</i> Charter Consolidated PLC Powell Duffryn PLC The Textile Institute's Publications Board The University of Leeds Foundation MFI Furniture Group plc Littlewoods Organisation plc |
| J. A. C. King BSc FBCS CBIM FIOD | (Director) (Non-executive) | <i>Director</i> Olivetti UK Limited Science Research Associates Limited |
| Sir Timothy Kitson | (Director) (Non-executive) | <i>Chairman</i> Fishers Group Limited Provident Financial Group PLC Ryeland Properties Limited <i>Director</i> Alfred McAlpine PLC Bradstock Hamilton Ltd. GKR Group Ltd. Goddard Kay & Rogers (Northern) Ltd. |

| <u>Name</u> | <u>Responsibilities within the Society</u> | <u>Principal outside directorships</u> |
|---|--|---|
| P. M. Leith OBE FHCIMA FRSA | (Director) (Non-executive) | <i>Director</i> Prudence Leith Limited and subsidiary companies Argyll Group PLC |
| J. R. Miller MSc MBA | (Information Systems Director) | <i>Director</i> Plasmec plc |
| P. Spence FCBSI FInstD | (Director) | |
| The Rt. Hon. the Earl of Swinton JP DL | (Director) (Non-executive) | <i>Chairman</i> The Healey Farming Co. Ltd. <i>Director</i> Cundall Manor Ltd. |
| I. Arnold Ziff OBE JP | (Director) (Non-executive) | <i>Chairman</i> Arnold Securities Ltd. Leon Property Investment Company Limited Rochdale Canal Co. Stylo PLC and subsidiary companies Town Centre Securities PLC and subsidiary companies <i>Director</i> Whitham & Schofield Ltd. |

UNITED KINGDOM TAXATION

The comments below are of a general nature based on the Society's understanding of current United Kingdom law and practice and on the basis that the Bonds will remain quoted on a recognised stock exchange within the meaning of Section 841 of the Income and Corporation Taxes Act 1988. The comments relate to the position of persons (other than dealers) who are the absolute beneficial owners of their Notes and Coupons. Prospective Bondholders 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.

1. Payments of interest on the Bonds may be made without deduction or withholding on account of United Kingdom income tax:—

- (i) where payment is made by or through a paying agent outside the United Kingdom; or
- (ii) in the case of Coupons presented to a paying agent in the United Kingdom, subject either to the relative Bond being held in a recognised clearing system (which would include Euroclear and Cedel) or to it being proved, to the satisfaction of the Inland Revenue, that the beneficial owner of the Bond and of the interest (or, if different, the person whose income the interest is for tax purposes deemed to be) is not resident in the United Kingdom.

If the payment were to be made otherwise than as described in (i) and (ii) above, tax would have to be withheld at the basic rate of income tax (currently 25 per cent.) subject to any direction to the contrary by the Inland Revenue pursuant to the provisions of any appropriate double taxation treaty.

2. A United Kingdom collecting agent, who receives or obtains any payment of interest (in circumstances where no withholding or deduction for or on account of United Kingdom income tax has been made by the person paying the interest) on behalf of a Bondholder or Couponholder must withhold or deduct United Kingdom tax at the basic rate unless it can be shown, to the satisfaction of the Inland Revenue, that the beneficial owner of the Coupon and relative Bond is not resident in the United Kingdom and the interest is not deemed to be the income of any other person for United Kingdom tax purposes.

3. Interest on the Bonds constitutes United Kingdom source income for United Kingdom tax purposes and, as such, remains subject to United Kingdom income tax by direct assessment even though paid gross. However, under long standing Inland Revenue practice (published as an extra-statutory concession), the interest will not be assessed to United Kingdom tax in the hands of Bondholders who are not resident in the United Kingdom except where such persons:—

- (i) are chargeable under Section 78 of the Taxes Management Act 1970 in the name of a trustee or other person as defined in Section 72 of the Taxes Management Act 1970, or in the name of an agent or branch in the United Kingdom having the management or control of the interest; or
- (ii) seek to claim relief in respect of taxed income from United Kingdom sources; or
- (iii) are chargeable to corporation tax on the income of a United Kingdom branch or agency or to income tax on the profits of a trade carried on in the United Kingdom to which the interest is attributable.

