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COMPANIES FORM No. 155(6)a

Declaration in relation to
assistance for the acquisition
of shares.

155(6)a

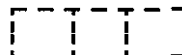
Pursuant to section 155(6) of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies

For official use

Company number



3618559

Note
Please read the notes
on page 3 before
completing this form

Name of company

* *National Power Drax Limited

*Insert full name
of company

*/We† John Turner; Neil Allen Hopkins Michael Norman Armstrong

†Insert name(s) and
address(es) of all
the directors

28 Clydesdale Gardens 30 Connaught Road 12 Stokenchurch Street

Richmond Teddington London

Surrey Middlesex SW6 3TR

TW10 5EF TW11 0PS

§Delete as
appropriate

~~[the sole director]~~ [all the directors]§ of the above company do solemnly and sincerely declare that:

The business of the company is:

†Delete whichever
is inappropriate

~~(a) that of a recognised bank licensed institution within the meaning of the Banking Act 1979†~~

~~(b) that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on insurance business in the United Kingdom†~~

(c) something other than the above†

The company is proposing to give financial assistance in connection with the acquisition of shares in the

[company] ~~[company's holding company]~~ ~~xx~~ limited†

The assistance is for the purpose of [that acquisition] ~~[reducing or discharging a liability incurred for the purpose of that acquisition].§~~

The number and class of the shares acquired or to be acquired is: 1,000,001 ordinary shares
of £1 each

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

Norton Rose
Kempson House
Camomile Street
London
EC3A 7AN
85 London

For official use

General Section



The assistance is to be given to: (note 2) AES Drax Limited
[Cayman Islands incorporated]. Registered office: Ugland House, PO Box 309,
South Church Street, George Town, Grand Cayman

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**Please complete
legibly, preferably
in black type, or
bold block
lettering**

The assistance will take the form of:

See Appendix 1

The person who ~~has acquired~~ [will acquire]* the shares is:

*Delete as
appropriate

AES Drax Limited, (Cayman Islands incorporated). Registered office: Ugland
House, PO Box 309, South Church Street, George Town, Grand Cayman

The principal terms on which assistance will be given are:

See Appendix 2

The amount of cash to be transferred to the person assisted is £ Nil

The value of any asset to be transferred to the person assisted is £ Nil

The date on which the assistance is to be given is 30 November 19 99

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Please complete
legibly, preferably
in black type, or
bold block lettering

†Delete either (a) or
(b) as appropriate

I/We have formed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

(a) [I/We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date]† (note 3)

(b) [~~It is intended to commence the winding up of the company within 12 months of that date, and I/We have formed the opinion that the company will be able to pay its debts in full within 12 months of the commencement of the winding up.~~]† (note 3)

And I/we 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 One Silk Street
London, EC2

the 30 day of November

One thousand nine hundred and ninety-nine

before me Maureen Harris

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

MAUREEN HARRIS

Declarants to sign below

[Signature]
J.M. [Signature]
[Signature]

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.

Manhattan

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Appendix 1

Form of Financial Assistance

In this Statutory Declaration capitalised terms shall have the meanings set out below unless otherwise defined herein:

"AES Intercreditor and Security Trust Deed" means the intercreditor and security trust deed dated 30 November, 1999 initially between AES Drax Acquisition Limited and AES Drax Financing Limited, the companies listed in Schedule 1 thereof as obligors, the companies listed in Schedule 2 thereof as bondholders, Harich Investments BV as swap creditor, the banks and financial institutions listed in Part I of Schedule 3 thereof as hedging banks, the banks and financial institutions listed in Part II of Schedule 3 thereof as subordinated hedging banks, AES Drax Acquisition Holdings Limited, AES Drax Investments Limited and The AES Corporation as investors, Deutsche Bank AG, London Branch as senior agent, The Chase Manhattan Bank as security trustee, The Chase Manhattan Bank as account bank, Deutsche Bank AG, London Branch as calculation agent, The Chase Manhattan Bank as bond trustee and The Chase Manhattan Bank and Chase Manhattan Luxembourg S.A. as bond paying agents;

