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CHWP000

COMPANIES FORM No. 403a

Declaration of satisfaction in full or in part of mortgage or charge

403a

Please do not
write in
this margin

Pursuant to section 403(1) of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block letteringTo the Registrar of Companies
(Address overleaf)

For official use

Company number

		2
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2675504

Name of company

* insert full name
of company

* Damhead Creek Limited

† delete as
appropriateI, ANDREW AITCHISON SPEAKof HILL HOUSE, EATON PARK, COBHAM, SURREY KT11 2JE

[a director][~~the secretary~~][~~the administrator~~][~~the administrative receiver~~] of the above company, do
solemnly and sincerely declare that the debt for which the charge described below was given has been
paid or satisfied in [full][part]†

insert a description
of the instrument(s)
creating or
evidencing the
charge, eg
'Mortgage',
'Charge',
'Debenture' etcDate and description of charge # Debenture dated 15 December 1998Date of registration 23 December 1998Name and address of ~~chargee~~ [trustee for the debenture holders]† UBS AG, London Branch;
1 Finsbury Avenue; London EC2M 2PP as security trustee for the Secured Creditors.ø the date of
registration may be
confirmed from the
certificateShort particulars of property charged \$ See attached continuation sheets.§ insert brief details
of property

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the
provisions of the Statutory Declarations Act 1835.

Declared at FRESHFIELDS BRICKSDERINGER, 65 FLEET STREET,
LONDON EC4A 3HS

Day Month Year

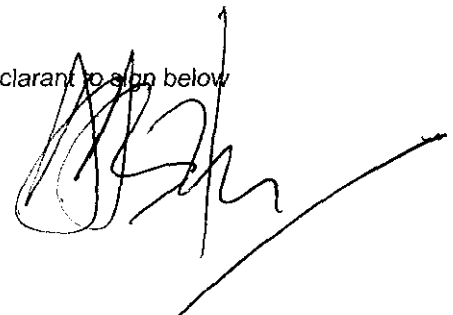
on

0	1	0	6	2	0	0	4
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before me ROBERT WHITE

A Commissioner for Oaths or Notary Public or Justice of
the Peace or a Solicitor having the powers conferred on a
Commissioner for Oaths.

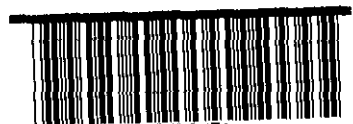
Declarant to sign below

Presenter's name address and
reference (if any) :

S. Hopkins
Skadden Arps
40 Bank St
London E14 5DS

For official Use (02/00)
Mortgage Section

Post room

L06
COMPANIES HOUSE

LFJ82UT1

0488
09/06/04

Company Name: Damhead Creek Limited
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Continuation Sheets

(short particulars of all the property mortgaged or charged)

1. Fixed Security

The Company, as owner with full title guarantee and as security for the payment of all the Secured Liabilities, charged in favour of the Security Trustee:-

(a) by way of a first legal mortgage:

- (i) All those freehold premises at Kingsnorth, Hoo, Rochester, Kent as the same are registered at H.M. Land Registry with absolute title under the Title Nos. K723561, K788606 and K714571 save for that part of title number K714571 which has been transferred to Entergy Power Properties (Kingsnorth) Limited pursuant to a transfer dated 4th December, 1998 as shown edged red on the plan attached to the Debenture which will shortly be registered at H.M. Land Registry.
- (ii) all estates or interests in any freehold or leasehold property (except any Security Assets specified in sub-paragraph 3.1(a)(i) of the Debenture now belonging to it;
- (iii) all of its rights, title and interest (if any) in and to the DCL Shares and all Related Rights accruing to the DCL Shares; and

(b) by way of first fixed charge:-

- (i) (to the extent that they are not the subject of a mortgage under Clause 3.1(a) of Debenture) all estates or interests in any freehold or leasehold property belonging to it;
- (ii) (to the extent that they are not the subject of a mortgage under Clause 3.1(a) of the Debenture) all plant and machinery owned by it and its interest in any plant or machinery in its possession;
- (iii) (to the extent that they are not the subject of a mortgage under Clause 3.1(a) of the Debenture or the subject of fixed security interests under the DCFL Mortgage of Shares) its interest in all Shares and their Related Rights;
- (iv) (to the extent not effectively assigned under Clause 3.2 (Assignment) of the Debenture) all moneys standing to the credit of any of its accounts with any person (including the Secured Accounts but excluding the Distributions Account) including, without limitation, all interest accrued on any such account and any investment made out of any such moneys or accounts and the debts represented by any such account;
- (v) (to the extent that they do not fall within any other sub-paragraph of Clause 3.1 (b) or under Clause 3.2 (Assignment) of the Debenture) its rights and benefits under the Contracts but excluding all Owner Loans;

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- (vi) (to the extent not effectively assigned under Clause 3.2 (Assignment) of the Debenture) all benefits in respect of the Insurances and all claims and returns of premiums in respect of them;
- (vii) all of its book and other debts, the proceeds of the same and all other moneys due and owing to it and the benefit of all rights, securities and guarantees of any nature enjoyed or held by it in relation to any of the foregoing but excluding the Floating Charge Assets;
- (viii) any beneficial interest, claim or entitlement it has in any pension fund;
- (ix) its goodwill;
- (x) (to the extent a charge may be created over such licences, consents and authorisations in accordance with applicable law) the benefit of all licences, consents and authorisations (statutory or otherwise) held in connection with its business or the use of any Security Asset specified in any other sub-paragraph of Clause 3.1 of the Debenture and the right to recover and receive all compensation which may be payable to it in respect of them;
- (xi) its uncalled capital; and
- (xii) its Intellectual Property Rights (including the patents and trademarks specified in Schedule 2 of the Debenture),

provided that nothing in Clause 3.1 of the Debenture creates or evidences the creation of any Security Interest over or in respect of any Excluded Property or the Floating Charge Assets or any part thereof.

2. Assignment

- (a) The Company, as owner with full title guarantee and as security for the payment of all the Secured Liabilities, assigned and agreed to assign absolutely to the Security Trustee all of its rights and benefits (if any) under:
 - (i) the Contracts (other than the Owner Loans) to which it is a party, including all moneys which at any time may be or become payable to the Company pursuant thereto and the proceeds of any claims, awards and judgments which may at any time be receivable or received by the Company pursuant thereto;
 - (ii) the Insurances related to that Chargor and all proceeds in respect of such Insurances and all benefits thereof (including all claims of whatsoever nature relating thereto and returns or premium in respect thereof); and
 - (iii) each Secured Account (other than the Distributions Account), including all moneys standing to the credit of any such Secured Account, all interest accrued on any such Secured Account or investment made out of any such moneys or any such Secured Account (including, without limitation, any Permitted Investment) and all debts represented by any of the foregoing,

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- (b) To the extent that any right, title and interest described in Clause 3.2(a) of the Debenture is not assignable or capable of assignment, the assignment thereof purported to be effected by Clause 3.2(a) of the Debenture only operates as an assignment of any and all proceeds, damages, compensation, remuneration, profit, rent or income which the Company may derive therefrom or be awarded or entitled to in respect thereof in each case as continuing security for the payment, discharge and performance of the Secured Liabilities.
- (c) Nothing in Clause 3.2 of the Debenture shall operate to assign or otherwise create or evidence the creation of any Security Interest over or in respect of any Excluded Property or the Floating Charge Assets or any part thereof.

