

MR01

Particulars of a charge

130784 E13

Laserform

A fee is payable with this form.
Please see 'How to pay' on the
last page

You can use the WebFiling service to file this form online.
Please go to www.companieshouse.gov.uk

☒ **What this form is for**
You may use this form to register
a charge created or evidenced by
an instrument

☐ **What this form is NOT for**
You may not use this form to
register a charge where there is no
instrument. Use form MR08

For further information, please
refer to our guidance at
www.companieshouse.gov.uk

This form **must be delivered to the Registrar for registration within
21 days** beginning with the day after the date of creation of the charge.
If delivered outside of the 21 days it will be rejected unless it is accompanied by a
court order extending the time for delivery

☒ You **must** enclose a certified copy of the instrument with this form. The
instrument must be scanned and placed on the public record. **Do not send the original.**



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LD2

22/12/2014

#111

COMPANIES HOUSE

MONDAY

1 Company details

Company number 0 9 2 2 3 3 4 7

Company name in full Centrica Lake Limited

For official use

1
→ **Filling in this form**
Please complete in typescript or in
bold black capitals
All fields are mandatory unless
specified or indicated by *

2 Charge creation date

Charge creation date d₁ d₈ m₁ m₂ y₂ y₀ y₁ y₄

3 Names of persons, security agents or trustees entitled to the charge

Please show the names of each of the persons, security agents or trustees
entitled to the charge

Name Dr Andrew Spurr, as Trustee, c/o The BEGG Group
Trustees, GSO Business Park, East Kilbride, G74 5PG

Name Alastair Russell, as Trustee, c/o The BEGG Group
Trustees, GSO Business Park, East Kilbride, G74 5PG

Name Peter Southee, as Trustee, c/o The BEGG Group
Trustees, GSO Business Park, East Kilbride, G74 5PG

Name Richard Grant, as Trustee, c/o The BEGG Group
Trustees, GSO Business Park, East Kilbride, G74 5PG

If there are more than four names, please supply any four of these names then
tick the statement below

☒ I confirm that there are more than four persons, security agents or
trustees entitled to the charge

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4

Brief description

Please give a short description of any land, ship, aircraft or intellectual property registered or required to be registered in the UK subject to a charge (which is not a floating charge) or fixed security included in the instrument

Brief description

Please submit only a short description if there are a number of plots of land, aircraft and/or ships, you should simply describe some of them in the text field and add a statement along the lines of, "for more details please refer to the instrument"

Please limit the description to the available space

5

Other charge or fixed security

Does the instrument include a charge (which is not a floating charge) or fixed security over any tangible or intangible or (in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box

☒ Yes

☐ No

6

Floating charge

Is the instrument expressed to contain a floating charge? Please tick the appropriate box

☐ Yes Continue

☒ No Go to Section 7

Is the floating charge expressed to cover all the property and undertaking of the company?

☐ Yes

7

Negative Pledge

Do any of the terms of the charge prohibit or restrict the company from creating further security that will rank equally with or ahead of the charge?
Please tick the appropriate box

☒ Yes

☐ No

8

Trustee statement ①

You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge

☐

① This statement may be filed after the registration of the charge (use form MR06)

9

Signature

Please sign the form here

Signature

Signature

X Linklaters LLP

X

This form must be signed by a person with an interest in the charge

MR01

Particulars of a charge

**Presenter information**

You do not have to give any contact information, but if you do, it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Aileen Buchanan

Company name Linklaters LLP

Please return
via
Address One Silk Street
CH London Courner

Post town London

County/Region London

Postcode E C 2 Y 8 H Q

Country UK

DX 10 London/City

Telephone 020 7456 2000

**Certificate**

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.

**Checklist**

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following.

- ☒ The company name and number match the information held on the public Register
- ☒ You have included a certified copy of the instrument with this form
- ☒ You have entered the date on which the charge was created
- ☒ You have shown the names of persons entitled to the charge
- ☒ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8
- ☒ You have given a description in Section 4, if appropriate *N/A*
- ☒ You have signed the form
- ☐ You have enclosed the correct fee
- ☒ Please do not send the original instrument, it must be a certified copy

**Important information**

Please note that all information on this form will appear on the public record.

**How to pay**

A fee of £13 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House'.

**Where to send**

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below.

For companies registered in England and Wales.
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland.
The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

For companies registered in Northern Ireland.
The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1

**Further information**

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquires@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 9223347

Charge code: 0922 3347 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 18th December 2014 and created by CENTRICA LAKE LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 22nd December 2014

LC

Given at Companies House, Cardiff on 2nd January 2015



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**

CENTRICA LAKE LIMITED

AND

THE TRUSTEES OF THE BRITISH ENERGY GENERATION GROUP
OF THE ELECTRICITY SUPPLY PENSION SCHEME

SECURITY ASSIGNMENT

in relation to the British Energy Generation Group
of the Electricity Supply Pension Scheme

*Certified that, save for material redacted
pursuant to section 859G of the Companies
Act 2006, this copy instrument is a
correct copy of the original instrument.*

Linklaters LLP

LINKLATERS LLP

19/12/14

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THIS AGREEMENT is made by way of deed on **18 DECEMBER** 2014

BETWEEN:

- (1) **CENTRICA LAKE LIMITED** a company incorporated in England and Wales with registered number 09223347 whose registered office is at Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD (the "Assignor"); and
- (2) **DR ANDREW SPURR, ALASTAIR RUSSELL, PETER SOUTHEE, RICHARD GRANT, PETER LAWTON, MUSTAFA JAVADI, GRAEME ROBERTSON, JOHN MCDUGALL, CAROL MCARTHUR and ALISTAIR SMITH** all care of GSO Business Park, East Kilbride G74 5PG in their capacity as trustees of the Scheme (together, the "Trustees").

INTRODUCTION:

- (A) The Trustees are the current trustees of the Scheme.
- (B) The Assignor has entered into a GBP 144,000,000 loan agreement with Centrica Parent (the "**Centrica Loan Agreement**") on the same date as this Deed, pursuant to which the Assignor is the lender and the Centrica Parent is the borrower and EDF NewCo has entered into a GBP 576,000,000 loan agreement with EDF Parent (the "**EDF Loan Agreement**") on the same date as this Deed, pursuant to which the EDF NewCo is the lender and the EDF Parent is the borrower
- (C) The Assignor has entered into a guarantee and indemnity on the same date as this Deed in favour of the Trustees (the "**Centrica Guarantee**"), and EDF NewCo has entered into a guarantee and indemnity on the same date as this Deed in favour of the Trustees (the "**EDF Guarantee**"), and the UK Parent has entered into a guarantee and indemnity on the same date as this Deed in favour of the Trustees (the "**UK Parent Guarantee**") under which each of them has agreed to guarantee certain contribution obligations of the Employers to the Scheme (together the "**Guarantees**").
- (D) As security for its obligations under the Centrica Guarantee, the Assignor assigns, in accordance with the terms and conditions of this Agreement and by way of security, to the Trustees all its rights in relation to the Loans other than B Loans.

OPERATIVE PROVISIONS.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement and the recitals hereto,

"£" or "**Sterling**" means pounds sterling or the lawful currency from time to time of the United Kingdom.

"**Act of Insolvency**" means with respect to a person, that any of the following occurs with respect to such person:

- (a) it is dissolved; or

- (b) it is insolvent or is, or is deemed for the purposes of any law to be, unable to pay its debts or fails or admits in writing (including in an e-mail) or in a formal announcement its inability generally to pay its debts as they become due; or
- (c) it suspends making payments on all or any class of its debts or announces an intention to do so; or
- (d) a moratorium is declared in respect of any of its indebtedness; or
- (e) it makes a general assignment, arrangement, reorganisation or composition with or for the benefit of its creditors; or
- (f) it institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or any person presents a petition or makes an application to or files documents with a court or any registrar for its winding-up, administration, dissolution or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, unless such proceeding or petition is being contested in good faith and is dismissed, discharged or stayed in each case within 21 calendar days of the institution or presentation thereof, or
- (g) an order is made for its winding-up, dissolution or administration; or
- (h) a resolution is passed for its winding-up, official management, administration dissolution or liquidation or a meeting of the shareholders, directors or other officers is convened for the purposes of considering any such resolution; or
- (i) it or its directors, shareholders or other officers take any steps to approve or it becomes subject to the appointment of an administrator, liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, or
- (j) a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 21 calendar days thereafter, or
- (k) it is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (j) (inclusive).

"Agreement" means this deed.

"A Loan" means an A Loan under, and as defined in, the Centrica Loan Agreement

"Assignee" has the meaning given to it in Clause 16.4.1

"Assigned Property" means the rights, title and interest expressed to be assigned in Clause 3.1.

"Associated Guarantor" has the meaning given to it in Clause 16.4.1(a).

"Authorisation" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration

"B Loan" means a B Loan under, and as defined in, the Centrica Loan Agreement

"Business Day" means a day (other than Saturday or Sunday) on which banks are open for general business in London and Paris.

"Centrica Parent" means Centrica plc, a public limited company incorporated under the laws of England and Wales with registration number 3033654

"Collateral Rights" means all rights, powers and remedies of the Trustees provided by or pursuant to this Agreement or by law.

"Delegate" means a delegate or sub-delegate appointed under Clause 9.9 (*Delegation*)

"EDF Assignment" means an assignment agreement granted by EDF NewCo to the Trustees as security for its obligations under the EDF Guarantee on or about the date of this Deed pursuant to which EDF NewCo assigns all its rights in relation to the Loans other than B Loans as defined in the EDF Loan Agreement

"EDF NewCo" means EDF Energy Lake Limited, a company incorporated in England and Wales with registered number 09200461 whose registered office is at 40 Grosvenor Place, Victoria, London SW1X 7EN

"EDF Parent" means Electricité de France SA, a company limited by shares ("*société anonyme*") organized under the laws of France (registered number B 552081317)

"Employers" the employers from time to time (for the purposes of section 231(2)(c) of the Pensions Act 2004 and/or section 75A of the Pensions Act 1995) of the Scheme who are associated with EDF Parent for the purposes of section 435 of the Insolvency Act 1986.

"Encumbrance" 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.

"Enforcement Event" means any of the following events:

- (a) any amount becomes due and payable under the Centrica Guarantee and is not paid within 5 Business Days of such amount becoming due and payable;
- (b) an Act of Insolvency occurs in relation to the Centrica Parent or the Assignor;

- (c) the Centrica Parent fails to pay any amount due and payable by it under the Centrica Loan Agreement and such failure is not rectified within 45 days of the date such payment was due;
- (d) this Agreement, the Centrica Loan Agreement, the Centrica Guarantee or any other agreement or document giving rise to, concerning or securing the Secured Obligations, is not or ceases to be in full force and effect or the validity or enforceability of any of the terms of this Agreement or the Centrica Guarantee or any such agreement or document shall be contested by the Assignor, or at any time any act, condition or thing required to be done, fulfilled or performed in order (i) to enable the Assignor lawfully to enter into, or exercise its rights under and perform the obligations expressed to be assumed by it under this Agreement or the Centrica Guarantee or any other such agreement or document, or (ii) to ensure that the obligations expressed to be assumed by the Assignor in this Agreement or the Centrica Guarantee or any other such agreement or document are legal, valid and enforceable, is not done fulfilled or performed when due;
- (e) it is or becomes unlawful for the Assignor to perform any of its obligations under this Agreement, the Centrica Loan Agreement or the Centrica Guarantee or under any other agreement or document giving rise to concerning or securing the Secured Obligations; or
- (f) the Assignor repudiates this Agreement, the Centrica Loan Agreement or the Centrica Guarantee, or any other agreement or document giving rise to concerning or securing the Secured Obligations.

"Enforcement Notice" means any notice in writing given by the Trustees to Centrica Parent notifying the recipient of such notice that an Enforcement Event has occurred.

"Finance Documents" means this Agreement, the Memorandum of Understanding (including the Future Valuations Appendix, the Lake Commitment Rationale Appendix and the legally binding provisions of the Financial Support Appendix), the EDF Loan Agreement, the Centrica Loan Agreement, the EDF Assignment, the Guarantees, the Funding Documents and the Statement of Investment Principles

"Financial Support Appendix" means the so titled appendix to the Memorandum of Understanding (as amended).

"Funding Documents" means the actuarial valuation, statement of funding principles, recovery plan and schedule of contributions for the Scheme.

"Guarantee Priority Agreement" means the guarantee priority agreement (made by way of deed) dated on or about the date of this Agreement between the Trustees, the Assignor, the EDF NewCo and the UK Parent.

"Investment Grade" means that the long term unsecured senior debt credit rating of the relevant party is at least two of the following three levels. Baa3 (Moody's); BBB- (Fitch) and BBB- (Standard & Poor's).

"Lake Commitment Rationale Appendix" means the so titled appendix to the Memorandum of Understanding.

"Loan" means the Loan as defined in the Centrica Loan Agreement.

"Memorandum of Understanding" means the so titled memorandum dated 7 July 2014 between the Trustees, the Principal Employer, the UK Parent and the EDF Parent (as amended).

"Notice of Assignment" means a notice of assignment substantially in the form of Schedule 1

"Principal Employer" means British Energy Generation (UK) Limited a company incorporated in Scotland with registered number SC117121 whose registered office is GSO Business Park, East Kilbride G74 5PG.

"Receiver" means a receiver, receiver and manager or an administrative receiver as the Trustees may specify at any time in the relevant appointment made under this Agreement, which terms will include any appointee made under a joint and/or several appointment by the Trustees

"Scheme" means the British Energy Generation Group of the Electricity Supply Pension Scheme and, for the avoidance of doubt, no other Group of the Electricity Supply Pension Scheme.

"Secured Obligations" means all present and future obligations and liabilities of Assignor to the Trustees pursuant to the Centrica Guarantee and this Agreement whether actual or contingent and whether owed or incurred alone or jointly and/or severally with another and as principal or as surety or in any other capacity of any nature

"Security" means the security created under or pursuant to or evidenced by this Agreement.

"Statement of Investment Principles" means the statement of investment principles (attached to the Memorandum of Understanding) or any replacement statement agreed by the Assignor.

"UK Parent" means Lake Acquisitions Limited, a company incorporated in England and Wales with company registration number 06612465

1.2 Construction

1.2.1 Unless a contrary indication appears any reference in this Agreement to:

- (a) **"assets"** includes present and future properties, revenues and rights of every description;
- (b) **the "Assigned Property" or the "Secured Obligations"** includes a reference to any part of it or them;

- (c) this "**Agreement**" or any other agreement or document is a reference to this Agreement or, as the case may be such other agreement or document as the same may have been, or may from time to time be, amended, varied, supplemented or novated;
- (d) any event or act of insolvency or any legislation relating to insolvency under English law shall in relation to any jurisdiction other than England be construed to refer to the equivalent event, act or legislation in such jurisdiction;
- (e) the "**winding-up**" of a person includes the amalgamation, reconstruction, reorganisation, dissolution, liquidation, winding-up, merger or consolidation of that person, and any equivalent or analogous procedure under the law of any jurisdiction in which the person is incorporated or resident or carries on a material part of its business or has material assets,
- (f) words in the singular include the plural and vice versa and words in one gender include any other gender,
- (g) "**including**" shall be construed as a reference to "including without limitation", so that any list of items or matters appearing after the word "including" shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word "including";
- (h) a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality),
- (i) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation,
- (j) a "**subsidiary undertaking**" or a "**parent undertaking**" is to be construed in accordance with section 1162 (and Schedule 7) of the Companies Act 2006,
- (k) a "**successor**" includes an assignee or successor in title of any party and any person who under the laws of its jurisdiction of incorporation or domicile has assumed the rights and obligations of any party under this Agreement or any other Finance Document or to which, under such laws, any rights and obligations have been transferred;
- (l) a provision of law is a reference to that provision as amended or re-enacted; and
- (m) Section, Clause and Schedule headings are for ease of reference only.

1.3 Third Party Rights

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy any benefit of any term of this Agreement other than a purchaser of the Assigned Property and a Receiver, in each case, who may enforce or enjoy the benefit of any term of this Agreement to the extent that this Agreement expressly provides for it to do so. No consent of any person who is not a party is required to rescind or vary this Agreement at any time

2 COVENANT TO PAY

The Assignor covenants with all the Trustees to discharge the Secured Obligations when due to the Trustees, whether on demand or otherwise.

3 ASSIGNMENT

3.1 Assignment of Loans and A Loans (but not of B Loans)

The Assignor hereby assigns to the Trustees, by way of security, with full title guarantee all of its right, title and interest, present and future, to, in and under the Centrica Loan Agreement including all monies payable to the Assignor and all present and future claims, causes of action, payments and proceeds under or in connection with the Centrica Loan Agreement, provided that at any time when the Loan under the Centrica Loan Agreement is split into an A Loan and a B Loan, the assignment pursuant to this Clause 3.1 shall apply only to rights, titles and interests arising under the Centrica Loan Agreement in connection with the A Loan. References in this Agreement to the Centrica Loan Agreement shall (except in the case of this Clause 3) be interpreted as references to the Centrica Loan Agreement only to the extent it relates to the A Loan under the Centrica Loan Agreement and not to any terms of the Centrica Loan Agreement that relate to the B Loan. For the avoidance of doubt, the assignment made under this Clause 3.1 shall be an equitable assignment.

3.2 Trustees Assume No Obligations

Notwithstanding anything to the contrary in this Agreement:

- 3.2.1 the Assignor shall remain liable under and in respect of, and to perform all its obligations under, the Centrica Loan Agreement and the Assigned Property,
- 3.2.2 the Trustees shall not be under any obligation or liability under or in respect of the Centrica Loan Agreement and the Assigned Property or liable to make any payment under or in respect of the Centrica Loan Agreement and the Assigned Property;
- 3.2.3 the Trustees shall not be obliged to enforce against the Centrica Parent any term of the Centrica Loan Agreement or to make any inquiries as to the nature and sufficiency of any payment received by it, and
- 3.2.4 if the Trustees perform any obligation of the Assignor under the Centrica Loan Agreement the Assignor shall not be released from such obligation and the Trustees shall have no obligation to perform any other obligation of the Assignor under the Centrica Loan Agreement.

3 3 Indemnity

The Assignor agrees to indemnify the Trustees from and against any loss, liability, cost, claim, action, demand or expense (including, but not limited to, legal fees) which they may reasonably and properly incur or which may be made against the Trustees arising out of or in connection with any breach by the Assignor of its obligations under the Centrica Loan Agreement, provided that, in the event that a liability of the Assignor to the Trustees arises under this Clause 3.3, the sole recourse of the Trustees against the Assignor shall be to the Assigned Property and the Trustees shall not under any circumstances have any right to payment from the Assignor under this Clause 3.3 other than through realisation of the Security.

3 4 Full release

Upon the Trustees being satisfied that the Secured Obligations have been unconditionally and irrevocably paid or discharged in full, or upon the Centrica Guarantee being terminated in accordance with its terms, the Trustees shall, at the request and cost of the Assignor, reassign to the Assignor the Assigned Property, subject to Clause 11.8 below and without recourse to, or any representation or warranty by, the Trustees or any of their nominee(s)

4 NOTICE OF ASSIGNMENT

The Assignor shall deliver to the Centrica Parent on the date of this Agreement a Notice of Assignment duly executed by or on behalf of the Assignor and shall procure delivery to the Trustees on the date of this Agreement a copy of such Notice of Assignment duly acknowledged by the Centrica Parent.

5. REPRESENTATIONS AND WARRANTIES

The Assignor makes the representations and warranties set out in this Clause 5 to the Trustees on the date of this Agreement.

5 1 Status

5.1.1 It is a corporation, duly incorporated and validly existing under English law.

5.1.2 It has the power to own its assets and carry on its business as it is being conducted.

5.2 Binding Obligations

The obligations expressed to be assumed by it in this Agreement, the Centrica Guarantee and the Centrica Loan Agreement are legal, valid, binding and enforceable, subject to:

5.2.1 any general equitable principles and insolvency and other laws generally applicable to creditors' rights; or

5.2.2 in the case of this Agreement, any applicable perfection requirements

5 3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by the Centrica Loan Agreement, the Centrica Guarantee and this Agreement do not and will not conflict with:

5 3 1 any law or regulation applicable to it;

5 3 2 its constitutional documents, or

5.3 3 any agreement or instrument binding upon it or any of its assets nor (except for the Security) result in the existence of, or oblige it to create, any security interests or other similar rights or obligations over any of its assets

5 4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Centrica Loan Agreement, the Centrica Guarantee and this Agreement and the transactions contemplated thereunder.

5.5 Ranking

5 5 1 The Security has or will have first ranking priority.

5 5 2 Without limiting Clause 5.5.1 above, its payment obligations under this Agreement and the Centrica Guarantee rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except for obligations mandatorily preferred by law.

5.6 Beneficial Owner of the Assigned Property

Except as provided in this Agreement, the rights of the Assignor in respect of the Assigned Property are free from any Encumbrance other than this Security and is absolutely, solely and beneficially entitled to the Assigned Property and the Assignor has not assigned, transferred or otherwise disposed of any of its rights, title or interest to or in the Assigned Property and will not at any time do so or agree to do so.

5 7 Authorisations

All Authorisations required or desirable under any applicable law or regulation (a) to enable it lawfully to carry on its business and to enter into, exercise its rights and comply with its obligations in this Agreement, the Centrica Guarantee and the Centrica Loan Agreement, and (b) to make this Agreement, the Centrica Guarantee and the Centrica Loan Agreement admissible in evidence in its jurisdiction of incorporation have been obtained or effected and are in full force and effect.

5.8 Security

This Agreement creates the Security it purports to create and is not liable to be avoided or otherwise set aside on the winding-up or administration of the Assignor or otherwise, subject to:

5 8 1 any general equitable principles and insolvency and other laws generally applicable to creditors' rights, or

5 8 2 any applicable perfection requirements.

5 9 Contract duly executed and in force

The Centrica Loan Agreement has been duly executed and delivered by the parties to it, is in full force and effect and enforceable in accordance with its terms except to the extent its enforceability may be limited by applicable bankruptcy, insolvency, reorganisation, moratorium or similar laws generally affecting the rights of creditors and by equitable principles.

5.10 Centre of main interests and establishments

For the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the "**Regulation**"), its centre of main interest (as that term is used in Article 3(1) of the Regulations) is situated in England and Wales and it has no "establishment" (as that term is used in Article 2(h) of the Regulations) in any other jurisdiction.

5.11 Repetition

Each of the representations and warranties are deemed to be made by the Assignor by reference to the facts and circumstances then existing at all times during the continuance of the Security.

6. GENERAL UNDERTAKINGS

6 1 Performance

The Assignor shall promptly and diligently perform the obligations on its part and discharge all its duties and liabilities conferred in the Centrica Loan Agreement

6.2 Authorisations

The Assignor shall promptly obtain, comply with and do all that is necessary to maintain in full force and effect, and shall promptly supply to the Trustees on request certified copies of any Authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under this Agreement, the Centrica Guarantee and the Centrica Loan Agreement and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of this Agreement, the Centrica Guarantee and the Centrica Loan Agreement

6.3 Compliance with laws

The Assignor shall comply in all respects with all laws to which it may be subject if failure to comply would materially impair its ability to perform its obligations under this Agreement, the Centrica Guarantee and the Centrica Loan Agreement.

6.4 Not Jeopardise

The Assignor shall not do, or permit to be done, anything which could jeopardise the rights of the Trustees to the Assigned Property.

6.5 Amendments and waivers

The Assignor shall not agree to any amendment, variation or restatement (other than amendments of a technical or administrative nature which do not adversely affect the interests of the Trustees) to or of the Centrica Loan Agreement or grant any waiver or release or agree to the exercise of or exercise any right of set off under the Centrica Loan Agreement without the prior written consent of the Trustees (such consent not to be unreasonably withheld or delayed). For the avoidance of doubt, the Assignor may.

6.5.1 at any time that the Loan under the Centrica Loan Agreement is split into an A Loan and a B Loan, agree to any amendment, variation or restatement to or of the Centrica Loan Agreement or grant any waiver under the Centrica Loan Agreement without the prior written consent of the Trustees to the extent that the amendment, variation, restatement or waiver relates solely to the B Loan, or

6.5.2 agree, consent to or make any assignment or transfer made in accordance with clause 15.2 of the Centrica Loan Agreement

6.6 Information

The Assignor shall send to the Trustees a copy of all notices and other communications delivered or received by it under or in connection with the Centrica Loan Agreement

6.7 Negative Undertaking

The Assignor shall not without the prior consent in writing of the Trustees

6.7.1 create or permit to subsist any Encumbrance on or over any of its assets other than this Security; or

6.7.2 sell, assign, transfer, dispose of, declare a trust over, factor, discount or abandon any of the Assigned Property, grant a participation in respect of the Assigned Property or permit or enter into any agreement or option for the same to occur; or

6.7.3 undertake or engage in any activity or business, enter into any material agreement or incur or permit to be outstanding any financial indebtedness, in each case other than.

(a) the ownership of shares in the UK Parent,

(b) pursuant to the Finance Documents and any agreement relating to the ownership of shares in the UK Parent, and

- (c) in connection with any liabilities it may have in respect of tax incurred or arising as a consequence of its activities contemplated by Clauses 6.7.3(a) and (b)

7. FURTHER ASSURANCE

7.1 Covenant for Further Assurance

The Assignor will promptly at its own cost do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Trustees may specify (and in such form as the Trustees may require in favour of the Trustees or their nominee(s)) for the purpose of exercising the Collateral Rights or perfecting the Security created or intended to be created in respect of the Assigned Property (which may include the execution by the Assignor of a mortgage, charge or assignment over all or any of the assets constituting or intended to constitute, the Assigned Property, or the giving of any notice, order or direction), or for the exercise of the rights, powers and remedies of the Trustees provided by or pursuant to this Agreement or by law in each case in accordance with the rights vested in it under this Agreement.

7.2 Prescribed Wording

The following covenants shall be implied in respect of any action taken by the Assignor to comply with its obligations under Clause 7.1 above

7.2.1 the Assignor has the right to take such action in respect of the Assigned Property; and

7.2.2 the Assignor will at its own cost do all that it reasonably can to give the Trustees or their nominee the title and/or rights that it purports to give

8. POWER OF ATTORNEY

8.1 Appointment and Powers

The Assignor, by way of security, irrevocably appoints the Trustees, any Receiver or any Delegate severally to be its attorney and in its name, on its behalf and as its act and deed to, at such time and in such manner as the attorney (acting reasonably) thinks fit, execute, deliver and perfect all documents and do all things that the attorney may consider to be required or desirable for.

8.1.1 carrying out any obligation imposed on the Assignor under this Agreement or any other agreement binding on the Assignor to which the Trustees are a party including the execution and delivery of any deeds, charges, assignments or other security and any transfers of the assets subject to the security; or

8.1.2 enabling the Trustees to exercise, or delegate the exercise of, all or any of the Collateral Rights; or

- 8.1.3 enabling any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Agreement or by law.

8.2 Ratification

The Assignor shall ratify and confirm all things done and all documents executed by any attorney in the exercise or purported exercise of his powers.

9 SECURITY ENFORCEMENT

9.1 Time for Enforcement

At any time following the occurrence of an Enforcement Event, or if the Assignor requests the Trustees to exercise any of their powers under this Agreement, the Security shall become immediately enforceable and the Trustees may without notice to the Assignor or prior authorisation from any court, in their absolute discretion:

- 9.1.1 deliver an Enforcement Notice to the Centrica Parent,
- 9.1.2 secure and perfect their title to all or any part of the Assigned Property (including transferring the same into the name of the Trustees or their nominee(s)) or otherwise exercise in relation to the Assigned Property all the rights of an absolute owner;
- 9.1.3 enforce all or any part of the Security (at the times, in the manner and on the terms it thinks fit) and appropriate, hold, sell, or otherwise dispose of all or any part of the Assigned Property (at the time, in the manner and on the terms they think fit);
- 9.1.4 whether or not they have appointed a Receiver, exercise all or any of the powers, authorisations and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Agreement), or by this Agreement or otherwise conferred by law;
- 9.1.5 demand, collect, recover or compromise, and give good discharge for any moneys paid or payable to the Assignor under or in respect of the Assigned Property, and enforce (in any way whatsoever including, without limitation, by way of instituting proceedings in the Assignor's name) any rights or claims arising or in respect of the Assigned Property; and
- 9.1.6 take over and implement the Centrica Loan Agreement and exercise all of the present and future rights, powers and remedies of the Assignor in and to the Assigned Property as if the Trustees were an original party to the Centrica Loan Agreement.

9.2 Payments under the Centrica Loan Agreement and action before delivery of Enforcement Notice

- 9.2.1 The Centrica Parent shall make all payments due under the Centrica Loan Agreement in accordance with the Notice of Assignment delivered to the Centrica Parent. Provided that and to the extent that the Assignor receives

such payments in accordance with the relevant Notice of Assignment, it will receive such payment free of the Security and may use such payments as it sees fit. The Assignor shall hold on trust for the Trustees (i) any payment in respect of the Centrica Loan Agreement received by the Assignor otherwise than in accordance with the relevant Notice of Assignment and (ii) any payment received by the Assignor if an Act of Insolvency occurs in respect of either Centrica Parent, in each case up to the amount certified by the Trustees as required to discharge the Secured Obligations in full.

9.2.2 The Assignor shall promptly pay to the Trustees. (i) any payment which the Assignor is required to hold on trust for the Trustees, (ii) if any such trust is invalid or unenforceable, an amount equal to the payment which it would have otherwise been bound to hold on trust for the Trustees and (iii) the amount of any obligations under the Centrica Loan Agreement (or, if applicable an A Loan) which is discharged by set-off (including any mandatory set-off under any law following an Act of Insolvency), in each case up to the amount certified by the Trustees as required to discharge the Secured Obligations in full.

9.2.3 Prior to the occurrence of an Enforcement Event, the Trustees shall have no right to take any of the actions specified in Clause 9.1 above.

9.3 Trustees may exercise Receiver Powers

In addition, to the fullest extent permitted by law, any right, power or discretion conferred by this Agreement (either expressly or impliedly) or by law upon a Receiver of the Assigned Property may after this Security becomes enforceable be exercised by the Trustees in relation to any Assigned Property without first appointing a Receiver or notwithstanding the appointment of a Receiver

9.4 Power of sale

9.4.1 The power of sale or other disposal conferred on the Trustees and on the Receiver by this Agreement shall operate as a variation and extension of the statutory power of sale under Section 101 of the Law of Property Act 1925 and such power shall arise (and the Secured Obligations shall be deemed due and payable for that purpose) on execution of this Agreement

9.4.2 The restrictions contained in Sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Agreement or to the exercise by the Trustees of their right to consolidate all or any of the Security created by or pursuant to this Agreement with any other security in existence at any time or to their power of sale.

9.5 Certificate

A certificate in writing by an officer or agent of the Trustees that the power of sale or disposal has arisen and is exercisable shall be conclusive evidence of that fact, in favour of a purchaser of all or any part of the Assigned Property

9.6 Assignee's liability

Neither the Trustees nor any Receiver will be liable to account as mortgagee or mortgagee in possession in respect of the Assigned Property or be liable for any loss upon realisation or for any neglect or default of any nature whatsoever in connection with the Assigned Property for which a mortgagee or mortgagee in possession might as such be liable

9.7 Right of Appropriation

To the extent that any part of the Assigned Property constitutes "financial collateral" and this Agreement and the obligations of the Assignor hereunder constitute a "security financial collateral arrangement" (in each case as defined in, and for the purposes of, the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226) (the "**Regulations**") the Trustees shall have the right to appropriate all or any part of such financial collateral in or towards discharge of the Secured Obligations and may exercise such right to appropriate upon giving written notice to the Assignor. For this purpose, the parties agree that the value of such financial collateral so appropriated shall be the market price of the Assigned Property determined by the Trustees by reference to such public index or by such other process as the Trustees may select, including independent valuation. The parties further agree that the method of valuation provided for in this Agreement shall constitute a commercially reasonable method of valuation for the purposes of the Regulations.

9.8 Statutory powers

The powers conferred by this Agreement on the Trustees are in addition to and not in substitution for the powers conferred on mortgagees and mortgagees in possession under the Law of Property Act 1925, the Insolvency Act 1986 or otherwise by law and in the case of any conflict between the powers contained in any such Act and those conferred by this Agreement the terms of this Agreement will prevail.

9.9 Delegation

The Trustees may delegate in any manner to any person any powers, authorities, rights and discretions conferred on the Trustees under this Agreement. Any such delegation may be made upon such terms and conditions (including the power to sub-delegate) as the Trustees think fit.

10. RECEIVERS

10.1 Appointment and Removal

At any time after having been requested to do so by the Assignor or after the Security becomes enforceable in accordance with Clause 9 (*Security Enforcement*) above, the Trustees may, in their absolute discretion, by deed or otherwise (acting through an authorised officer of the Trustees), without prior notice to the Assignor:

10.1.1 appoint one or more persons to be a Receiver of the whole or any part of the Assigned Property;

10.1.2 appoint one or more Receivers of separate parts of the Assigned Property;

10.1.3 remove (so far as they are lawfully able) any Receiver so appointed; and

10.1.4 appoint another person(s) as an additional or replacement Receiver(s).

10.2 Capacity of Receivers

Each person appointed to be a Receiver pursuant to Clause 10.1 (*Appointment and Removal*) above will be:

10.2.1 entitled to act individually or together with any other person appointed or substituted as Receiver;

10.2.2 for all purposes deemed to be the agent of the Assignor which shall be solely responsible for his acts, defaults and liabilities and for the payment of his remuneration and no Receiver shall at any time act as agent for the Trustees; and

10.2.3 entitled to remuneration for his services at a rate to be fixed by the Trustees from time to time (without being limited to the maximum rate specified by the Law of Property Act 1925).

10.3 Statutory powers of appointment

The powers of appointment of a Receiver conferred on the Trustees by this Agreement shall be in addition to all statutory and other powers of appointment of the Trustees under the Law of Property Act 1925 (as extended by this Agreement) or otherwise and such powers shall remain exercisable from time to time by the Trustees in respect of any part of the Assigned Property

10.4 Powers of Receivers

Every Receiver shall (subject to any restrictions in the instrument appointing him but notwithstanding any winding-up or dissolution of the Assignor) have and be entitled to exercise, in relation to the Assigned Property in respect of which he was appointed, and as varied and extended by the provisions of this Agreement (in the name of or on behalf of the Assignor or in his own name and, in each case, at the cost of the Assignor)

10.4.1 all the rights, discretions and powers conferred by the Law of Property Act 1925 on mortgagors and on mortgagees in possession and on receivers appointed under that Act or otherwise conferred by applicable law;

10.4.2 all the rights, discretions and powers of a receiver or an administrative receiver set out in the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver) or otherwise conferred by applicable law;

10.4.3 all the powers and rights of an absolute owner and power to do or omit to do anything which the Assignor itself could do or omit to do,

10.4.4 the power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Agreement (including the power of attorney) on such terms and conditions as it shall see fit which delegation shall

not preclude either the subsequent exercise any subsequent delegation or any revocation of such power, authority or discretion by the Receiver itself; and

10.4.5 the power to do all things (including bringing or defending proceedings in the name or on behalf of the Assignor) which seem to the Receiver to be incidental or conducive to:

- (a) any of the functions, powers, authorities or discretions conferred on or vested in him;
- (b) the exercise of any of the Collateral Rights (including realisation of all or any part of the Assigned Property), or
- (c) bringing to his hands any assets of the Assignor forming part of, or which when got in would be, the Assigned Property

10.5 Consideration

The receipt of the Trustees or any Receiver shall be an absolute and conclusive discharge to any purchaser of the Assigned Property and shall relieve such purchaser of any obligation to see to the application of any monies paid to or by the direction of the Trustees or Receiver and, in making any sale or disposal of any of the Assigned Property or making any acquisition, the Trustees or any Receiver may do so for such consideration, in such manner and on such terms as it thinks fit.

10.6 Protection of purchasers

No purchaser or other person dealing with the Trustees or any Receiver shall be bound to inquire whether the right of the Trustees or such Receiver to exercise any of its powers has arisen or become exercisable or be concerned with any propriety or regularity on the part of the Trustees or such Receiver in such dealings

10.7 Discretions

Any liberty or power which may be exercised or any determination which may be made under this Agreement by the Trustees or any Receiver may be exercised or made in its absolute and unfettered discretion without any obligation to give reasons

11 EFFECTIVENESS OF COLLATERAL

11.1 Collateral Cumulative

The collateral constituted by this Agreement and the Collateral Rights shall be cumulative, in addition to and independent of every other security which the Trustees may at any time hold for the Secured Obligations or any rights, powers and remedies provided by law. No prior security held by the Trustees over the whole or any part of the Assigned Property shall merge into the collateral constituted by this Agreement

11.2 No Waiver

No failure to exercise, nor any delay in exercising, on the part of the Trustees, any Receiver or Delegate any right or remedy under this Agreement shall operate as a

waiver of any such right or remedy or constitute an election to affirm this Agreement. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy of the Trustees, any Receiver or Delegate. The rights and remedies are cumulative and not exclusive of any rights or remedies provided by law

11.3 Illegality, Invalidity, Unenforceability

If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

11.4 No liability

None of the Trustees, their nominee(s) or any Receiver or Delegate appointed pursuant to this Agreement shall be liable by reason of (a) taking any action permitted by this Agreement or in exercise or purported exercise of any Collateral Right or (b) any neglect or default in connection with the Assigned Property or (c) the taking possession or realisation of all or any part of the Assigned Property, except in the case of gross negligence or wilful default upon their part

11.5 Implied Covenants for Title

11.5.1 The covenants set out in Sections 3(1), 3(2) and 6(2) of the Law of Property (Miscellaneous Provisions) Act 1994 will not extend to Clause 3 (*Assignment*) above

11.5.2 It shall be implied in respect of Clause 3 (*Assignment*) above that the Assignor is assigning the Assigned Property free from all charges and encumbrances (whether monetary or not) and from all other rights exercisable by third parties (including liabilities imposed and rights conferred by or under any enactment).

11.6 Continuing security

11.6.1 The Security from time to time constituted by this Agreement is a continuing security and will remain in full force and effect as a continuing security until released or discharged by the Trustees

11.6.2 No part of the Security from time to time constituted by this Agreement will be considered satisfied or discharged by any intermediate payment, discharge or satisfaction of the whole or any part of the Secured Obligations

11.7 Immediate recourse

The Assignor waives any right it may have of first requiring the Trustees to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Assignor under this Agreement. This waiver applies irrespective of any law or any provision of this Agreement to the contrary

11.8 Avoidance of Payments

Notwithstanding Clause 3 4 (*Full release*) above if the Trustees consider that any amount paid or credited to them is capable of being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws the liability of the Assignor under this Agreement and the Security constituted by this Agreement shall continue and that amount shall not be considered to have been irrevocably paid

11.9 Deferral of Assignor's rights

Until all the Secured Obligations have been irrevocably paid in full and unless the Trustees otherwise direct, the Assignor will not exercise any rights which it may have by reason of any amount being payable, or liability arising, under or in connection with this Agreement.

11.9 1 to exercise any right of set-off against the Centrica Parent, and/or

11.9 2 to claim or prove as a creditor of the Centrica Parent in competition with the Trustees.

If the Assignor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Trustees to be repaid in full on trust for the Trustees and shall promptly pay or transfer the same to the Trustees or as the Trustees may direct

12. INDEMNITY AND PAYMENTS

12.1 Indemnity

The Assignor shall, notwithstanding any release or discharge of all or any part of the Security, indemnify the Trustees, their attorneys and any Receiver or Delegate against any action, proceeding, claims, losses, liabilities and costs which they may sustain as a consequence of any breach by the Assignor of the provisions of this Agreement, the exercise or purported exercise of any of the rights and powers conferred on them by this Agreement or otherwise relating to the Assigned Property.

12.2 Payments Free Of Deduction

All payments to be made to the Trustees under this Agreement shall be made free and clear of and without deduction for or on account of tax unless the Assignor is required to make such payment subject to the deduction or withholding of tax, in which case the sum payable by the Assignor in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the person on account of whose liability to tax such deduction or withholding has been made receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made

12.3 Enforcement expenses

The Assignor shall, within 20 Business Days of demand pay to the Trustees all the costs and expenses (including legal fees) on a full indemnity basis incurred by it in connection with the exercise, preservation and/or enforcement of any of the rights, powers or remedies of the Trustees under or in connection with the Security (including in relation to any waiver, consent or release) or any proceedings instituted by or against the Trustees as a consequence of taking or holding the Security or of enforcing any rights, powers or remedies of the Trustees.

13. APPLICATION OF PROCEEDS

All moneys received or recovered by the Trustees or any Receiver or Delegate pursuant to this Agreement or the powers conferred by it shall (subject to the claims of any person having prior rights thereto and by way of variation of the provisions of the Law of Property Act 1925) be applied first in the payment of the costs, charges and expenses incurred and payments made by the Receiver or Delegate, the payment of his remuneration and the discharge of any liabilities incurred by the Receiver or Delegate in, or incidental to, the exercise of any of his powers, and thereafter shall be applied by the Trustees (notwithstanding any purported appropriation by the Assignor) as the Trustees shall think fit in discharge of the Secured Obligations.

14. OTHER SECURITY INTERESTS

14.1 Redemption or transfer

In the event of any action, proceeding or step being taken to exercise any powers or remedies conferred by any prior ranking security in case of exercise by the Trustees or any Receiver or Delegate of any power of sale under this Agreement the Trustees may redeem such prior security or procure the transfer thereof to themselves.

14.2 Accounts

The Trustees may settle and pass the accounts of the prior security and any accounts so settled and passed will be conclusive and binding on the Assignor.

14.3 Costs of redemption or transfer

All principal monies, interest, costs, charges and expenses of and incidental to any redemption or transfer will be paid by the Assignor to the Trustees within 45 days of demand as the Trustees, acting reasonably, shall specify.

14.4 Subsequent Interests

If the Trustees at any time receive notice of any subsequent mortgage, assignment, charge or other interest affecting all or any part of the Assigned Property, all payments made by the Assignor to the Trustees after that time shall be treated as having been credited to a new account of the Assignor and not as having been applied in reduction of the Secured Obligations as at the time when the Trustees received notice

15. CURRENCY CONVERSION

For the purpose of or pending the discharge of any of the Secured Obligations, the Trustees may, to the extent that money which is in a currency other than Sterling is received, recovered or realised or subject to application by them under this Agreement, convert such money into Sterling, as the Trustees think fit and any such conversion shall be effected at the then prevailing commercial rate of exchange for obtaining Sterling with the other currency.

16. ASSIGNMENT

16.1 Permitted Successors

This Agreement shall be binding upon and shall inure to the benefit of each party and its direct or subsequent legal successors, permitted transferees and assigns

16.2 Trustees' Successors

This Agreement shall remain in effect despite any amalgamation or merger (however effected) relating to the Trustees; and references to the Trustees shall include any assignee or successor in title of the Trustees and any person who has assumed the rights and obligations of the Trustees under this Agreement or to which those rights and obligations have been transferred.

16.3 Assignor's Successors

This Agreement shall remain in effect despite any amalgamation or merger (however effected) relating to the Assignor, and references to the Assignor shall include any assignee or successor in title of the Assignor and any person who has assumed the rights and obligations of the Assignor under this Agreement or to which those rights and obligations have been transferred

16.4 Divestment by Assignor

16.4.1 The Assignor may assign or transfer in whole or in part any of its rights and obligations under this Agreement to a new owner of an interest in it or in one or more of the Employers or to a subsidiary undertaking of a parent undertaking of such new owner (an "Assignee") if:

- (a) the rating of the Assignee is of at least Investment Grade or the arrangement is guaranteed or similarly supported by another entity (the "Associated Guarantor") which is so rated;
- (b) the Assignee and, if applicable, the Associated Guarantor agree to be bound by the Finance Documents on the same terms as the Assignor;
- (c) the Assignor has either:
 - (i) obtained a confirmation from the Trustees that the Trustees are satisfied that at the time of the assignment or transfer the obligations of the Assignee and, if applicable, the Associated Guarantor under the Finance Documents would be enforceable

by the Trustees against the Assignee and the Associated Guarantor (such confirmation not to be unreasonably withheld), or

- (ii) procured a legal opinion local to the jurisdiction in which the Assignee (and, if applicable the Associated Guarantor) is established addressed to the Trustees that the obligations of the Assignee and, if applicable, the Associated Guarantor will, subject to customary reservations, assumptions and qualifications, be binding and enforceable by the applicable local courts; and
- (d) the Assignor has demonstrated to the Trustees' reasonable satisfaction that the Assignee or, if applicable, the Associated Guarantor has the financial capacity to meet its obligations under the Finance Documents, and
- (e) where the interest of the Centrica Parent in the Assignor falls below 100 per cent, the Trustees' consent to the assignment or transfer has been obtained, such consent not to be unreasonably withheld, it being acknowledged that an important factor in assessing reasonableness will be the jurisdiction in which the Assignee or the Associated Guarantor (if applicable) is located and that if the proposed Assignee or the Associated Guarantor (if applicable) is located within the EU, it will generally be unreasonable of the Trustees to withhold consent.

For the avoidance of doubt, nothing in this sub-Clause shall prejudice the right of the Trustees to refuse to support any application made under sections 42 or 46 of the Pensions Act 2004 to obtain clearance from the Pensions Regulator in relation to any transaction to which this sub-Clause relates or any other rights that the Trustees may have in respect of such a transaction under the applicable law

- 16 4 2 Prior to any assignment or transfer under Clause 16 4 1 above, the parties will have good faith discussions as to whether the arrangements documented under the Finance Documents would continue to be appropriate if an assignment or transfer occurred.
- 16 4 3 The parties acknowledge that where an assignment or transfer under Clause 16 4 1 above has occurred the Trustees reserve their rights in relation to the matters to which clause 1.3 of the Memorandum of Understanding refers
- 16 4 4 The Trustees may transfer their rights under this Agreement to the Pension Protection Fund as a result of the operation of Section 161 of and Schedule 6 to the Pensions Act 2004

16.5 Disclosure

The Trustees and the Assignor shall be entitled to disclose such information concerning the Trustees or the Assignor or any other person and this Agreement as the Trustees or the Assignor consider appropriate to any actual or proposed direct or

indirect successor or Assignee or Associated Guarantor or to any person to whom information may be required to be disclosed by applicable law.

17. NOTICES

17.1 Communications in Writing

- (a) Any communication in connection with this Agreement must be in writing to the addresses specified below and, unless otherwise stated, may be given in person, by post or by fax
- (b) Any consent or agreement required under this Agreement must be given in writing

17.2 Addresses

If to the Trustees, to:

Address: The BEGG Group Trustees
GSO Business Park
East Kilbride, G74 5PG

Attention: Secretary to the Trustees of the British Energy Generation Group of the Electricity Supply Pension Scheme

Fax: [REDACTED]

If to the Assignor, to:

Address: Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD
Attention: Group General Counsel and Company Secretary

Email: [REDACTED] and secretariat@centrica.com

18. WAIVERS AND COUNTERPARTS

18.1 Waivers

No waiver by the Trustees of any of their rights under this Agreement shall be effective unless given in writing.

18.2 Counterparts

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement

19. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

20 ENFORCEMENT

20.1 English Courts

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or the consequences of its nullity) or any non-contractual obligations arising out of or in connection with this Agreement.

20.2 Convenient Forum

The parties agree that the courts of England are the most appropriate and convenient courts to settle disputes and accordingly no party will argue to the contrary

IN WITNESS WHEREOF the parties have executed and delivered this deed on the date specified above

**EXECUTED as a DEED by
CENTRICA LAKE LIMITED**

Acting by its authorised attorney

.....
Signature of attorney

In the presence of:

.....
Signature of Witness

..... J A BUCKLEY
Name of Witness

..... CENTRICA
..... MILLSTREAM
..... S.L. 4. S.G.D.
Address of Witness

EXECUTED as a DEED by the TRUSTEES
acting through one Elected Group Trustee and one Appointed Group Trustee

.....
Richard Grant

Elected Group Trustee Signature

In the presence of:

.....
Signature of Witness

.....
Name of Witness

.....
.....
.....
Address of Witness

.....
Alastair Russell
Appointed Group Trustee Signature

In the presence of:

.....
Signature of Witness

.....
Name of Witness

.....
.....
.....
Address of Witness

IN WITNESS WHEREOF the parties have executed and delivered this deed on the date specified above

**EXECUTED as a DEED by
CENTRICA LAKE LIMITED**

Acting by its authorised attorney

.....
Signature of attorney

In the presence of

.....
Signature of Witness

.....
Name of Witness

.....
Address of Witness

EXECUTED as a DEED by the TRUSTEES
acting through one Elected Group Trustee and one Appointed Group Trustee


Richard Grant

Elected Group Trustee Signature

In the presence of:


Signature of Witness

Shahd Ibrahim
Name of Witness

Fieldfisher,
Riverbank House,
.....2 Swan Lane,
.....London,
.....EC4R 3TT
Address of Witness

.....
Alastair Russell

Appointed Group Trustee Signature

In the presence of:

.....
Signature of Witness

.....
EKATERINA PAVLYCHEVA

.....
Name of Witness

.....
.....Fieldfisher,
.....Riverbank House,
Address of Witness 2 Swan Lane,
London,
EC4R 3TT

SCHEDULE 1
FORM OF NOTICE OF ASSIGNMENT

To: Centrica plc
[Address]

Date: [•]

Dear Sirs,

- 1 Centrica Lake Limited ("**Centrica NewCo**") hereby gives you notice that, pursuant to a security assignment agreement entered into by Centrica NewCo in favour of the trustees of the British Energy Generation Group of the Electricity Supply Pension Scheme, being Dr Andrew Spurr, Alastair Russell, Peter Southee, Richard Grant, Peter Lawton, Mustafa Javadi, Graeme Robertson, John McDougall, Carol McArthur and Alistair Smith (together, the "**Trustees**") dated [•] 2014 (the "**Security Assignment**") (and a copy of which is attached hereto), Centrica NewCo has assigned to the Trustees, by way of security, all its rights, title, interest and benefits in the Loan made under the GBP 144,000,000 loan agreement dated [•] 2014 between you and Centrica NewCo (the "**Centrica Loan Agreement**") including all monies which may be payable pursuant to the terms of the EDF Loan Agreement.

N.B. Under Clause 3.1 of the Security Assignment, at any time when the Loan under the Centrica Loan Agreement is split into an A Loan and a B Loan, the assignment applies only to the Centrica NewCo's rights, title, interest and benefits arising under the Centrica Loan Agreement in connection with the A Loan

2. Unless a contrary indication appears or unless otherwise defined herein, any capitalised term used herein has the same meaning given to it in the Security Assignment.
3. Except as referred to in paragraph 4 below, all money payable by you to Centrica NewCo under the Centrica Loan Agreement shall be paid (at the time that such amounts become due) to the Trustees or to their order as they may specify in writing from time to time.
4. The Trustees hereby irrevocably direct that:
 - (a) at all times, any money payable by you to Centrica NewCo under the Centrica Loan Agreement in respect of the B Loan shall be made (at the time that such amounts become due) by transfer to the Lender's Account (as that term is defined in the Centrica Loan Agreement) to be received free of the Security and used as Centrica NewCo sees fit;
 - (b) at any time prior to your receipt of notice from the Trustees that an Enforcement Event has occurred which has not been remedied or waived (an "**Enforcement Event**"), any amounts of interest payable by you to Centrica NewCo under the Centrica Loan Agreement in respect of the Loan (or, if applicable, the A Loan) shall be made (at the time that such amounts become due) by transfer to the Lenders' Account to be received free of the Security and used as Centrica NewCo sees fit; and

- (c) any amounts payable by you to Centrica NewCo under the Centrica Loan Agreement in respect of the Loan (or, if applicable, the A Loan) on or after the earlier of: (i) the first date upon which the Trustees are satisfied that the Secured Obligations have been unconditionally and irrevocably paid or discharged in full; and (ii) the date upon which the Centrica Guarantee is terminated in accordance with its terms, shall be paid (at the time that such amounts become due) by transfer to the Lenders' Account to be received free of the Security and used as Centrica NewCo sees fit.
5. With effect from your receipt of an Enforcement Notice and subject to paragraph 3 above:
- (a) all remedies and powers that relate to the Loan (or, if applicable, the A Loan) provided for in the Centrica Loan Agreement or available at law or in equity shall be exercisable by the Trustees;
- (b) all rights and powers to compel performance of the Centrica Loan Agreement shall be exercisable by the Trustees (unless the Loan under the Centrica Loan Agreement has been split into an A Loan and a B Loan in which case all rights and powers to compel performance of the Centrica Loan Agreement shall be exercisable by the Trustees only insofar as such rights and powers relate to the A Loan); and
- (c) all rights, interests and benefits whatsoever accruing to or for the benefit of ourselves arising from the Loan (or, if applicable, the A Loan) shall belong to the Trustees.
- Prior to the receipt of an Enforcement Notice, subject to paragraph 3 above and the terms of the Security Assignment, the rights, remedies and powers described above shall remain exercisable by Centrica NewCo
- 6 Centrica NewCo shall continue to be solely responsible for the performance of its obligations under or in connection with the Centrica Loan Agreement.
7. You are authorised and instructed, without requiring further approval from Centrica NewCo, to provide the Trustees with such information relating to the Loan (or, if applicable, the A Loan) as they may from time to time reasonably request and to send copies of all notices issued by you in connection with the Loan (or, if applicable, the A Loan) to the Trustees as well as to Centrica NewCo
8. These instructions and authorisations may not be revoked, nor may the terms of Loan (or, if applicable, the A Loan) be amended, varied, waived or terminated, without the prior written consent of the Trustees
- 9 Please acknowledge receipt of this notice by signing the acknowledgement on the enclosed copy letter and returning it to the Trustees at [address] marked for the attention of [individual]
10. This notice and any non-contractual obligations arising out of or in connection with it are governed by English law

Yours faithfully,

.....
For and on behalf of
CENTRICA LAKE LIMITED
Acknowledgement
[On copy only]

To: [Trustees]
[Address]

[Date]

Dear Sirs,

We acknowledge receipt of a notice in the terms set out above and confirm that we have not received notice of any previous assignments or charges of or over any of the rights, interests and benefits in and to the Loan (or, if applicable, the A Loan). We hereby undertake in your favour that.

- 1 we will comply with the terms of any instructions given to us by you following the delivery of any Enforcement Notice,
2. we will not exercise any rights of set-off we may have in relation to any amounts payable by us under the Loan (or, if applicable, the A Loan), and
3. we will notify you of any change in any rating of our senior, unsecured debt obligations issued from time to time by Moody's, Standard & Poor's, Fitch or any other major credit rating agency except where such change has been publicly announced to the market

Yours faithfully

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For and on behalf of

Centrica plc