"Agency Agreement" means the agency agreement dated 30 November, 1999 and to be between issuer, AES Drax Holdings Limited as issuer, AES Drax Limited, AES Drax Financing Limited, AES Drax Acquisition Limited and the Company as guarantors, The Chase Manhattan Bank as bond trustee, The Chase Manhattan Bank, London Branch as principal paying agent and Chase Manhattan Luxembourg S.A. as the Luxembourg paying agent;

"Bonds" means the £1,725,000,000 guaranteed secured bonds due 2015 constituted by the Bond Trust Deed;

"BondPower Limited" means a company incorporated under the laws of Jersey (Registered No. 75270) with its registered office at 22 Grenville Street, St Helier, Jersey JE4 8PX;

"Bond Trust Deed" means the bond trust deed to be dated 30 November, 1999 and to be between the Issuer, AES Drax Limited, AES Drax Financing Limited, AES Drax Acquisition Limited, the Company, Drax Investments Limited, AES Drax Acquisition Holdings Limited and The Chase Manhattan Bank as bond trustee;

"Bond Trustee" means The Chase Manhattan Bank in its capacity as trustee in respect of the Bonds;

"Calculation Agency Agreement" means the calculation agency agreement dated 30 November, 1999 to be between AES Drax Holdings Limited, AES Drax Limited, AES Drax Financing Limited, AES Drax Acquisition Limited, AES Drax Investments Limited, AES Drax Acquisition Holdings Limited, InPower Limited, BondPower Limited, Harich Investments B.V., the Company, the Bond Trustee, Deutsche Bank AG, London Branch as Calculation Agent and the Security Trustee;

"Coupons" means the bearer interest coupons appertaining to the Bonds or, as the context may require, a specific number thereof and includes any replacements for Coupons issued pursuant to the Bond Trust Deed and, save as provided in the Bond Trust Deed, the global coupon and the talons;

"Debenture" means the debenture dated 30 November, 1999 to be between AES Drax Acquisition Limited, Issuer, AES Drax Limited, AES Drax Financing Limited, the Company, AES Drax Investments Limited and AES Drax Acquisition Holdings Limited as chargors and the Security Trustee;

"Facility" means the facility set out in the Facility Agreement;

"Facility Agreement" means the facility agreement dated 30 November, 1999 between InPower Limited as borrower, BondPower Limited as guarantor, Chase Manhattan plc, Deutsche Bank AG, London Branch and The Industrial Bank of Japan, Limited as lead arrangers, various banks and financial institutions as arrangers, the banks listed in Schedule 1 thereof as banks, The Chase Manhattan Bank as account bank, The Chase Manhattan Bank as security trustee and Deutsche Bank AG, London Branch as agent;

"Group Account Agreement" means the group account agreement dated 30 November, 1999 to be between AES Drax Limited, Issuer, the Company, The Chase Manhattan Bank as account bank, Security Trustee and Bond Trustee and Deutsche Bank AG, London Branch as the senior agent;

"Group Relief Surrender Agreements" means the group relief surrender agreements to be dated 30 November, 1999 and to be between Issuer and the Company and AES Drax Power Finance Limited and the Company;

"InPower Limited" means a company incorporated under the laws of Jersey (Registered No. 75269) with its registered office at 22 Grenville Street, St Helier, Jersey JE4 8PX and being the subscriber for the Bonds;

"Intercompany Loan Agreements" means the two intercompany loan agreements to be dated 30 November, 1999 and to be between AES Drax Limited and the Company and Issuer and the Company;

"Issuer" means AES Drax Holdings Limited in its capacity as issuer of the Bonds;

"Security Trustee" means The Chase Manhattan Bank in its capacity as security trustee;

"Subscription Agreement" means the subscription agreement dated 30 November, 1999 to be between Issuer as issuer, AES Drax Limited, AES Drax Financing Limited and AES Drax Acquisition Limited as guarantors, the Company, Chase Manhattan Plc, Deutsche Bank AG, London Branch and The Industrial Bank of Japan, Limited as arrangers and InPower Limited as the subscriber; and

"Target Swap" means the ISDA Master Agreement and Schedule thereto to be dated 30 November, 1999 and to be between the Company and Harich Investments BV and the swap confirmation supplemental thereto.

