



Public Finance Bank

Director of Corporate Resources (Acting)  
Stoke-on-Trent City Council  
PO Box 632  
Civic Centre  
Glebe Street  
Stoke-on-Trent  
ST4 4UJ

23rd November 2005

**Attention Section 40 (personal information)**

Dear Sir,

Re: Transaction via: Tradition (UK) Limited

We write to confirm details of the loan arranged today:

Borrower:	Stoke-on-Trent City Council
Amount:	£10,000,000.00 (Ten Million Pounds)
Loan Start Date:	03 April 2006
Period:	60 Years
Repayment:	05 April 2066
Interest Rate:	3.84%pa until 03 April 2016 and 3.84% pa thereafter, <u>Subject to (b) below.</u>
Interest Payable on:	03 October, 03 April semi annually.

- In the event that such payment date falls on either a weekend or a Bank Holiday the interest payment date will be on the next business day unless that day is in the following month in which case it should be the day prior to the Bank Holiday or weekend. Interest to be computed on a 365-day year basis. When applicable the 29th February is an interest-bearing day. Interest will be calculated on the actual number of days elapsed in each interest period.
- The Registered Holder has the right on 03 April 2016 (and on any anniversary of such date falling at five yearly periods thereafter), (each an 'effective date') by means of notice to Stoke-on-Trent City Council to be delivered no later than 11.00am four business days prior to the relevant effective date, to alter the interest (to a rate determined by the Registered Holder) and, if notice is given the rate of interest will change to the rate so notified, but subject to the conditions set out in clause 8 of the Loan Instrument.
- Breakage costs and associated funding costs, if applicable, will be due and payable both before (if drawdown does not occur as envisaged) and after drawdown.

Date of First Payment:	03 October 2006
Amount of First Payment:	£192,526.03
Security/Documentation:	Loan Instrument <u>in the form appended.</u> (Original for execution to follow by post)

Your Bank Details:

Bank: National Westminster Bank plc  
Sort Code: 55 61 01 A/c Number: 43441424

Our Bank Details:

Bank: Citibank NA, Citigroup Centre, Canary Wharf, London  
Sort Code: 18 50 08 A/c Number: 08553475

The address and facsimile number for each party for all notices under or in connection with this Loan are as set out below or any other notified by that party for this purpose to the other party by not less than five business days notice:

The Registered Holder: Dexia Credit Local - London Branch  
4 Battle Bridge Lane  
London SE1 2RB  
Fax: +44 20 7378 7188  
Attention: Section 40 (personal information) - Senior Manager - Operations

The Borrower: Stoke-on-Trent City Council  
Address: PO Box 632  
Civic Centre  
Glebe Street  
Stoke-on-Trent  
ST4 4UJ  
Fax: 01782 236136  
Attention: Section 40 (personal information)

Please confirm by return to fax No 020 7378 7188 your concurrence that the above loan details as set out above are correct. When replying please also provide us with:

- (1) a list of those persons authorised to "deal" on behalf of the authority;
- (2) a copy of the Standing Order relating to the execution of loan instruments
- (3) specimen signatures of those persons authorised a) to deal and b) to sign loan instruments on behalf of the Council
- (4) a copy of our Loan Instrument duly completed.

Please note that we shall be unable to disburse funds unless this confirmation has been received by ourselves duly signed by an authorised person together with (1), (2), (3) and (4) by 12.00 Noon on the loan start date.

Yours faithfully  
For and on Behalf of  
Dexia Credit Local - London Branch

**Section 40 (personal information)**

Date:  
Agreed for and on behalf of  
Stoke-on-Trent City Council  
**Section 40 (personal information)**

 Authorised Signatory

.....  
Authorised Signatory

Please note that all telephone conversations are taped as per the Inter-Professional Conduct rules.

LOAN INSTRUMENT NO.

Stoke-on-Trent City Council acknowledge the 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:** Dexia Credit Local – London Branch

**AMOUNT OF PRINCIPAL:** £10,000,000.00 (Ten Million Pounds)

**DATE ACCEPTED:** 23 November 2005 **DATE OF DRAWDOWN** 03 April 2006

**INTEREST:**

(a) 3.84% per annum from 03 April 2006 until 03 April 2016 and thereafter at 3.84% per annum, with interest payable on 03 October and 03 April.

(b) The Registered Holder has the right on the 03 April 2016 (and on any anniversary of such date falling at five yearly periods thereafter), (each an 'effective date') by means of notice to Stoke-on-Trent City Council to be delivered no later than 11.00am four business days prior to the relevant effective date, to alter the interest (to a rate determined by the Registered Holder) and, if notice is given the rate of interest will change to the rate so notified but Clause 8 below will apply.

(c) In the event that any such interest payment date or any other payment date or interest rate change date falls on either a weekend or a Bank Holiday any such date will be on the next business day unless that day is in the following month in which case it should be the day prior to the Bank Holiday or weekend. Interest to be computed on a 365-day year basis. When applicable the 29th February is an interest-bearing day. Interest will be calculated on the actual number of days elapsed in each interest period.

**DATE OF REPAYMENT OF PRINCIPAL:** 05 April 2066

**AMOUNT OF REPAYMENT OF PRINCIPAL:** £10,000,000.00 (Ten Million Pounds)

**CONDITIONS:**

1. The amount of this Loan Instrument is acknowledged to be a debt payable to the Registered Holder by Stoke-on-Trent City Council.
2. Interest is payable from the date of drawdown on the face of this Loan Instrument and 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 amount of Principal together with all interest accrued and together with any broken funding costs and associated financing costs thereby incurred.
4. Stoke-on-Trent City Council shall have no rights of set-off, counter-claims or deductions from payments in respect of the debt.
5. Nothing herein shall prejudice the Registered Holder's right of set-off or any other benefit which the Registered Holder may enjoy.
6. The debt acknowledged by this Instrument is fully transferable by the Registered Holder by an instrument in writing in accordance with the Stock Transfer Act 1963 delivered to the Registrar of Loan Instruments of Stoke-on-Trent City Council, who shall acknowledge and register any such transfer.
7. This Loan Instrument is redeemable by remittance of cleared funds to the Registered Holder's nominated bank account on the date specified for repayment in the above schedule or on the date for prepayment in accordance with Clause 8 below.
8. If the Registered Holder exercised the right to alter the Interest then Stoke-on-Trent City Council may prepay the amount of Principal and all accrued interest thereon on the date the Interest is altered without penalty, subject to receipt of notice by the Registered Holder at the office specified from time to time from Stoke-on-Trent City Council no later than 11.00am two business days prior to the relevant effective date. The amount payable to redeem this Loan Instrument on any date other than the date of Repayment of Principal or a date in which Interest is altered is the Principal and all accrued interest thereon together with all broken funding and associated financing costs (if any) incurred by the Registered Holder (on such date) arising from early termination of the funding and associated financing arrangements for this loan.

Duly executed on behalf of Stoke-on-Trent City Council in accordance with 'Standing Order No[...]' / Financial Regulation No[17].

Examined by:

**Section 40 (personal information)**

Director of Finance and Registrar of Loan Instruments