

PRESS NOTICE

NEW ARRANGEMENTS FOLLOWING THE INTRODUCTION OF DEMATERIALISED TREASURY BILLS

On Friday 12 September 2003 the DMO will conduct its first weekly tenders of dematerialised Treasury bills. Following dematerialisation, Treasury bills will be eligible to be used for the main traded class of Delivery by Value ("DBV") in CREST - Unstripped British Government (UBG). To facilitate the valuation of such transactions the DMO will begin publishing reference prices and ISINs for the dematerialised Treasury bills from close of business on Friday 12 September 2003.

The ISIN codes to be used for the bills on offer on Friday 12 September 2003 will be published on Friday, 5 September with the results of the 5 September tenders. ISIN codes for future Treasury bill tenders will be published with the results of each preceding week's tender.

The Treasury bill reference prices and ISIN codes will be available on Reuters (DMO/INDEX) and Bloomberg (DMO <GO>) and on the DMO website at www.dmo.gov.uk/cash/tbills/tbill.htm. The prices will be for reference purposes only and will not constitute an offer to buy or sell the instruments.

It is intended that all remaining Treasury bills issued in physical form will be dematerialised over the weekend of 27-28 September 2003 and migrated into CREST with effect from Monday, 29 September 2003. The DMO intends to publish ISINs for all outstanding Treasury bills at close of business on Friday, 19

September 2003 and prices for all outstanding Treasury bills from close of business on Friday, 26 September 2003.

NOTES TO EDITORS

The DMO announced on 4 April 2003 that it would begin publishing daily reference prices and the relevant ISIN codes for dematerialised Treasury bills. These reference prices will be used by CREST to value Treasury bills for repo purposes in the creation of *Delivery by Value* (DBVs) as Treasury bills will be eligible for the main traded class of DBV – Unstripped British Government (UBG) with effect from 15 September 2003.

The DMO will be publishing new versions of its Cash Management Operational Notice and Treasury Bill Information Memorandum, which reflect the changes in the scaling at Treasury bill tenders and settlement as a result of dematerialisation. These will be available on the DMO's website in the money markets pages

Any queries on dealing issues please call Nick Fisher on 020 7862 6518 or for settlement issues David Cuthbert on 020 7862 6542. General media queries please call 020 7862 6501.

This press release will be appearing on the DMO website: www.dmo.gov.uk