The financial assistance will take the form of the execution delivery and enforcement by the Company of:

- 1 An Accession Agreement (the "Target Accession Agreement") pursuant to which the Company will accede to and become a party to the following documents and will thereby incur the obligations referred to below in respect to each document:
 - (a) the Bond Trust Deed pursuant to which the Company will, inter alia, guarantee performance by Issuer of all of Issuer's obligations under the Bond Trust Deed and the payment of all principal and interest on the Bonds and the Coupons and indemnify the Bond Trustee against any loss or liability suffered by it under the Bond Trust Deed;
 - (b) the Subscription Agreement pursuant to which the Company will, inter alia, undertake to guarantee pursuant to the Bond Trust Deed payment of all sums payable in relation to the Bonds and agree to grant security pursuant to the AES Intercreditor and Security Trust Deed;
 - (c) the Agency Agreement pursuant to which the Company will, inter alia, guarantee payments to paying agents by Issuer and give various indemnities to paying agents in connection with the Bonds;
 - (d) the Debenture pursuant to which the Company will, inter alia, charge, mortgage and/or assign the whole of its property, undertaking and assets in favour of the Security Trustee to secure the Secured Liabilities (as defined in the Debenture);
 - (e) the AES Intercreditor and Security Trust Deed pursuant to which the Company will, inter alia, agree to comply with the terms of the subordination arrangements as set out therein;
 - (f) the Calculation Agency Agreement, pursuant to which the Company will, inter alia, indemnify Deutsche Bank AG, London Branch in its capacity as Calculation Agent (the "**Calculation Agent**") against certain losses, liabilities, costs, claims, actions or demands and remunerate the Calculation Agent in respect of certain services to be provided by it if Issuer fails to do so; and
 - (g) the Group Account Agreement, pursuant to which the Company will agree to open and operate certain bank accounts as referred to therein in accordance with the provisions thereof,

the Company will also enter into the Calculation Agency Agreement as an original signatory thereto.

- 2 the Group Relief Surrender Agreements with Issuer and AES Drax Power Finance Limited pursuant to which the Company will, inter alia, make payments to Issuer in return for the surrender by Issuer to the Company of tax losses;
- 3 the Intercompany Loan Agreements pursuant to which intercompany loans may be made by the Company to AES Drax Limited and Issuer; and
- 4 the Target Swap, pursuant to which the Company will pay floating rate interest and will receive fixed rate interest and which will enable Harich Investments BV to enter into a corresponding swap agreement with InPower Limited.

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J.F.
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Appendix 2

Principal Terms on which the Financial Assistance will be Given

The principal terms on which the financial assistance will be given are as follows:

- (a) by acceding to the Bond Trust Deed the Company will:
 - (i) irrevocably and unconditionally and jointly and severally with the other guarantors named therein:
 - (A) guarantee to the Bond Trustee, as principal obligor and not merely as surety, prompt performance by Issuer of all Issuer's obligations under the Bond Trust Deed and the payment of principal and interest on the Bonds and the Coupons together with any other sums payable now or in the future to the Bond Trustee by Issuer under or in connection with the Bond Trust Deed when and as the same shall become due;
 - (B) undertake with the Bond Trustee that, if and whenever Issuer does not pay any amount when due under or in connection with the Bond Trust Deed, it will on demand by the Bond Trustee pay such amount as if it instead of Issuer were expressed to be the primary obligor under the Bond Trust Deed; and
 - (C) indemnify the Bond Trustee on demand against any loss or liability suffered by it under this Bond Trust Deed as a result of any obligation guaranteed by the Company being or becoming unenforceable, invalid or illegal;
 - (ii) indemnify the Bond Trustee, every Appointee, the Bondholders and the Couponholders (each as defined therein) and keep them indemnified against:
 - (A) any Liability (as defined therein) incurred by any of them arising from the non-payment by Issuer or the other guarantors of any amount due to the Bond Trustee or the Bondholders or Couponholders under the Bond Trust Deed by reason of any variation in the rates of exchange between those used for the purposes of calculating the amount due under a judgment or order in respect thereof and those prevailing at the date of actual payment by Issuer or the guarantors; and
 - (B) any deficiency arising or resulting from any variation in rates of exchange between (i) the date as of which the local currency equivalent of the amounts due or contingently due under the Bond Trust Deed (other than Clause 22 thereof) is calculated for the purposes of any bankruptcy,

insolvency or liquidation of Issuer or the guarantors and (II) the final date for ascertaining the amount of claims in such bankruptcy, insolvency or liquidation. The amount of such deficiency shall be deemed not to be reduced by any variation in rates of exchange occurring between the said final date and the date of any distribution of assets in connection with any such bankruptcy, insolvency or liquidation;

- (iii) the indemnities set out in paragraph (ii) above shall constitute obligations of Issuer and the guarantors separate and independent from their obligations under the other provisions of the Bond Trust Deed and shall apply irrespective of any indulgence granted by the Bond Trustee or the Bondholders or the Couponholders from time to time and shall continue in full force and effect notwithstanding the judgment or filing of any proof or proofs in any bankruptcy, insolvency or liquidation of Issuer or the guarantors for a liquidated sum or sums in respect of amounts due under the Bond Trust Deed (other than Clause 22 thereof). Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Bondholders and Couponholders and no proof or evidence of any actual loss shall be required by Issuer or the guarantors or their liquidator or liquidators;
- (b) by acceding to the Subscription Agreement, the Company will:
- (i) agree to unconditionally and irrevocably guarantee pursuant to the Bond Trust Deed payment of all sums payable in relation to the Bonds and grant security pursuant to the AES Intercreditor and Security Trust Deed;
 - (ii) agree to accede to the Bond Trust Deed;
 - (iii) agree to accede to the Agency Agreement, the Debenture and the AES Intercreditor and Security Trust Deed;
 - (iv) agree to pay any stamp, issue, registration, documentary, transaction or other taxes and duties, including interest and penalties, payable on or in connection with the creation, issue and offering of the Bonds or the execution, delivery, performance or enforcement of the Subscription Agreement, the Bond Trust Deed, the Agency Agreement and security documents which relate to the Bonds and any value added tax payable in connection with the commission or other amounts payable under the Bonds, the Issue Documents (as defined therein) or otherwise in connection with the transactions envisaged by the Subscription Agreement, in each case if the Issuer fails to do so;
 - (v) agree to pay an aggregate success fee of £5,000,000 if Issuer fails to do so;
 - (vi) agree to pay an aggregate subscription fee of £230,000 if Issuer fails to do so;

