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CHFP025

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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
(Address overleaf - Note 5)

For official use

Company number

[] [] [] [] [] []

04935008

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

Name of company

* Independent Power Networks Limited

* insert full name
of company

Ø insert name(s) and
address(es) of all
the directors

~~We~~ Russell Ward of Belmont Lodge, Catsash Road Christchurch, Newport
NP18 1LB and David Patrick Houghton of 5 Bridleway Close, East
Ewell, Surrey KT17 3DY

† 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 person authorised under section 1(2)(a) of the Insurance Companies Act 1982 to carry on~~

~~(b) that of a person authorised under section 1(2)(b) 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] Inexus Group (Holdings)

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: See attached Schedule 1A

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

Clifford Chance Limited
10 Upper Bank Street
London
E14 5JJ
DX: 149120 Canary Wharf 3
NJZA/C6702/00039
UK/503753

For official Use
General Section



LD5 COMPANIES HOUSE 07/10/05 503753

The assistance is to be given to: (note 2) Challenger Connections Limited whose
registered office is at Ocean Park House, East Tyndall Street, Cardiff, CF24 5GT

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

The assistance will take the form of:

See Schedule 1

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

† delete as
appropriate

Challenger Connections Limited whose registered office is at Ocean Park
House, East Tyndall Street, Cardiff, CF24 5GT

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

See Schedule 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 within 8 weeks of the date hereof

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

* delete either (a) or
(b) as appropriate

☒ 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) ☒ 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 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 ☒ 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 Ocean Park House
Cardiff

Declarants to sign below



on

Day	Month	Year
04	10	2005



before me Shallang Morgan Cole

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

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.
- 5 The address for companies registered in England and Wales or Wales is:-
The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ
or, for companies registered in Scotland:-

The Registrar of Companies
37 Castle Terrace
Edinburgh
EH1 2EB

Schedule 1A to Companies Form 155(6)a for Independent Power Networks Limited

1430 A Ordinary Shares, 714847 A Preference Shares, 5070 B Ordinary Shares,
5,781,843 B Preference Shares, 2000 Participating Preference Shares, 6,500 Deferred Shares

SCHEDULE 1

TO THE STATUTORY DECLARATION DATED ~~64~~ OCTOBER 2005

The execution, delivery and performance by Independent Power Networks Limited (the "**Company**") of its obligations under:

1. a Senior Facilities Agreement (the "**SFA**") dated 31 August 2005 (as amended) between the Company, Challenger Connections Mid Company Limited ("**Challenger Mid**"), Challenger Connections Limited ("**Challenger**"), Barclays Capital, Royal Bank of Canada, Barclays Bank PLC and others, pursuant to which the Company will (by virtue of completing the financial assistance whitewash procedure) guarantee the obligations of the Obligors under the SFA, including under Clause 21 of the SFA;
2. an Intercreditor Agreement (the "**Intercreditor Agreement**") dated 31 August 2005 between the Company, Challenger Connections Top Company Limited ("**Challenger Top**"), Challenger Mid, Challenger, Royal Bank of Canada, Barclays Bank PLC and others, pursuant to which the Company's entitlement to make and receive payments and otherwise deal with certain creditors and debtors will be constrained and the Company will guarantee the payment of hedging debt under any hedging arrangements entered into by the Obligors, including under Clause 4.9 of the Intercreditor Agreement;
3. a Supplemental Fixed and Floating Security Document (the "**Supplemental Debenture**") to be given by the Company and others in favour of Barclays Bank PLC, pursuant to which the Company will guarantee and give security for the obligations of the Obligors under the SFA and the Junior Facility Agreement (the "**JFA**") dated 31 August 2005 (as amended) between Challenger Mid, Challenger, Barclays Capital, Royal Bank of Canada and Barclays Bank PLC, including under Clause 4 and Clause 5 of the Supplemental Debenture; and
4. an Accession Letter (the "**Accession Letter**") to be addressed to Barclays Bank PLC, pursuant to which the Company will become a party to the JFA and guarantee the obligations of the Obligors under the JFA, including under Clause 19 of the JFA;
5. an amendment agreement (the "**Amendment Agreement**") between the Company, Barclays Bank PLC and others, pursuant to which certain limitations in respect of the guarantee given by the Company in the SFA, the Intercreditor Agreement and (by virtue of the Accession Letter) the JFA will be removed;
6. a further Supplemental Fixed and Floating Security Document (the "**Further Supplemental Debenture**"), to be given by the Company and others in favour of Barclays Bank PLC, pursuant to which the Company will guarantee and give further security, including in respect of relevant assets, transportation assets and storage assets, for the obligations of the Obligors under the SFA and the JFA;

