

DATED ____ OCTOBER 2009

CENTRICA STORAGE LIMITED

AS COMPANY

IN FAVOUR OF

LAW DEBENTURE TRUSTEES LIMITED

AS TRUSTEE

DEED OF CHARGE

ALLEN & OVERY

Allen & Overy LLP

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THIS DEED OF CHARGE is made on ____ October 2009

BY

- (1) **CENTRICA STORAGE LIMITED** registered in England and Wales with company number 03294124 (the "**Company**") in favour of
- (2) **LAW DEBENTURE TRUSTEES LIMITED** as trustee for the Secured Parties on the terms and conditions set out in the Security Trust Deed (the "**Trustee**", which expression shall include any person for the time being appointed as trustee or as an additional trustee for the purpose of, and in accordance with, the Security Trust Deed).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

Terms defined in the Security Trust Deed shall, unless otherwise defined in this Deed of Charge, have the same meaning when used in this Deed of Charge and in addition:

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are generally open in London for normal business.

"**Centrica**" means Centrica plc.

"**Charged Property**" means all the assets of the Company which from time to time are the subject of the floating charge security created or expressed to be created in favour of the Trustee by or pursuant to clause 3 of this Deed of Charge.

"**Collateral Right(s)**" means all rights, powers and remedies of the Trustee provided by or pursuant to this Deed of Charge or by law.

"**Crystallisation Event**" has the meaning set out in clause 4.1 (*Crystallisation*).

"**Dangerous Substance**" means any natural or artificial substance (whether in the form of a solid, liquid, gas or vapour) the generation, transportation, storage, treatment, use or disposal of which (whether alone or in combination with any other substance) gives rise to a risk of causing harm to man or any other living organism or causing damage to the Environment or public health or welfare and includes but is not limited to any controlled, special, hazardous, toxic, radioactive or dangerous waste.

"**DECC**" means the Department of Energy and Climate Change or its predecessor or replacing authority.

"**Environment**" means the environment as defined in section 1(2) of the Environmental Protection Act 1990.

"**Environmental Approval(s)**" means all licences, authorisations, consents or permits of any kind under or relating to Environmental Laws to which the Company is subject.

"**Environmental Claim(s)**" means any claim(s) by any person against the Company pursuant to the Rough Storage Facility:

- (a) in respect of losses or liabilities suffered or incurred by that person as a result of or in connection with any violation of Environmental Laws; or
- (b) that arises as a result of or in connection with Environmental Contamination and that could give rise to any remedy or penalty (whether interim or final) that may be enforced or assessed against the Company by private or public legal action or administrative order or proceedings.

"Environmental Contamination" means the following and the consequences thereof:

- (a) any release, emission, leakage or spillage at or from the Rough Storage Facility into any part of the Environment of any toxic, poisonous, noxious or polluting matter or hazardous, detrimental or Dangerous Substance or thing; or
- (b) any accident, fire, explosion or sudden event which adversely affects the Environment and which is attributable to the operations, management or control of the Rough Storage Facility including (without limitation) the storage, handling, labelling or disposal of waste or hazardous, toxic or Dangerous Substances.

"Environmental Laws" means any applicable common or statutory law or regulation in any jurisdiction in which the Company conducts business concerning pollution or concerning the protection of human health, the health of animals or plants, the workplace or the Environment including (but not limited to) the Civil Jurisdiction (Offshore Activities) Order 1987.

"Initial Release Date" means 06:00 hours on the second anniversary of the date of signature of this Deed of Charge.

"Insurance Policies" has the meaning set out in clause 5.10 (*Insurance*).

"National Transmission System" or **"NTS"** means the pipeline system within Great Britain operated by NGG under the terms of its gas transporter's licence.

"NGG" means National Grid Gas plc or its successor from time to time as holder of the gas transporter's licence in respect of the NTS.

"Permitted Disposal" means a Security Termination Disposal or a disposal of all or substantially all of the Rough Storage Facilities together with Stored Gas to a Subsidiary of Centrica provided that such Subsidiary offers a security interest to the Secured Storage Customers on substantially the terms set out in the Security Documents.

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

"Release Review Date" means each anniversary of the Initial Release Date.

