

17 December 2009



Paul Clarke
Mutual Credit Finance Limited
4th Floor
127 Armagh Street
CHRISTCHURCH 8011

Dear Paul Clarke

CROWN RETAIL DEPOSIT GUARANTEE – MUTUAL CREDIT FINANCE LIMITED

I refer to the Crown Deed of Guarantee between Her Majesty the Queen in right of New Zealand (the *Crown*) and Mutual Credit Finance Limited dated 21 November 2008 (the *Initial Guarantee Deed*). Terms defined in the Initial Guarantee Deed have the same meaning when used in this letter.

The Crown considers it appropriate to withdraw the Crown Guarantee. In accordance with clause 10.3(b) of the Initial Guarantee Deed, the Crown has accordingly offered to enter into a replacement deed of guarantee (the *Replacement Guarantee Deed*) with you on terms which the Crown, taking into account clause 10.3(d) of the Initial Guarantee Deed, reasonably considers to be not materially adverse to Creditors generally as compared to the terms of the Initial Guarantee Deed. The Crown understands you do not intend to enter into such replacement.

Acting under delegation from the Minister of Finance, on behalf of the Crown I give you notice, in accordance with clause 10.3(b) of the Initial Guarantee Deed, that the Crown Guarantee is withdrawn with effect from 1 January 2010.

Yours sincerely

Dr Brian McCulloch
Director, Financial Operations
for Secretary to the Treasury