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COMPANIES FORM No. 395

A/C 00466107

Particulars of a mortgage or charge

395

A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number

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

05046791

Name of company

* WALES & WEST UTILITIES LIMITED (the "Company")

Date of creation of the charge

5 January 2007

Description of the instrument (if any) creating or evidencing the charge (note 2)

A debenture (the "**Debenture**") granted by Wales & West Utilities Limited as Company in favour of Barclays Bank PLC (the "**Trustee**") as Trustee for the Secured Parties (as defined in Schedule 1).

Amount secured by the mortgage or charge

All the Secured Obligations (as defined in Schedule 1) when due and when due and payable every sum at any time owing, due or incurred by the Company to the Trustee (whether for its own account or as a trustee for the Secured Parties (as defined in Schedule 1)) or any of the other Secured Parties in respect of any such liabilities provided that neither such covenant nor the security constituted by the Debenture shall extend to or include any liability or sum which would, but for this proviso, cause such covenant or security to be unlawful or prohibited by any applicable law.

Names and addresses of the mortgagees or persons entitled to the charge

Barclays Bank PLC, 5 The North Colonnade, Canary Wharf, London as Trustee for the Secured Parties

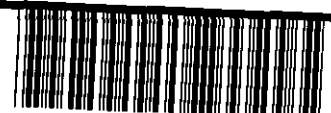
Postcode E14 4BB

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

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

For official Use (06/2005)
Mortgage Section

Post room



LD2
COMPANIES HOUSE

396
08/01/2007

Time critical reference
70-20192413/907025

See Schedule 2 attached

Please do not
write in
this margin

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

Particulars as to commission allowance or discount (note 3)

None

Signed

Clifford Chance LLP

Date 5 January 2007

On behalf of ~~XXXXXXXXXXXX~~ [chargee] †

*A fee is payable
to Companies
House in
respect of each
register entry
for a mortgage
or charge.
(See Note 5)*

† delete as
appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage", or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge. Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is: Companies House, Crown Way, Cardiff CF14 3UZ

*Schedules to Form 395 relating to the Debenture entered into by Wales & West Utilities
Limited (Company No. 05046791) dated 5 January 2007*

**SCHEDULE 1
DEFINITIONS**

In this Form 395:

"Account" means any credit balance from time to time on any account opened or maintained by the Company with the Trustee, the Account Bank, any bank or any other financial institution and all Related Rights.

"Account Bank" means Barclays Bank PLC.

"Additional Senior Facility Agreement" means any agreement governing the terms of loans made available to the Company or other members of the Group by Additional Senior Lenders contemplated in paragraph (e) of the definition of Permitted Financial Indebtedness (as defined in the Senior Facilities Agreement) which is:

- (a) on terms substantially similar to the Senior Facilities Agreement as regards representations, undertakings and events of default;
- (b) includes a provision substantially similar to clause 7.7 (*Increase in Available Commitment under the Capex and Repex Facility*) of the Senior Facilities Agreement and the terms of such provision have been approved by the Majority Lenders under the Deferred RAV Facility (acting reasonably) which will allow indebtedness which has been incurred in relation to Capital Expenditure Overspend and Replacement Expenditure Overspend which has been redesignated as Approved RAV to be logged-up into the Additional Senior Facility if the Capex and Repex Facility has been cancelled and repaid in full; and
- (c) is no more restrictive than the Senior Facilities Agreement in relation to payments to Deferred RAV Lenders and Junior Lenders.

"Agent" means Barclays Bank PLC.

"Assigned Account" means the Holding Account and the Mandatory Prepayment Account and any Account that may from time to time be identified in writing as an Assigned Account by the Trustee and the Company.

"Charged Property" means all the assets and undertaking of the Company which from time to time are the subject of the security created or expressed to be created in favour of the Trustee by or pursuant to the Debenture.

"Deferred RAV Agent means Barclays Bank PLC acting as agent for the Deferred RAV Lenders.

"Deferred RAV Facility Agreement" means the deferred RAV facility agreement dated 30 August 2004 as amended or amended and restated on 9 December 2004, 28 April 2005, 1 June 2005 and 10 February 2006 and made between the Company as borrower and the MGN Gas Networks (Senior Finance) Limited as guarantor, Barclays Bank PLC as the deferred RAV agent, Barclays Capital, Dresdner Kleinwort Wasserstein Limited and The Royal Bank of Scotland plc as the deferred RAV mandated lead arrangers, the Security Trustee as security trustee and the persons named in that deferred RAV facility agreement as Lenders.