"Rough Storage Facility" means the gas storage facility in the southern North Sea operated by the Company under the storage licence and supplementary storage licence held by the Company and originally given by the Crown Estate Commissioners and dated 29 July 1983, including all production platforms, compression facilities, pipelines and other assets and facilities used in connection with the injection and withdrawal of gas from the storage facility up to the Storage Connection Point.

"Secured Obligations" means all obligations at any time due, owing or incurred by the Company to the Trustee or any Receiver or Delegate under the Security Documents, whether present or future, actual or contingent (and whether incurred solely or jointly and whether as principal or surety or in some other capacity) and all obligations of the Company to deliver quantities of gas stored at the Rough Storage Facility to a Secured Storage Customer pursuant to any Storage Services Contract.

"Secured Parties" means the Trustee, any Receiver or Delegate (as defined in the Security Trust Deed) and each Secured Storage Customer and **"Secured Party"** means any one of them.

"Secured Storage Customer" means a Storage Customer which is a party to the Security Trust Deed by way of accession to the Security Trust Deed in accordance with its terms or otherwise.

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

"Security Documents" means:

- (a) the Security Trust Deed;
- (b) this Deed; and
- (c) any Accession Memorandum,

and **"Security Document"** means any one of them (as the context requires).

"Security Period" means the period from and including the date hereof to the earlier of:

- (a) the date of the completion of a Security Termination Disposal; and
- (b) the Initial Release Date if the Company requests (in writing and not less than ten Business Days prior to the Initial Release Date) the Trustee to release the Charged Property in accordance with the provisions of clause 16 (*Release of Security*); or
- (c) a Release Review Date if:
 - (i) the Company requests (in writing and not less than ten Business Days prior to such Release Review Date) the Trustee to release the Charged Property in accordance with the provisions of clause 16 (*Release of Security*); and
 - (ii) the Company has not made such a request previously pursuant to paragraph (b) of this definition or on a previous Release Review Date.

"Security Termination Disposal" means the disposal of:

- (a) more than 50% of the shares of Centrica Storage Holdings Limited by Centrica or a Subsidiary of Centrica or more than 50% of the shares of the Company by Centrica Storage Holdings Limited in each case to a third party not being a Subsidiary of Centrica; or
- (b) more than a 50% interest in the Rough Storage Facility and associated assets by the Company to one or more third parties not being Subsidiaries of Centrica by way of a joint venture arrangement or other agreement between the Company and such third parties.

"Security Trust Deed" means the deed executed by Law Debenture Trustees Limited as trustee and the Company on or about the date hereof.

"Storage Connection Point" means the point in the pipeline network linking the Rough Storage Facility to the gas National Transmission System and which constitutes a Storage Connection Point for the purposes of the UNC.

"Storage Customer" means, at any time, any customer of the Company which is, at such time, a party to a Storage Services Contract.

"Storage Services Contract" means any contract entered into in writing between the Company and a Storage Customer for the provision of gas storage services at the Rough Storage Facility substantially in the standard form approved by the Office of Gas and Electricity Markets (from time to time).

"Stored Gas" means the total physical quantity by reference to calorific content of gas to which the Company has title whether pursuant to a Storage Services Contract or otherwise that is held by the Company in the Rough Storage Facility and associated pipelines up to the Storage Connection Point.

"Subsidiary" means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

"Total-Storage-Customer-Gas-In-Store" means at any given time the total quantity by reference to kilowatt hours of gas stored in the Rough Storage Facility on behalf of all Storage Customers under any Storage Services Contract.

"UNC" means the network code prepared by NGG pursuant to its gas transporter's licence as modified from time to time.

1.2 Interpretation

In this Deed of Charge:

- 1.2.1 the rules of interpretation contained in clauses 1.3, 1.4, 1.6 and 1.7 of the Security Trust Deed shall apply to the construction of this Deed of Charge as if reference to the Security Trust Deed was a reference to this Deed of Charge;
- 1.2.2 references in this Deed of Charge to any clause or Schedule shall be to a clause or schedule contained in this Deed of Charge;
- 1.2.3 clauses 7 (*Application of Proceeds*) and 8 (*Activities of the Trustee*) of the Security Trust Deed are deemed to form part of this Deed of Charge as if expressly incorporated into it and as if all references in such clauses to the Security Trust Deed were a reference to this Deed of Charge.

1.3 Third Party Rights

A person who is not a party to this Deed of Charge has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed of Charge. For the avoidance of doubt, a Secured Storage Customer shall not be deemed to be a party to this Deed of Charge.

1.4 Effective Date

This Deed of Charge shall take effect as from the date and time on which the Security Trust Deed takes effect.

2. COVENANT

2.1 Covenant

The Company hereby covenants with the Trustee as trustee for the Secured Parties that it shall on demand of the Trustee discharge, satisfy and pay to the Trustee (when due and payable) each of the Secured Obligations.

3. FLOATING CHARGE

3.1 Floating charge

The Company hereby charges the Stored Gas by way of first floating charge in favour of the Trustee as trustee for the Secured Parties for the payment and discharge of the Secured Obligations.

3.2 Limits to the Security

The security created pursuant to this clause 3 (*Floating charge*) shall not extend to any asset of the Company other than the Stored Gas.

4. CRYSTALLISATION OF FLOATING CHARGE

4.1 Crystallisation

The floating charge constituted by clause 3.1 (*Floating charge*) will automatically be converted (without notice) with immediate effect into a fixed charge as regards all the Charged Property upon:

- 4.1.1 the making of an order for the compulsory winding-up of the Company; or
- 4.1.2 the passing of a resolution for the voluntary winding-up of the Company; or
- 4.1.3 the making of an administration order or appointment of an administrator in relation to the Company; or
- 4.1.4 the Company ceasing all business operations (including without limitation any repair, maintenance, storage services and other ancillary activities) (other than following a Permitted Disposal);

each a "**Crystallisation Event**".

4.2 No other Crystallisation

4.2.1 No event other than those specified in clause 4.1 (*Crystallisation*) shall, whether by operation of law, notice by the Trustee or otherwise, convert the floating charge into a fixed charge and if, notwithstanding this clause, the floating charge is converted into a fixed charge upon any event other than those specified in clause 4.1 it shall immediately be reconverted into a floating charge without any need for notice or other action to be taken by any party.

4.2.2 The floating charge created by clause 3 (*Floating charge*) may not be converted into a fixed charge solely by reason of:

- (a) the obtaining of a moratorium; or

- (b) anything done with a view to obtaining a moratorium,
under Section 1A of the Insolvency Act 1986.

4.3 **Qualifying floating charge**

The floating charge created by clause 3 (*Floating charge*) is a **qualifying floating charge** for the purpose of paragraph 14 of schedule B1 to the Insolvency Act 1986.

5. **REPRESENTATIONS AND WARRANTIES**

5.1 **Representations and warranties**

The Company makes the representations and warranties set out in this clause 5 to the Trustee for its benefit only.

5.2 **Status**

5.2.1 It is a limited liability company, registered under the Companies Act 1985 and it is duly established and validly existing under the laws of England.

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

5.3 **Powers and authority**

It has the power to enter into and perform, and has taken all necessary action to authorise the entry into, performance and delivery of, the Security Documents to which it is or will be a party and the exercise of its rights and performance of its obligations under the transactions contemplated by the Security Documents.

5.4 **Legal validity**

Each Security Document to which it is or will be a party constitutes or, when executed, will constitute, the Company's legal, valid and binding obligation and will be admissible in evidence in England.

5.5 **Non-conflict**

The entry into and performance by it of, and the exercise of its rights and performance of its obligations under the transactions contemplated by, the Security Documents do not and will not conflict with:

5.5.1 any law or regulation or official or judicial order;

5.5.2 its memorandum or articles of association; or

5.5.3 any document which is binding upon the Company or any asset of the Company.

5.6 **No default**

No Crystallisation Event is outstanding or might reasonably be expected to result from the entry into of the Security Documents by the Company.

5.7 Authorisations

All authorisations and consents required in connection with the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Security Documents have been obtained or effected (as appropriate) and are in full force and effect.

5.8 Miscellaneous

It has not taken any corporate action nor have any steps been taken or legal proceedings been started or threatened against it which have come to its notice for its winding-up, dissolution or for the appointment of a receiver, administrator, trustee or similar officer of it or of any of its assets or revenues.

5.9 Environmental matters

5.9.1 In respect of the Stored Gas, the Company is and has been in compliance, in all material respects, with all applicable Environmental Laws and there are, to the best of its knowledge and belief, no circumstances as of the date the warranty is given that may prevent or interfere with such material compliance in the future.

5.9.2 In respect of the Stored Gas, the Company is and has been in compliance in all material respects with the terms of all Environmental Approvals necessary for the ownership and operation of its facilities and businesses as presently owned and operated and as presently proposed to be owned and operated. To the best of the knowledge and belief of the Company, no action is pending or threatened by any authority which might result in any Environmental Approval being revoked, suspended or varied where such revocation, suspension or variation would have a material adverse effect on the Company's financial condition.

5.9.3 In respect of the Stored Gas, there is no Environmental Claim which is current or, to the best of its knowledge and belief, pending or threatened against the Company and, there are no past or present acts, omissions, events or circumstances that could form the basis of any Environmental Claim against the Company which in any case might reasonably be expected to have a material adverse effect on the Company's financial condition or on its ability to meet its obligations under the Relevant Documents if adversely determined.

5.9.4 To the best of the knowledge and belief of the Company, no Dangerous Substance has been used, disposed of, generated, stored, transported, dumped, released, deposited, buried or emitted at, on, from or under any premises owned, leased, occupied, controlled or used by the Company in circumstances where this might result in a liability on the Company which would have a material adverse effect on the Company's financial condition or on its ability to meet its obligations under the Relevant Documents.

5.10 Insurance

5.10.1 All appropriate third party insurance policies in respect of the Rough Storage Facility and potential Environmental Claims or other potential liability to third parties (the "**Insurance Policies**") are in full force and effect, are with reputable and financially sound insurers, all premiums thereon have been paid in full and there are no outstanding claims made by the Company under the Insurance Policies which are not expected to be paid out by the insurer.

5.10.2 So far as the company is aware after due enquiry, there has been no breach of any term of any of the Insurance Policies by the Company, which would entitle the relevant insurer to

avoid the same and/or which would be otherwise reasonably expected to have a material adverse effect on the Company's financial condition.

5.11 **Security**

The Charged Property is not subject to any Security other than the Security created hereunder.

5.12 **Company**

As at the date of this Deed, the Company is a direct Subsidiary of Centrica Storage Holdings Limited which is itself a Subsidiary of Centrica.

5.13 **Stored Gas**

The Company has title to Stored Gas as provided by Storage Customers to the extent provided under the Storage Services Contracts and is able to give Security over the Stored Gas.

5.14 **Time for making representations and warranties**

The representations and warranties set out in this clause 5 (*Representations and Warranties*) are made by the Company on the date of this Deed.

6. COVENANTS

6.1 **Duration**

The covenants in this clause 6 (*Covenants*) shall remain in force from the date of this Deed until the end of the Security Period.

6.2 **Permitted Disposal**

Without prejudice to its rights and obligations under the Storage Services Contracts and the provisions of clause 6.4, the Company may dispose of the Stored Gas to the extent that such disposal is part of a Permitted Disposal.

6.3 **Negative pledge**

6.3.1 The Company undertakes that it shall not, at any time during the subsistence of the Security Documents create or permit to subsist any Security over all or any part of the Charged Property other than: (a) the Security created by or pursuant to the Security Documents; or (b) any Security which shall be subordinated to the Security created by or pursuant to the Security Documents.

6.3.2 The Company undertakes to procure that at all times during the subsistence of the Security Documents the gross amount of gas in the Rough Storage Facility shall not be reduced beyond the amounts specified in the letter from DECC dated 9 November 2005 regarding the petroleum licence P323, subject to any revision of such amounts or other requirements relating to the withdrawal of gas issued by DECC in writing.

6.3.3 Subject to clauses 6.2 (*Permitted Disposal*) and 6.4, the Company undertakes not to sell gas whilst held in the Rough Storage Facility to the extent that any such sale reduces the quantity of Stored Gas held on behalf of Storage Customers below the Total-Storage-Customer-Gas-In-Store.

6.4 Subject to clause 6.3 (*Negative pledge*) and without prejudice to its obligations under the Storage Services Contracts, prior to the occurrence of a Crystallisation Event the Company may, without the consent of the Trustee or any Secured Storage Customer, dispose of or deal with any of the Charged Property in the ordinary course of the Company's business (which includes, without limitation, entering into any financing, sale and leaseback or other arrangements which are of a similar nature or purpose to which the Company, Centrica or Centrica's Subsidiaries may be or become party to) in such manner as the Company considers fit.

6.5 **Environmental matters**

The Company covenants to the Trustee, for its benefit only, that it shall comply with all applicable Environmental Laws and the terms of all necessary Environmental Approvals in all material respects.

6.6 **Insurance**

The Company covenants to the Trustee, for its benefit only, that it shall at all times maintain all Insurance Policies in full force and effect, with reputable and financially sound insurers, pay all premiums thereon in full, comply with all warranties or other requirements relating thereto in accordance with the terms of the Insurance Policies and produce to the Trustee, upon request after reasonable advance notice, certificates of insurance and confirmation that any premiums payable thereunder have been duly paid. If the Company does not pay a premium or any other amount due in respect of any of the Insurance Policies, the Trustee shall be entitled (but not obliged) to make such payment and all its costs and expenses in connection therewith.

7. **FURTHER ASSURANCE**

7.1 **Further assurance; general**

The Company shall promptly do all such acts or execute all such documents (including charges, notices and instructions) as the Trustee may reasonably specify (and in such form as the Trustee may reasonably require in favour of the Trustee or its nominee(s)):

7.1.1 to perfect the security created or intended to be created in respect of the Charged Property (which may include the execution by the Company of a charge over all or any of the assets constituting, or intended to constitute, Charged Property), or for the exercise of the Collateral Rights; and/or

7.1.2 to facilitate the realisation of the Charged Property.

7.2 **Necessary action**

The Company shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any security conferred or intended to be conferred on the Trustee by or pursuant to this Deed of Charge.

7.3 **Consents**

The Company shall use all reasonable endeavours to obtain (in form and content satisfactory to the Trustee) as soon as possible any authorisation or consent other than those obtained pursuant to clause 5.7 (*Authorisations*) necessary to enable the Charged Property of the Company to be the subject of

an effective floating charge pursuant to clause 3 (*Floating Charge*) and the Company shall promptly deliver a copy of each consent to the Trustee.

7.4 Implied covenants for title

The obligations of the Company under this Deed of Charge shall be in addition to the covenants for title deemed to be included in this Deed of Charge by virtue of Part 1 of the Law of Property (Miscellaneous Provisions) Act 1994.

7.5 Notification of Crystallisation

The Company shall notify the Trustee, with a copy to the Secured Storage Customers, of any Crystallisation Event (and the steps, if any, being taken to remedy it) promptly upon it becoming aware of its occurrence. If the Trustee reasonably believes that a Crystallisation Event has occurred then following receipt by the Company of a written request from the Trustee, the Company shall promptly confirm in writing to the Trustee whether or not a Crystallisation Event has occurred.

7.6 Compliance with licences

The Company shall comply with all the terms of the petroleum production licence P323 and the storage licence and supplementary storage licence held by the Company and originally granted by the Crown Estate Commissioners dated 29 July 1983.

8. ENFORCEMENT OF SECURITY

8.1 Enforcement

At any time after the occurrence of a Crystallisation Event the security created by or pursuant to this Deed of Charge is immediately enforceable and the Trustee may, without notice to the Company or prior authorisation from any court, in its absolute discretion:

- 8.1.1 enforce all or any part of that security (at the times, in the manner and on the terms it thinks fit) and take possession of and hold or dispose of all or any part of the Charged Property; and
- 8.1.2 whether or not it has appointed a Receiver, exercise all or any of the powers, authorities and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Deed of Charge) on mortgagees and by this Deed of Charge on any Receiver or otherwise conferred by law on mortgagees or Receivers.

8.2 No liability as mortgagee in possession

- 8.2.1 Neither the Trustee nor any Receiver shall be liable to account as a mortgagee in possession in respect of all or any part of the Charged Property or be liable for any loss upon realisation or for any neglect, default or omission in connection with the Charged Property to which a mortgagee in possession might otherwise be liable.
- 8.2.2 Each of the Trustee and the other Secured Parties will not take any action (other than, in the case of the other Secured Parties, with the Trustee's prior written consent) which would be likely to lead to the Trustee or the other Secured Party becoming a mortgagee in possession in respect of any Charged Property.

9. EXTENSION AND VARIATION OF THE LAW OF PROPERTY ACT 1925

9.1 Extension of powers

The power of sale or other disposal conferred on the Trustee and on any Receiver by this Deed of Charge 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 Deed of Charge and shall be exercisable in accordance with the Security Documents.

9.2 Restrictions

The restrictions contained in Sections 93 and 103 of the Law of Property Act 1925 shall not apply to this Deed of Charge or to the exercise by the Trustee of its right to consolidate all or any of the security created by or pursuant to this Deed of Charge with any other security in existence at any time or to its power of sale, which powers may be exercised by the Trustee without notice to the Company on or at any time after the occurrence of a Crystallisation Event.

10. APPOINTMENT OF RECEIVER

10.1 Appointment and removal

After the occurrence of a Crystallisation Event, the Trustee may by deed or otherwise (acting through an authorised officer of the Trustee), without prior notice to the Company:

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

10.1.2 remove (so far as it is lawfully able) any Receiver so appointed; and

10.1.3 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*) shall 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 Company, 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 Trustee; and

10.2.3 entitled to remuneration for his services at a rate to be fixed by the Trustee 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 shall be in addition to all statutory and other powers of appointment of the Trustee under the Law of Property Act 1925 (as extended by this Deed of Charge) or otherwise, and such powers shall remain exercisable from time to time by the Trustee in respect of any part of the Charged Property.

11. POWERS OF RECEIVER

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

- 11.1.1 in the case of an administrative receiver, all the rights, powers and discretions conferred on an administrative receiver under the Insolvency Act 1986;
- 11.1.2 otherwise, all the powers conferred by the Law of Property Act 1925 on mortgagors and on mortgagees in possession and on receivers appointed under that Act;
- 11.1.3 all the powers and rights of an absolute owner and power to do or omit to do anything which the Company itself could do or omit to do; and
- 11.1.4 the power to do all things (including bringing or defending proceedings in the name or on behalf of the Company) 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 the Collateral Rights (including realisation of all or any part of the Charged Property); or (c) bringing to his hands any assets of the Company forming part of, or which when got in would be, Charged Property.

12. APPLICATION OF MONEYS

All moneys received or recovered by the Trustee or any Receiver pursuant to this Deed of Charge 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 in accordance with clause 7 of the Security Trust Deed.

13. PROTECTION OF PURCHASERS

13.1 Consideration

A receipt of the Trustee or any Receiver shall be conclusive discharge to a purchaser and, in making any sale or disposal of any of the Charged Property or making any acquisition, the Trustee or any Receiver may do so for such consideration, in such manner and on such terms as it thinks fit.

13.2 Protection of purchasers

No purchaser or other person dealing with the Trustee or any Receiver shall be bound to inquire whether the right of the Trustee 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 Trustee or such Receiver in such dealings.

14. POWER OF ATTORNEY

14.1 Appointment and powers

The Company by way of security irrevocably appoints the Trustee and any Receiver severally to be its attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents and do all things which the attorney may consider to be required or desirable for:

14.1.1 carrying out any obligation imposed on the Company by this Deed of Charge (including the execution and delivery of any deeds, charges, assignments or other security and any transfers of the Charged Property); and

14.1.2 enabling the Trustee and any Receiver to exercise, or delegate the exercise of, any of the rights, powers and authorities conferred on them by or pursuant to this Deed of Charge or by law (including, after the occurrence of a Crystallisation Event, the exercise of any right of a legal or beneficial owner of the Charged Property).

14.2 Ratification

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

15. EFFECTIVENESS OF SECURITY

15.1 Continuing Security

The Security created by or pursuant to this Deed of Charge shall remain in full force and effect as a continuing security for the Secured Obligations unless and until discharged by the Trustee.

15.2 Cumulative rights

The security created by or pursuant to this Deed of Charge and the Collateral Rights shall be cumulative, in addition to and independent of every other security which the Trustee or any Secured Party may at any time hold for the Secured Obligations or any other obligations or any rights, powers and remedies provided by law. No prior security held by the Trustee (whether in its capacity as trustee or otherwise) or any of the other Secured Parties over the whole or any part of the Charged Property shall merge into the security constituted by this Deed of Charge.

15.3 No prejudice

The security created by or pursuant to this Deed of Charge and the Collateral Rights shall not be prejudiced by any unenforceability or invalidity of any other agreement or document or by any time or indulgence granted to the Company or any other person, or the Trustee (whether in its capacity as trustee or otherwise) or any of the other Secured Parties or by any variation of the terms of the trust upon which the Trustee holds the security or by any other thing which might otherwise prejudice that security or any Collateral Right.

15.4 Remedies and waivers

No failure on the part of the Trustee to exercise, or any delay on its part in exercising, any Collateral Right shall operate as a waiver thereof, nor shall any single or partial exercise of any Collateral Right preclude any further or other exercise of that or any other Collateral Right.

15.5 **No liability**

None of the Trustee, its nominee(s) or any Receiver shall be liable by reason of: (a) taking any action permitted by this Deed of Charge; (b) any neglect or default in connection with the Charged Property; or (c) taking possession of or realising all or any part of the Charged Property, except in the case of negligence or wilful default or fraud upon its part.

15.6 **Partial invalidity**

If, at any time, any provision of this Deed of Charge 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 Deed of Charge nor of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby and, if any part of the security intended to be created by or pursuant to this Deed of Charge is invalid, unenforceable or ineffective for any reason, that shall not affect or impair any other part of the security.

16. **RELEASE OF SECURITY**

16.1 **Redemption of Security**

Upon the earlier of:

16.1.1 Secured Obligations being discharged in full; and

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

the Trustee shall, at the request and cost of the Company, release, the Charged Property and cancel the security constituted by this Deed of Charge subject to clause 16.2 (*Avoidance of payments*) and without recourse to, or any representation or warranty by, the Trustee or any of its nominees.

16.2 **Avoidance of payments**

If the Trustee considers that any amount paid or credited to it is capable of being avoided or reduced by virtue of any bankruptcy, insolvency, liquidation or similar laws, the liability of the Company under this Deed of Charge and the security constituted hereby shall continue and such amount shall not be considered to have been irrevocably paid.

17. **ASSIGNMENT**

The Trustee may assign and transfer all or any of its rights and obligations under this Deed of Charge to a professional trustee company. The Trustee shall be entitled to disclose such information concerning the Company and this Deed of Charge as the Trustee considers appropriate to any actual or proposed direct or indirect successor or to any person to whom information may be required to be disclosed by any applicable law.

18. **NOTICES**

The provisions of clause 12 (*Notices*) of the Security Trust Deed shall apply in respect of this Deed of Charge as if all references to the Security Trust Deed are to this Deed of Charge.

19. DISCRETION AND DELEGATION

19.1 Discretion

Any liberty or power which may be exercised or any determination which may be made hereunder by the Trustee or any Receiver may, subject to the terms and conditions of the Security Trust Deed, be exercised or made in its absolute and unfettered discretion without any obligation to give reasons.

19.2 Delegation

Each of the Trustee and any Receiver shall have full power to delegate (either generally or specifically) the powers, authorities and discretions conferred on it by this Deed of Charge (including the power of attorney) on such terms and conditions as it shall see fit, which delegation shall not preclude either the subsequent exercise of such power, authority or discretion by the Trustee or the Receiver itself or any subsequent delegation or revocation thereof.

19.3 The exercise of any of the Trustee's rights, benefits or discretions hereunder will be subject to the same protections, immunities and indemnities (*mutatis mutandis*) as are conferred upon the Trustee and contained in the Security Trust Deed.

20. PERPETUITY PERIOD

The perpetuity period under the rule against perpetuities, if applicable to this Deed of Charge, shall be the period of 80 years from the date of the Security Trust Deed.

21. GOVERNING LAW

This Deed of Charge (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.

22. JURISDICTION

22.1 English courts

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

22.2 Convenient forum

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

22.3 Exclusive jurisdiction

This clause 22 (*Jurisdiction*) is for the benefit of the Trustee only. As a result and notwithstanding clause 22.1 (*English courts*), it does not prevent the Trustee from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law the Trustee may take concurrent proceedings in any number of jurisdictions.

23. COUNTERPARTS

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

THIS DEED OF CHARGE has been signed on behalf of the Trustee and executed as a deed by the Company and is delivered by it on the date specified above.

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 5261

Attention: The Manager, Trust Management