7. an Inter-Company Loan Agreement (the "**Inter-Company Loan Agreement**") between the Company, Challenger and others, pursuant to which the Company will make available to Challenger a loan facility;
8. an Accession Deed (the "**Lender Accession Deed**") to be made by the Company in favour of Barclays Bank PLC, pursuant to which the Company will become a party to the Intercreditor Agreement in its capacity as lender under the Inter-Company Loan Agreement and agree that the Company's right to repayment of debts owed by Challenger will be subordinated and constrained;
9. an Accession Deed (the "**Guarantor Accession Deed**") to be made by the Company in favour of Barclays Bank PLC, pursuant to which the Company will become a party to the Intercreditor Agreement in its capacity as guarantor under the JFA and guarantee the payment of hedging debt under any hedging arrangements entered into by the Obligor, including under Clause 4.9 of the Intercreditor Agreement;

where:

"**Obligor**" means Challenger Mid, Challenger, Inexus Group (Holdings) Limited, Connect Utilities Limited, Envoy Asset Management Limited, Independent Meters Limited, Independent Pipelines Limited, Inexus Services Limited, Quadrant Pipelines Limited or the Company,

(each of those documents being in such form as may be amended, supplemented, novated and/or replaced from time to time) together with the performance by the Company of other acts in connection with the acquisition of the shares and the financing of that acquisition.

SCHEDULE 2

TO THE STATUTORY DECLARATION DATED 04 OCTOBER 2005

1. Under the SFA, by virtue of completing the financial assistance whitewash procedure, the Company will (subject to certain restrictions):
 - 1.1 guarantee to each Finance Party punctual performance by each Obligor of all that Obligor's obligations under the Finance Documents, including under Clause 21 of the SFA;
 - 1.2 undertake with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, the Company shall immediately on demand pay that amount as if it was the principal obligor;
 - 1.3 indemnify each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by the Company is or becomes unenforceable, invalid or illegal;
 - 1.4 make certain representations to the Finance Parties; and
 - 1.5 undertake to comply with certain general undertakings, including an undertaking not to create or permit to subsist any security over any of its assets and not to dispose of any of its assets (in each case, subject to certain exceptions).

where:

"Finance Party" means:

- (a) Barclays Bank PLC as agent of the other Finance Parties (the **"Agent"**);
- (b) Barclays Capital and Royal Bank of Canada as mandated lead arrangers (the **"Arranger"**);
- (c) Barclays Bank PLC as security trustee for the Finance Parties (the **"Security Trustee"**);
- (d) Royal Bank of Canada as fronting bank (the **"Fronting Bank"**);
- (e) Barclays Bank PLC or Royal Bank of Canada as original lenders, or any bank, financial institution, trust, fund or other entity has become a party to the SFA (each a **"Lender"**); or
- (f) a person who becomes a party to the Intercreditor Agreement as a Hedge Counterparty in accordance with the provisions of the Intercreditor Agreement (a **"Hedge Counterparty"**);

"Obligor" means Challenger Mid, Challenger, Inexus Group (Holdings) Limited, Connect Utilities Limited, Envoy Asset Management Limited, Independent Meters

Limited, Independent Pipelines Limited, Inexus Services Limited, Quadrant Pipelines Limited or the Company; and

"Finance Document" means the SFA, the Mandate Letter, any Compliance Certificate, any Fee Letter, any Hedging Agreement, the Intercreditor Agreement, any Selection Notice, any Transaction Security Document, any Utilisation Request, any Accession Letter and any other document designated in writing as a "Finance Document" by the Agent and Challenger Mid.

2. Under the Intercreditor Agreement, the Company:

2.1 agrees not to:

2.1.1 amend certain finance and funding documents;

2.1.2 make payments or give guarantees or security in respect of certain types of debt; or

2.1.3 take any action whereby the interests of any Secured Creditor or the ranking and/or subordination contemplated by the Intercreditor Agreement could reasonably be expected to be adversely affected,

except as permitted by the Intercreditor Agreement;

2.2 by virtue of completing the financial assistance whitewash procedure, (subject to certain restrictions) irrevocably and unconditionally guarantees to each Hedge Counterparty, and indemnifies each Hedge Counterparty in respect of, payment in full of the Hedging Debt owed to it by any other Obligor on the same terms as the guarantee and indemnity contained in the SFA, including under Clause 4.9 of the Intercreditor Agreement;

