



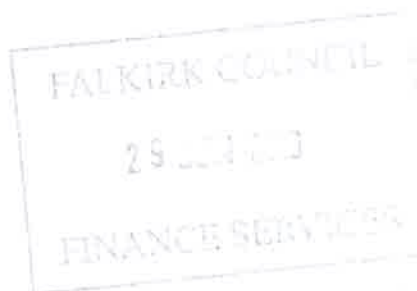
*Amenda/Carole
Any angle from Capital?
Capture in next Treasury report.
DJ 4/1*

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barclays.com

28 June 2016

Mr Bryan Smail
Chief Finance Officer
Falkirk Council
Municipal Buildings
Falkirk
Stirlingshire
FK1 5RS



Dear Mr Smail,

We are writing to you in relation to your lender option, borrower option ("LOBO") loans with Barclays Bank PLC ("Barclays") (the "Loans") and a decision that we have taken to waive our right to change the applicable interest rate of your Loans in the future. We enclose such waivers with this letter.

Refinancing angle?
As a result of this waiver, your Loans effectively become fixed rate loans at their current interest rates with their stated maturities and no risk that the rates will be changed in the future. The waiver also means that the break costs for the Loans will be less than they would have been had we retained our right to change the interest rate on your Loans.

Barclays has been exploring ways to create more certainty in respect of the interest rate arrangements we have with our clients. This is to reduce the sensitivity of unpredictable market conditions to our business in order to improve our core capital, which is part of one of our publicly stated strategic objectives. We have also taken into account the changing regulatory environment that we are facing in making this decision.

With these considerations in mind, Barclays has decided to permanently waive its right under the lender's option of the LOBO feature of the Loans to change the applicable interest rate in the future. No other terms or conditions of the Loans are being amended. In particular, the maturities and fixed rates of the Loans will remain the same as they are currently, retaining the original value that the lender's option of the LOBO feature offered you when compared to alternative fixed funding sources available at the time the Loans were entered into.

Barclays remains committed to supporting the Local Authority sector through the provision of banking services and financing, to support communities throughout the UK.

For your information, Barclays is writing to other clients in this sector to waive the lender's option in relation to certain of their LOBO arrangements.

Please contact either your Independent Treasury Advisor or your Barclays Relationship Director should you wish to discuss this letter, the waivers or any restructuring or amendments to your Loans.

Yours sincerely,

Alex Brown
Managing Director
Head of Education, Social Housing and Local Authorities