

FINANCE DEPARTMENT

LOAN AGREEMENT

WEST DUNBARTONSHIRE COUNCIL

between

DRESDNER BANK AG LONDON BRANCH

and

WEST DUNBARTONSHIRE COUNCIL

LOAN AGREEMENT

Between

DRESDNER BANK AG LONDON BRANCH [REDACTED]

(the "**Bank**") of the First Part; and

And

WEST DUNBARTONSHIRE COUNCIL constituted and established under the
Local Government etc. (Scotland) Act 1994 whose address is [REDACTED]

(the "**Borrower**") of the Second Part

CONSIDERING THAT the Bank has agreed to make available to the Borrower a
Step Up Lender Option Borrower Option Loan of £10,200,000 (the "**Loan
Agreement**");

NOW THEREFORE IT IS AGREED as follows:-

AMOUNT OF PRINCIPAL:

£10,200,000 (Ten Million Two Hundred
Thousand Pounds)

ADVANCE DATE:

1 August, 2003

INTEREST:

(a) 3.60% per annum until 1 August,
2007 and thereafter 4.90% per
annum, with interest payable on
1 February and 1 August in each
year (in the event that such payment
date falls on which is not a London
business day, the interest payment
date will be on the next London
business day unless that day is in
the following month in which case it
shall be the preceding London
business day). Interest to be
computed on an Actual 365 Fixed
basis. Interest will be calculated on

the actual number of days elapsed
in each interest period;

(b) the Bank has the right on 1 August 2007 and on every interest payment date thereafter, by means of notice to the Borrower three London business days prior to the effective date, to alter the Interest (to a rate calculated by the Bank) and, if notice is given, Condition 6 will apply.

DATE OF REPAYMENT OF PRINCIPAL: 1 August, 2044

AMOUNT OF REPAYMENT OF PRINCIPAL: £10,200,000 (Ten Million Two Hundred Thousand Pounds)

CONDITIONS:

1. The amount advanced under this Loan Agreement is acknowledged to be a debt payable to the Bank by the Borrower.
2. Interest is payable from the date of this Loan Agreement and shall be remitted in cleared funds on the dates specified in the above schedule to the Bank's nominated bank account.
3. The Borrower shall have no rights of set-off, counter-claim, retention, plea of compensation or deductions from payments in respect of the debt other than UK Taxes. The Borrower will at all times take all steps and make all such payments to the Banks as may be necessary from time to time to ensure that the gross amount of all payments due in respect of the Loan is paid to the Bank, free and clear of UK Taxes, subject to the Bank procuring evidence from the UK Inland Revenue that the Bank is entitled to receive such payments gross.
4. Nothing herein shall prejudice the Bank's right of set-off or any other benefit which the Bank may enjoy. Failure by the Borrower to repay any part of the debt advanced under the terms of this Loan Agreement shall entitle the Bank to call for

immediate repayment of all sums advanced hereunder together with all accrued interest 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.

5. The debt advanced under the terms of this Loan Agreement will be constituted by the Borrower by the issue of a bond in the form of the Schedule to this Loan Agreement (the "Bond").
6. Sums due under this Loan Agreement are repayable by remittance of cleared funds to the Bank's nominated bank account on the date specified for repayment above and, save as mentioned below in this paragraph, not on any earlier date. If the Bank exercises the right to alter the Interest then the Borrower 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 Bank no later than 5.00 p.m. on the London business day prior to the relevant effective date. The amount payable to repay sums due under this Loan Agreement on a date on which the Interest is altered is the Principal and all accrued interest thereon. All notices regarding alteration to the Interest from the Bank will be issued no later than 12.00 noon three London business days prior to the effective date.
7. The Borrower warrants and confirms that its execution and performance of this Loan Agreement and the Bond comply with Schedule 3 of the Local Government (Scotland) Act 1975 and undertakes to register the Bond in accordance with The Local Authority Stocks and Bonds (Scotland) Regulations 1975.
8. The debt acknowledged by this Loan Agreement is fully transferable (by assignation, assignment or transfer or otherwise at the Bank's discretion) by the Bank without the consent of the Borrower and the Borrower undertakes to register any transfer of the Mortgage.

9. The Borrower and the Bank consent to registration of this Loan Agreement for preservation and execution.


IN WITNESS WHEREOF these presents typewritten on this and the preceding four pages together with the Schedule annexed hereto are executed as follows:-

Subscribed for and on behalf of

WEST DUNBARTONSHIRE COUNCIL

At *Dunbarton*

On *31st July* 2003

By:  Proper Officer

Name: 
Title: *Director of Corporate Services*

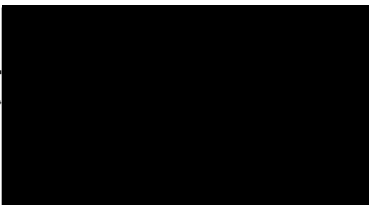
before this witness:

..  Witness
Full name
Address

SUBSCRIBED for and on behalf of

DRESDNER BANK AG LONDON BRANCH


On 31st July 2003

By: 

Name:

Title: Authorised Signatory

DD
By: 

Name:

Title: Authorised Signatory

