

Local Authority Unit
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BARCLAYS

2nd March 2004

Dear 

Barclays Bank PLC ("the Bank") has pleasure in offering West Dunbartonshire Council ("the Council") (constituted by virtue of the Local Government (Scotland) Act 1973 and the Local Government etc. (Scotland) Act 1994) the following loan facility (the "Loan"):-

Amount of Principal: - £10,100,000.
Date of Acceptance: - 1st March 2004
Date of Drawdown: - 4th March 2004
Date of Repayment of Principal: - 4th March 2054
Amount of Repayment of Principal: - £10,100,000.

Interest: -

Interest on the Principal shall accrue at 4.55% per annum during the period from 4th March 2004 to, but excluding, 4th September 2013 and thereafter at 5.00% per annum; or (if the Bank notifies the Council 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 4th March and 4th September 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.

Legal Expenses: -

Any legal expenses incurred shall be for the account of the Council.

Conditions Precedent : -

- (a) Execution of a bond certificate in respect of the Loan in terms of the Local Authority Stocks and Bonds (Scotland) Regulations 1975 (or any amendment, variation or replacement thereof).
- (b) Certified copies of appropriate documents (e.g. Council minutes, Standing Orders) evidencing the power of the signatory to this letter and to the bond certificate to execute such documents on behalf of the Council.
- (c) Interest payable from the date of the Council's acceptance of this letter 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 Bank 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 Bank's nominated bank account.
- (d) Payment default of any part of the Loan shall entitle the Bank to call for immediate repayment of the Principal together with all interest then accrued and together with any broken funding and associated financing costs thereby incurred arising from the early termination of the funding and associated financing arrangements for this loan including, for the avoidance of doubt, any costs and expenses incurred in connection with any associated swap arrangements.
- (e) All payments required to be made by the Council hereunder shall be calculated without reference to any set-off, retention or counterclaim and shall be made free and clear of and without any deduction for or on account of any set-off, retention or counterclaim.
- (f) The Council will give effect to and conform to any registration requirements imposed by virtue of statute, practice or otherwise and will provide the Bank with any relevant documentation within the time period imposed by the statute, practice or otherwise.
- (g) This Loan and relative bond certificate are redeemable by remittance of cleared funds to the Bank's nominated bank account on the date for repayment of Principal specified in the Bank's offer letter or on the date for prepayment in accordance with condition (h) below.
- (h) If the Bank notifies the Council 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 Council may, if it has given the Bank 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 Council shall have no such right of prepayment in respect of an increase in the rate of interest from 4.55% per annum to 5.00% per annum occurring on 4th September 2013 as specified above. The Council may also, if it has given to the Bank 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 any other next interest payment date after 4th September 2013, together with accrued interest and any broken funding and associated financing costs incurred by the Bank (if any) arising from the early termination of the funding and associated financing arrangements for this Loan including, for the avoidance of doubt, any costs and expenses incurred in connection with any associated swap arrangements. The Council shall not be entitled to prepay the Principal except at the times and in the manner expressly provided in this offer letter.

- (i) If the UK moves to the third stage of Economic Monetary Union, the Registered Holder shall be entitled to make such changes to this Loan Instrument as it reasonably considers are necessary to reflect the changeover to the Euro.

Definitions: -

In this offer letter, 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 4th September 2013 and each period of six months thereafter.

Please indicate your acceptance of this offer, and that you will provide a signed bond certificate in respect of the Loan by signing and returning a copy of this letter by fax (0870-242-2754) with the original to follow by post, whereupon the above terms shall be binding upon the Council.

Yours sincerely,

For & on behalf of
Barclays Bank PLC

- (a) On behalf of West Dunbartonshire Council, I confirm acceptance of a loan, the terms of which shall be in accordance with this letter.
- (b) On behalf of West Dunbartonshire Council, I confirm that the Council has executed and duly registered a bond certificate in respect of such loan.

Signature

Print Name

For & on behalf of West Dunbartonshire Council

Date

Position

4th March 2004
Director of
Corporate Services

