

DATED ____ OCTOBER 2009

LAW DEBENTURE TRUSTEES LIMITED

AS TRUSTEE

CENTRICA STORAGE LIMITED

AS COMPANY

SECURITY TRUST DEED

ALLEN & OVERY

Allen & Overy LLP

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THIS DEED is entered into on ____ October 2009

BETWEEN:

- (1) **LAW DEBENTURE TRUSTEES LIMITED** in its capacity as trustee for the Secured Parties (the "**Trustee**"); and
- (2) **CENTRICA STORAGE LIMITED** (the "**Company**").

WHEREAS:

- (A) By the Storage Services Contracts, the Company agreed to store Stored Gas for the Storage Customers on the terms set out therein.
- (B) By a deed of charge dated on or about the date hereof (the "**Deed of Charge**") entered into by the Company and the Trustee, the Company granted to the Trustee, for and on behalf of the Secured Parties, a floating charge over the Stored Gas.
- (C) The parties hereto have therefore entered into this Deed in order to regulate the rights of priority and of enforcement in respect of the Secured Parties' rights pursuant to the Deed of Charge from (and including) the date of this Deed.
- (D) The Company may enter into further Storage Services Contracts in the future and it is intended that this Deed should also govern such arrangements.
- (E) It is intended by the parties hereto that this document shall take effect as a Deed.

NOW IT IS HEREBY AGREED as follows:

1. INTERPRETATION AND DEFINITIONS

1.1 In this Deed:

"**Accession Date**" means the date on which an Accession Memorandum takes effect subject to and in accordance with clause 2 (*Secured Storage Customers*);

"**Accession Memorandum**" means each memorandum to be entered into pursuant to clause 2 (*Secured Storage Customers*) substantially in the form set out in the Schedule to this Deed;

"**Delegate**" means any delegate, agent, attorney or co-trustee appointed by the Trustee;

"**Enforcement Date**" means the first date upon which the Trustee exercises any rights of enforcement under the Security Documents;

"**Gas Entitlement**" means on any given day the total quantity of gas measured in kilowatt hours which a Secured Storage Customer is entitled to withdraw pursuant to its Storage Services Contract with the Company and which shall be equal to that Secured Storage Customer's "Gas-In-Storage" (as such term is defined in the standard form Storage Services Contract) with respect to the Rough Storage Facility as determined pursuant to its Storage Services Contract as at 06:00 hours on such day;

"**Proceeds**" means the aggregate of all receipts or recoveries by the Trustee pursuant to, or upon enforcement of, the Rights after deducting (to the extent not already deducted or retained prior to such receipt or recovery by the Trustee) all sums which the Trustee is required by the terms of the

Relevant Documents or by applicable law to pay to any other person before distributing any such receipts or recoveries to any of the Secured Parties;

"Relevant Documents" means the Security Documents and each Storage Services Contract and **"Relevant Document"** means any one of them;

"Rights" means all rights vested in the Trustee by virtue of, or pursuant to this Deed, the Deed of Charge and the Security created in respect of the Charged Property and all rights to make demands, bring proceedings or take any other action in respect thereof;

"Secured Parties" means the Trustee, any Receiver or Delegate and each Secured Storage Customer, and **"Secured Party"** means any one of them;

"Secured Storage Customer" means a Storage Customer who becomes party to this Deed by entering into an Accession Memorandum in accordance with the terms of clause 2 (*Secured Storage Customers*);

"Secured Storage Customers Majority Group" means on any particular day a group of one or more Secured Storage Customers whose aggregate Gas Entitlements as at that day equal more than 66⅔% of the total Gas Entitlement of all Secured Storage Customers measured on such day, based on the records of Secured Obligations for such day provided by the Company to the Trustee pursuant to clause 3 (*Information*) of this Deed;

"this Deed" means this deed and any deed or other document executed in accordance with the provisions hereof (as from time to time modified in accordance herewith) and expressed to be supplemental hereto;

"Trustee Acts" means the Trustee Act 1925 and the Trustee Act 2000; and

"Trust Property" means the Rights and the Proceeds.

- 1.2 In this Deed, all capitalised terms and other expressions used but not defined herein shall have the meanings ascribed thereto in the Deed of Charge.
- 1.3 In this Deed (save to the extent that the context otherwise requires) references to any agreement, contract, deed or document (including any Relevant Document) shall be construed as including any amendment, restatement, novation or supplement thereof.
- 1.4 References herein to **"Company"**, **"Trustee"**, or any **"Secured Party"** shall be construed so as to include its and any subsequent successors, transferees and permitted assigns.
- 1.5 Any provisions herein relating to Secured Storage Customers shall only be applicable after the first Accession Date and the parties hereto may, until the first Accession Date, exercise their rights and perform their obligations as if this Deed made no reference to Secured Storage Customers.
- 1.6 References herein to a **"person"** shall be construed as a reference to any person, firm, company (wherever and however incorporated or established), corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) (or two or more of the foregoing) and any words denoting the singular shall include the plural and vice versa.
- 1.7 Reference herein to **"party"** or **"parties"** shall be construed as a reference to any party to this Deed and any Secured Storage Customer.
- 1.8 Reference herein to any clause or Schedule shall be to a clause or schedule contained in this Deed.

- 1.9 For the purposes of this Deed:
- 1.9.1 where any discretions or power to give instructions or directions are vested herein in the Secured Storage Customers, the Trustee shall only act upon receipt of written instructions on a particular day signed by Secured Storage Customers together making up a Secured Storage Customers Majority Group on such day;
 - 1.9.2 notwithstanding the provisions of any of the Relevant Documents or sub-clause 1.9.1 of this clause, unless the Trustee has received express notice in writing to the contrary, the Trustee shall not concern itself whether each Secured Storage Customer is entitled (under the terms of any Relevant Documents) to give such requests or instructions and may rely on any instructions given without further enquiry as to the validity or authenticity of such instructions and shall rely on the information it receives from the Company pursuant to clause 3 (*Information*) in respect of each Secured Storage Customer's Gas Entitlement;
 - 1.9.3 if any Secured Storage Customer, in issuing any requests or instructions, withdraws its consent, this shall not invalidate the requests or instructions in question unless the relevant Secured Storage Customer informs the Trustee in writing before the Trustee commences to act on such request or instruction that it no longer consents to such request or instruction. If the Trustee is so informed after it has commenced to act on a request or instruction, the validity of any action taken shall not be affected but the Trustee shall take no further action in accordance with such request or instruction, except to the extent that it has become legally obliged to do so; and
 - 1.9.4 save as expressly set out in this Deed, only the Secured Storage Customers shall, in accordance with the terms of the applicable Relevant Documents, be entitled to make requests or give instructions to the Trustee and the Company shall not have any rights so to do or otherwise to request the Trustee to take any action or proceedings under or in relation to any Security Document.
- 1.10 If the Trustee considers that an amount paid to the Trustee or any Secured Party for application in or towards repayment of the Secured Obligations is capable of being avoided (or otherwise set aside on the liquidation or administration of the Company or otherwise), then such amount shall not be considered to have been irrevocably paid for the purposes of the Security Documents.
- 1.11 A certificate from the Company setting forth the amount of any Secured Obligations due from the Company to a Secured Storage Customer shall be *prima facie* evidence of such amount against the Company in the absence of manifest error.
- 1.12 Clauses 7 (*Application of Proceeds*) and 8 (*Activities of the Trustee*) of this Deed are deemed to form part of the Deed of Charge as if expressly incorporated into it and as if all references in such clauses to this Deed were a reference to the Deed of Charge.
- 1.13 A person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of this Deed.
- 1.14 This Deed shall take effect as at 18:00 hours (London time) on the date hereof.
- 2. SECURED STORAGE CUSTOMERS**
- 2.1 Any person shall become a Secured Storage Customer under this Deed if such person is a Storage Customer and has delivered to the Trustee an Accession Memorandum executed by the Company and the proposed Secured Storage Customer.

- 2.2 It is hereby agreed by the parties hereto that any such Accession Memorandum delivered pursuant to clause 2.1 shall not take effect unless and until it is signed by the Trustee and the Trustee shall accept and sign any Accession Memorandum, without making further enquiries.
- 2.3 If a Secured Storage Customer ceases to be a party to a Storage Services Contract then the Company shall notify the Trustee and such Secured Storage Customer shall cease to be a Secured Party under the Security Documents with effect from the date on which such Secured Storage Customer ceased to be a party to a Storage Services Contract.

3. INFORMATION

The Company shall provide to the Trustee, on request, a certificate of accurate and up-to-date information as to the Secured Obligations owing (actually or contingently) to the Secured Storage Customers (including details of Gas Entitlements on any particular day) to enable the Trustee to perform its functions under this Deed (such certificate to be in a form required by the Trustee), and the Trustee shall be entitled to rely on any such certificates and shall have no duty to enquire as to the accuracy thereof.

4. TRUST FOR SECURED PARTIES

4.1 Trust

4.1.1 The Trustee shall hold the Charged Property on trust for the Secured Parties on the terms and subject to the conditions contained herein.

4.1.2 Each of the parties to this Deed agrees that the Trustee shall have only those duties, obligations and responsibilities expressly specified in the Security Documents (and no others shall be implied).

4.2 No independent power

The Secured Storage Customers shall not have any independent power to enforce, or have recourse to, any of the Charged Property or to exercise any rights or powers arising under the Security Documents except through the Trustee.

5. MODIFICATION

This Deed may only be amended with the prior written consent of all the parties hereto.

6. DEFAULT PROCEDURE

6.1 If any Secured Storage Customer becomes aware of the occurrence of a Crystallisation Event, it shall notify the Trustee of the same.

6.2 Following notification pursuant to clause 6.1, the Trustee, if requested to do so by a Secured Storage Customers Majority Group in accordance with clause 1.9 of this Deed, shall enforce the Rights in accordance with the instructions of the Secured Storage Customers Majority Group, provided that the Trustee shall be entitled to decline to take any action to enforce any Security unless indemnified and/or secured to its satisfaction against any and all actions, charges, claims, costs, damages, demands, expenses, liabilities (including any environmental liabilities), losses and proceedings (including legal and other professional fees in bringing or defending the same) which might be brought, made or confirmed against or suffered, incurred or sustained by it as a result.

7. APPLICATION OF PROCEEDS

7.1 Order of application

All amounts from time to time received or recovered by the Trustee in connection with the realisation or enforcement of all or any part of the Charged Property shall be held by the Trustee on trust to apply them at any time the Trustee sees fit, to the extent permitted by applicable law (subject to the provisions of this clause 7 (*Application of Proceeds*)), in the following order of priority:

- 7.1.1 first, in payment discharge and satisfaction of all sums, costs, charges, expenses and liabilities (and all interest thereon as provided in the Security Documents) incurred by or on behalf of the Trustee, any Receiver or Delegate in connection with the due performance of its duties and exercise of its powers and discretions under the Security Documents and the remuneration of the Trustee, every Receiver or Delegate under the Security Documents;
- 7.1.2 secondly, to each Secured Storage Customer, *pari passu* and *pro rata* up to the total quantity of Stored Gas measured in kilowatt hours (or proceeds of such quantity of Stored Gas) which such Secured Storage Customer is entitled to withdraw as at the Enforcement Date pursuant to the Storage Services Contract to which it is a party (less any Stored Gas or proceeds of such Stored Gas delivered to each such Secured Storage Customer between the Enforcement Date and the date of application of the Charged Property pursuant to this sub-clause 7.1.2) and any *pro rata* entitlements shall be rounded down to the nearest kilowatt hour of gas; and
- 7.1.3 the balance, if any, in payment or delivery to the Company.

7.2 Delivery of Stored Gas

Each of the Secured Storage Customers hereby agrees that if and to the extent that it is entitled to a proportion of Stored Gas in accordance with sub-clause 7.1.2, such Secured Storage Customer shall, at its own cost and expense, arrange to take delivery of its proportion of Stored Gas directly from the Company and neither the Trustee nor any Receiver shall be obliged to deliver such Stored Gas to any Secured Storage Customer. If and to the extent that:

- 7.2.1 such Stored Gas has not been delivered to any Secured Storage Customer by the Company in accordance with the foregoing; and
- 7.2.2 the Trustee or any Receiver has each of the following:
 - (a) all authorisations, approvals, licences or consents necessary for the delivery of the Stored Gas;
 - (b) operational control and capability of the Rough Storage Facility to enable it to deliver the Stored Gas; and
 - (c) indemnification and/or security to its satisfaction,

then the Trustee or any Receiver shall, if so requested by that Secured Storage Customer, deliver such proportion of Stored Gas to such Secured Storage Customer. If the relevant Secured Storage Customer has failed to take delivery of its proportion of Stored Gas in accordance with the provisions of this clause 7.2, then such Secured Storage Customer shall be entitled to receive only the cash proceeds of its proportion of the Stored Gas subject to the Security under the Security Documents (and not Stored Gas *in specie*) following the disposal of such Stored Gas and the receipt of the relevant cash proceeds by the Trustee, and neither

the Trustee nor any Receiver shall be obliged to act on any instructions given by a Secured Storage Customer in the event that any such instructions conflict with the provisions of this clause.

7.3 Sums received by the Company

Clause 7.1 shall override any appropriation made by the Company.

7.4 Currency conversion

7.4.1 For the purpose of, or pending the discharge of, any of the Secured Obligations, the Trustee may convert any moneys received or recovered by it from one currency to another at the spot rate at which the Trustee is able to purchase the currency in which the Secured Obligations are due with the amount received.

7.4.2 The obligations of the Company to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

7.5 Permitted deductions

Notwithstanding anything contained in this Deed, the Trustee shall be entitled:

7.5.1 to set aside by way of reserve amounts required to meet; and

7.5.2 to make and pay,

any deductions and withholdings (on account of taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Deed, and to pay all taxes which may be assessed against it in respect of any of the Charged Property, or as a consequence of performing its duties, or by virtue of its capacity as Trustee under any of the Security Documents or otherwise (other than in connection with its remuneration for performing its duties under this Deed).

7.6 Discharge of Secured Obligations

The Company agrees that the Secured Obligations shall be discharged to the extent of the receipts by, or recoveries of, the Trustee pursuant to the enforcement of the Charged Property.

8. ACTIVITIES OF THE TRUSTEE

8.1 The Trustee shall only be required to take any action to enforce or protect the Charged Property if instructed to do so by a Secured Storage Customers Majority Group in accordance with this Deed and may refrain from exercising any right, power or discretion vested in it by this Deed unless and until instructed by a Secured Storage Customers Majority Group in accordance with this Deed as to whether or not any such right, power or discretion is to be exercised and as to the manner in which it should be exercised and subject always to the provisions of this Deed. The Trustee shall be entitled to seek instructions from the Secured Storage Customers Majority Group as to the manner in which it should carry out any course of action and may act in accordance with any such instructions given by the Secured Storage Customers Majority Group in accordance with this Deed. The Trustee shall be entitled to seek clarification from the Secured Storage Customers Majority Group with regard to any such instructions and may, in its discretion, elect not to act pending receipt of such clarification to its reasonable satisfaction, and shall not be obliged to act in the event that any such instructions given by the Secured Storage Customers Majority Group conflict with the terms of this Deed.

8.2 **Discretions and duties**

The Trustee shall:

- 8.2.1 promptly send to the Secured Storage Customers details of each communication received by it from the Company under any of the Security Documents; and
- 8.2.2 save as otherwise expressly provided in the Security Documents, in granting any consent or waiver or exercising any power, trust, authority or discretion hereby vested in it, act as it, in its absolute discretion, shall think fit, in which case it shall be in no way responsible for any loss, costs, damages or expenses which may result from the exercise or non-exercise thereof, save in the case of its own gross negligence, wilful misconduct or fraud.

8.3 **Protections**

By way of supplement to the Trustee Act 1925 and to the Trustee Act 2000, it is expressly declared as follows:

- 8.3.1 the Trustee may in relation to any of the provisions of any of the Security Documents, without the consent of the Secured Storage Customers, obtain, pay for and act on the opinion or advice of, or any information obtained from, any lawyer, valuer, surveyor, broker, auctioneer, accountant or other expert whether obtained by the Company, any Secured Party or by the Trustee or otherwise, and shall not be responsible for any loss occasioned by so acting;
- 8.3.2 any opinion, advice or information obtained pursuant to sub-clause 8.3.1 may be sent or obtained by letter, facsimile transmission, telephone or other means and the Trustee shall not be liable for acting on any opinion, advice or information purporting to be so conveyed or any other document purporting to be conveyed from any Secured Party or the Company although, in any such case, the same shall contain some error or shall not be authentic;
- 8.3.3 the Trustee may, without the consent of the Secured Storage Customers, request and shall be at liberty to accept as sufficient evidence a certificate signed by any two members of the board of directors of the Company (or any sub-committee authorised by the board) to the effect that any particular dealing, transaction, step or thing is, in the opinion of the persons so certifying, suitable or expedient, or as to any other fact or matter (including as to the Total-Storage-Customer-Gas-In-Store), upon which the Trustee may require to be satisfied. The Trustee shall be in no way bound to call for further evidence or be responsible for any loss that may be occasioned by acting on any such certificate even if the certificate contains an error or is not authentic;
- 8.3.4 where the Trustee acts upon the instructions, or at the direction, of any Secured Storage Customers, it shall have no liability or responsibility for advising on the appropriateness or suitability of such instructions or directions, or for any action or the consequences thereof;
- 8.3.5 the Trustee may, without the consent of the Secured Storage Customers, refrain from doing anything which would or might in its opinion be contrary to any law of any jurisdiction or any directive of any agency of any state, or which would or might in its opinion otherwise render it liable to any person and may do anything which is in its opinion necessary to comply with any such law or directive;
- 8.3.6 the Trustee shall not be liable for any failure, omission, or defect in perfecting the Charged Property, including (without prejudice to the generality of the foregoing):

- (a) failure to obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any of the Security Documents;
 - (b) failure to register, file or record or otherwise protect any of the Charged Property (or the priority of the Charged Property) under any applicable laws in any jurisdiction or to give notice to any person of the execution of any of the Security Documents;
 - (c) taking, or requiring the Company to take, any steps to perfect its title to any of the Charged Property or to render the Charged Property effective or to secure the creation of any ancillary security interest under the laws of any jurisdiction; or
 - (d) requiring any further assurances in relation to any of the Security Documents;
- 8.3.7 the Trustee shall accept without enquiry, requisition, objection or investigation such title as the Company and the Secured Storage Customers may have to the Stored Gas (or any part thereof) and such right to operate, and title to, the Rough Storage Facility as the Company may have;
- 8.3.8 the Trustee shall be at liberty, without the consent of the Secured Storage Customers, to place any of the Security Documents and any other instruments, documents or deeds delivered to it pursuant to, or in connection with, any of the Security Documents for the time being in its possession in any safe deposit, safe or receptacle selected by it or, without being bound to enquire as to the existence or adequacy of any insurances with any bank or building society within the United Kingdom, any company whose business includes the safe custody of documents or any reputable firm of lawyers, or, in respect of any insurance policies, to place the policy documents with any insurance broker of good repute, and shall not be responsible for any loss thereby incurred and, without prejudice to the foregoing, the Company's lawyers may retain any such instruments, documents or deeds delivered to the Trustee pursuant to or in connection with the Security Documents, provided that such lawyers undertake to hold such instruments, deeds or documents to the order of the Trustee;
- 8.3.9 save as otherwise provided in any Security Document, all moneys which are received by the Trustee under the trusts herein contained, may be invested in the name of, or under the control of, the Trustee in any investment for the time being authorised by English law for the investment by trustees of trust moneys, or in any other investments, whether similar to the aforesaid or not, which may be selected by the Trustee, or by placing the same on deposit in the name of or under the control of the Trustee at such bank or institution (including the Trustee) as the Trustee may think fit, or in such currency as the Trustee may think fit, and the Trustee may at any time vary or transfer any such investments for or into other such investments or convert any moneys so deposited into any other currency and shall not be responsible for any loss occasioned thereby, whether by depreciation in value, fluctuation in exchange rates or otherwise;
- 8.3.10 the Trustee may in the conduct of the trusts herein contained, without the consent of the Secured Storage Customers, instead of acting personally employ and pay an agent (whether a solicitor or other appropriately qualified person) to transact or concur in transacting any business and to do or concur in doing any acts required to be done by the Trustee (including the receipt and payment of money) and any agent (being a solicitor, broker or other person engaged in any profession or business) shall be entitled to be paid all usual professional and other charges for business transacted and acts done by him or any partner of his in connection with the trusts contained herein;

- 8.3.11 the Trustee shall have only those duties, obligations and responsibilities expressly specified in this Deed and shall not have any implied duties, obligations and responsibilities;
- 8.3.12 the Trustee shall not be under any obligation to insure any of the Trust Property or any deeds or documents of title (or other evidence in respect thereof) and shall not be responsible for any loss, expense or liability which may be suffered as a result of the lack of or inadequacy of any such insurance;
- 8.3.13 no provision of this Deed or any Relevant Document (or any document referred to therein) shall require the Trustee to expend or risk its own funds or to otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity and/or Security against such risk or liability is not assured to it;
- 8.3.14 the Trustee shall not be responsible for the legality, validity, effectiveness, suitability, adequacy or enforceability of any Relevant Document (or other documents entered into in connection therewith), or any other document, or any obligation or rights created or purported to be created thereby or pursuant thereto, or any Security or the priority thereof constituted or purported to be constituted thereby or pursuant thereto, nor shall it be responsible or liable to any person because of any invalidity of any provision of such documents or the unenforceability thereof, whether arising from statute, law or decision of any court;
- 8.3.15 neither the Trustee nor any of its directors or officers shall by reason of the fiduciary position of the Trustee be in any way precluded from making any contracts or entering into any transactions in the ordinary course of business with the Company or any person or body corporate directly or indirectly associated with the Company, or from accepting the trusteeship of any other debenture stock, debentures or Security of the Company or any person or body corporate directly or indirectly associated with the Company, and neither the Trustee nor any such director or officer shall be accountable to any Secured Party for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit;
- 8.3.16 except as herein expressly provided, the Trustee is hereby authorised and it shall be entitled to assume without enquiry (in the absence of actual knowledge or an express notice to it to the contrary), that no Crystallisation Event has occurred and the Company is duly performing and observing all the covenants, conditions, provisions and obligations contained in any Security Document and/or in respect of the Secured Obligations and on its part to be performed and observed. In particular, the Trustee shall not be responsible for monitoring the Company's compliance with any of the covenants that it gives in the Security Documents or for monitoring whether any disposal of Stored Gas is a Permitted Disposal;
- 8.3.17 unless otherwise specifically stated in any discharge of this Deed, the provisions of this clause 8 (*Activities of the Trustee*) shall continue in full force and effect notwithstanding such discharge;
- 8.3.18 where under any Security Document any action, approval, consent or authorisation requires the consent of any party, the Trustee will not undertake that action or grant that approval, consent or authorisation without obtaining such consent; and
- 8.3.19 in performing or carrying out its duties, obligations and responsibilities, the Trustee shall be considered to be acting only in a mechanical and administrative capacity (save as expressly provided in the Security Documents) and shall not have or be deemed to have any duty,

obligation or responsibility to, or relationship of trust or agency with, the Company and the Trustee shall not, at any stage, be responsible for, or have any liability for, the amount of Stored Gas and, in particular, shall not be responsible for any loss, leak, seepage or other discharge of Stored Gas from the Rough Storage Facility.

8.4 **Trustee liable for gross negligence**

Subject to Section 750 of the Companies Act 2006 (if applicable) and notwithstanding anything to the contrary in the Security Documents, the Trustee shall not be liable to any person for any matter or thing done or omitted to be done in any way in connection with or in relation to the Security Documents, save in relation to its own gross negligence, wilful default or fraud.

8.5 **Indemnities**

Without prejudice to the Company's obligations to indemnify the Trustee under this Deed, each of the Secured Parties (other than the Trustee) hereby undertakes jointly and severally as against the Trustee and any Delegate and Receiver (but as between the Secured Storage Customers *inter se* only, in the proportion which the amounts then due to them in respect of the Secured Obligations bears to the then aggregate amount of such Secured Obligations), to indemnify and hold harmless the Trustee against all costs, charges, losses, claims, damages, liabilities, expenses and other sums (or actions in respect thereof) including value added tax thereon suffered or incurred by the Trustee or any person appointed by the Trustee to whom any power, trust, authority or discretion may be delegated by it pursuant hereto, in connection with this Deed and the other Security Documents and the powers, trusts, authorities and discretion and duties contemplated therein or actions in respect thereof and all costs, charges, losses, claims, damages, liabilities, expenses and other sums suffered or incurred by the Trustee or such person as a result of complying with the provisions hereof or as a result of any Secured Party challenging the right of the Trustee so to comply, to the extent that, other than in respect of any indemnity to be given by any Secured Party in order to satisfy the indemnification provisions of clauses 6.2 (*Default Procedure*) and 9.4 (*Remuneration of the Trustee*), and sub-clause 8.3.13 of this clause 8, the Company has failed to comply with its obligations to indemnify the Trustee as aforesaid in respect of any costs, charges, losses, claims, damages, liabilities, expenses and other sums (or actions in respect thereof) (including value added tax) suffered or incurred directly by the Trustee, other than as a result of the fraud, gross negligence or wilful default of the Trustee.

8.6 **Disapplication**

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Trustee in relation to the trusts constituted by this Deed. Where there are any inconsistencies between the Trustee Acts and the provisions of the Deed, the provisions of this Deed shall, to the extent allowed by law, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Deed shall constitute a restriction or exclusion for purposes of that Act.

8.7 **Merger**

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee may be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this clause, without the execution or filing of any paper or any further act on the part of any of the parties to this Deed.

9. REMUNERATION OF THE TRUSTEE

- 9.1 The Company shall (subject as hereinafter provided) pay to the Trustee in every year until the trusts contained herein shall be finally wound up, a fee calculated at such rate as may be agreed from time to time between the Company and the Trustee which shall be payable on such date or dates in each year as may from time to time be agreed between the Company and the Trustee.
- 9.2 If the Trustee determines or is required to enforce any of the Security Documents, or in the event of the Trustee considering it expedient or necessary or being required to undertake duties which the Trustee and the Company agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under this Deed, the Company shall pay to the Trustee such additional remuneration as may be agreed between them. In the event of the Trustee and the Company failing to agree upon whether such duties are of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under this Deed, or failing to agree upon such additional remuneration, such matters shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Trustee and approved by the Company or, failing such approval, nominated (on the application of the Trustee) by the President for the time being of The Law Society of England and Wales. The decision of any such investment bank shall be final and binding on the Company and the Trustee and the expenses involved in such nomination and the fees of such investment bank shall be paid by the Company.
- 9.3 In addition to remuneration hereunder, the Company shall, on written request, pay all properly incurred costs, charges and expenses (including travelling expenses) which the Trustee may properly incur in relation to the preparation and execution of any Security Document and the exercise of its powers, the performance of its duties, or the enforcement of any of its rights, powers and remedies in respect of, and in any other manner in relation to or under any Security Document.
- 9.4 Without prejudice to any indemnity contained in any Security Document, the Company shall indemnify the Trustee against:
- 9.4.1 all liabilities and expenses incurred by it or by any Receiver or Delegate in the execution or purported execution of the trusts, powers, authorities or discretions vested in it by this Deed or any Security Document; and
- 9.4.2 all liabilities, actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted to be done in any way in relation to the Security Documents, including, without limitation, arising (directly or indirectly) out of or in connection with any breach of any Environmental Laws or Environmental Approval requiring remediation, or any Environmental Claim, save where the same has arisen from the Trustee's fraud, gross negligence or wilful default.
- 9.5 All sums payable under clauses 9.3 and 9.4 of this clause shall be payable within five business days of written demand and invoicing therefor. All sums payable by the Company under this clause shall carry interest at a rate equal to 3 per cent. per annum over the base rate for the time being of Royal Bank of Scotland from the date 30 days after the date on which the sum become due or (where a demand by the Trustee specifies that payment by the Trustee has been or will be made on an earlier date) from such earlier date.
- 9.6 The Company shall, subject to the receipt by it of a value added tax invoice, pay to the Trustee (if so required) an amount equal to the amount of any value added tax (if any) or similar tax (if any) charged in respect of the Trustee's remuneration hereunder.
- 9.7 The Company shall pay all stamp, registration and other taxes to which the Security Documents, the Charged Property or any judgment given in connection with them is, or at any time may be, subject

and shall, from time to time, indemnify the Trustee on demand against any liabilities, costs, claims and expenses resulting from any failure to pay or delay in paying any such tax.

- 9.8 All payments to be made to the Trustee under the Security Documents shall be made free and clear of, and without deduction for or on account of, tax unless the Company is required to make such payment subject to the deduction or withholding of tax, in which case the sum payable by the Company 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 retained had no such deduction or withholding been made (or required to be made).

10. DELEGATION AND APPOINTMENT OF ADDITIONAL TRUSTEES

10.1 Delegation

10.1.1 Without the prior written consent of the Secured Storage Customers, the Trustee may, at any time, delegate by power of attorney or otherwise to any person or persons for any period, all or any of the rights, powers and discretions vested in it by any of the Security Documents.

10.1.2 The delegation may be made upon any terms and conditions (including the power to sub-delegate) and may be subject to any restrictions as the Trustee may think fit in the interest of the Secured Parties, and the Trustee shall not be bound to supervise, or be in any way responsible for any loss incurred by reason of any misconduct or default on the part of any Delegate or sub-Delegate.

10.2 Additional trustees

The Trustee may at any time appoint any person (provided such person is a professional trust corporation and is not a Storage Customer or employee or representative of a Storage Customer), to act either as a separate trustee or as a co-trustee jointly with it:

10.2.1 if it considers such appointment to be in the interests of the Secured Parties; or

10.2.2 for the purposes of conforming to any legal requirements, restrictions or conditions which the Trustee deems relevant for the purposes hereof,

and the Trustee shall give notice to the Company of any such appointment. Any person so appointed shall have such powers, authorities and discretions and such duties and obligations as shall be conferred or imposed on such person by the instrument of appointment and shall have the same benefits under clause 8 (*Activities of the Trustee*) as the Trustee. The Trustee shall have the power, with the prior written consent of the Secured Storage Customers, to remove any person so appointed. The Trustee may pay to any person so appointed any remuneration which has been previously approved by the Secured Storage Customers, and any such remuneration, costs, charges and expenses incurred by such person in performing its functions pursuant to such appointment, shall for the purposes hereof be treated as costs, charges and expenses incurred by the Trustee in performing its function as trustee hereunder.

11. BENEFIT OF AGREEMENT AND RESIGNATION OF TRUSTEE

- 11.1 This Deed shall be binding on and enure to the benefit of each party hereto and its successors in title and to any transferees or permitted assigns of any Secured Party made in accordance with the terms of any Relevant Document.

11.2 The Trustee may retire at any time on giving not less than three months' prior written notice to the Company and the Secured Storage Customers without assigning any reason and without being responsible for any costs occasioned by such retirement. Either of the Company or a Secured Storage Customers Majority Group (the "**Proposer**") shall have the power to remove the Trustee and appoint a replacement, provided such replacement is a professional trustee company that is unconnected to any Storage Customer or the Company and the Proposer informs the other parties to this Deed of the proposal to appoint a replacement, and the Company (if the Proposer is the Secured Storage Customers Majority Group) or the Secured Storage Customers Majority Group on the date of the proposal (if the Proposer is the Company), as the case may be, agrees to the identity of the replacement, such agreement not to be unreasonably withheld. The retirement or removal of the Trustee shall not become effective until a successor trustee is appointed and shall have become bound by the provisions of these presents whereupon the Trustee retiring or being removed shall, subject to clause 16.2 (*English courts*), thereby forthwith be discharged from such provisions. Upon the replacement Trustee agreeing in writing that it shall assume the duties and obligations assumed by the Trustee in this Deed it shall have all the rights, trusts, powers, authorities, discretions, duties and obligations of and vested in the Trustee under this Deed.

12. NOTICES

12.1 Communications in writing

Each communication to be made under this Deed shall be made in writing and, unless otherwise stated, may be made by fax or letter.

12.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each party for any communication or document to be made or delivered under or in connection with this Deed is:

12.2.1 that identified with its signature below; or

12.2.2 notified on the Accession Memorandum to which it is a party,

or any substitute details as the party may notify to the Trustee (or the Trustee may notify to the Secured Storage Customers and the Company, if a change is made by the Trustee) by not less than five business days' notice and promptly upon receipt of any notification of any new or changed details, the Trustee shall notify the other parties.

12.3 Delivery

12.3.1 Any communication or document made or delivered by one person to another under or in connection with this Deed will only be effective:

(a) if by way of fax, when received in legible form; or

(b) if by way of letter, when it has been left at the relevant address or, as the case may be, five days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under clause 12.2 (*Addresses*), if addressed to that department or officer.

12.3.2 Any communication or document to be made or delivered to the Trustee shall be effective only when actually received by the Trustee and then only if it is expressly marked for the attention of the department or officer identified with the Trustee's signature below (or any substitute department or officer as the Trustee shall specify for this purpose).

12.4 **English language**

12.4.1 Any notice given under or in connection with this Deed must be in English.

12.4.2 All other documents provided under or in connection with this Deed must be:

- (a) in English; or
- (b) if not in English accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

13. **COUNTERPARTS**

This Deed may be executed in counterparts, all of which when taken together shall constitute a single deed.

14. **WINDING UP**

14.1 Upon the earlier of:

14.1.1 the Trustee, with the approval of the Secured Storage Customers, determining that all of the Secured Obligations have been discharged; and

14.1.2 the expiry of the Security Period (no Crystallisation Event having occurred),

the Trustee shall release, without recourse or warranty, all of the Charged Property then held by it and the Rights, at which time each of the Trustee, the Secured Storage Customers and the Company shall be released from their respective obligations under this Deed (save for those which arose prior to the winding up) and the trusts herein created shall be wound up.

14.2 Unless otherwise specifically stated in any discharge of this Deed, the provisions of clauses 8 (*Activities of the Trustee*) and 9 (*Remuneration of the Trustee*) shall continue in full force and effect notwithstanding such discharge.

15. **SEVERABILITY**

If a term of this Deed is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

15.1 the legality, validity or enforceability in that jurisdiction of any other term of this Deed; or

15.2 the legality, validity or enforceability in any other jurisdiction of that or any other term of this Deed.

16. **LAW AND JURISDICTION**

16.1 **Governing law**

This Deed (and any non-contractual obligations arising from or in connection with it) shall be governed by, and shall be construed in accordance with, the laws of England.

16.2 English courts

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising from or connected with this Deed (including disputes relating to any non-contractual obligations in connection with this Deed and disputes regarding the existence, validity or termination of this Deed or the consequences of nullity).

16.3 Appropriate forum

The parties agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.

16.4 Rights of the Trustee to take proceedings outside England

This clause 16.4 (*Rights of the Trustee to take proceedings outside England*) is for the benefit of the Trustee only. As a result and notwithstanding clause 16.2 (*English courts*), nothing in this clause 16 (*Law and jurisdiction*) prevents the Trustee from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the Trustee may take concurrent Proceedings in any number of jurisdictions.

IN WITNESS whereof this Deed was executed by the parties hereto as a deed the day and year first above written.

SCHEDULE

FORM OF ACCESSION MEMORANDUM

THIS DEED dated [●] 2009, is supplemental to a security trust deed (the "**Security Trust Deed**") dated on or about [●] 2009 and made between **LAW DEBENTURE TRUSTEES LIMITED** as Trustee and **CENTRICA STORAGE LIMITED** (as the same may from time to time be amended, restated, novated or supplemented).

Words and expressions defined in the Security Trust Deed have the same meaning when used in this Deed.

[The Secured Storage Customer] (the "**Secured Storage Customer**") of **[address]** hereby agrees with each other person who is or who becomes a party to the Security Trust Deed that, with effect from the date on which the provisions of clauses 2.1 and 2.2 of the Security Trust Deed have been complied with, **[the Secured Storage Customer]** will become a party to and be bound by and benefit from the Security Trust Deed delivered with this Deed as a Secured Party in respect of the Secured Obligations owed to it from time to time and undertakes to perform all the obligations expressed in the Security Trust Deed to be assumed by a Secured Party.

The Secured Storage Customer and the Company have executed a Storage Services Contract.

The contact details for notices to the Secured Storage Customer for the purposes of clause 12 (*Notices*) of the Security Trust Deed are:

Address: [●];

Fax: [●];

Attention: [●].

This Deed shall be governed by and construed in accordance with English law.

IN WITNESS WHEREOF this Deed has been executed by the parties hereto as a deed on the day and year first above written.

The Company:

EXECUTED as a deed by **CENTRICA STORAGE LIMITED**)
acting by **[NAME OF DIRECTOR]** in the presence of:) Director

Witness's Signature

Name:

Address:

.....

The Secured Storage Customer:

EXECUTED as a deed by [SECURED STORAGE CUSTOMER] acting by [NAME OF DIRECTOR] in the presence of:)
)
) Director

Witness's Signature

Name:

Address:

.....

The Trustee:

ACKNOWLEDGED AND AGREED BY
LAW DEBENTURE TRUSTEES LIMITED
The common seal of **LAW DEBENTURE TRUSTEES LIMITED** was affixed to this deed in the presence of:) Common
) Seal

.....
Director

.....
Director/Secretary

EXHIBIT

An execution copy of the Deed of Charge

SIGNATORIES TO SECURITY TRUST DEED

The Company:

EXECUTED as a deed by **CENTRICA STORAGE LIMITED**)
acting by **SIMON WILLS** in the presence of:) Director

Witness's Signature

Name:

Address:

.....

Address: Venture House
42-54 London Road
Staines
Middlesex
TW18 4HF

Fax: +44 (0)1784 415318

Attention: General Counsel

The Trustee:

The common seal of **LAW DEBENTURE TRUSTEES**) Common
LIMITED was affixed to this deed in the presence of:) Seal

.....
Director

.....
Director/Secretary

Address: Fifth Floor
100 Wood Street
London
EC2V 7EX

Fax: +44 (0)20 7696 5271

Attention: The Manager, Trust Management