3. Floating Charge

- (a) The Company, as owner with full title guarantee and as security for the payment of all of the Secured Liabilities, charged in favour of the Security Trustee by way of a first floating charge all its assets not otherwise effectively mortgaged or charged by way of fixed mortgage or charge by Clause 3 of the Debenture (Creation of fixed security) including, for the avoidance of doubt, but subject always to the EPDC Charge, the Floating Charge Assets other than the Excluded Property.
- (b) Nothing in Clause 4.1 of the Debenture shall create or evidence the creation of any Security Interest over or in respect of any Excluded Property or any part thereof.

NOTE

1. Construction

- (a) A reference in the Debenture to a charge or mortgage of any freehold or leasehold property includes:-
 - (i) all buildings and Fixtures on that property;
 - (ii) the proceeds of sale of any part of that property; and
 - (iii) the benefit of any covenants for title given or entered into by any predecessor in title of the Company in respect of that property or any moneys paid or payable to the Company (or to its account) in respect of those covenants.
- (b) Without prejudice to Clause 3.1(b)(vii) of the Debenture (Creation of fixed security), if, pursuant to the terms of the Finance Documents, a Chargor is entitled to withdraw the proceeds of any book and other debts standing to the credit of a Secured Account and, as a result, those proceeds are in any way released from the fixed charge created pursuant to Clause 3.1(b)(vii) of the Debenture (Creation of fixed security) and stand subject to the floating charge created pursuant to Clause 4.1 of the Debenture (Creation of floating charge), the release will in no way derogate from the subsistence and continuance of the fixed charge on all other outstanding book and other debts of the Company and the proceeds of those debts.

2. Restrictions on dealing

The Company covenanted not to:

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- (a) create or permit to subsist any Security Interest on any Security Asset (other than any Security Interest created the Debenture), otherwise than as permitted by Clauses 24.2(l) (Negative Pledge) and 30.1(cc)(ii) (Change of Control) of the Senior Credit Agreement and Clauses 12.2(l) (Negative Pledge) and 18.1(cc)(ii) (Change of Control) of the Subordinated Credit Agreement; or
- (b) sell, transfer, grant, lease or otherwise dispose of any Security Asset, otherwise than as permitted by Clauses 24.2(a) (Disposal) and 30.1(cc)(Change of Control) of the Senior Credit Agreement and Clauses 12.2(a) (Disposal) and 18.1(cc) (Change of Control) of the Subordinated Credit Agreement.

In each of Clause 24.2(l) of the Senior Credit Agreement and Clause 12.2(l) of the Subordinated Credit Agreement, the Company covenanted not to execute or permit to subsist any Security Interest over all or any of its present or future undertaking, assets, rights or revenues other than a Permitted Security Interest (provided that it shall not be a breach of the covenant if the Gas Supplier creates any security interest over the Gas Escrow Account or any funds or investments on deposit therein or credited thereto except where the Gas Supplier creates such security interest at the direction of or as agent or trustee for Damhead Creek Finance Limited or Damhead Creek Limited).

Definitions

In the Debenture the following expressions have the following meanings:

"Access Road Construction Agreement"

means the agreement dated 17 April, 1998 made between EPDC and Jackson Civil Engineering Ltd for the construction and maintenance of the access road to the Power Station;

"Accession Agreement"

means each agreement entered into pursuant to in the form set out in Schedule 2 of the Intercreditor Agreement;

"Account Bank"

means Citibank, N.A. acting through its London branch or any other branch or such other Bank as Damhead Creek Finance Limited and the Majority Banks agree;

"Account Bank Agreement"

means the agreement made on or about the date of the Debenture between Damhead Creek Finance Limited, the Company, the Account Bank, the Agent, the Subordinated Agent and the Security Trustee;

"Advanced Reservation of Capacity Agreement"

means the advance reservation of capacity agreement dated 22nd January, 1998 between BG plc and the Company (as amended by two letters of variation from BG plc to the Company dated 6th February, 1998 and 10th September, 1998);

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"Affiliate"

means any holding company or subsidiary company or any company which is a subsidiary of any holding company, and the expressions "holding company" and "subsidiary" shall have the meanings respectively ascribed thereto by Section 736 of the Companies Act 1985, as amended by Section 144 of the Companies Act 1989.

"Agent"

means UBS AG or such other person as may be appointed agent for the Banks pursuant to the terms of the Senior Credit Agreement (Retirement of Agent and Security Trustee);

"AGI Contract"

means the Agreement (known as the Above Ground Installation Agreement) for site engineering works for the provision of infrastructure to developers dated 24th August, 1998 made between the Company and BG;

"Availability and Defects Liability Bond"

means any letter of credit or bank bond provided to the Company by Raytheon Engineers and Constructors UK Ltd, organised under the laws of the State of Delaware of the United States of America and Mitsubishi Corporation, organised under the laws of Japan, jointly and severally, and the legal successors in title to such persons and permitted assignees in accordance with Article 46 of the EPC Contract;

"Banks"

means the Tranche A Banks, the Tranche B Banks, the Tranche C Banks, the Tranche D Banks, the Tranche E Banks, the Tranche F Banks and the Tranche G Banks (as the case may be); and "Bank" means any one of them;

"Bank Hedging Affiliate"

means an Affiliate of a Bank;

"Bank Parties"

means:

- (a) each of the Banks;
- (b) the Lead Arranger;
- (c) the Account Bank;
- (d) the Security Trustee;
- (e) the Agent; and
- (f) each Hedge Provider that is a Bank or a Bank Hedging Affiliate;

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and "Bank Party" means any one of them;

"Banks' Technical Adviser"

means Merz and McLellan in its capacity as technical adviser to the Agent and the Banks in relation to the Project or such other technical adviser or technical advisers as the Agent may appoint with the approval of Damhead Creek Finance Limited (such approval not to be unreasonably withheld) from time to time on the instructions of the Majority Banks;

Borrower On-Loan Account"

means the account entitled "DCFL - Borrower On-Loan Account" (including any sub-accounts into which such account may be divided) opened by Damhead Creek Finance Limited with the Account Bank and shall include any account and sub-account opened with any successor Account Bank, in each case as such account may be renewed, renumbered or redesignated;

"Calculation Dates"

means each 30th June and 31st December following Commencement of Commercial Operations;

"Calculation Period"

means, in respect of a Calculation Date:

- (a) in relation to the previous Calculation Period, the 6 month period ending on such Calculation Date (or, in the case of the First Calculation Date, the period starting on the day after the Commencement of Commercial Operations and ending on such Calculation Date); and
- (b) in relation to a future Calculation Period, the 6 month period starting on the day after such Calculation Date and ending on the next Calculation Date;

"Capacity Sharing Agreement"

means the agreement dated 23rd September, 1998 between the Company and Entergy Power Properties (Kingsnorth) Limited;

"Certificate of Title"

means the certificate of title provided as a condition precedent to the Senior Credit Agreement;

"Commencement of Commercial Operations"

means the Taking Over Date under the EPC Contract;

"Commissioning Gas Direct Agreement"

means the direct agreement made, or to be made, in relation to the Commissioning Gas Agreement between the Commissioning Gas Supplier, the Company and the Security Trustee;

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"Commissioning Gas Supplier"

means a gas supplier approved or to be approved by the Agent (in consultation with the Banks' Technical Adviser) (such approval not to be unreasonably withheld or delayed) in accordance with the terms of the Senior Credit Agreement;

"Commitment"

means, in relation to a Bank, the amount set opposite its name in the relevant part of Schedule 1 of the Senior Credit Agreement or, as the case may be, in any relevant Transfer Certificate, as increased, cancelled or reduced by any relevant terms of the Senior Credit Agreement or any Transfer Certificate;