- (vii) agree to bear and pay all costs and expenses incurred in connection with the printing, checking and initial delivery of the Bonds, the production, printing and distribution of the Offering Circular, the printing and production of all other documents connected with the issue and distribution of the Bonds, advertising and listing of the Bonds on the Luxembourg Stock Exchange (to the extent that the Bonds are at any time cleared through any clearing system) the delivery of the Bonds to a common depository or nominee for such clearing system(s) and the costs of any such clearing systems and also pay the remuneration of the Bond Trustee, the Security Trustee and the agents appointed under the Agency Agreement and the expenses incurred by them, including the fees of the Bond Trustee's and the Security Trustee's legal advisers, in each case if Issuer fails to do so;
- (viii) agree to pay to InPower Limited such amounts as may be required to reimburse InPower Limited for various losses, costs, penalties or expenses incurred by it or BondPower Limited pursuant to the Facility Agreement (as defined therein) and the other InPower Finance Documents (as defined therein) from time to time (in each case as supplemented and/or amended from time to time) which InPower Limited has entered, or shall enter, into for the purpose of obtaining funds for the subscription of the Bonds, in each case if Issuer fails to do so;
- (ix) agree to indemnify and hold harmless, in each case if Issuer fails to do so, each of the Arrangers (as defined therein) and their respective directors, officers, employees and controlling persons from and against any and all losses, claims, damages, liabilities, judgments and expenses (including, but not limited to, legal costs and expenses) which it may incur or which may be made against it caused by or arising out of any breach or alleged breach of any of the representations, warranties, undertakings or agreements contained in, or any certificate issued by the Issuer or any guarantor pursuant to, the Subscription Agreement, or any untrue statement or alleged untrue statement of a material fact contained in the Offering Circular (as amended or supplemented if the Issuer and the guarantors shall have supplied to the Arrangers any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading. The amount paid or payable as a result of such losses, claims, damages, liabilities, judgments or expenses shall include any legal or other expense incurred by an indemnified person in connection with investigating or defending such claim;
- (x) agree that the indemnities in paragraphs (viii) and (ix) above shall constitute separate and independent obligations from its obligations under other provisions of the Subscription Agreement and shall apply irrespective of any indulgence granted

by InPower Limited or, as the case may be, the Arrangers from time to time and shall continue in full force and effect notwithstanding the judgment or filing of any proof or proofs in any bankruptcy, insolvency or liquidation of the Issuer or any guarantor for a liquidated sum or sums in respect of amounts due under the Subscription Agreement (other than Clause 11 thereof);

(c) by acceding to the Agency Agreement, the Company will:

- (i) agree to transfer, not later than 10.00 a.m. (London time) on each date on which any amount of principal and/or interest in respect of any of the Bonds becomes due and payable or if the due date is not a Business Day (as defined therein) in London on the immediately following Business Day to an account specified by The Chase Manhattan Bank, London Branch (the "Principal Paying Agent") such amount of Sterling as shall be sufficient for the purposes of the payment of principal and/or interest in immediately available funds or in such funds and at such times (being not later than 10.00 a.m. London time on the relevant due date or if the due date is not a Business Day in London on the immediately following Business Day) as may be determined by the Principal Paying Agent to be customary for the settlement of similar transactions if the Issuer fails to do so;
- (ii) agree to pay to the Principal Paying Agent such commissions in respect of the services of the Paying Agents (as defined therein) under the Subscription Agreement as shall be agreed between Issuer and the guarantors and the Principal Paying Agent if Issuer fails to do so;
- (iii) agree to pay to the Principal Paying Agent an amount equal to any value added tax which may be payable in respect of the commissions together with all reasonable expenses incurred by the Paying Agents in connection with their services under the Subscription Agreement if Issuer fails to do so;
- (iv) agree to indemnify each of the Paying Agents and their directors, officers, employees and controlling persons against all losses, liabilities, costs, claims, actions, damages, expenses or demands which any of them may incur or which may be made against any of them as a result of or in connection with the appointment of or the exercise of the powers and duties by any Paying Agent under the Subscription Agreement except as may result from its wilful default, negligence or bad faith or that of its directors, employees or controlling persons or any of them, or breach by it of the terms of the Subscription Agreement, in each case if Issuer fails to do so; and

- (v) agree to pay any and all stamp and other documentary taxes or duties which may be payable in connection with the execution, delivery, performance and enforcement of the Subscription Agreement if Issuer fails to do so;
- (d) by acceding to the Debenture the Company will:
 - (i) as primary obligor and not merely as surety, covenant with the Security Trustee that it will pay or discharge the Secured Liabilities (as defined therein) on the due date therefor in the manner provided in the relevant AES Finance Document (as defined therein) together with interest thereon if not paid on the due date until the date such amount is unconditionally and irrevocably paid and discharged in full, save to the extent that interest at such rate on such amount for such period is charged pursuant to the relevant AES Finance Document and itself constitutes a Secured Liability;
 - (ii) with full title guarantee, charge by way of first legal mortgage, first fixed charge or floating charge or assign all of its assets by way of security for the payment, discharge and performance of the Secured Liabilities;
 - (iii) agree to pay (if the other chargors referred to in the Debenture fail to do so) the Security Trustee or any Receiver (as defined in the Debenture) the amount of all payments made by and all reasonable costs and expenses (including legal fees) incurred by any of them (on a full indemnity basis) in connection with:
 - (A) the lawful exercise of the powers under the Debenture whether or not occasioned by any act, neglect or default of any chargor; and
 - (B) any amendment, waiver, consent or suspension of rights (or any proposal for any of the foregoing) requested by or on behalf of a chargor,and any amount not paid under this provision when due shall bear interest (after as well as before judgment and payable on demand) at the Default Rate (as defined therein) from time to time from the due date until the date such amount is unconditionally and irrevocably paid and discharged in full;
 - (iv) agree that the Finance Parties (as defined therein) and every Receiver (as defined therein), attorney, manager, agent or other person appointed by the Security Trustee under the Debenture shall be entitled to be indemnified out of all assets, rights and property the subject of security created by the Debenture (the "Security Assets") in respect of all liabilities and expenses properly incurred by them in the execution or purported execution of any of the powers, authorities or discretions vested in them pursuant to the Debenture and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any

way relating to the Security Assets and the Finance Parties and any such Receiver may retain and pay all sums in respect of the same out of any monies received under the powers conferred by the Debenture;

- (v) undertake at its own expenses to execute and do all such assurances, acts and things as the Security Trustee may reasonably require for perfecting or protecting the security intended to be created by the Debenture over the Security Assets or any part thereof or for facilitating (if and when such security becomes enforceable) the realisation of the Security Assets or any part thereof and in the exercise of all powers, authorities and discretions vested in the Security Trustee or any Receiver of the Security Assets or any part thereof or in any such delegate or sub-delegate of the Security Trustee or any such Receiver. To that intent, the Company shall in particular execute all transfers, conveyances, assignments and assurances of such property whether to the Security Trustee or to its nominees and give all notices, orders and directions and make all registrations which the Security Trustee may reasonably think expedient;
- (vi) agree to forthwith on demand indemnify (if the other chargors referred to in the Debenture fail to do so) the Security Trustee and each Finance Party against any liability it incurs in respect of any stamp, registration and similar tax which is or becomes payable in connection with the entry into, performance or enforcement of the Debenture;
- (vii) permit the Security Trustee and each Finance Party, after the occurrence of an Event of Default (as defined therein) to set off any obligation in respect of the Secured Liabilities which is due and payable by the Company and unpaid, against any obligation (whether or not matured) owed by the Security Trustee or such Finance Party (as the case may be) to the Company (other than amounts standing to the credit of the Non-Project Accounts (as defined therein)) regardless of the place of payment, booking branch or currency of either obligation and, if the obligations are in different currencies, the Security Trustee or such Finance Party (as the case may be) may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off; and
- (viii) undertake, save as expressly permitted under the terms of the Debenture, the Bond Trust Deed, the Bond, any approved letter of credit facility agreement and the Target Swap, not to:
 - (A) create or permit to subsist any Security Interest over all or any of its assets, rights or property; or

- (B) part with, lease, sell, transfer, assign or otherwise dispose of or agree to part with, lease, sell, transfer, assign or otherwise dispose all or any part of its assets, rights or property or any interest therein;
- (e) by acceding to the AES Intercreditor and Security Trust Deed the Company will:
 - (i) agree to subordinate and postpone its rights to certain of the other parties thereto and to turnover to such parties certain non-permitted payments to it;
 - (ii) agree to pay certain other parties thereto the amount of all costs and expenses incurred by them in connection with enforcement against the Company including, without limitation, the fees and expenses of legal advisers and any value added tax or similar tax;
 - (iii) agree to reimburse (if the other obligors referred to therein fail to do so) various senior creditors for payments made to the senior agent for liability to any third party or any loss incurred by Deutsche Bank AG, London Branch as agent (the "Senior Agent") in any way relating to or arising out of its acting as the Senior Agent, except to the extent that the liability or loss arises directly from the Senior Agent's gross negligence or wilful misconduct;
 - (iv) agree to forthwith on demand pay (if the other obligors referred to therein fail to do so) to the Senior Agent for the cost of utilising its management time or other resources in connection with various matters;
 - (v) agree to pay (if the other obligors referred to therein fail to do so) to the Senior Agent for its own account an agency fee and to pay the fees and reasonable costs and expenses of the senior agent's legal and other professional advisers; and
 - (vi) irrevocably and unconditionally but subject to certain limitations:
 - (A) guarantee to the Hedging Banks and the Swap Creditor as defined therein (each a "Guaranteed Party"), as principal obligor and not merely as surety, prompt performance by each other obligor of all such other obligor's obligations under the Target Swap and the payment of all sums payable now or in the future to such Guaranteed Party by each other obligor under or in connection with the Target Swap when and as the same shall become due;
 - (B) undertake with each Guaranteed Party that, if and whenever any other obligor does not pay any amount when due under or in connection with the Target Swap, it will on demand by the Guaranteed Party pay such amount as if it instead of the other obligor were expressed to be the primary obligor under the Target Swap; and

- (C) indemnify each Guaranteed Party on demand against any loss or liability suffered by it under the Target Swap as a result of any obligation guaranteed by such obligor being or becoming unenforceable, invalid or illegal;
- (f) by acceding to the Group Account Agreement, the Company will:
 - (i) agree to open and maintain the Accounts as set next to the Company's name in schedule 1 and 2 thereof;
 - (ii) shall not open or maintain any bank, deposit, savings or other account except for the Accounts and the Closing Accounts (as defined therein); and
 - (iii) undertake to indemnify and keep indemnified the Account Bank (as defined therein) fully and effectively and against all liabilities to costs and expenses which the Account Bank may incur by reason of the acquisition, holding, disposal or realisation of any Authorised Investment (as defined therein) except to the extent that the liability costs or expenses arise directly or indirectly from the Account Banks gross negligence or wilful misconduct.
- (g) by entering into and acceding to the Calculation Agency Agreement the Company will:
 - (i) agree to pay such fees and expenses of the Calculation Agent as Issuer and the Calculation Agent shall agree if Issuer fails to make such payments;
 - (ii) agree to indemnify the Calculation Agent against any losses, liabilities, costs, claims, actions or demands which it may reasonably incur or which may be made against it as a result of or in connection with its appointment as calculation agent by any party to the Calculation Agency Agreement, or the service of its power and duties under the Calculation Agency Agreement, except such as may result from the Calculation Agent's own wilful default, gross negligence or bad faith or that of its officers, employers or agents or any of them; and
 - (iii) be bound by the terms thereof as regards determinations and calculations made thereunder by the Calculation Agent.
- (h) by executing the Group Relief Surrender Agreements, the Company will:
 - (i) agree with Issuer to make payment for any trading losses, extra capital allowances, non-trading deficits, charges on income or management expenses (the "Losses") surrendered to it by Issuer (except where such Losses are surrendered to discharge a loan) in an amount equal to the nominal value of the Losses surrendered multiplied by the corporation tax rate fixed for companies generally for

the applicable accounting period, such payment to be made on agreed payment dates;