2.3 indemnifies the Secured Creditors for certain costs, claims, expenses and liabilities under the Intercreditor Agreement,

where:

"Additional Debt" means, in relation to any Hedging Debt, any money, debt or liability due, owing or incurred under or in connection with:

(a) any refinancing, deferral or extension of that Hedging Debt;

(b) any further advance which may be made under any document, agreement or instrument supplemental to any relevant Finance Document together with any related interest, fees and costs;

(c) any claim for damages or restitution in the event of rescission of that Hedging Debt or otherwise in connection with any relevant Finance Document;

- (d) any claim against any Obligor flowing from any recovery by an Obligor or any liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer or payment or discharge in respect of that Hedging Debt on the grounds of preference or otherwise; and
- (e) any amount (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

"Hedging Debt" means all present and future money, debts and liabilities due, owing or incurred from time to time by any Obligor to any Hedge Counterparty under or in connection with any Hedging Document (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise) together with any related Additional Debt; and

"Secured Creditors" means:

- (a) the Finance Parties (as defined in the SFA) excluding the Hedge Counterparties in their capacity as such;
- (b) the Hedge Counterparties; and
- (c) the Finance Parties (as defined in the JFA).

3. By executing the Supplemental Debenture, the Company will:

3.1 covenant to pay its Liabilities in accordance with the SFA, the JFA and the Intercreditor Agreement and to guarantee (subject to the restriction in Clause 2.1(b) of the Supplemental Debenture)] the obligations of all Obligors under the SFA, the JFA and the Intercreditor Agreement;

3.2 with full title guarantee and as continuing security for the payment of all Liabilities, including under Clause 4 and Clause 5 of the Supplemental Debenture, charge in favour of the Security Trustee:

3.2.1 by way of first legal mortgage, all Real Property in England and Wales now belonging to it;

3.2.2 by way of first fixed equitable charge, all other Real Property now belonging to it and all Real Property acquired by it in the future; and

3.2.3 by way of first fixed charge, all its present and future;

(i) Bank Accounts;

(ii) Investments;

- (iii) uncalled capital and goodwill;
 - (iv) Intellectual Property;
 - (v) beneficial interest in any pension fund;
 - (vi) plant and machinery (except that mortgaged or charged under paragraph 4.2.1 or 4.2.2); and
 - (vii) Insurances and all related proceeds, claims of any kind, returns of premium and other benefits;
- 3.2.4 by way of first floating charge, its undertaking and all its assets, both present and future (including assets expressed to be charged under paragraphs 4.2.1, 4.2.2 or 4.2.3);
- 3.3 undertake to do all such acts or execute all such documents as the Security Trustee requires to:
- 3.3.1 perfect or protect the Charges or the priority of the Charges; or
 - 3.3.2 facilitate the realisation of the Charged Assets or the exercise of any rights vested in the Security Trustee or any Receiver,
- including executing any transfer, conveyance, change, assignment or assurance of the Charged Assets (whether to the Security Trustee or its nominees or otherwise) making any registration and giving any notice, order or direction; and
- 3.4 undertake not to create or permit to subsist any Security on any part of the Charged Assets or enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, transfer or otherwise dispose of any or part of the Charged Assets except as permitted by Clause 25.12 or Clause 25.13 of the SFA or Clause 23.12 or Clause 23.13 of the JFA,

where:

"Liabilities" means all present and future moneys, debts and liabilities due, owing or incurred by each Obligor to any Finance Party under any of the Finance Documents (which are defined to include the JFA) (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently and whether as principal, surety or otherwise);

"Real Property" means freehold and leasehold property in England and Wales and other real property anywhere in the world (in each case including any estate or interest therein, all rights from time to time attached or relating thereto and all Fixtures from time to time therein or thereon);

"Bank Accounts" means (to the extent of the Company's interest) any Mandatory Prepayment Account, Holding Account and Debt Service Reserve Account and (to the

extent of its interest) all balances now or in the future standing to the credit of or accrued or accruing on those accounts;

"Intellectual Property" means all trade marks, service marks, trade names, domain names, logos, get-up, patents, inventions, registered and unregistered design rights, copyrights, topography rights, database rights, rights in confidential information and know-how, and any associated or similar rights anywhere in the world, which it now or in the future owns or (to the extent of its interest) in which it now or in the future has an interest (in each case whether registered or unregistered and including any related licences and sub-licences of the same granted by it or to it, applications and rights to apply for the same);