"Compensation Account"

means the account(s) entitled "DCL - Compensation Account" (including any sub-accounts into which such account may be divided) opened by Damhead Creek Finance Limited or the Company with the Account Bank and shall include any account (and sub-accounts) opened with any successor to the Account Bank, in each case as such account may be renewed, redesignated or renumbered from time to time;

"Contracts"

means all contracts and agreements to which any Chargor is a party and/or that confer any rights upon a Chargor (including, without limitation, the Relevant Contracts, any letters of credit issued in its favour and all bills of exchange and other negotiable instruments held by it);

"Construction Agreements" means:

- (a) the EPC Contract;
- (b) the AGI Contract;
- (c) the Access Road Construction Agreement

and **"Construction Agreement"** means any one of them;

"Creditors"

means

- (a) each Secured Creditor; and
- (b) each Junior Subordinated Creditor,

and **"Creditor"** means any one of them;

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"Disbursement Account"

means the accounts entitled "DCL - Disbursement Account" (including any sub-accounts into which such account may be divided) opened by Damhead Creek Finance Limited or the Company with the Account Bank and shall include any account (and sub-accounts) opened with any successor to the Account Bank, in each case as such account may be renewed, redesignated or renumbered from time to time;

"DCFL Mortgage of Shares"

means the mortgage of shares dated on or about the date of the Debenture entered into by the Company and the Security Trustee.

"DCFL Shares"

means 100% of the issued share capital of Damhead Creek Finance Limited in issue from time to time.

"DCL Shares"

means 100% of the issued share capital of the Company in issue from time to time.

"Default Rate"

means the default rate determined by the Security Trustee (and which applies to Loans in the Senior Credit Agreement) in accordance with Clause 12.3(c)(i) of the Senior Credit Agreement.

"Development Services Agreement"

means the development services agreement dated 23rd September, 1998 between the Company and EPDC;

"Direct Agreements"

means each of the GSA Direct Agreement, the EPC Direct Agreement, the O&M Direct Agreement, the Maintenance Direct Agreement, the NGC Direct Agreement, the Pool Direct Agreement, the OFFER Direct Agreement, the TSA Direct Agreement, the DSA Direct Agreement, the MHI Direct Agreement, the Commissioning Gas Direct Agreement and such other agreements as may be entered into from time to time as required by the Agent pursuant to Clause 24.1(i) of the Senior Credit Agreement between, among others, Damhead Creek Finance Limited, the Company, Damhead Creek Holding Limited and the Security Trustee and any counterparty to a project document which provides, among other things, for the limitation on such counterparty's rights under such project document;

"Distributions Account"

means the account(s) entitled "DCL - Distributions Account" and the "DCHL - Distributions Account" (including any sub-accounts into which such account may be divided) opened by Damhead Creek Finance Limited and/or the Company and/or Damhead Creek Holding Limited with the Account Bank and shall include any account (and sub-accounts) opened with any

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successor to the Account Bank, in each case as such account may be renewed, redesigned or renumbered from time to time;

"DSA Direct Agreement"

means the direct agreement dated on or about the date of the Debenture between the Security Trustee, the Guarantor and EPDC;

"Entergy"

means Entergy Corporation, a corporation incorporated in the State of Delaware, the United States of America and whose principal place of business is at 639 Loyola Avenue, New Orleans, Louisiana 70113, United States of America;

"EPC Contract"

means the engineering, procurement and construction agreement dated 16th September, 1998, between the Company and the EPC Contractor;

"EPC Contractors"

means Raytheon and Mitsubishi Corporation and "EPC Contractor" means either of them;

"EPC Direct Agreement"

means the direct agreement made on or about the date of the Debenture in relation to the EPC Contract between the EPC Contractors, the Company and the Security Trustee;

"EPC Guarantee"

means the guarantee dated 16th September, 1998 by the EPC Guarantor in respect of the EPC Contract;

"EPC Guarantor"

means Raytheon Engineers & Constructors International, Inc.;

"EPDC"

means Entergy Power Development Corporation

"EPDC Charge"

means the first fixed charge created or to be created by the Chargors (or any of them) in favour of EPDC, to the extent only that such charge creates a first fixed charge over the Floating Charge Assets only and not otherwise.

"EPODCC"

means Entergy Power Operations Damhead Creek Corporation.

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"Equity Account"

means the account(s) entitled "DCL - Equity" (including any sub-accounts into which such account may be divided) opened by Damhead Creek Finance Limited or the Company with the Account Bank and shall include any account (and sub-accounts) opened with any successor to the Account Bank, in each case as such account may be renewed, redesigned or renumbered from time to time;

"Equity Subscription Agreement"

means the equity subscription agreement dated on or about the date of the Intercreditor Agreement between the Company and Damhead Creek Holding Limited;

"Excluded Property"

means:

- (i) any interest of the Company in the Gas Escrow Account and all funds and investments on deposit therein credited thereto;
- (ii) the one common share in EPODCC held by Damhead Creek Finance Limited; and
- (iii) interests by the Company in shares (excluding, for the avoidance of doubt, interests in the DCFL Shares and their Related Rights) which are de minimis shareholdings required as a matter of United States law or other law in connection with the Company's status as an electricity generating company provided that the Security Trustee has agreed in writing that such shares shall constitute Excluded Property.

"Facilities"

means:

- (a) the Tranche A Facility;
- (b) the Tranche B Facility;
- (c) the Tranche C Facility;
- (d) the Tranche D Facility;
- (e) the Tranche E Facility;
- (f) the Tranche F Facility; and
- (g) the Tranche G Facility;

and "Facility" means any one of them;

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"Fee Letters"

means:

- (a) the letter of the same date as the Senior Credit Agreement from the Lead Arranger to Damhead Creek Finance Limited in relation to the arrangement fee referred to in Clause 21.1(a) of the Senior Credit Agreement, being described on its face as the Lead Arranger's Fee Letter;
- (b) the letter of the same date as the Senior Credit Agreement from the Agent to Damhead Creek Finance Limited in relation to the agency fee referred to in Clause 21.1(b) of the Senior Credit Agreement, being described on its face as the Agent's Fee Letter;
- (c) the letter of the same date as the Senior Credit Agreement from the Security Trustee to Damhead Creek Finance Limited in relation to the security trustee fee referred to in Clause 21.1(c) of the Senior Credit Agreement being described on its face as the Security Trustee's Fee Letter; and
- (d) the letter of the same date as the Senior Credit Agreement from the Account Bank to Damhead Creek Finance Limited in relation to the account bank charges referred to in Clause 21.1(d) of the Senior Credit Agreement, being described on its face as the Account Bank's Fee Letter;

and "Fee Letter" means any one of them;

"Finance Documents"

means:

- (a) the Account Bank Agreement;
- (b) the Fee Letters;
- (c) a GSA Letter of Credit;
- (d) each Interest Hedging Agreement to which a Bank or a Bank Hedging Affiliate is a party as a Hedge Provider;
- (e) the Intercreditor Agreement;
- (f) the NGC Guarantee;
- (g) each Security Document;
- (h) the Senior Credit Agreement;
- (i) the Subordinated Credit Agreement;
- (j) the Subordinated Fee Letters;
- (k) each Project Hedging Letter of Credit;

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- (l) a Network Code Letter of Credit; and
- (m) such other documents which fall within the definition of Finance Documents set out in the Intercreditor Agreement;

"First Calculation Date"

means 30th June, 2001 or if the date of Commencement of Commercial Operations has not then occurred, the first Calculation Date to occur after the date of Commencement of Commercial Operations;

"First Repayment Date"

means 31st December, 2001;

"Fixtures"

means all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery on the Mortgaged Property.

