

**AVON and SOMERSET
POLICE AUTHORITY**



Form of Loan Instrument

AUTHORITY LOAN INSTRUMENT CERTIFICATE NUMBER 7001

Avon and Somerset Police Authority ("the Authority") acknowledges receipt of the loan on the terms specified in the Schedule below and subject to the Conditions endorsed in this certificate.

THE SCHEDULE

REGISTERED HOLDER: BARCLAYS BANK PLC

AMOUNT OF PRINCIPAL: £6,500,000 (Six Million, Five Hundred Thousand Pounds).

DATE ACCEPTED: 12th January 2005

DATE OF DRAWDOWN: 17th January 2005

INTEREST: Interest on the Principal shall accrue at: -

- a) 4.35% per annum during the period from 17th January 2005 to, but excluding, 17th January 2010 and thereafter at 4.50% per annum;

or,

- b) (if the Registered Holder notifies the Authority not less than two Business Days prior to any Lender's Option Date) at the rate so notified with effect from such Lender's Option Date,

interest being payable in arrears on 17th July and 17th January in each year.

In the event that any date on which interest is due to be paid hereunder is not a Business Day, then such interest shall be paid on the next Business Day unless that Business Day is in the following month in which case such interest shall be paid on the Business Day immediately preceding such interest payment date.

DATE OF REPAYMENT
OF PRINCIPAL:

17th January 2035

AMOUNT OF REPAYMENT
OF PRINCIPAL:

£6,500,000 (Six Million, Five Hundred Thousand Pounds).

CONDITIONS:

1. The amount of this Loan Instrument is acknowledged to be a debt payable to the Registered Holder by the Authority.
2. Interest is payable from the date of drawdown on the face of this Loan Instrument, shall accrue from day to day and shall be calculated on the basis of a year of 365 days (or on such other day count basis as the Registered Holder considers is consistent with the then applicable market practice) and the actual number of days elapsed. Interest shall be remitted in cleared funds on the dates specified in the above Schedule to the Registered Holder's nominated bank account.
3. Payment default of any part of the debt under this Loan Instrument shall entitle the Registered Holder to call for immediate repayment of the Principal together with all interest then accrued and together with any broken funding costs thereby incurred arising from the early termination of the funding arrangements for this loan.
4. The Authority acknowledges that the Registered Holder has agreed the rate of interest on the basis that the Principal will be outstanding until the specified date in the schedule or if earlier, the date of any proposed increase in the interest rate, being a Lender's Option Date, and if:
 - (i) the Principal is repaid by the Authority on a day other than on a Lender's Option Date or on the specified date in the Schedule for repayment of Principal; or
 - (ii) the full amount of the loan is not drawn on the drawdown date for any reason, in each case as referred to in the above Schedule (excluding any default by the Registered Holder); or
 - (iii) the Registered Holder makes a demand for repayment pursuant to Condition 3 above,

the Authority will pay to the Registered Holder on demand any amount which the Registered Holder shall determine (acting in good faith) to be required by the Registered Holder to preserve the economic equivalent of the interest payments that the Registered Holder would otherwise have been entitled to receive from the Authority in connection with the loan until the specified date in the schedule for repayment of Principal or, if earlier, the date of any proposed increase in the interest rate, being a Lender's Option Date.

5. All payments required to be made by the Authority hereunder shall be calculated without reference to any set-off or counterclaim and shall be made free and clear of and without any deduction for or on account of any set-off or counterclaim.
6. The debt acknowledged by this Loan Instrument is fully transferable in whole or in part by the Registered Holder by an instrument in writing in accordance with the Stock Transfer Act 1963 delivered to the Authority who shall acknowledge and register any such transfer. In the event of a transfer of part of the debt acknowledged by this Loan Instrument, the Authority will issue a Loan Instrument to the Registered Holder for the debt under this Loan Instrument as reduced by the amount transferred and will issue a new Loan Instrument to the transferee on the same terms set out in this Loan Instrument for an amount equal to the debt transferred by the Registered Holder. Further, the Authority will give effect to and conform to any registration requirements imposed by virtue of statute, practice or otherwise and will provide the

Registered Holder with any relevant documentation within the time period imposed by the statute, practice or otherwise.

7. This Loan Instrument is redeemable by remittance of cleared funds to the Registered Holder's nominated bank account on the date for repayment of Principal specified in the above Schedule or on the date for prepayment in accordance with condition 8 below.
8. If the Registered Holder notifies the Authority by not less than two Business Days prior notice that an increase in the rate of interest will occur on a Lender's Option Date, then the Authority may, if it has given the Registered Holder prior written notice to that effect by no later than 5.00pm on the Business Day preceding such proposed increase, prepay without penalty the Principal on the date of such proposed increase, together with accrued interest thereon to the day of prepayment, provided that the Authority shall have no such right of prepayment in respect of an increase in the rate of interest from 4.35% per annum to 4.50% per annum occurring on 17th January 2010 as specified in the above Schedule. The Authority may also, if it has given to the Registered Holder prior written notice to that effect by no later than 5.00pm on the Business Day preceding the proposed day of prepayment, prepay the Principal on the next interest payment date, together with accrued interest and any broken costs incurred by the Registered Holder (if any) arising from the early termination of the funding arrangements for this loan and any amount payable pursuant to Condition 4 above. The Authority shall not be entitled to prepay the Principal except at the times and in the manner expressly provided in this Loan Instrument.
9. In this Loan Instrument, the following terms shall have the following meanings:-

"Business Day" means a day (excluding Saturdays) on which the Bank is ordinarily open to effect transactions of the kind contemplated in this Loan Instrument.


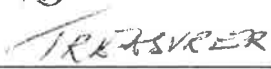
"Lender's Option Date" means the 17th January 2010 and each period of six months thereafter.

EXECUTED on behalf of Avon and Somerset Police Authority on the day of January, 2005.

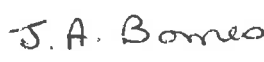
By:





Authorised Signatory

Name and Title of
Authorised Signatory



Authorised Signatory

Name and Title of
Authorised Signatory