

THE COMMISSIONERS OF HER MAJESTY'S TREASURY

**SECOND SUPPLEMENTAL DEED RELATING TO THE
GUARANTEE**

In respect of

THE 2008 CREDIT GUARANTEE SCHEME

THIS SUPPLEMENTAL DEED (the "**Deed**") is made on 6 February 2009

BY

- (1) **THE COMMISSIONERS OF HER MAJESTY'S TREASURY** of 1 Horse Guards Road, London SW1A 2HQ (the "**Guarantor**");

IN FAVOUR OF

- (2) **THE PERSONS** to whom the Guaranteed Liabilities are from time to time owed.

RECITALS

- (A) The Guarantor entered into a deed of guarantee dated 13 October 2008 (as supplemented by a supplemental deed made 20 October 2008) in respect of the 2008 Credit Guarantee Scheme (the "**Guarantee**").
- (B) This Deed amends the Guarantee.
- (C) The Guarantor has given notice to the Eligible Institutions of the amendment to the Guarantee in accordance with clause 6.3 of the Guarantee.

NOW THIS DEED WITNESSES as follows:

1. Interpretation

Definitions

Unless otherwise defined in this Deed, capitalised terms in this Deed shall have the meanings given to such terms in the Guarantee.

Construction

The headings in this Deed are inserted for convenience only and shall be of no legal effect.

2. Amendment of the Guarantee

From and including the date of this Deed, the Guarantee shall be amended and shall take effect in the form set out in the appendix to this Deed and shall otherwise continue in full force and effect.

3. Governing law

This Deed is governed by, and shall be construed in accordance with, English law.

APPENDIX

THE GUARANTEE

THE COMMISSIONERS OF HER MAJESTY'S TREASURY

GUARANTEE

in respect of

THE 2008 CREDIT GUARANTEE SCHEME

THIS DEED OF GUARANTEE is made on 13 October 2008 (as amended on 20 October 2008 and further amended on 6 February 2009)

BY

- (1) **THE COMMISSIONERS OF HER MAJESTY'S TREASURY** of 1 Horse Guards Road, London SW1A 2HQ (the "**Guarantor**");

IN FAVOUR OF

- (2) **THE PERSONS** to whom the Guaranteed Liabilities are from time to time owed (the "**Beneficiaries**").

RECITALS

- (A) Each Eligible Institution (as defined below) undertakes the business of providing banking and other financial services.
- (B) Each Eligible Institution has requested or may from time to time request the Guarantor to provide this guarantee of certain of that Eligible Institution's liabilities.
- (C) The Guarantor expects that the Guaranteed Liabilities shall be in the order of GBP 250,000,000,000 (two hundred and fifty billion pounds sterling) or such higher number as the Guarantor may publish in accordance with the Rules or its equivalent in other currencies.

NOW THIS DEED OF GUARANTEE WITNESSES as follows:

1. Interpretation

Definitions

- 1.1 In this Guarantee the following expressions have the following meanings:

"**Due Date**" has the meaning given to it in Clause 2.1;

"**Eligible Institution**" means the Initial Eligible Institutions and any other institution in respect of which the Guarantor has issued an Institution Certificate;

"**Eligibility Certificate**" means a certificate in the form specified in the Rules to be issued by the Guarantor confirming that a liability is a Guaranteed Liability for the purposes of this Guarantee;

"**Guaranteed Liability**" means any liability in respect of which the Guarantor has issued an Eligibility Certificate;

"**Initial Eligible Institutions**" means each institution listed in the Schedule;

"Institution Certificate" means a certificate to be issued by the Guarantor in accordance with the Rules confirming that an institution is an Eligible Institution for the purposes of this Guarantee; and

"Rules" means the Rules of the 2008 Credit Guarantee Scheme from time to time, as published by the Guarantor.

Construction

- 1.2 Any reference in this Guarantee to a Clause or the Schedule is, unless otherwise stated, to a clause hereof or the schedule hereto.
- 1.3 Any reference in this Guarantee to **"this Guarantee"** shall be deemed to be a reference to this Guarantee as a whole and not limited to the particular clause, schedule or provision in which the relevant reference appears and to this Guarantee as varied, amended, supplemented or substituted from time to time.
- 1.4 The headings in this Guarantee are inserted for convenience only and shall be of no legal effect.
- 1.5 Unless the context otherwise requires, words denoting the singular number only shall include the plural and vice versa.