"Floating Charge Assets"

means all monies standing to the credit of the Distributions Account, including, without limitation, all interest accrued on the Distributions Account and any investment made out of any such money and the debts represented by such account and all of the Chargor's rights and benefits under and all other monies due and owing to it and the benefit of all rights of any nature enjoyed by it in relation to an Owner Loan.

"Gas Escrow Account"

means a separately designated interest-bearing account in the name of the Company at a branch in the City of London of a clearing bank acceptable to the Company the Company and the Gas Supplier (or, in absence of any such clearing bank being acceptable to the Company, as determined by the Gas Supplier) (i) for withdrawal in accordance with Clause 24.2(1)(c)(ii) or 24.3(1) of the GSA of principal solely by the Gas Supplier against delivery of a Qualifying Certificate for the amount stated therein or for payment of such principal to the Company in accordance with Clauses 24.2(1)(c)(iii), 24.3(3), 24.5(3) or 24.6(3) of the GSA and (ii) for payment to the Company of any interest accrued to the Gas Escrow Account;

"Gas Supplier"

means Shell Gas Direct Limited, a company incorporated in England and whose registered office is at 3 Savoy Place, London WC2R ODX;

"Gas Supply Agreement" or "GSA"

means the agreement for the sale and purchase of natural gas dated 15th June, 1998 made between (1) the Gas Supplier and (2) the Company as amended by two amendment agreements dated 23rd September, 1998 and on or about the date of the Senior Credit Agreement;

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"GSA Direct Agreement"

means the direct agreement dated on or about the date of the Debenture made between the Company, the Gas Supplier, the GSA Guarantor and the Security Trustee;

"GSA Guarantor"

means Shell U.K. Limited;

"GSA Letter of Credit"

means an irrevocable standby letter of credit expiring no later than 31st December in any year of its issue unless such Letter of Credit would, as a result of such expiry date be valid for less than 100 days in which case it shall extend to the 31st December in the next succeeding year in favour of the Gas Supplier to be issued by the Tranche E Banks under the Tranche E Facility, being substantially in the form set out in Schedule 5 of the GSA;

"GSA Letter of Credit Collateral Account"

means the accounts entitled "DCL - GSA L/C Collateral Account" (including any sub-accounts into which such account may be divided) opened by Damhead Creek Finance Limited or the Company with the Account Bank and shall include any account (and sub-accounts) opened with any successor to the Account Bank, in each case as such account may be renewed, re-designated or renumbered from time to time;

"Guarantee Fees"

means, in respect of a Network Code Letter of Credit, the Tranche E Facility, the Tranche F Facility and the Tranche G Facility, the guarantee fees set out in Clause 21.3 of the Senior Credit Agreement;

"Hedge Providers"

means:

- (a) any Bank;
- (b) a Bank Hedging Affiliate; and
- (c) any Non-Secured Hedge Provider,

which is a party to a Interest Hedging Agreement with Damhead Creek Finance Limited or the Company; and **"Hedge Provider"** means any one of them;

"Insurances"

means all contracts and policies of insurance taken out by or on behalf of any Chargor [or otherwise in which any Chargor has an interest (to the extent of its interest)].

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"Insurance Proceeds Account"

means the account(s) entitled "DCL - Insurance Proceeds Account" (including any sub-accounts into which such account may be divided) opened by Damhead Creek Finance Limited or the Company with the Account Bank and shall include any account (and sub-accounts) opened with any successor to the Account Bank, in each case as such account may be renewed, redesignated or renumbered from time to time;

"Intellectual Property Rights"

means all know-how, patents, trade marks, service marks, designs, business names, topographical or similar rights, copyrights and other intellectual property, monopoly rights and any interests (including by way of licence) in any of the foregoing (in each case whether registered or not and including all applications for the same).

"Intercreditor Agreement"

means the agreement dated the same date as the Debenture between inter alia the Chargors, the Junior Subordinated Creditors, the Obligor Guarantors, the Bank Hedging Affiliates, the Non-Secured Hedge Providers, the Banks, UBS AG as Agent, the Subordinated Creditors, EPDC, UBS AG as Subordinated Agent, Citibank, N.A. as Account Bank and the Security Trustee.

"Interest Hedging Agreements"

means:

- (a) any agreement between Damhead Creek Finance Limited or the Company and a Hedge Provider under which each party assumes a liability to make a payment or payments to the other on future specified dates calculated by reference to the value of a notional amount multiplied by a specified rate of interest for a specified period or periods as against the notional amount of the same or (if a currency swap) another amount multiplied by a different specified rate of interest for the same or different periods; and
- (b) any other agreement between Damhead Creek Finance Limited or the Company and a Hedge Provider in relation to the hedging of floating rate interest rate exposure including, without limitation, a cap, floor, collar or option;

but excludes all Project Hedging Documents;

"Junior Subordinated Creditors" means:

- (a) Damhead Creek Holding in its capacity as a creditor under the Equity Agreement;
- (b) each Obligor Guarantor;
- (c) the Non-Secured Hedge Providers;
- (d) any person who has executed an Accession Agreement as a Junior Subordinated Creditor;
- (e) each Obligor in its capacity as creditor under any On-Loan;

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(f) the Operator, and

(g) Entergy Power Damhead Creek Holding III, Ltd. in its capacity as a Creditor,

and includes their successors in title and all Subordinated Transferees and "Junior Subordinated Creditor" means any one of them;

"Lead Arranger"

means UBS AG, acting through its division Warburg Dillon Read;

"Letter of Credit"

means a GSA Letter of Credit, a Network Code Letter of Credit, the NGC Guarantee and/or a Project Hedging Letter of Credit;

"Maintenance Agreement"

means the maintenance agreement dated on 16th September, 1998, between Mitsubishi Corporation and the Company;

"Maintenance Contractor"

means Mitsubishi Corporation;

"Maintenance Direct Agreement"

means the direct agreement made on or about the date of the Debenture in relation to the Maintenance Agreement between the Maintenance Contractor, the Company and the Security Trustee;

"Maintenance Reserve Account"

means the account(s) entitled "DCL - Maintenance Reserve Account" (including any sub-accounts into which such account may be divided) opened by Damhead Creek Finance Limited or the Company with the Account Bank and shall include any account (and sub-accounts) opened with any successor to the Account Bank, in each case as such account may be renewed, redesignated or renumbered from time to time;

"Majority Banks"

means, at any relevant time, Banks (a) the aggregate of whose Total Contributions exceed $66\frac{2}{3}$ per cent. of the Total Contributions of all Banks or (b) (if no principal amounts are outstanding and none of a GSA Letter of Credit, the NGC Guarantee or a Project Hedging Letter of Credit have been issued under the Senior Credit Agreement) the aggregate of whose Total Commitments exceed $66\frac{2}{3}$ per cent. of the Total Commitments of all Banks;

"MHI"

means Mitsubishi Heavy Industries, Ltd.;

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"MHI Direct Agreement"

means the direct agreement made on or about the date the Senior Credit Agreement in relation to the MHI Side Agreement between MHI, the Company and the Security Trustee;

"MHI Side Agreement"

means the agreement dated 16th September, 1998 between MHI and the Company;

"Moody's"

means Moody's Investor Service, Inc.

"Mortgaged Property"

means any freehold or leasehold real property the subject of the security created by the Debenture.