"Investments" means:

- (a) securities and investments of any kind (including shares, stock, debentures, units, depositary receipts, bonds, notes, commercial paper and certificates of deposit);
- (b) warrants, options or other rights to subscribe for, purchase or otherwise acquire securities and investments;
- (c) all rights relating to securities and investments which are deposited with, or registered in the name of, any depositary, custodian, nominee, clearing house or system, investment manager, chargee or other similar person or their nominee, in each case whether or not on a fungible basis (including rights against any such person); and
- (d) all other rights attaching or relating to securities or investments and all cash or other securities or investments in the future deriving from Investments or such rights,

in each case now or in the future owned by the Company or (to the extent of its interest) in which it now or in the future has an interest;

"Insurance" means all contracts and policies of insurance of any kind now or in the future taken out by or on behalf of the Company or (to the extent of its interest) in which it now or in the future has an interest;

"Charges" means all or any of the Security created or expressed to be created by or pursuant to the Supplemental Debenture;

"Charged Assets" means the assets from time to time subject, or expressed to be subject, to the Charges or any part of those assets;

"Receiver" means a receiver and manager or other receiver appointed in respect of the Charged Assets and shall, if allowed by law, include an administrative receiver; and

"**Security**" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

However, no charge is given over any [transportation asset or storage asset][relevant asset (where "**transportation asset**" and "**storage asset**" have or "**relevant asset**" has the meaning given to them in the Supplemental Debenture.

4. By executing the Accession Letter, the Company will become a party to the JFA and (subject to certain restrictions):
 - 4.1 guarantee to each Finance Party punctual performance by each Obligor of all that Obligor's obligations under the Finance Documents, including under Clause 19 of the JFA;
 - 4.2 undertake with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, the Company shall immediately on demand pay that amount as if it was the principal obligor;
 - 4.3 indemnify each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by the Company is or becomes unenforceable, invalid or illegal;
 - 4.4 make certain representations to the Finance Parties; and
 - 4.5 undertake to comply with certain general undertakings, including an undertaking not to create or permit to subsist any security over any of its assets and not to dispose of any of its assets (in each case, subject to certain exceptions),

where:

"**Finance Party**" means:

- (a) Barclays Bank PLC as agent of the other Finance Parties (the "**Agent**");
- (b) Barclays Capital and Royal Bank of Canada as mandated lead arrangers (the "**Arranger**");
- (c) Barclays Bank PLC as security trustee for the Finance Parties (the "**Security Trustee**");
- (d) Barclays Bank PLC or Royal Bank of Canada as original lenders, or any bank, financial institution, trust, fund or other entity has become a party to the SFA (each a "**Lender**"); or
- (e) a person who becomes a party to the Intercreditor Agreement as a Hedge Counterparty in accordance with the provisions of the Intercreditor Agreement (a "**Hedge Counterparty**");

"Finance Document" means the JFA, the Mandate Letter, any Compliance Certificate, any Fee Letter, any Hedging Agreement, the Intercreditor Agreement, any Selection Notice, any Transaction Security Document, any Utilisation Request, any Accession Letter, and any other document designated in writing as a "Finance Document" by the Agent and Challenger Mid.

5. By executing the Amendment Agreement, (which would only be executed if OFGEM's consent is obtained), the Company will agree that the guarantee given by the Company in the SFA, the Intercreditor Agreement and (by virtue of the Accession Letter) the JFA be expanded by removing the limitation contained in the SFA, the Intercreditor Agreement and the JFA that the guarantee is limited to the extent that it is for a Permitted Purpose,

where:

"Permitted Purpose" means permitted purpose as defined in condition BA2 of the Company's Licence.

6. By executing the Further Supplemental Debenture, (which would only be executed if OFGEM's consent is obtained), the Company will:
 - 6.1 covenant to pay its Liabilities in accordance with the SFA, the JFA and the Intercreditor Agreement and to guarantee the obligations of all Obligors under the SFA, the JFA and the Intercreditor Agreement;
 - 6.2 with full title guarantee and as continuing security for the payment of all Liabilities, charge in favour of the Security Trustee:
 - 6.2.1 by way of first legal mortgage, all Real Property in England and Wales now belonging to it;
 - 6.2.2 by way of first fixed equitable charge, all other Real Property now belonging to it and all Real Property acquired by it in the future; and
 - 6.2.3 by way of first fixed charge, all its present and future;
 - (i) Bank Accounts;
 - (ii) Investments;
 - (iii) uncalled capital and goodwill;
 - (iv) Intellectual Property;
 - (v) beneficial interest in any pension fund;
 - (vi) plant and machinery (except that mortgaged or charged under paragraph 7.2.1 or 7.2.2); and
 - (vii) Insurances and all related proceeds, claims of any kind, returns of premium and other benefits;