"Deferred RAV Finance Documents" means the Deferred RAV Facility Agreement, the Transaction Security Documents, the Intercreditor Agreement, any compliance certificate delivered under the Deferred RAV Facility Agreement, the Mandate Letter, any fee letters setting out any of the fees referred to in clause 13 (*Fees*) of the Deferred RAV Facility Agreement, any utilisation request or request relating to the selection of an interest period for a utilisation under the Deferred RAV Facility Agreement and any other document which is designated a **"Deferred RAV Finance Document"** or **"Finance Document"** by the obligors thereunder and the Deferred RAV agent under the Deferred RAV Facility Agreement.

"Deferred RAV Lenders" means:

- (a) any Original Lender as defined in the Deferred RAV Facility Agreement; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 26 (*Changes to the Lenders*) of the Deferred RAV Facility Agreement,

which in each case has not ceased to be a party to the Deferred RAV Facility Agreement in accordance with the terms of the Deferred RAV Facility Agreement.

"Delegate" means any delegate, agent, attorney or co-trustee appointed by a Security Trustee.

"Fronting Bank" means Barclays Bank PLC.

"Group" means the Company and each of its Subsidiaries for the time being.

"Hedge Counterparties" means each financial institution which becomes a Party in accordance with the terms of the Intercreditor Agreement.

"Hive Down Agreement" means the hive down agreement providing for the transfer of the relevant assets for the ownership and operation of a regional gas network and made between Transco plc and the Company.

"Holding Account" means an account:

- (a) held in England and Wales by the Company with the Account Bank;

- (b) identified in a letter between the Company and the Agent as a Holding Account; and

subject to Security in favour of the Security Trustee which Security is in form and substance satisfactory to the Security Trustee,

"Insurance Policy" means any policy of insurance in which the Company may from time to time have an interest.

"Intellectual Property" means any patents, trade marks, service marks, designs, business names, copyrights, design rights, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests, whether registered or unregistered, the benefit of all applications and rights to use such assets and all Related Rights.

"Intercreditor Agreement" means the intercreditor agreement dated 30 August 2004 as amended and restated on 9 December 2004, 1 June 2005 and 10 February 2006 and made between, inter alios, MGN Gas Networks (UK) Limited, MGN Gas Networks (Junior Finance) Limited, MGN Gas Networks (Senior Finance) Limited, the Company, the Security Trustee, the Junior Security Trustee, the Senior Lenders, the Hedge Counterparties, the Deferred RAV Lenders, the Junior Lenders (each as defined in the Intercreditor Agreement) and certain others as amended, varied, novated or supplemented from time to time.

"Investments" means:

- (a) any stocks, shares, debentures, securities and certificates of deposit;
- (b) all interests in collective investment schemes; and
- (c) all warrants, options and other rights to subscribe or acquire any of the investments described in (a) and (b),

in each case whether held directly by or to the order of the Company or by any trustee, nominee, fiduciary or clearance system on its behalf and all Related Rights (including all rights against any such trustee, nominee, fiduciary or clearance system).

"Lender Accession Undertaking" means an undertaking in the form set out in Schedule 2 (*Form of Lender Accession Undertaking*), Schedule 3 (*Form of Subordinated Lender Accession Undertaking*) or Schedule 4 (*Form of Additional Senior Lender Accession Undertaking*) of the Intercreditor Agreement, or in the form set out in Part I or II of Schedule 5 (*Form of Transfer Certificate and Lender Accession Undertaking*) of the Senior Facilities Agreement, Schedule 5 of the Deferred RAV Facility Agreement or Schedule 5 of the Junior Facility Agreement, or any equivalent undertaking set out in any Additional Senior Facility Agreement which has the effect of the transferee thereunder agreeing to become a party to this Agreement, as the case may be.

"Liabilities" means all present and future liabilities, obligations and indebtedness (including, without limitation any dividends or distribution on, or redemption payment or repayment of

any amount in respect of, share capital) at any time of any Obligor to any Lender or any Subordinated Lender (both actual and contingent and whether incurred solely or jointly or in any other capacity) together with any of the following matters relating to or arising in respect of those liabilities and obligations:

- (a) any refinancing, novation, deferral or extension;
- (b) any claim for damages or restitution; and
- (c) any claim as a result of any recovery by any Obligor of a payment or discharge on the grounds of preference,

and any amounts which would be included in any of the above but for any discharge, non-provability or unenforceability of those amounts in any insolvency or other proceedings.

