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PRESS NOTICE

THE ABOLITION OF SPECIAL CUM-DIVIDEND TRADING IN GILTS

Provisions for special cum-dividend trading in gilts will end on 1 August 2005.

Any stock entering its special cum-dividend period before 1 August 2005 will continue the special cum-dividend period to its normal conclusion; any stock that would have entered its special cum-dividend period on or after 1 August 2005 will not do so (it will trade cum-dividend until it enters its ex-dividend period).

This change will be implemented through an amendment to the London Stock Exchange Rules, to take effect on 1 August 2005. The London Stock Exchange will announce the associated rule changes in due course.

Thus, 9% Treasury Stock 2012 will be the last stock to enter its special cum-dividend period on 28 July 2005; 2½% Index-linked Treasury Stock 2013 will be the first stock not to have a special cum-dividend period. Thereafter parties to a transaction may only agree to settle trades on a cum-dividend basis during the cum-dividend period.

NOTE TO EDITORS

The "special cum-dividend" period is the period of 7 working days (10 working days in the case of 3½% War Loan) prior to the dividend date and is aligned with the ex-dividend period. During the special cum-dividend period parties to a transaction may at present agree bilaterally to trade on a cum-dividend basis, with the purchaser thus deciding to take delivery of the gilt with the right to the forthcoming dividend.

The abolition of the special ex-dividend and special cum-dividend periods was supported by the majority of respondents to a Bank of England consultation on changes to gilt market conventions in 1997. The special ex-dividend period was discontinued in July 1998 and this change completes those amendments envisaged at the time of the consultation.