- 6.2.4 by way of first floating charge, its undertaking and all its assets, both present and future (including assets expressed to be charged under paragraphs 7.2.1, 7.2.2 or 7.2.3);
- 6.3 undertake to do all such acts or execute all such documents as the Security Trustee requires to:
- 6.3.1 perfect or protect the Charges or the priority of the Charges; or
- 6.3.2 facilitate the realisation of the Charged Assets or the exercise of any rights vested in the Security Trustee or any Receiver,
- including executing any transfer, conveyance, change, assignment or assurance of the Charged Assets (whether to the Security Trustee or its nominees or otherwise) making any registration and giving any notice, order or direction; and
- 6.4 undertake not to create or permit to subsist any Security on any part of the Charged Assets or enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, transfer or otherwise dispose of any or part of the Charged Assets except as permitted by Clause 25.12 or Clause 25.13 of the SFA or Clause 23.12 or Clause 23.13 of the JFA.

where:

"Liabilities" means all present and future moneys, debts and liabilities due, owing or incurred by each Obligor to any Finance Party under any of the Finance Documents (which are defined to include the JFA) (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently and whether as principal, surety or otherwise);

"Real Property" means freehold and leasehold property in England and Wales and other real property anywhere in the world (in each case including any estate or interest therein, all rights from time to time attached or relating thereto and all Fixtures from time to time therein or thereon);

"Bank Accounts" means (to the extent of the Company's interest) any Mandatory Prepayment Account, Holding Account and Debt Service Reserve Account and (to the extent of its interest) all balances now or in the future standing to the credit of or accrued or accruing on those accounts;

"Intellectual Property" means all trade marks, service marks, trade names, domain names, logos, get-up, patents, inventions, registered and unregistered design rights, copyrights, topography rights, database rights, rights in confidential information and know-how, and any associated or similar rights anywhere in the world, which it now or in the future owns or (to the extent of its interest) in which it now or in the future has an interest (in each case whether registered or unregistered and including any related licences and sub-licences of the same granted by it or to it, applications and rights to apply for the same);

"Investments" means:

- (a) securities and investments of any kind (including shares, stock, debentures, units, depositary receipts, bonds, notes, commercial paper and certificates of deposit);
- (b) warrants, options or other rights to subscribe for, purchase or otherwise acquire securities and investments;
- (c) all rights relating to securities and investments which are deposited with, or registered in the name of, any depositary, custodian, nominee, clearing house or system, investment manager, chargee or other similar person or their nominee, in each case whether or not on a fungible basis (including rights against any such person); and
- (d) all other rights attaching or relating to securities or investments and all cash or other securities or investments in the future deriving from Investments or such rights,

in each case now or in the future owned by the Company or (to the extent of its interest) in which it now or in the future has an interest;

"Insurance" means all contracts and policies of insurance of any kind now or in the future taken out by or on behalf of the Company or (to the extent of its interest) in which it now or in the future has an interest;

"Charges" means all or any of the Security created or expressed to be created by or pursuant to the Further Supplemental Debenture;

"Charged Assets" means the assets from time to time subject, or expressed to be subject, to the Charges or any part of those assets;

"Receiver" means a receiver and manager or other receiver appointed in respect of the Charged Assets and shall, if allowed by law, include an administrative receiver; and

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

- 7. By executing the Inter-Company Loan Agreement, the Company will make a loan facility available (on appropriate commercial terms) to Challenger:
 - 7.1 in order to assist Challenger to comply with its payment obligations under the SFA;
 - 7.2 in order to enable Challenger to lend monies to Challenger Mid for Challenger Mid to comply with its payment obligations under the JFA; and
 - 7.3 for Challenger's general purposes.