As with all extra-statutory concessions, this operates subject to the existence of special circumstances and to the concession not being used for the purposes of tax avoidance.

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

5. The Bonds will be "qualifying corporate bonds" within Section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, neither a chargeable gain nor an allowable loss will arise for the purposes of taxation of capital gains on a disposal or redemption of the Bonds.

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

SUBSCRIPTION AND SALE

Credit Suisse First Boston Limited, Hoare Govett Corporate Finance Limited and Kleinwort Benson Limited (the "Managers") have, under a subscription agreement dated 4th February, 1993 (the "Subscription Agreement"), jointly and severally agreed with the Society to subscribe the Bonds at the issue price of 101.171 per cent. of the principal amount thereof for a selling commission of 1.875 per cent. of such principal amount. The Society will pay to the Managers a combined management and underwriting commission of 0.625 per cent. of the principal amount of the Bonds and an amount of up to £45,000 by way of contribution towards certain fees, expenses and disbursements incurred by the Managers. The Managers are entitled to terminate the Subscription Agreement in certain circumstances prior to payment for the Bonds to the Society.

The Bonds 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.

Bonds in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

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

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

Each Manager has undertaken that (a) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom and (b) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Bonds, other than any document which consists of or any part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the Financial Services Act 1986, to a person who is of a kind described in Article 9(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1988 or is a person to whom the document may otherwise lawfully be issued or passed on.

No action has been or will be taken by the Society or any of the Managers outside Great Britain that would, or is intended to, permit a public offer of the Bonds in any country or jurisdiction where action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer to sell any Bonds in any country or jurisdiction where action for that purpose is required. Accordingly, each Manager has undertaken that it will not, directly or indirectly, offer or sell any Bonds and neither this Prospectus (whether in draft or final form) nor any other circular, prospectus, form of application, advertisement or other material may be distributed in or from or published, in any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

GENERAL INFORMATION

The listing of the Bonds on the London Stock Exchange will be expressed as a percentage of their principal amount (excluding 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 anticipated that such listing will be granted on 10th February, 1993, subject only to the issue of the Global Bond initially representing the Bonds. Prior to official listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules.

Until the definitive Bonds are made available in exchange for the Global Bond, transactions in the Bonds, in the open market or otherwise, must be cleared through Euroclear or Cedel. No claims for delivery of the Bonds in definitive form can be made prior to such exchange.

The Bonds have been accepted for clearance through the Euroclear and Cedel systems with a Common Code of 004197127. The ISIN for the Notes is XS0041971275.

There has been no significant change in the financial or trading position of the Group nor any material adverse change in the financial position or prospects of the Group since 30th September, 1992, being the date to which the latest published accounts were made up.

There are no legal or arbitration proceedings pending or threatened against either the Society or any of its Subsidiaries which may have, or have had during the past 12 months, a significant effect on the Group's financial position.

The consolidated accounts of the Society and its Subsidiaries for the three years ended 30th September, 1990, 1991 and 1992 have been audited in accordance with Auditing Standards, and have been reported upon without qualification, by KPMG Peat Marwick, Chartered Accountants, 1 The Embankment, Neville Street, Leeds LS1 4DW.

Copies of the following documents may be inspected at the offices of Allen & Overy, 9 Cheapside, London EC2V 6AD during usual business hours on any weekday (Saturdays and public holidays excepted) during the period of 14 days from the date of this document:—

- (i) the Rules and the Memorandum of the Society and the Building Societies Act 1986;
- (ii) the consolidated audited accounts of the Society and its Subsidiaries for each of the years ended 30th September, 1991 and 1992;
- (iii) the Subscription Agreement; and
- (iv) the Trust Deed (incorporating the form of the Global Bond, the Bonds and the Coupons) and the Paying Agency Agreement, both in draft form and subject to modification.

REGISTERED CHIEF OFFICE OF THE SOCIETY

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TRUSTEE

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To the Managers and the Trustee
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