"Licence" means in relation to the Company the Licence granted by the Secretary of State for Trade and Industry to it as a gas transporter under section 7 of the Act as modified from time to time.

"Mandatory Prepayment Account" means an interest-bearing account:

- (a) held in England and Wales by the Company with the Account Bank;
- (b) identified in a letter between the Company and the Agent as a Mandatory Prepayment Account;
- (c) subject to Security in favour of the Security Trustee which Security is in form and substance satisfactory to the Agent and Security Trustee; and
- (d) from which no withdrawals may be made by any members of the Group except as contemplated by the Senior Facilities Agreement,

as the same may be redesignated, substituted or replaced from time to time.

"Monetary Claims" means any book and other debts and monetary claims owing to the Company and any proceeds of such debts and claims (including any claims or sums of money deriving from or in relation to any Intellectual Property, any Investment, the proceeds of any Insurance Policy, any court order or judgment, any contract or agreement to which the Company is a party and any other assets, property, rights or undertaking of the Company).

"Obligor" means MGN Gas Networks (Junior Finance) Limited (where MGN Gas Networks is a party to that agreement), MGN Gas Networks (Senior Finance) Limited and the Company and any subsidiary of MGN Gas Networks (where that subsidiary is a party to that agreement).

"OFGEM" means the Gas and Electricity Markets Authority or the Office of Gas and Electricity Markets, including their successor office or body, as appropriate.

"Real Property" means:

- (a) any freehold, leasehold or immovable property (including the freehold and leasehold property in England and Wales specified in Schedule 1 (*Details of Real Property*) of the Debenture now or at any time in the future belonging to the Company; and
- (b) any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of such freehold or leasehold property;

and includes all Related Rights.

"Receiver" means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

"Related Rights" means, in relation to any asset:

- (a) the proceeds of sale of any part of that asset;
- (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset;
- (c) all rights, benefits, claims, contracts, warranties, remedies, security, indemnities or covenants for title in respect of that asset; and

any monies and proceeds paid or payable in respect of that asset.

"Secured Obligations" means all the Liabilities to the extent such Liabilities are owing or incurred by the Company to any Senior Secured Party under the Senior Finance Documents and the Deferred RAV Finance Documents, both actual and contingent and whether incurred solely or jointly and as principal or surety or in any other capacity. $\frac{+}{0}$

"Secured Parties" means the Senior Security Trustee, any Receiver or Delegate appointed by the Senior Security Trustee, the Senior Agent and the Deferred RAV Agent, the Senior Priority Creditors and the Deferred RAV Lenders from time to time but, in the case of the Senior Agent, the Deferred RAV Agent, a Senior Priority Creditor or a Deferred RAV Lender, only if it is a party to the Intercreditor Agreement or has delivered to the Senior Security Trustee a duly executed Lender Accession Undertaking or Additional Senior Lender Accession Undertaking accepted by the Senior Security Trustee and the relevant Agent.

"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.

"Security Trustee" means Barclays Bank PLC as security trustee for the Senior Secured Parties.

"Senior Agent" means Barclays Bank PLC acting for the Senior Lenders.

"Senior Facilities Agreement" means the senior facilities agreement dated 30 August 2004 as amended or amended and restated on 9 December 2004, 28 April 2005, 1 June 2005 and 10 February 2006 and made between the Company as borrower and the MGN Gas Networks (Senior Finance) Limited as guarantor, Barclays Bank PLC as the senior agent, Barclays Capital, Dresdner Kleinwort Wasserstein Limited and The Royal Bank of Scotland plc as the senior mandated lead arrangers, Barclays Bank PLC as security trustee and the persons named in that senior facilities agreement as Lenders.

"Senior Finance Documents" means the Senior Facilities Agreement, the Transaction Security Documents, the Intercreditor Agreement, any compliance certificate delivered under the Senior Facilities Agreement, the Mandate Letter, any fee letters setting out any of the fees referred to in clause 15 (*Fees*) of the Senior Facilities Agreement, any hedging agreement in relation to the Senior Facilities Agreement, any utilisation request or request relating to the selection of an interest period for a utilisation under the Senior Facilities Agreement and any other document which is designated a **"Senior Finance Document"** or **"Finance Document"** by the Company and the senior agent.

"Senior Lenders" means:

- (a) any Original Lender as defined in the Senior Facilities Agreement; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 28 (*Changes to the Lenders*) of the Senior Facilities Agreement,

which in each case has not ceased to be a party to the Senior Facilities Agreement in accordance with the terms of the Senior Facilities Agreement.

