

THE COMMISSIONERS OF HER MAJESTY'S TREASURY

GUARANTEE

in respect of

THE NATIONAL LOAN GUARANTEE SCHEME

THIS DEED OF GUARANTEE is made on 20 March 2012

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**").

RECITAL

Each Eligible Institution (as defined below) has requested or may from time to time request the Guarantor to provide this guarantee of certain of the liabilities of an Issuer (as defined below) pursuant to the National Loan Guarantee Scheme (as defined below).

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 any institution which satisfies the requirements of the definition of "Eligible Institution" in the NLGS Rules;

"**Guarantee Certificate**" means a certificate in the form specified in the NLGS 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 a Guarantee Certificate;

"**Issuer**" means, in relation to a Guaranteed Liability, the issuer of that Guaranteed Liability;

"**National Loan Guarantee Scheme**" means the National Loan Guarantee Scheme described in the Market Notice entitled "Outline of the UK Government's National Loan Guarantee Scheme" issued by the Guarantor and the United Kingdom Debt Management Office on 20 March 2012; and

"**NLGS Rules**" means the Rules of the National Loan 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, the Guarantor hereby irrevocably:

(A) guarantees to the Beneficiaries the payment by each Issuer of the Guaranteed Liabilities issued by such Issuer; and

(B) undertakes with the Beneficiaries that, whenever the relevant Issuer 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 NLGS 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

All payments to be made by or on behalf of the Guarantor under this Guarantee shall be made in the manner specified in the NLGS 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 an Issuer 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, this Guarantee shall terminate at midnight on 19 March 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 Directive 2006/48/EC relating to the taking up and pursuit of the business of credit institutions, or any successor EU legislation replacing or superseding such Directive.

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 NLGS 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 NLGS 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 poll on the date specified above.

EXECUTION

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

) x *Greg* x
)
)
) x *Boyle* x

Two of the Commissioners of Her Majesty's
Treasury

Witness: *Melanie Pitt*

Name: *Melanie Pitt*

Address: *HM Treasury*
1 Horseguards Road
London
SW1A 2HQ