2. Guarantee

Guarantee

- 2.1 Subject to Clause 2.2 below, the Guarantor hereby irrevocably:
 - (A) guarantees to the Beneficiaries the payment by each Eligible Institution of the Guaranteed Liabilities; and
 - (B) undertakes with the Beneficiaries that, whenever the Eligible Institution does not pay any Guaranteed Liability on the date on which it becomes due and payable (the **"Due Date"**), the Guarantor shall, upon demand by a Beneficiary made in accordance with the Rules and following the expiry of any applicable grace period, pay that Guaranteed Liability.

Amendments

- 2.2 The Guarantor shall not be liable under Clause 2.1 in respect of any Guaranteed Liability which has been varied, amended, waived, released, novated, supplemented, extended or restated in any respect without the prior written consent of the Guarantor.

3. **Payments**

Method of payment

All payments to be made by or on behalf of the Guarantor under this Guarantee shall be made in the manner specified in the Rules.

4. **Preservation of rights**

Continuing obligations

- 4.1 The obligations of the Guarantor hereunder shall be continuing obligations notwithstanding any settlement of account and, in particular but without limitation, shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the Guaranteed Liabilities.

Time and indulgence

- 4.2 Neither the obligations expressed to be assumed by the Guarantor herein nor the rights, powers and remedies conferred upon the Beneficiaries by this Guarantee or by law shall be discharged, impaired or otherwise affected by the winding up, administration, liquidation or dissolution of an Eligible Institution or any analogous proceeding in any jurisdiction.

5. **Benefit of Guarantee**

This Guarantee shall enure to the benefit of each Beneficiary and its successors and such successors shall be entitled to enforce this Guarantee against the Guarantor.

6. **Amendment and termination**

Termination

- 6.1 Subject to Clause 6.2 below, this Guarantee shall terminate at midnight on 13 April 2014 but without prejudice to the rights of any Beneficiary in respect of any subsisting Guaranteed Liability.

Extension of termination date

- 6.2 The Guarantor may extend the date of termination of this Guarantee at any time at its discretion upon giving notice to the Eligible Institutions in accordance with Clause 7.2.

Amendments

- 6.3 The Guarantor may amend the terms of this Guarantee at any time at its discretion upon giving notice to the Eligible Institutions in accordance with Clause 7.2, provided that such amendment is not prejudicial to the interests of the Beneficiaries and, in particular, the Guarantor will not amend the terms of this Guarantee if the amendment

would prejudice its eligibility to count as eligible unfunded credit protection under the Directive 2006/48/EC relating to the taking up and pursuit of the business of credit institutions.

7. Notice

Giving of notices to the Guarantor

- 7.1 All notices or other communications to the Guarantor under or in connection with this Guarantee shall be given in accordance with the Rules.

Giving of notices to the Beneficiaries or Eligible Institutions

- 7.2 All notices or other communications to the Beneficiaries or Eligible Institutions under or in connection with this Guarantee shall be given in accordance with the Rules.

8. Governing law

This Guarantee is governed by, and shall be construed in accordance with, English law.

IN WITNESS whereof this Guarantee has been executed by the Guarantor and is intended to be and is hereby delivered as a deed.

**SCHEDULE
INITIAL ELIGIBLE INSTITUTIONS**

Abbey National plc

Bank of Scotland plc

Barclays Bank PLC

HSBC Bank plc

Lloyds TSB Bank plc

Nationwide Building Society

The Royal Bank of Scotland plc

Standard Chartered Bank

SIGNATURES

EXECUTED as a deed by)
THE COMMISSIONERS OF HER)
MAJESTY'S TREASURY in the)
presence of)

Two of the Commissioners of
Her Majesty's Treasury

Witness:

Name:

Address:

IN WITNESS WHEREOF this deed has been executed by the Guarantor as a deed poll on the date specified above.

Executed as a Deed by THE)
COMMISSIONERS OF HER MAJESTY'S)
TREASURY in the presence of:)

Tony Curving x

J. R. x

Witness' signature: *[Signature]*

Name: *Mike Dawes*

Occupation: *Assistant Parliamentary clerk*

Address: *HM Treasury, 1 Horse Guards Rd,*
SW1A 2HQ