8. By executing the Lender Accession Deed, the Company will become a party to the Intercreditor Agreement in its capacity as lender under the Inter-Company Loan Agreement and will agree to the subordination of the Company's right to repayment of Related Debt (which will include debts owed to it by Challenger under the Inter-Company Loan Agreement) to the rights of the lenders under the SFA, the JFA and any hedging arrangements,

where:

"Additional Debt" means, in relation to any Related Debt, any money, debt or liability due, owing or incurred under or in connection with:

- (a) any refinancing, deferral or extension of that Related Debt;
- (b) any further advance which may be made under any document, agreement or instrument supplemental to any relevant Finance Document together with any related interest, fees and costs;
- (c) any claim for damages or restitution in the event of rescission of that Related Debt or otherwise in connection with any relevant Finance Document;
- (d) any claim against any Obligor flowing from any recovery by an Obligor or any liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer or payment or discharge in respect of that Related Debt on the grounds of preference or otherwise; and
- (e) any amount (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

"Related Debt" means:

- (a) any Holdco Debt;
- (b) any Juniorco Funding Debt; or
- (c) any Intercompany Debt;

"Holdco Debt" means all present and future money, debts and liabilities due, owing or incurred from time to time by any Obligor to Challenger Top under or in connection with any Holdco Document, including any dividends and any advisory, monitoring or management fee (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise), together with any related Additional Debt.

"Holdco Documents" means:

- (a) the Holdco/Juniorco Intra Group Loan Agreement;
- (b) any other agreements relating to a loan or advance from Challenger Top to Challenger Mid; and
- (c) any other document (including articles of association or other constitutional documents), agreement or instrument under or pursuant to which any sum is or becomes or is capable of becoming due, owing or incurred from, or by, Challenger Mid or any other Obligor to Challenger Top;

"Juniorco Funding Debt" means all present and future money, debts and liabilities due, owing or incurred from time to time by any of Challenger and any other member of the Group to Challenger Mid under or in connection with any Juniorco Funding Document, including any dividends and any advisory, monitoring or management fee (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise), together with any related Additional Debt.

"Juniorco Funding Documents" means:

- (a) Juniorco/Bidco Intra Group Loan Agreement;
- (b) any other agreement relating to a loan or advance from Challenger Mid to Challenger; and
- (c) any other document (including articles of association or other constitutional documents), agreement or instrument under or pursuant to which any sum is or becomes or is capable of becoming due, owing or incurred from, or by, Challenger or any other member of the Group to Challenger Mid.

"Intercompany Debt" means all present and future money, debts and liabilities due, owing or incurred from time to time by any Intercompany Borrower to any Intercompany Lender (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise) together with any related Additional Debt.

9. By executing the Guarantor Accession Deed, the Company will become a party to the Intercreditor Agreement in its capacity as guarantor under the JFA and (subject to certain restrictions) will guarantee to each Hedge Counterparty, and indemnify each Hedge Counterparty in respect of, payment in full of the Hedging Debt owed to it by any other Obligor on the same terms as the guarantee and indemnity contained in the SFA, including under Clause 4.9 of the Intercreditor Agreement, where:

"Additional Debt" means, in relation to any Hedging Debt, any money, debt or liability due, owing or incurred under or in connection with:

- (a) any refinancing, deferral or extension of that Hedging Debt;
- (b) any further advance which may be made under any document, agreement or instrument supplemental to any relevant Finance Document together with any related interest, fees and costs;
- (c) any claim for damages or restitution in the event of rescission of that Hedging Debt or otherwise in connection with any relevant Finance Document;
- (d) any claim against any Obligor flowing from any recovery by an Obligor or any liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer or payment or discharge in respect of that Hedging Debt on the grounds of preference or otherwise; and
- (e) any amount (such as post-insolvency interest) which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowability of the same in any insolvency or other proceedings.

"Hedging Debt" means all present and future money, debts and liabilities due, owing or incurred from time to time by any Obligor to any Hedge Counterparty under or in connection with any Hedging Document (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise) together with any related Additional Debt.

The Directors
Independent Power Networks Limited
Ocean Park House
East Tyndall Street
Cardiff
CF24 5GT

4 October 2005

Dear Sirs

Auditors' report to the directors of Independent Power Networks Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Independent Power Networks Limited (the "Company") dated 4 October 2005 in connection with the proposal that the Company should give financial assistance for the purchase of 1,430 A Ordinary Shares, 714,847 A Preference Shares, 5,070 B Ordinary Shares, 5,781,843 B Preference Shares, 2,000 Participating Preference Shares and 6,500 Deferred Shares of the Company's holding company, Inxus Group Holdings Limited. This report, including the opinion, has been prepared for and only for the Company and the Company's directors in accordance with Section 156 of the Companies Act 1985 and for no other purpose. We do not, in giving the opinion set out below, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 1985 is unreasonable in all the circumstances.

Yours faithfully



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors