

Declaration in relation to assistance for the acquisition of shares

155(6)a

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

For official use

Company number

05104786

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

Name of company

* Uskmouth Power Company Limited (the "**Company**")

* insert full name
of company

XWe ø See Appendix A

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

† 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

[illegible]~~XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX~~ \$

(c) something other than the above §

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

~~XXXXXXXX~~ [company's holding company Carron Energy Limited

The assistance is for the purpose of ~~the 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 para. 1 of Appendix B

Presenter's name address and
reference (if any) :
Linklaters Ref. GVDW

For official Use
General Section

Post room



LD4 *L03
COMPANIES HOUSE

396
27/07/2006

The assistance is to be given to: (note 2) Carron Acquisition Company Limited ("CACL")

Please do not
write in this
margin

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

The assistance will take the form of:

See paragraph 2 of Appendix B

The person who [has acquired] ~~100,000,000~~ † the shares is:

† delete as
appropriate

CACL

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

See paragraph 3 of Appendix B

The amount of cash to be transferred to the person assisted is £ See para. 3 of Appendix B

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 See para. 4 of Appendix B

~~X~~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)

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

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

(a) ~~X~~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) XX
XX
XX (note 3)

And ~~X~~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

Declarants to sign below

On subject London E27 8115

Day Month Year

on 2 4 07 2 0 0 6

before me John Mackenzie

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

Handwritten signatures and initials:

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

~~SP~~ SP SA

Uskmouth Power Company Limited

Appendix A

Names and addresses of Directors:

Shezad Abedi
137 Abbots Gardens
London
N2 0JJ

Stephen Edmund Foster
38 Bridge End
Warwick
CV34 6PB

Alexander Scott Lambie
5 Antrim Mansions
Antrim Road
London
NW3 4XT

Appendix B

1 Number and class of shares acquired

500,000 issued A ordinary shares of £0.10 each, 1,100,000 issued deferred shares of £0.10 each and 500,000 B ordinary shares of £0.10 each.

2 Form which assistance will take

2.1 In this Statutory Declaration the following expressions have, unless otherwise defined, the following meanings:

"Acquisition Facility Agreement" means the acquisition facility agreement dated 25 April 2006 entered into between CACL as borrower and Deutsche Bank AG London ("**Deutsche Bank**") as lender.

"Administrator" means an administrator appointed under Schedule B1 to the Insolvency Act 1986.

"Agency Fee Letter" means the agency fee letter to be signed by the Company and Deutsche Bank as agent under the Senior Facility Agreement.

"Arranger Fee Letter" means the arranger fee letter to be signed by the Company and Deutsche Bank as arranger under the Senior Facility Agreement.

"Bank Accounts" of the Company means all current, deposit or other accounts with any bank or financial institution in which it now or in the future has an interest 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.

"Book Debts" of the Company means all book and other debts of any nature, and all other rights to receive money (excluding Bank Accounts), now or in the future due, owing or payable to it and the benefit of all related negotiable instruments, rights, Security, guarantees and indemnities of any kind.

"CACL" means Carron Acquisition Company Limited.

"CEHL" means Carron Energy Holdings Limited.

"CEHL Intercompany Loan Agreement" means the intercompany loan agreement to be entered into between the Company as lender and CEHL as borrower for the amount of £12,000,000.

"CEL" means Carron Energy Limited.

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

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

"Contracts" means all contracts and agreements to which the Company is a party (including, without limitation any letters of credit issued in its favour and all bills of exchange or other negotiable instruments held by it).

"Daylight Facility Agreement" means the dated 21 July 2006 between CEHL as borrower and Deutsche Bank as lender for the amount of £12,000,000.

"Debenture" means the fixed and floating security document to be entered into between the Company as Company and KBC Finance Ireland as security agent.

"Enforcement Event" means an Event of Default as defined in the Super Priority Facility Agreement, any Senior Facility Agreement, and/or the Mezzanine Facility Agreement, as the context requires (each as defined in the Intercreditor Agreement).

"Holdco" means Uskmouth Holding Company Limited.

"Holdco Intercompany Loan Agreement" means the intercompany loan agreement to be entered into between the Company as lender and Holdco as borrower for the amount of £74,100,000.

"Intellectual Property" of the Company 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).

"Intercreditor Accession Deed" means the pro forma intercreditor accession deed to be entered into between the Company and each of the Finance Parties (as defined in the Senior Facility Agreement), pursuant to which the Company will agree to subordinate intercompany debt to the claims of the Senior Finance Parties (as defined in the Intercreditor Agreement) in accordance with the provisions of the Intercreditor Agreement.

"Intercreditor Agreement" means the security trust and intercreditor agreement dated 18 October 2005 between, *inter alios*, the Company and the Security Agent as amended from time to time.

"Investments" of the Company 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 it or (to the extent of its interest) in which it now or in the future has an interest.

"Letter of Support" means the letter of support to be signed by the Company addressed to CEL, CEHL and Holdco.

"Liabilities" means all present and future moneys, debts and liabilities due, owing or incurred by the Company to any Secured Party under or in connection with any Secured Finance Document, including for the avoidance of doubt, each Secured Finance Document as at the date of the Debenture and each further Secured Finance Document referred to in or contemplated by the Intercreditor Agreement (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).

"Prohibited Property" means an interest in Real Property which has been granted on terms that:

- (a) prohibit the creation of a charge over such interest; or
- (b) prohibit the creation of a charge over such interest unless a consent is granted or another condition is fulfilled, and such consent has not been granted or such condition has not been fulfilled provided that the Company shall have used reasonable endeavours to obtain such consent or fulfil such conditions.

"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) but excluding the Severn Transfer Land.

"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.

"Secured Party" means the Super Priority Finance Parties, the Hedging Banks, the Senior Finance Parties and the Mezzanine Finance Parties (each as defined in the Intercreditor Agreement).

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person.

"Security Agent" means KBC Finance Ireland.

"Secured Finance Document" has means all of the Super Priority Finance Documents, the Hedging Documents, the Senior Finance Documents (which definition includes the Senior Facility Agreement) and the Mezzanine Finance Documents (each as defined in the Intercreditor Agreement).

"Senior Finance Parties" has the meaning given in the Intercreditor Agreement (which definition includes lenders under the Senior Facility Agreement).

"Senior Facility Agreement" means the senior facility agreement to be entered into between Uskmouth as borrower and Deutsche Bank AG as agent, pursuant to which the Lenders (as defined in the Senior Facility Agreement) will make available a loan to Uskmouth in the amount of up to £120,000,000.

"Severn Land Transfer" means the agreement for the sale and purchase of land forming part of the land at Uskmouth Power Station, West Nash Road, Newport, Gwent, Wales between the Company and Severn Power Limited, in substantially the form delivered to the Security Agent prior to the date of the Debenture.

"Severn Transfer Land" means the land to be sold, transferred or otherwise disposed of by the Company pursuant to the Severn Land Transfer.

"SPA" means the sale and purchase agreement to be entered into between CEL as seller and the Holdco as buyer in relation to shares in CEHL.

"Supported Companies" means CEL, CEHL and Holdco.

"Uskmouth Property" means the Real Property described in Schedule 2 (*Real Property*) to the Debenture but excluding the Severn Transfer Land.

2.2 The acquisition by CACL of the entire issued share capital of CEL was financed by the entry into of the Acquisition Facility. Amounts outstanding under the Acquisition Facility are to be repaid by means of dividend from CEL to CACL, which will be facilitated by the following forms of financial assistance:

2.2.1 the Company loaning £12,000,000 to CEHL under the terms of the CEHL Intercompany Loan Agreement;

2.2.2 the Company loaning £74,100,000 to Holdco under the terms of the Holco Intercompany Loan Agreement;

2.2.3 the Company borrowing amounts under the Senior Facility Agreement;

2.2.4 the Company granting a fixed and floating charge under the terms of the Debenture;

2.2.5 the Company's potential provision of funds to the Supported Companies under the Letter of Support;

2.2.6 the Company's subordination of intercompany debt to the claims of the Senior Finance Parties in accordance with the terms of the Intercreditor Agreement (to the extent that such subordination reduces the net assets of the Company) by executing the Intercreditor Accession Deed;

2.2.7 the Company's payment of an agency fee to Deutsche Bank as agent under the Senior Facility Agreement pursuant to the Agency Fee Letter;

2.2.8 the Company's payment of an arranger fee to Deutsche Bank as arranger under the Senior Facility Agreement pursuant to the Arranger Fee Letter.

2.3 The financial assistance referred to in paragraph 2.2 will take the form of the execution, delivery and performance by the Company of (which includes all notices, certificates, further assurance documents and any other documents required under the following):

2.3.1 the CEHL Intercompany Loan Agreement;

2.3.2 the Holdco Intercompany Loan Agreement;

2.3.3 the Senior Facility Agreement;

2.3.4 the Debenture;

2.3.5 the Letter of Support;

2.3.6 the Intercreditor Accession Deed;

2.3.7 the Agency Fee Letter

2.3.8 the Arranger Fee Letter.

References to a document or agreement are to that document, or agreement as amended supplemented or restated from time to time, even if changes are made to the nature or amount of any facilities made available under such document or agreement. References to a person includes those persons, assignees, transferees or successors in title.

3 Principal terms of the assistance

- 3.1** By executing the CEHL Intercompany Loan Agreement, the Company will, among other things, grant a loan facility to CEHL of up to £12,000,000 for the purpose of funding CEHL's repayment obligations under the Daylight Facility Agreement.
- 3.2** By executing the Holdco Intercompany Loan Agreement, the Company will, among other things, grant a loan facility to Holdco of up to £74,100,000 for the purpose of funding Holdco's proposed purchase of shares in CEHL from CEL in accordance with the terms of the SPA.
- 3.3** By executing the Senior Facility Agreement, the Company will, among other things, be granted a loan facility by Deutsche Bank of up to £120,000,000 for the purpose of, inter alia, refinancing the Acquisition Facility Agreement.
- 3.4** By executing the Debenture, the Company will, among other things:

UNDERTAKING TO PAY

3.4.1 Payment of Liabilities

- (i) The Company shall pay each of its Liabilities when due in accordance with its terms.

3.4.2 Proportionate payment

- (i) Each sum appropriated by the Security Agent in accordance with the Secured Finance Documents in or towards payment of a particular part of the Liabilities shall to the extent of that appropriation discharge the Company's obligations in respect of that part of the Liabilities both to any Secured Party to which the same is owed, and to the Security Agent.

FIXED CHARGES

- 3.4.3** The Company, with full title guarantee and as security for the payment of all Liabilities, charges in favour of the Security Agent (as trustee for the Secured Parties):

- (i) by way of first legal mortgage, the Uskmouth Property;
- (ii) by way of first fixed equitable charge, all other Real Property now belonging to it and all Real Property, other than Prohibited Property acquired by it in the future; and
- (iii) by way of first fixed charge, all its present and future:
- (a) Book Debts;
 - (b) Bank Accounts;
 - (c) Investments;
 - (d) uncalled capital and goodwill;
 - (e) Intellectual Property;

- (f) beneficial interest in any pension fund;
- (g) plant and machinery (except that mortgaged or charged by paragraph (a) or (b) of Clause 3 of the Debenture);
- (h) insurances and all related proceeds, claims of any kind, returns of premium and other benefits; and
- (i) rights and benefits under the Contracts, subject to:
 - (I) the extent permitted by the terms of the Contracts; and
 - (II) any netting or set-off arrangements entered into by the Company in the course of entering into transactions pursuant to any forward sale, forward purchase or other hedging contracts in respect of electricity, coal or carbon.

FLOATING CHARGE

3.4.4 Creation

- (i) The Company, with full title guarantee and as security for the payment of all Liabilities, charges in favour of the Security Agent (as trustee for the Secured Parties) by way of first floating charge its undertaking and all its assets, both present and future (including assets expressed to be charged by Clause 3 (Fixed Charges) of the Debenture).

3.4.5 Qualifying Floating Charge

- (i) The floating Charge created by the Company pursuant to Clause 4.1 (Creation) of the Debenture is a "qualifying floating charge" for the purposes of paragraph 14.2(a) of Schedule B1 to the Insolvency Act.
- (ii) Paragraph 14 of Schedule B1 to the Insolvency Act shall apply to the Debenture and the Security Agent may appoint an Administrator of the Company pursuant to that paragraph.

3.4.6 Ranking

- (i) The floating Charge created by the Company ranks:
- (ii) behind all the fixed Charges created by the Company; but
- (iii) in priority to any other Security over the Charged Assets except for Security ranking in priority in accordance with paragraph (f) of Schedule 1 (Rights of Receivers) of the Debenture but without prejudice to the rights of the Company to create or permit to subsist any Security to the extent not prohibited by the terms of the Secured Finance Documents.

3.4.7 Conversion by notice

- (i) The Security Agent may convert the floating Charge over all or any of the Charged Assets into a fixed Charge by notice to the Company specifying the relevant Charged Assets (either generally or specifically):
 - (a) if it considers it desirable to do so in order to protect or preserve the Charges over those Charged Assets and/or the priority of those Charges; and/or
 - (b) while an Enforcement Event is continuing.

3.4.8 Automatic conversion

- (i) If:
 - (a) The Company takes any step to create any Security in breach of the provisions of the Secured Finance Documents over any of the Charged Assets not subject to a fixed Charge; or
 - (b) any person takes any step to effect any expropriation, attachment, sequestration, distress or execution against any of those Charged Assets,
- (ii) the floating Charge over the relevant Charged Assets shall automatically and immediately be converted into a fixed Charge.

FURTHER ASSURANCE

3.4.9 Further assurance

- (i) The Company shall promptly do whatever the Security Agent reasonably requires:
 - (a) to perfect or protect the Charges or the priority of the Charges; or
 - (b) to facilitate (following an Enforcement Event that is continuing) the realisation of the Charged Assets or the exercise of any rights vested in the Security Agent or any Receiver,
- including (to the extent reasonable) executing any transfer, conveyance, charge, assignment or assurance of the Charged Assets (whether to the Security Agent or its nominees or otherwise), making any registration and giving any notice, order or direction.

3.5 By executing the Letter of Support, the Company will, among other things, confirm that the Company will provide the Supported Companies with sufficient funds to enable them to meet their payment obligations when due for at least 12 months following the date of the giving of the financial assistance by the Supported Companies.

3.6 By executing the Intercreditor Accession Deed, the Company will agree to subordinate intercompany debt to the claims of the Senior Finance Parties in accordance with the provisions of the Intercreditor Agreement.

3.7 By executing the Agency Fee Letter, the Company will agree to pay to Deutsche Bank an agency fee to be agreed between the Company and Deutsche Bank.

3.8 By executing the Arranger Fee Letter, the Company will agree to pay to Deutsche Bank an arranger fee to be agreed between the Company and Deutsche Bank

4 Further information

The date on which the assistance is to be given is any date prior to eight weeks from the date of this Statutory Declaration.

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF
USKMOUTH POWER COMPANY LIMITED ("THE COMPANY")
PURSUANT TO SECTION 156(4) OF THE COMPANIES ACT 1985**

We have examined the attached statutory declaration of the directors of the Company dated 24 July 2006 in connection with the proposal that the Company should give financial assistance for the purpose of reducing or discharging a liability incurred in connection with the purchase of the shares of Carron Energy Limited.

This report is made solely to the directors of the Company for the purpose of section 156(4) of the Companies Act 1985. Our work has been undertaken so that we might state to the directors of the Company those matters that we are required to state to them in an auditors' report under that section and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the opinions that we have formed.

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.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cardiff, United Kingdom

24 July 2006