- (ii) agree with Issuer to make loans to Issuer to the extent that payments are made by the Company in anticipation of the surrender of Losses, such loans to bear interest at the rate of LIBOR plus 2% and such loans to be repaid by the surrender of Losses or (together with interest thereon) to be repaid on the expiry of the Senior Discharge Date (as defined in the AES Intercreditor and Security Trust Deed); and
 - (iii) agree with Issuer and AES Drax Power Finance Limited to give all consents, and do all such things, as shall be required under Part X Chapter IV Income and Corporation Taxes Act 1988 or Schedule 18 Finance Act 1998 to ensure that relief for such losses is given against the profits of the Company;
- (i) by executing the Intercompany Loan Agreements the Company will agree to make loan facilities available to AES Drax Limited and Issuer to enable AES Drax Limited and Issuer to pay certain preferred distributions, to reduce or discharge any other liability incurred directly or indirectly for the purpose of or otherwise in connection with the preferred distributions and for such other purposes as the Company may agree in writing, any loans pursuant to such facilities to be made:
 - (i) in such amount as AES Drax Limited or Issuer (as the case may be) requests and insofar as the directors of the Company acting reasonably and in good faith consider it is capable of doing so without prejudice to its creditors and provided that AES Drax Limited or Issuer (as appropriate) is not at the time the loans are due to be made in liquidation or administration or the subject of any creditors' voluntary arrangements or other insolvency proceedings;
 - (ii) only after the Company has distributed any profits available for distribution within the meaning of Section 263(3) Companies Act 1985;
 - (iii) only after the Company has paid any amount it is liable to pay under the Group Relief Surrender Agreements;
 - (iv) at an interest rate of LIBOR (as defined therein) plus 2%, such interest to be capitalised and payable on the expiry of the Security Period [as defined therein];
 - (v) on terms that they are repaid on the expiry of the Senior Discharge Date (as defined in the AES Intercreditor and Security Trust Deed); and
 - (vi) on terms that if at any time when they are outstanding the Company declares a dividend to which AES Drax Limited or Issuer (as appropriate) is entitled (other than certain preferred distributions or high yield distributions) the Company may

discharge such dividend by set-off against amounts outstanding under or in respect of the loans or, to the extent that such a set-off cannot be effected, by reducing outstanding loan amounts by the amount of such dividend to which AES Drax Limited or Issuer (as appropriate) is entitled;

and the Company will undertake not to sell, transfer, assign or otherwise dispose of the benefit of any of the loans, otherwise than in favour of the Security Trustee in accordance with the AES Finance Documents (as defined in the AES Intercreditor and Security Trust Deed);

(j) by executing the Target Swap the Company will:

- (i) pay floating rate interest on an amortising nominal amount starting at £1,300,000,000 and will receive fixed amounts; and
- (ii) agree to make each payment specified in each confirmation on the due date and default interest thereon in the event of payment otherwise than on the due date, in the account specified in the relevant confirmation or otherwise pursuant to the Target Swap, in freely transferable funds and in the manner customary for such payments in the required currency and will give currency and tax indemnities in relation to such payments.

References in this form to any agreement or document (or any provisions of, or definitions contained in, any agreement or document) shall be construed as references to that agreement or document, that provision or definition as in force for the time being as novated, supplemented, amended, varied or restated from time to time.

References in this form to any party or person shall include their permitted successors, assigns, transferees and substitutes.



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30 November 1999

Dear Sirs

REPORT BY THE AUDITORS TO THE DIRECTORS OF NATIONAL POWER DRAX LIMITED ("the Company") PURSUANT TO SECTION 156(4) OF THE COMPANIES ACT 1985

We have examined the attached statutory declaration of the directors dated 30 November 1999 in connection with the proposal that the Company should give financial assistance for the purchase of its own shares.

Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in section 156(2) of the Companies Act is unreasonable in all the circumstances.

Yours faithfully

Deloitte & Touche
Chartered Accountants and Registered Auditors