"Network Code"

means the Network Code prepared by BG as licensee under a licence treated as granted pursuant to Section 7 of the Gas Act 1986 (as amended) as such code is, from time to time, modified pursuant to the modification rules in the Network Code;

"Network Code Letter of Credit"

means a letter of credit expiring no more than one year after its date of issue in the form of Part B of Schedule 13 of the Senior Credit Agreement or in such other form that is satisfactory to the Tranche D Banks and Damhead Creek Finance Limited and the Company required for the purpose of satisfying the Company's obligations to provide security in respect of its activities as a shipper under the Network Code;

"Network Code Letter of Credit Collateral Account"

means the accounts entitled "DCL - NC L/C Collateral Account" (including any sub accounts into which such account may be divided) which may be opened by Damhead Creek Finance Limited or the Company with the Account Bank or another bank and shall include any account (and sub-accounts) opened with any successor to the Account Bank, in each case as such account may be renewed, redesignated or renumbered from time to time;

"Network Exit Agreement"

means the network exit agreement dated 9th September 1998 made between the Company, BG and Shell Gas Direct Limited;

"NGC"

means The National Grid Company plc, a company incorporated under the laws of England and Wales (registered no. 2366977) whose registered office is at National Grid House, Kirby Corner Road, Coventry CB4 8JY;

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"NGC Direct Agreement"

means the direct agreement dated 23rd September 1998 made, between NGC, the Company and the Security Trustee;

"NGC Guarantee"

means the bank guarantee in favour of NGC to be issued by the Tranche F Banks under the Tranche F Facility, being substantially in the form set out in Schedule 12 of the Senior Credit Agreement;

"NGC Guarantee Collateral Account"

means the accounts entitled "DCL - NGC Collateral Account" (including any sub-accounts into which such account may be divided) which may be opened by Damhead Creek Finance Limited or the Company with the Account Bank or another bank and shall include any account (and sub-accounts) opened with any successor to the Account Bank, in each case as such account may be renewed, redesignated or renumbered from time to time;

"NGC Supplemental Agreement Type 2"

means the agreement, dated 17th July, 1998 between NGC and the Company for the construction, maintenance and operation of the connection between the Power Station and the NGC distribution system as amended pursuant to an agreement to vary the NGC Supplemental Agreement Type 2 dated 7th September, 1998 and pursuant to a switch disconnector agreement dated 7th September, 1998;

"Non-Secured Hedge Providers"

means any persons other than a Bank or a Bank Hedging Affiliate that are a party to a Interest Hedging Agreement as a Hedge Provider with Damhead Creek Finance Limited or the Company and are or become prior to entry into the relevant Interest Hedging Agreement a party to the Intercreditor Agreement; and "Non-Secured Hedge Provider" means any of them;

"Obligors"

means Chargors;

"Obligor Guarantors"

means the obligor guarantors that join the Intercreditor Agreement by accession after the date of the Intercreditor Agreement;

"OECD Member Country"

means a country which is for the time being a member of the Organization for Economic Co-operation and Development;

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"OFFER Direct Agreement"

means the letter dated 1st September 1998 from the Office of Electricity Regulation to the Company and the Security Trustee;

"On Loans"

means any loan by Damhead Creek Finance Limited to Damhead Creek Holding Limited (a **"Borrower On-Loan"**) of the proceeds of any Loan under the Facilities and any loan by Damhead Creek Holding Limited to the Company (a **"Parent On-Loan"**) of a portion of the proceeds of such Borrower On-Loan and the Company On-Loans in each case made on the terms of an agreement in the form approved by the Agent prior to the date of the Senior Credit Agreement;

"O&M Direct Agreement"

means the direct agreement dated the date of the Debenture between the Security Trustee, the Company, the Operator and the Operation and Maintenance Guarantors;

"O&M Guarantee"

means the guarantees dated 23rd September, 1998 by the Operation and Maintenance Guarantors in respect of the Operation and Maintenance Agreement or any replacement thereof permitted under the Senior Credit Agreement;

"Operation and Maintenance Guarantors"

means EPDC and Entergy Power Operations Corporation, a corporation incorporated with limited liability in the State of Delaware, the United States of America, and whose principal place of business is at 4 Park Plaza, Suite 2000, Irvine, CA 92614 United States of America or any permitted replacement of either of them;

"Owner Loan"

means a loan or other financial accommodation made by any of the Company, Damhead Creek Holding Limited or Damhead Creek Finance Limited;

provided that:

- (a) (i) it is made out of monies properly standing to the credit of a Distributions Account including, without limitation, out of the proceeds of or repayment proceeds of any Owner Loan made to or repaid to a Distributions Account; and
- (ii) it is made upon terms (in addition to any other terms agreed by the parties to such Owner Loan) that any borrower of such Owner Loan will, during the Security Period:
 - (aa) make all repayments thereunder into a Distributions Account; and

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(bb) indemnify the Obligor making the Owner Loan from and against all Taxes that may be imposed upon it as a consequence of having made such Loan and will pay any amounts due as a result of such indemnity into the Proceeds Account;

(b) the execution and delivery by any Obligor of any agreement or instrument providing for or evidencing any Owner Loan complying with the provisions of paragraph (a) above.

"Operation and Maintenance Agreement"

means the operation and maintenance services agreement dated 23rd September, 1998, between the Operator and the Company;

"Operator"

means Entergy Power Operations the Company Partnership or any permitted replacement thereof under the Senior Credit Agreement;

"Parent On-Loan Account"

means the account(s) entitled "DCHL - Parent On-Loan Account" (including any sub-accounts into which such account may be divided) opened by Damhead Creek Holding Limited with the Account Bank and shall include any account (and sub-accounts) opened with any successor to the Account Bank, in each case as such account may be renewed, redesignated or renumbered from time to time;

"Performance Bonds"

means any bond, guarantee (other than the EPC Guarantee and the O&M Guarantee) or any other instrument issued to the Company which provides credit support for the obligations of a contractor under a Construction Agreement and includes, without limitation:

- (a) the Performance Bond to be provided to the Company under the EPC Contract;
- (b) the Availability and Defects Liability Bond; and
- (c) any Ascending Bond in the form of Appendix 19 of the EPC Contract;

"Permitted Investments"

at any time means any of the following:

- (a) certificates of deposit, denominated in Sterling, of any bank or guaranteed by a bank having a short-term senior debt rating of A-1 or better issued by S&P and of P-1 issued by Moody's for a term not exceeding 12 months and which is an authorised institution under the Banking Act 1987 and has capital and reserves in excess of £100,000,000;
- (b) commercial paper, denominated in Sterling, constituting direct, primary and unsubordinated obligations, the issuer or the Company of which has a short-term

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senior debt rating of A-1 or better issued by S&P and of P-1 issued by Moody's, for a term not exceeding 12 months; and

- (c) gilt-edged securities issued by the Government of the United Kingdom or any other freely negotiable and marketable debt securities issued by the Government of the United Kingdom, in each case (i) denominated in Sterling and (ii) with a maximum maturity of one year from the date of purchase, and which constitute direct, primary and unsubordinated obligations;

"Pool Direct Agreement"

means the letter dated 23rd September, 1998 from the Electricity Pool to the Security Trustee;

"Power Station"

means the gas-fired combined cycle gas turbine power station with a nominal electrical output of approximately 792MW at average site conditions built or to be built pursuant to the EPC Contract at the Site and all related buildings and equipment;

"Premises"

means all buildings and erections included in the definition of "Security Assets".

