

Specified and Non-Specified Investments

SPECIFIED INVESTMENTS:

(All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable)

	* Minimum 'High' Credit Criteria
Debt Management Agency Deposit Facility	--
Term deposits – local authorities	--
Term deposits – banks and building societies **	Short-term F1+, Long-term AA-, Individual C, Support 3

Nationalised banks in the UK have credit ratings which do not conform to the credit criteria usually used by local authorities to identify banks which are of high creditworthiness. In particular, as they no longer are separate institutions in their own right, it is impossible for Fitch to assign them an individual rating for their stand alone financial strength.

Accordingly, Fitch has assigned an F rating which means that at a historical point of time, this bank failed and is now owned by the Government. However, these institutions are now recipients of an F1+ short term rating as they effectively take on the creditworthiness of the Government itself i.e. deposits made with them are effectively being made to the Government. They also have a support rating of 1; in other words, on both counts, they have the highest ratings possible.

Banks eligible for support under the UK bail-out package: -

Abbey

Barclays

HBOS

Lloyds TSB

HSBC

Nationwide Building Society

RBS

Standard Chartered

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -	
1. Money Market Funds	AAA rated

NON-SPECIFIED INVESTMENTS: A maximum of £5,000,000 will be held in aggregate in non-specified investment

1. Maturities of ANY period

	Minimum Credit Criteria	Max of total investments	Max. maturity period
Fixed term deposits with variable rate and variable maturities: -Structured deposits	Short-term F1+, Long-term AA-, Individual C, Support 2	£5m	5 years

2. Maturities in excess of 1 year

Term deposits – local authorities	--	Max of total investments	Max. maturity period
Term deposits – banks and building societies	Short-term F1+, Long-term AA-, Individual C, Support 2	£5m	5 years