

CONFIDENTIAL

CC80



Treasury Chambers, Parliament Street, SW1P 3AG

David Norgrove Esq
No. 10 Downing Street
LONDON
SW1A

27 March 1987

*Dear David Norgrove.***NATIONAL SAVINGS: GENERAL EXTENSION RATE**

Following the recent reductions in market interest rates and bank base rates, the General Extension Rate (GER) will be reduced from 8.75 per cent to 7.5 per cent on 1 April. The GER is the rate paid on holdings of matured National Savings certificates. As such it is a fairly specialised rate, and an announcement about it seldom, if ever, attracts much attention. We are not yet ready to announce changes in the rates paid on other National Savings products, but hope to do so shortly. The change in the GER is being announced before the others because it is only possible to change this rate on the first day of a month and we wish to avoid the additional cost incurred by waiting until 1 May.

The change will be announced, as required by law, by minimal newspaper advertisements next Tuesday. A low-key press notice will be released on Monday evening of which you will be sent a copy. Little press or public interest is expected.

*Yours sincerely**P D P Barnes*

P D P BARNES
Private Secretary

CONFIDENTIAL