"Proceeds Account"

means the account(s) entitled "DCL - Proceeds Account" (including any sub-accounts into which such account may be divided) opened by Damhead Creek Finance Limited and/or the Company with the Account Bank and shall include any account (and sub-accounts) opened with any successor to the Account Bank, in each case as such account may be renewed, redesignated or renumbered from time to time;

"Project"

means the design, development, construction, financing, commissioning, operation and maintenance of the Power Station and all related ancillary works (whether on or off the Site);

"Project Documents"

means the following: the Gas Supply Agreement, the EPC Contract, the Operation and Maintenance Agreement, the Maintenance Agreement, the Project Guarantees, any agreement, instrument or arrangement evidencing the On-Loans, the Technical Services Agreement, the Development Services Agreement, the Advanced Reservation of Capacity Agreement, the Network Exit Agreement, the NGC Supplemental Agreement Type 2 Agreement, the Site Split Agreement, the Capacity Sharing Agreement, the MHI Side Agreement, the Tranche A Contribution Amount L/C and the Standby Tranche C Contribution Amount L/C and any substitute agreement or any other agreement entered into as permitted by the Senior Credit Agreement which is deemed material to carrying out or operation of the Project which the Agent (acting on the instructions of the Majority Banks (acting reasonably)) considers should be designated a Project Document provided that no agreement permitted to be entered into pursuant to Clause 24.3(i)(2) or 24.3(i)(3)(x) of the Senior Credit Agreement may be designated as a Project Document;

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"Project Guarantees"

means the guarantee dated 22nd June, 1998 by the GSA Guarantor in respect of the GSA, the guarantee dated 16th September, 1998 by the EPC Guarantors in respect of the EPC Contract, the O&M Guarantee and the Performance Bond, Availability and Defects Liability Bond and Ascending Bond and the guarantee by EPDC in respect of the Site Split Agreement (contained in the Site Split Agreement);

"Project Hedging Document"

means power purchase agreements, power sales agreements, power price hedging agreements, fuel purchase agreements, fuel sales agreements, fuel price hedging agreements and ancillary service agreements and other agreements, contracts, instruments or other arrangements or commitments, in each case entered into by the Company in connection with the purchase or sale of fuel or the purchase or sale of electric capacity or associated electric energy;

"Project Hedging Letter of Credit"

means an irrevocable standby letter of credit expiring no more than one year after its date of issue, made in favour of counterparties to Project Hedging Documents, to be issued by the Tranche G Banks under the Tranche G Facility, being substantially in the form set out in Schedule 13 Part A of the Senior Credit Agreement or in such other form as is approved by the Majority Banks;

"Project Hedging Letter of Credit Collateral Account"

means the account(s) entitled "DCL - PH L/C Collateral Account" (including any sub-accounts into which such account may be divided) opened by Damhead Creek Finance Limited or the Company with the Account Bank and shall include any account (and sub-accounts) opened with any successor to the Account Bank, in each case as such account may be renewed, re-designated or renumbered from time to time;

"Qualifying Bank"

means:

- (a) a person which is:
 - (i) a bank within the meaning of section 840A Income and Corporation Taxes Act 1988; and
 - (ii) within the charge of corporation tax for the purposes of section 349(3) Income and Corporation Taxes Act 1988 as respects any interest to which it is beneficially entitled hereunder,

but so that if such Act is amended or repealed, this paragraph (a) shall be amended in such manner as the Agent, after consultation with Damhead Creek Finance Limited, shall determine to be necessary in order to define persons of relevant equivalent category; or

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- (b) a person which is a bank or financial institution (whether incorporated in the United Kingdom or elsewhere) which, by virtue of the provisions of a double taxation agreement between the United Kingdom and the country of residence of that person is, subject only to a prior direction given to Damhead Creek Finance Limited by the United Kingdom Inland Revenue pursuant to an application by the person, eligible to have the payments made by Damhead Creek Finance Limited without any deduction or withholding in respect of Taxes;

"Qualifying Certificate"

means a certificate duly signed by the Gas Supplier substantially in the form as Schedule IIA or Schedule IIB, as the case maybe, attached to the GSA Letter of Credit;

"Realisations Account"

means each account maintained from time to time by or in the name of a Chargor for the purposes of Clause 12.2 (Contingencies) of the Debenture at such branch or branches of the Account Bank as the Security Trustee may from time to time approve.

"Related Rights"

means:

- (a) any dividend or interest paid or payable in relation to any of the Shares;
- (b) any stock, shares, securities, rights, moneys or property accruing or offered at any time (whether by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise) to or in respect of any of the Shares or in substitution or exchange for or otherwise derived from any of the Shares; and
- (c) any dividend, interest or other income in respect of any asset referred to in paragraph (b) above.

"Relevant Contracts"

means the following agreements and instruments:

- (a) each Project Document;
- (b) the Supplemental Agreement Type 2 between Damhead Creek Finance Limited and the National Grid Company plc dated 17th July, 1998 (as amended) relating to the connection of the Plant to the National Grid Company transmission system;
- (c) the Master Connection and Use of System Agreement between the parties named therein and the National Grid Company plc dated 30th March, 1990 relating to the connection to and use of the National Grid Company plc transmission system;
- (d) the Accession Agreement to the Master Connection and Use of System Agreement between Damhead Creek Finance Limited and the National Grid Company plc dated 15th September, 1992 pursuant to which Damhead Creek Finance Limited acceded to

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the Master Connection and Use of System Agreement described in paragraph (c) above;

- (e) the Pooling and Settlement Agreement entered into between, amongst others, the founder generators named therein, the founder suppliers named therein and the National Grid Company plc dated 30th March, 1990 relating to the implementation, maintenance and operation of a settlement system for sales and purchases of electricity;
- (f) the Accession Agreement to the Pooling and Settlement Agreement between Damhead Creek Finance Limited and Margaret Elizabeth Thompson (on behalf of the parties to the Pooling and Settlement Agreement) dated 13th January, 1993 pursuant to which Damhead Creek Finance Limited acceded to the Pooling and Settlement Agreement described in paragraph (e) above;
- (g) the Agreement for Site Engineering Works for the Provision of Infrastructure to Developers (known as the Above Ground Installation Agreement) dated 24th August, 1998 between Damhead Creek Finance Limited and BG plc; and
- (h) the Deed of Assignment dated on or about the date of the Debenture entered into between EPDC, Entergy Power Damhead Creek Holding I, Ltd., Entergy Power Damhead Creek Holding II, Ltd., Entergy Power Damhead Creek Holding III, Ltd. and Damhead Creek Holding Limited;

"Report on Title"

means any report on title in relation to the Mortgaged Property provided by or on behalf of a Chargor to the Security Trustee.

"S&P"

means Standard & Poor's Rating Group, a division of McGraw Hill, Inc

"Secured Accounts"

means:

- (a) the Borrower On-Loan Account;
- (b) the Compensation Account;
- (c) the Disbursement Account;
- (d) the Equity Account;
- (e) a GSA Letter of Credit Collateral Account;
- (f) the Insurance Proceeds Account;
- (g) the Maintenance Reserve Account;

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- (h) the Network Code Letter of Credit Collateral Account;
- (i) the NGC Guarantee Collateral Account;
- (j) the Parent On-Loan Account;
- (k) the Proceeds Account;
- (l) Project Hedging Letter of Credit Collateral Account;
- (m) the Senior DSRA Account;
- (n) the Subordinated DSRA Account;
- (o) the Distributions Account; and
- (p) such other accounts as are agreed between Damhead Creek Finance Limited or the Company and the Agent,

and "**Secured Account**" means any of them;

"Secured Creditors"

means:

- (a) each Senior Creditor; and
- (b) each Subordinated Creditor,

and "**Secured Creditor**" means any one of them;.

"Secured Documents"

means the Finance Documents;

"Secured Liabilities"

means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Chargor to any Secured Creditor under each Finance Document to which such Chargor is a party (including, without limitation, the Senior Credit Agreement, the Subordinated Credit Agreement and the Debenture) except for any obligation which, if it were so included, would result in the Debenture contravening section 151 of the Companies Act 1985. The term "**Secured Liabilities**" includes liabilities which would be treated as such but for the liquidation or dissolution of, or similar event affecting, a Chargor.

"Security Assets"

means all assets of any Chargor the subject of any security created by the Debenture.

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"Security Documents" means:

- (a) the Debenture;
- (b) each Direct Agreement;
- (c) the DCFL Mortgage of Shares;
- (d) the Senior DSRA Minimum Balance L/C;
- (e) the Subordinated DSRA Minimum Balance L/C; and
- (f) such other documents as may be entered into from time to time by Damhead Creek Finance Limited, the Company or any other person in order to secure Damhead Creek Finance Limited's obligations in connection with the Secured Documents;

"Security Interest"

means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, security interest or other encumbrance of any kind securing or any right conferring a priority of payment in respect of any obligation of any person but does not include liens arising in the ordinary course of trading by operation of law and not by way of contract and, for the avoidance of doubt, also excluding any reservation of title;

"Security Period"

means the period beginning on the date of the Debenture and ending on the date on which the Security Trustee is satisfied that all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full.

"Senior Credit Agreement"

means the senior credit agreement dated on or about the date of the Debenture between Damhead Creek Finance Limited, the Company, UBS AG as lead arranger agent and the security trustee, Citibank N.A. as account bank and the banks named therein.

"Senior Credit Facilities"

means the credit, interest hedging, guarantee and/or letter of credit facilities made available to Damhead Creek Finance Limited by the Senior Creditors pursuant to the Senior Finance Documents;

"Senior Creditors"

means (i) the persons party to the Senior Credit Agreement from time to time as Banks, (ii) Bank Hedging Affiliates party to the Senior Interest Hedging Agreements as counterparties to Damhead Creek Finance Limited or the Company and (iii) lenders of any indebtedness permitted pursuant to and in accordance with the terms of Clause 24.2(b) (vii) and (viii) of the Senior Credit Agreement or as otherwise permitted by the Banks, in each case, as is not prohibited pursuant to the provisions of Clause 10.2 of the Intercreditor Agreement provided

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that such lenders have executed an Accession Agreement in the form of Schedule 2 to the Intercreditor Agreement;

"Senior Debt"

means, at any time, the aggregate amount of the principal, interest, indemnities, close-out costs, fees, costs and expenses outstanding or accrued (whether or not due at such time) and unpaid to the Senior Creditors and/or others under the Senior Finance Documents;

"Senior DSRA Account"

means the account(s) entitled "DCL - Senior DSRA Account" (including any sub-accounts into which such account may be divided) opened by Damhead Creek Finance Limited or the Company) with the Account Bank and shall include any account (and sub-accounts) opened with any successor to the Account Bank, in each case as such account may be renewed, redesignated or renumbered from time to time;

"Senior DSRA Minimum Balance"

means at the relevant time an amount equal to principal repayable in respect of the Tranche B1 Loan and the Tranche C Loan (taking no account of any deferral under Clauses 14.3 and 15.2 or any prepayment under Clause 20.2 of the Senior Credit Agreement), interest, commitment commission, Guarantee Fees and fees, in each case forecast to be payable in respect of each Facility in the next Calculation Period under the Senior Credit Agreement;

"Senior DSRA Minimum Balance L/C"

means an irrevocable standby letter of credit issued by the Senior DSRA Support Party to the Security Trustee, in substantially the form set out in part A of Schedule 14 of the Senior Credit Agreement, securing the obligations of Damhead Creek Finance Limited to maintain a credit balance in the Senior DSRA Account of the Senior DSRA Minimum Balance pursuant to the terms of the Senior Credit Agreement;

"Senior DSRA Support Party"

means such bank or financial institution which is an authorised institution under the Banking Act 1987 and which is incorporated in an OECD Member Country and whose long-term unsecured debt securities are for the time being rated at least A3 by Moody's and A- by S&P who, at the relevant time, has obligations under the Senior DSRA Minimum Balance L/C;

"Senior Finance Documents" means:

- (a) the Account Bank Agreement;
- (b) the Senior Credit Agreement;
- (c) the Fee Letters;
- (d) a GSA Letter of Credit;

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- (e) each Interest Hedging Agreement to which a Bank or a Bank Hedging Affiliate is a party;
- (f) the Intercreditor Agreement;
- (g) the NGC Guarantee;
- (h) each Security Document;
- (i) each Project Hedging Letter of Credit;
- (j) a Network Code Letter of Credit; and
- (k) such other agreements as are signed by Damhead Creek Finance Limited, the Company or Damhead Creek Holding Limited, the Senior Creditors and others for the provision of Senior Credit Facilities (as that term is defined in the Intercreditor Agreement) permitted by the terms of the Senior Credit Agreement to be made available to Damhead Creek Finance Limited or the Company;

"Senior Interest Hedging Agreements"

means the interest hedging agreements between Damhead Creek Finance Limited or the Company and the respective counterparties entered into with the Banks or Bank Hedging Affiliates to hedge interest rate exposure in respect of Senior Debt or otherwise entered into pursuant to or with the approval of the Agent under the Senior Credit Agreement;

"Shares"

means the DCL Shares and the DCFL Shares and any other stocks, shares, debentures, bonds or other securities and investments in which a Chargor has an interest.

"Site"

means the land at Kingsnorth, Kent, which is more particularly described in the Certificate of Title;

"Site Split Agreement"

means the site transfer agreement dated 23rd September, 1998 made between the Company, EPDC and Entergy Power Properties (Kingsnorth) Limited under which the Company has agreed to sell to Entergy Power Properties (Kingsnorth) Limited part of the Site;

"Standby Tranche C Contribution Amount L/C"

means an irrevocable standby letter of credit issued by the Standby Tranche C Support Parties to the Security Trustee, in substantially the form set out in Schedule 16 of the Senior Credit Agreement;

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"Standby Tranche C Support Party"

means a bank or financial institution which is incorporated in an OECD Member Country and whose long-term unsecured debt securities are for the time being rated at least A3 by Moody's and A- by S&P who, at the relevant time, has obligations under Letter of Credit forming part of the Tranche C Security;

"Sterling" and "£"

means the lawful currency for the time being of the United Kingdom;

"Subordinated Advance"

means the borrowing by way of a cash advance of all or a portion of the Commitments under the Subordinated Facility by Damhead Creek Finance Limited or (as the context may require) the principal amount of such borrowing;

"Subordinated Agent"

means the person who is at the relevant time appointed as agent for and on behalf of the Subordinated Creditors pursuant to the terms of the Subordinated Credit Agreement who, at the date of the Debenture, is UBS AG;

"Subordinated Credit Agreement"

means the agreement dated 15th December made between Damhead Creek Finance Limited, the Company and UBS AG as Subordinated Lead Arranger, the Subordinated Creditors, Citibank, N.A. as Account Bank, the Security Trustee and UBS AG as Subordinated Agent;

"Subordinated Credit Facilities"

means the credit facilities made available to Damhead Creek Finance Limited by the Subordinated Creditors pursuant to the Subordinated Finance Documents;

"Subordinated Creditors"

means the person or persons party to the Subordinated Credit Agreement (other than Damhead Creek Finance Limited, the Company, the Security Trustee and the Account Bank) from time to time and "Subordinated Creditor" means any one of them;

"Subordinated Creditor Support Party"

means a person, acting through its branch or office in London (or such other branch or office which is acceptable to the Security Trustee), whose long-term unsecured debt securities are for the time being rated at least Baa1 by Moody's or BBB+ by S&P who, at the relevant time, has obligations under a Subordinated Creditor Letter of Credit;

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"Subordinated Debt"

means, at any time, the aggregate amount of the principal, interest, fees, costs and expenses outstanding or accrued (whether or not at such time due) and unpaid to the Subordinated Creditors and/or others under the Subordinated Finance Documents;

"Subordinated DSRA Account"

means the account entitled "DCL - Subordinated DSRA Account" (including any sub-accounts into which such account may be divided) opened by Damhead Creek Finance Limited or the Company with the Account Bank and shall include any account (and sub-accounts) opened with any successor to the Account Bank, in each case as such account may be renewed, redesignated or renumbered from time to time;

"Subordinated DSRA Minimum Balance"

means at the relevant time an amount equal to principal and interest payable in respect of the Subordinated Debt under the Subordinated Credit Agreement in the next two Calculation Periods;

"Subordinated DSRA Minimum Balance L/C"

means an irrevocable standby letter of credit issued by the Subordinated DSRA Support Party to the Security Trustee in substantially the form set out in part B of Schedule 14 of the Senior Credit Agreement, securing the obligations of the Borrower or the Guarantor to maintain a credit balance in the Subordinated DSRA Account of the Subordinated DSRA Minimum Balance pursuant to the terms of this Agreement;

"Subordinated Facility"

means the term loan facility to be made available to Damhead Creek Finance Limited pursuant to Clause 2.1 of the Subordinated Credit Agreement;

"Subordinated Finance Documents"

means:

- (a) the Account Bank Agreement;
- (b) the Subordinated Credit Agreement;
- (c) the Subordinated Fee Letters;
- (d) the Senior Credit Agreement;
- (e) each Security Document; and
- (f) such other agreements as are signed by Damhead Creek Finance Limited, the Subordinated Creditors and others for the provision of Subordinated Credit Facilities by the Subordinated Creditors to Damhead Creek Finance Limited;

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"Subordinated Fee Letters" means:

- (a) the letter of the same date as the Subordinated Credit Agreement from the Subordinated Lead Arranger to Damhead Creek Finance Limited in relation to the arrangement fee referred to in Clause 9.1(a) of the Subordinated Credit Agreement, being described on its face as the Subordinated Lead Arranger's Fee Letter;
- (b) the letter of the same date as Subordinated Credit Agreement from the Subordinated Agent to Damhead Creek Finance Limited in relation to the agency fee referred to in Clause 9.1(b) of the Subordinated Credit Agreement, being described on its face as the Subordinated Agent's Fee Letter;

and **"Subordinated Fee Letter"** means either of them;

"Subordinated Lead Arranger"

means UBS AG, acting through its division Warburg Dillon Read;

"Technical Services Agreement" or "TSA"

means the agreement of that name dated 23rd September, 1998 between the Company and EPDC;

"Total Commitments"

means the aggregate at any relevant time of the Commitments of a Bank or, as the case may be, all the Banks under one or more of the Facilities as applicable;

"Tranche A Banks"

means UBS AG and includes its successors in title and Transferees;

"Tranche A Contribution Amount L/C"

means an irrevocable standby letter of credit issued by the Tranche A Support Parties to the Security Trustee, in substantially the form set out in Schedule 15 or in such other form as the Security Trustee may agree;

"Tranche A Facility"

means the term loan facility to be made available to Damhead Creek Finance Limited pursuant to Clause 2.1 of the Senior Credit Agreement;

"Tranche A Security"

means either the Tranche A Contribution Amount L/C issued by Tranche A Support Parties and/or cash paid into the Equity Account in respect of Part I of Tranche A the value of which (in aggregate) equals £36,100,000;

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"Tranche A Support Party"

means a bank or financial institution which is incorporated in an OECD Member Country and whose long-term unsecured debt securities are for the time being rated at least A3 by Moody's and A- by S&P, who, at the relevant time, has obligations under a letter of credit forming part of the Tranche A Part I Security;

"Tranche B Banks"

means UBS AG and includes its successors in title and Transferees;

"Tranche B Facility"

means the term loan facility to be made available to Damhead Creek Finance Limited pursuant to Clause 2.2 of the Senior Credit Agreement;

"Tranche B1 Loan"

means, on and after the First Repayment Date, the excess of the aggregate principal amount of the Tranche B Loan outstanding at any time over the amount of the Tranche B2 Loan on and after the First Repayment Date;

"Tranche B2 Loan"

means, on and after the First Repayment Date, an amount of £50,000,000 advanced by the Tranche B Banks under the Tranche B Facility, as reduced pursuant to the terms of the Senior Credit Agreement by payment by Damhead Creek Finance Limited or the Company;

"Tranche C Banks"

means UBS AG and includes its successors in title and Transferees;

"Tranche C Facility"

means the term loan facility to be made available to Damhead Creek Finance Limited pursuant to Clause 2.3 of the Senior Credit Agreement;

"Tranche C Loan"

means the aggregate principal amount owing from time to time to the Tranche C Banks in relation to the Tranche C Facility under the Senior Credit Agreement at any relevant time;

"Tranche C Security"

means a Standby Tranche C Letter of Credit and/or deposits in the Equity Account in connection with Tranche C the value of which in aggregate equals an amount not less than £2,250,000 (as the same may be reduced by amounts paid to the Guarantor pursuant to Clause 7.1.(I) of the Senior Credit Agreement);

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"Tranche D Banks"

means UBS AG and includes its successors in title and Transferees;

"Tranche D Facility"

means the working capital facility to be made available to Damhead Creek Finance Limited pursuant to Clause 2.4 of the Senior Credit Agreement;

"Tranche E Banks"

means the UBS AG and includes its successors in title and Transferees;

"Tranche E Facility"

means the letter of credit and revolving credit facility to be made available to Damhead Creek Finance Limited pursuant to Clause 2.5 of the Senior Credit Agreement;

"Tranche F Banks"

means UBS AG and includes its successors in title and Transferees;

"Tranche F Facility"

means the guarantee facility to be made available to Damhead Creek Finance Limited pursuant to Clause 2.6 of the Senior Credit Agreement;

"Tranche F Facility"

means the guarantee facility to be made available to Damhead Creek Finance Limited Pursuant to Clause 2.6 of the Senior Credit Agreement;

"Tranche F Facility"

means the guarantee facility to be made available to Damhead Creek Finance Limited pursuant to Clause 2.6 of the Senior Credit Agreement;

"Tranche G Banks"

means UBS AG and includes its successors in title and Transferees;

"Tranche G Facility"

means a Project Hedging Letter of Credit issuance facility to be made available to Damhead Creek Finance Limited pursuant to Clause 2.7 of the Senior Credit Agreement;

"Transferee"

means a Qualifying Bank to which a Bank may transfer all or part of its rights, benefits and/or obligations under the Senior Credit Agreement and a corresponding part of its rights, benefits,

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and/or obligations under the Intercreditor Agreement, each Direct Agreement and the Turnover Letter under Clause 34.3 of the Senior Credit Agreement;

"Transfer Certificate"

means a certificate substantially in the terms of Schedule 5 of the Senior Credit Agreement;

"TSA Direct Agreement"

means the direct agreement dated on or about the date of the Debenture between the Security Trustee, the Company and EPDC; and

"Turnover Letter"

means an agreement entered into on or about the date hereof between the Account Bank, UBS AG in its capacity as Lead Arranger, Agent, Security Trustee and the Banks, EPDC, Damhead Creek Holding Limited, Damhead Creek Finance Limited and the Company.