"Senior Priority Creditors" means the Senior Lenders, the Fronting Bank and the Hedge Counterparties.

"Senior Secured Parties" means the Senior Security Trustee, any Receiver or Delegate appointed by the Senior Security Trustee, the Senior Agent and the Deferred RAV Agent, the Senior Priority Creditors and the Deferred RAV Lenders from time to time but, in the case of the Senior Agent, the Deferred RAV Agent, any other Agent (other than the Junior Agent), a Senior Priority Creditor or a Deferred RAV Lender, only if it is a Party or has delivered to the Senior Security Trustee a duly executed Lender Accession Undertaking accepted by the Senior Security Trustee and the relevant Agent.

"Senior Security Trustee" means Barclays Bank PLC as security trustee for the Senior Secured Parties.

"Specific Contracts" means the Hive Down Agreement and the Tax Deed and any other document designated in writing as a Specific Contract by the Trustee and the Company.

"Subsidiary" means a subsidiary undertaking within the meaning of Section 258 of the Companies Act 1985.

"Tangible Moveable Property" means any plant, machinery, office equipment, computers, vehicles and other chattels (excluding any for the time being forming part of the Company's stock in trade or work in progress) and all Related Rights.

"Tax Deed" means the tax deed entered or to be entered into between MGN Gas Networks (Senior Finance) Limited, Transco plc and the Company in relation to the tax affairs of the Company.

"Transportation Asset" means those assets defined as Transportation Assets in the Licence.

SCHEDULE 2

SHORT PARTICULARS OF ALL THE PROPERTY MORTGAGED OR CHARGED

1. FIXED CHARGES, ASSIGNMENTS AND FLOATING CHARGE

In the Debenture:

- (i) the Company charges with full title guarantee in favour of the Trustee as trustee for the Secured Parties with the payment and discharge of the Secured Obligations, by way of first fixed charge (which so far as it relates to land in England and Wales vested in the Company at the date of this Debenture shall be a charge by way of legal mortgage) all the Company's right, title and interest from time to time in and to each of the following assets:
 - (a) the Real Property;
 - (b) the Tangible Moveable Property;
 - (c) the Accounts;
 - (d) the Intellectual Property;
 - (e) any good will and rights in relation to the uncalled capital of the Company;
 - (f) the Investments; ^{+ 95}
 - (g) all Monetary Claims other than any claims which are otherwise subject to a fixed charge or assignment (at law or in equity) pursuant to this Debenture and all Related Rights.
- (ii) The Company assigns absolutely and with full guarantee to the Trustee as trustee for the Secured Parties as security for the payment and discharge of the Secured Obligations all the Company's right, title and interest from time to time in and to each of the following assets (subject to obtaining any necessary consent to that assignment from any third party):
 - (a) the proceeds of any Insurance Policy and all Related Rights
 - (b) all rights and claims in relation to any Assigned Account; and
 - (c) the Specific Contracts.
- (iii) The Company hereby charges with full title guarantee in favour of the Trustee as trustee for the Secured Parties with payment and discharge of the Secured Obligations by way of first floating charge all present and future assets and undertaking of the Company, other than any asset which is situated in England and Wales and which is validly and effectively charged under the laws of England and Wales by way of fixed security created under a Senior Finance Document or Deferred RAV Finance

Document in favour of the Trustee as security for the Secured Obligations. Paragraph 14 of Schedule B1 to the Insolvency Act applies to the floating charge created by Clause 3.4 (*Floating Charge*) of the Debenture.

2. **EXCEPTIONS TO FIXED SECURITY**

The fixed Security from time to time constituted under the Debenture does not extend to any asset situated in Scotland to the extent that, and for so long as, any such fixed Security would be invalid or ineffective under Scottish law.

3. **EXCEPTIONS**

The Security from time to time constituted under the Debenture does not extend to

- (a) any asset which is a Transportation Asset; or
- (b) any asset, the granting of security in respect of which is prohibited under the terms of the Licence or the Act or is only permitted with the consent or non-objection of OFGEM or the Secretary of State for Trade and Industry.

4. **FURTHER ASSURANCE.**

The Debenture contains covenants for further assurance.

5. **NEGATIVE PLEDGE**

The Debenture contains a negative pledge clause.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 05046791

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEBENTURE DATED THE 5th JANUARY 2007 AND CREATED BY WALES & WEST UTILITIES LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO ANY SECURED PARTY UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 8th JANUARY 2007.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 10th JANUARY 2007.



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES